

Role of CFOs —

Draft Project Team Terms of Reference – For Approval

September 2025

A. Background

1. Research suggests that over recent years, the Chief Financial Officer (CFO) role (or equivalent senior finance roles¹) has evolved from that of a traditional financial steward to a strategic leadership position responsible for navigating complex challenges a business faces across governance, sustainability, digital transformation, and enterprise risk. CFOs now frequently oversee at least one organizational function beyond finance and might have responsibility for, or oversight of, multiple functions. This expanded remit has positioned CFOs as central to organizations' operations, ensuring the reliability, transparency, and integrity of financial and sustainability information as the lifeblood of the business.
2. Emerging global risks including misinformation, cyber security, and third-party vendor vulnerabilities have also amplified the complexity of the CFO role and oversight responsibilities. Concurrently, information demands, expectations, and scrutiny from investors, regulators and other stakeholders have rapidly increased.
3. The evolving role of the CFO brings a wide range of potential ethics implications and challenges, including balancing integrity and objectivity against increasing and competing internal and external demands, preventing greenwashing in sustainability disclosures, managing tensions that can arise between traditional finance duties (such as financial stewardship and cost discipline) and broader governance responsibilities (such as ensuring sustainability of investments and long-term value creation), and responding to increasing scrutiny from investors and regulators. The breadth of required disclosures, combined with pressures to increase value and meet performance targets, has also likely increased the ethical complexity for CFOs.²
4. Given the expanding and evolving remit of CFOs, and the potential ethics risks involved, questions have arisen as to whether the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code) remains fit-for-purpose and continues to provide sufficient and appropriate ethical guidance for CFOs. In this context, recognizing that CFOs play a crucial "first line of defense" role against corporate misconduct, the IESBA determined to take a leadership role in examining the ethical responsibilities of CFOs as a matter of public interest.

¹ The PT will address the most senior finance leader within organizations' finance function and the ethical responsibilities of that role, which could be a CFO, Finance Director, Controller, Chief Administrative Officer (CAO), or some other title. Whilst the role of CFO (or a designated equivalent senior finance role) might not exist separately within a smaller organizations might not be a CFO or equivalent role, it could form part of the CEO's role. These CFOs are able to exert significant influence over, and make decisions regarding, the acquisition, deployment and control of the employing organization's human, financial, technological, physical and intangible resources.

² In the context of PAIBs' ethical responsibility to respond to non-compliance or suspected non-compliance with laws and regulations™ (NOCLAR®) under the Code, paragraph 260.11 A1 that there is a greater expectation for senior PAIBs to take whatever action is appropriate in the public interest to respond to NOCLAR or suspected NOCLAR than other PAIBs in the employing organization.

5. In line with IESBA's Strategy and Work Plan 2024–2027,³ this Workstream will examine the evolving role of CFOs, ~~including these in~~ (or equivalent senior finance roles) ~~positions~~ within the private or public sector, and identify and understand the ethics issues and challenges faced by professional accountants in business (PAIBs) serving in that role, as well as non-professional accountants (non-PAs) who serve in the same role. The Workstream will also examine whether the extant Parts 1⁴ and 2⁵ of the Code continue to adequately support these PAIBs with robust guidance or require further enhancement. The Project Team (PT) will also gather information about ~~non-professional accountants (non-PAs)~~ in CFO or equivalent roles to inform whether ethical expectations and obligations are consistent across the accounting profession and beyond, as well as any future IESBA workstream, including on exploring extending the impact of the Code to all preparers of financial and sustainability information.

B. Objectives

6. The objectives of the PT are to:

Gather an Understanding of the Evolution of the CFO Role and Related Ethical Issues or Challenges

- (a) Gather information on the evolving role of CFOs, ~~including senior PAIBs in~~ (or equivalent positions senior finance roles) within the private or public sector, to identify and understand the ethics issues and challenges faced by ~~these individuals in those roles~~ PAIBs;

Consider Whether the Code Adequately Addresses the CFO's Ethical Responsibilities

- ~~(a)~~(b) Review the extant provisions in Parts 1 and 2 of the Code and consider whether the Code needs further enhancement to ~~support PAIBs in~~ addressing these ethics issues, taking into account the revisions to the Code already made under recent projects, including the Role and Mindset, Technology, Tax Planning, Sustainability, and Using the Work of an External Expert projects;

Consider the Need for Non-authoritative Guidance or Other Initiatives

- (c) Consider whether the IESBA should commission non-authoritative material (NAM) or pursue other initiatives to raise awareness of, and emphasize key provisions in, the extant Code, relevant to the evolving role of CFOs and related ethics issues and challenges;

Gather an Understanding of the Nature and Extent of Involvement of non-PAs in CFO Roles

- (d) Collect information and feedback from stakeholders about non-PAs who undertake CFO roles to inform any future IESBA workstream, including on exploring extending the impact of the Code to all preparers of financial and sustainability information;

Raise Awareness of the Workstream's Objectives

- (e) Raise awareness of the Workstream's objectives through outreach activities; and

Deliver a Report and Recommendations

³ [Towards a More Sustainable Future: Advancing the Centrality of Ethics | Ethics Board](#)

⁴ Part 1, *Complying with the Code, Fundamental Principles and Conceptual Framework*

⁵ Part 2, *Professional Accountants in Business*

~~(b)(f)~~ Develop a report and recommendations to the IESBA.

C. Focus

7. The focus of this Workstream will be on ~~PAIBs who undertake~~ CFO roles, ~~including senior PAIBs in (or equivalent senior finance roles) positions~~ within the private or public sector.⁶ The focus is to understand the evolving role of CFOs, identify and understand the ethics issues and challenges faced ~~by individuals in~~ by these ~~roles~~ PAIBs, and whether the Code needs further enhancement, ~~or whether NAM should be commissioned or other initiatives pursued, to support PAIBs in~~ addressing these ethics issues and challenges.
8. The PT will also explore the landscape in which many CFO roles are undertaken by non-PAs and collect information about non-PAs where possible, such as the proportion of non-PAs undertaking CFO roles, and whether the ethical expectations of PAs in CFO roles align with or exceed those of their non-PA peers.⁷
- ~~8-9.~~ Consideration will also be given to whether public interest expectations are addressed consistently among CFOs (both PAIBs and non-PAs), and how jurisdictional corporate governance codes and legal requirements supplement or interact with the Code.

D. Approach

~~9-10.~~ The PT will take a phased approach to achieve the objectives set out in Section B.

Phase 1

- ~~10-11.~~ As part of gathering an understanding of the evolving role of CFOs and ~~any resultant~~ ethical issues and challenges CFOs face, the PT will undertake the following activities:
- (a) Desktop research into relevant literature and resources, including published reports, academic studies, regulatory communications, releases or publications (such as findings, enforcement actions, or guidance that reference CFO conduct), and articles to determine whether the Code needs further enhancement, or whether NAM should be commissioned or other initiatives pursued. Topics covered could include, for example, on topics such as the role of the CFO, ethical challenges in financial and sustainability reporting, corporate governance and culture as they relate to finance, and the impact of technology;
 - (b) Explore the potential to commission academic research; and
 - (c) Engage with relevant experts and stakeholders both formally and informally to obtain insights and exchange views on the issues and developments, understand different perspectives, raise awareness, and share knowledge.
- ~~11-12.~~ To engage with relevant experts and a broad range of stakeholders, the PT may reach out to the following, either individually or collectively:

⁶ ~~The PT will address the most senior PAIB within an organization's finance function and the responsibilities of that role, which could be a CFO, Finance Director, Controller, Chief Administrative Officer (CAO), or some other title. Whilst the role of CFO or a designated equivalent within smaller organizations might not be a CFO or equivalent role, it could form part of the CEO's role.~~

⁷ For example, companies' Codes of Conduct or professional or industry Codes and how these might align with the Code.

- CFO associations and CFOs and those in equivalent roles (public and private sector)
- International Federation of Accountants (IFAC) PAIB Advisory Group
- Professional accountancy organizations with a strong PAIB membership base
- Jurisdictional standard setters (JSS)
- Other standard setting boards (SSBs), including the International Auditing and Assurance Standards Board (IAASB)
- Investor and capital market representatives
- Assurance providers and audit firms
- Academics and ethics researchers
- Regulators and oversight bodies
- IAASB and IESBA Stakeholder Advisory Council (SAC)
- Audit committees
- Other professional organizations with a nexus to the topic

42.13. Engagement could take various forms, including in-person or virtual meetings, focus groups, roundtables, interviews, detailed surveys, and electronic communications.

43.14. The PT will liaise with other IESBA workstreams on overlapping considerations or issues, as appropriate.

44.15. The PT will consider, and where relevant recommend to the IESBA, issuing appropriate communications as it progresses its work, including identifying outreach opportunities to share knowledge and promote the Code as an effective tool to guide PAIBs when addressing ethics issues relating to the evolving CFO role.

45.16. The PT will aim to present its Phase 1 report to the IESBA, including its findings and recommended way forward, by September 2026.

Phase 2

46.17. The PT envisions that its work during Phase 1 will inform the proposed scope and approach to any further undertakings.

E. Deliverables

47.18. Subject to the IESBA's approval of the terms of reference, the Workstream will commence immediately. The specific milestones and outputs will be dependent on matters that the PT and IESBA ultimately determine are appropriate to address as part of this Workstream, and the priorities assigned to those matters.

48.19. Under Phase 1 (September 2025 to September 2026) the PT will:

- (a) Update the IESBA quarterly on activities undertaken and issues identified for the IESBA's consideration and direction;

- (b) Conduct face-to-face and virtual outreaches as part of the fact-finding and awareness-raising efforts in Q4 2025 and Q1 2026;
- (c) Present a draft report on the PT's findings and preliminary recommendations to the IESBA at its June 2026 meeting; and
- (d) Present a final report on the PT's findings and recommendations to the IESBA at its September 2026 meeting.

~~19-20.~~ Deliverables and terms of reference for Phase 2 will be determined by the Phase 1 work and the IESBA's agreement to the recommended way forward as stated in the Phase 1 report. Should the IESBA determine to launch a project to develop appropriate changes to the Code ~~and/or~~ commission NAM or pursue other initiatives, a separate timeline and proposal will be developed for that workstream.

F. Project Team Composition

~~20-21.~~ The Workstream will be conducted in accordance with the IESBA's staff-driven model. The PT will consist of two IESBA staff members, advised by an IESBA Board Advisor.