

**Draft Minutes of the 94th Meeting of the
INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS**

Held on October 24, 2025 on Zoom

Voting Members

Present: Gabriela Figueiredo Dias (Chair)
Channa Wijesinghe (Vice Chair)
Saadiya Adam
Mark Babington
Vania Borgerth
Richard Huesken
Tomoyo Imura
Sung-Nam Kim
Héctor Lehuedé
Rania Uwaydah Mardini
Nancy Miller
Luigi Nisoli
Obichukwu Nwazota
Amarjeet Singh
David Wray

Technical Advisors

Deepa Agarwal (Mr. Singh)
Keith Billing (Mr. Babington)
David Clark (Mr. Huesken)
Ellen Gorla (Ms. Miller)
Marta Kramerius (Mr. Nisoli)
Bruno Tesnière (Ms. Martin)
Masahiro Yamada (Mss. Borgerth and Imura)
Belinda Zohrab-McConnell (Mr. Wijesinghe)

Apologies: Christelle Martin
Paul Muthaura

Ki-Tae Park (Mr. Kim)
Natashia Soopal (Ms. Adam)

Non-Voting Observer

Present: **Yohei Ito**, Japanese Financial Services Agency (FSA)

Public Interest Oversight Board (PIOB) Observer

Present: Robert Bucanan

IESBA and IFAC Staff

Present: James Gunn (Managing Director, Professional Standards), Ken Siong (Program and Senior Director), Linda Biek (Director), Rui Peres Jorge (Director), Geoffrey Kwan (Director), Kam Leung (Director), Laura Leal, Jon Reid, Szilvia Sramko, Carla Vijian, Jeanne Viljoen, Joanna Bernard, Joanne Holt, Elaine Cahoon (IESBA Staff Fellow), Astu Tilahun, Diana Vasquez
David Johnson (IFAC Communications)

1. Opening Remarks

Ms. Dias welcomed all participants and public observers to the fourth meeting of 2025, held virtually.

2. Firm Culture & Governance

Ms. Dias commenced the session by restating the IESBA's decision at its June 2025 meeting to resequence the Firm Culture and Governance (FCG) project's standard-setting and non-authoritative materials (NAM) workstreams. She noted that the resequencing would allow the IESBA to pursue further engagement with stakeholders, explaining the project's objectives and public interest benefits, and gathering stakeholder input on the usefulness and effectiveness of the draft IESBA viewpoints. She added that the Board would make the decision regarding the content and authority of an FCG framework in June 2026, informed by stakeholder feedback gathered in the first and second quarters of 2026.

STAKEHOLDER OUTREACH AND COORDINATION WITH IAASB

Mr. Kwan presented a summary of key takeaways from the stakeholder outreach conducted in Q3, including meetings with the International Organization of Securities Commission (IOSCO) Committee 1 and the Stakeholder Advisory Council (SAC).

Mr. Kwan and Ms. Dias observed that there was broad support for the direction of travel, including the resequencing of the workstreams and the anticipated IESBA deliberations on how best to approach the development of the FCG framework in June 2026. They highlighted stakeholder suggestions for the IESBA to provide greater clarity on the project's objectives and direction as well as linkages between the IESBA viewpoints and the International Auditing and Assurance Standards Board's (IAASB) ISQM 1.¹

Mr. Kwan also provided an update on coordination with the IAASB, including key feedback from the FCG update session at its September 2025 meeting. This feedback included, among other matters, the need for greater clarity about the project's objectives and linkages between the IESBA viewpoints with ISQM 1, as well as a suggestion for the IESBA to engage with firm leadership involved in the implementation of ISQM 1. Mr. Kwan shared that the Project Team will present draft material on the linkages between the IESBA viewpoints and ISQM 1 for the IESBA's consideration at its December 2025 meeting.

DRAFT CONTEXTUAL PIECE

Ms. Holt provided an overview of the draft contextual piece, outlining its purpose to explain the background and rationale for the resequencing of the FCG workstreams and the intended use of the IESBA viewpoints by the IESBA.

IESBA members stressed the importance of clear communication about the direction of travel for the project to avoid misunderstanding about its objectives and intended outputs. They also observed that certain terms are interpreted differently by stakeholders and emphasized the need to establish a common understanding of how IESBA uses them for the purposes of the project.

¹ International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

Among other matters, IESBA members also raised the following comments or suggestions on the use of terminology:

- Some terms and explanations in the draft contextual piece, such as the term “draft principles,” might imply that the Board has already decided to develop the framework in the Code. It was noted that some stakeholders may perceive “draft principles” as requirements or conflate them with the fundamental principles of the Code.
- It was suggested that the term “viewpoints” be retained for consistency with the discussions from the September 2025 Board meeting. There was also a suggestion to consider replacing the term with a stronger term such as “recommendations” as “viewpoints” might not adequately capture the extensive work already undertaken on information gathering and stakeholder outreach.

In response, Mr. Siong clarified that the IESBA intends to use the viewpoints as a basis for stakeholder engagement in 2026 to explore which of them could be developed as principles for an FCG framework.

On the topic of field testing, it was questioned whether it would be feasible to conduct field testing on the IESBA viewpoints instead of a framework. There was also a concern that such field testing could suggest to stakeholders that standards will be developed, as field testing generally applies to requirements rather than recommendations. In response, Mr. Kwan clarified that the IESBA had agreed during the September 2025 IESBA meeting to defer field testing until the Viewpoints are sufficiently stabilized.

Among other matters, the following comments were also made by IESBA members:

- There is value in developing case studies and good practices. Mr. Kwan noted that the Project Team intends to work with firms to develop such guidance material in the first half of 2026.
- There were suggestions to include in the contextual piece a reference to the linkages between the IESBA viewpoints and ISQM 1, and to broaden the intended audience of the IESBA viewpoints beyond firms’ senior leadership.

DRAFT OVERARCHING PIECE

Ms. Leal provided an overview of the draft overarching piece and its purpose to highlight the interconnectivity among the eight FCG elements and the importance of cultivating a strong ethical culture within firms.

IESBA members were generally supportive of the draft document, commending its conciseness and use of plain English. The Board also agreed that:

- Two of the FCG elements, Ethical Leadership and Oversight and Governance, should serve as key drivers in building and sustaining an ethical culture, with the remaining six FCG elements working in a mutually reinforcing manner.
- The Provision of Independent Input element should not be elevated to the same level of importance as Ethical Leadership and Oversight and Governance.

In addition to editorial suggestions, there were also suggestions from IESBA members to include a simple diagram illustrating the interconnectivity of the eight FCG elements and to reference in the overarching piece the linkages between the IESBA viewpoints and ISQM 1.

REVISED DRAFT VIEWPOINT ON INCENTIVES AND DISINCENTIVES

Ms. Leal provided a high-level overview of revisions made to the draft IESBA viewpoints on Incentives and Disincentives, incorporating feedback from the September 2025 IESBA meeting.

IESBA members made the following comments or suggestions, among other matters:

- There was support for renaming the element addressing Rewards to Incentives and Disincentives.
- There was also a suggestion to add back a viewpoint about balancing expected ethical behavior and financial performance goals and how ethics is integrated into financial performance.

The Board agreed not to include the proposed viewpoint on hiring policies to address known records of unethical behavior as it may be too granular for the purposes of the IESBA viewpoints. Instead, the Board suggested that the Project Team consider if this point could be revised as a viewpoint on Oversight and Governance.

PIOB OBSERVER'S REMARKS

Mr. Buchanan acknowledged the value of developing a contextual piece that clearly communicates the objectives of the project, including clarifying that the project remains a standard-setting project even if the final outputs are yet to be determined.

He also added that:

- While there was some support within the PIOB for field testing, the PIOB recognized that such field testing should only be carried out at the appropriate time when there is sufficient clarity about its purpose and an output that is ready to be field tested.
- It is important to progress coordination with the IAASB, including the development of a paper that highlights the linkages between the IESBA viewpoints and ISQM 1.

WAY FORWARD

At its December 2025 meeting, the IESBA will consider the revised draft IESBA viewpoints on the eight FCG elements, and the revised draft contextual and overarching pieces with a view to agreeing them for stakeholder outreach in the first half of 2026. In support of this outreach, the IESBA will also consider a draft paper on the linkages between the IESBA viewpoints and ISQM 1. Finally, the IESBA will consider a revised plan for NAM and other supporting materials and initiatives.

3. Closing Remarks

Ms. Dias thanked Mr. Buchanan for the guidance and reaffirmed the importance of ongoing coordination with the IAASB with respect to providing clarity regarding the linkages between the draft IESBA viewpoints and ISQM 1. She thanked IESBA members for their strategic contributions, particularly in identifying areas where further clarification and communication are needed.

In closing, Ms. Dias thanked the Board and the project team for their efforts.

4. Next Meeting

The next IESBA meeting is scheduled for December 8-12, 2025 to be held in New York, USA.