

**Meeting:** IESBA  
**Meeting Location:** Virtual  
**Meeting Date:** October 24, 2025

# Agenda Item 1

## Firm Culture and Governance (FCG)

### Objectives of the Agenda Item

1. To consider:
  - (a) The explanatory material that sets out the background to, and nature and purpose of, the draft IESBA FCG principles on the eight elements of the FCG framework identified in the [project proposal](#) (FCG elements) and how the draft principles are intended to be used by the IESBA (“contextual piece”);
  - (b) The draft overarching piece that provides an overview of the eight FCG elements, including their connectivity; and
  - (c) The revised draft FCG principles on incentives and disincentives.

### Activities since the September 2025 Board Meeting

2. Earlier in October 2025, IESBA representatives met with IOSCO Committee 1 to provide an update on key IESBA workstreams, including the FCG project. The IESBA will be briefed on the key takeaways from that meeting during the session.
3. The Project Team (PT) met with the Board Advisors to the project<sup>1</sup> with a view to developing the materials for the IESBA’s consideration at the October 2025 meeting.

### Coordination with IAASB

4. As part of the ongoing coordination efforts, the PT and Board Advisors met with IAASB representatives, including Greg Schollum, IAASB Member, Misha Pieters, IAASB Technical Advisor, and IAASB Staff, to:
  - Consider a report-back on the IAASB discussion on the FCG project in September 2025;
  - Provide an update on the FCG project; and
  - Exchange initial thoughts on the approach to developing the document explaining the linkage between the draft FCG principles and ISQM 1.<sup>2</sup>
5. The IESBA will be briefed on the outcomes of this meeting during the session.

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<sup>1</sup> Channa Wijesinghe and Rich Huesken

<sup>2</sup> ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

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6. The Board's feedback on the items mentioned in paragraph 1(b) and (c) will be considered by the PT when revising the draft principles for the other FCG elements for the Board's consideration at its December 2025 meeting.

#### Matters for IESBA Consideration

1. IESBA members are asked to share views on:
  - (a) The draft contextual piece in **Agenda Item 1-A**, particularly whether it explains clearly the reasons for the re-sequencing of the FCG workstreams, and the nature and purpose of the draft FCG principles;
  - (b) The draft overarching piece in **Agenda Item 1-B**, including whether the connectivity between the eight FCG elements is clearly and sufficiently explained; and
  - (c) The revised draft FCG principles on incentives and disincentives in **Agenda Item 1-C**.

#### Materials Presented

Agenda Item 1-A	FCG – Draft Contextual Piece
Agenda Item 1-B	FCG – Draft Overarching Piece
Agenda Item 1-C	FCG – Revised Draft Principles – Incentives and Disincentives