

## Agenda Item 1-A (Updated)

**Draft Minutes of the 95<sup>th</sup> Meeting of the  
INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS  
Held on December 8 – 12, 2025 in New York, USA**

**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  
Christelle Martin  
Nancy Miller  
Paul Muthaura  
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)  
Ki-Tae Park (Mr. Kim)  
Natashia Soopal (Ms. Adam)  
(Days 1-3)  
Bruno Tesnière (Ms. Martin)  
Masahiro Yamada (Mss. Borgerth and Imura)  
Belinda Zohrab-McConnell (Mr. Wijesinghe) (Days 1, 4-5)

**Non-Voting Observer**

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

**Public Interest Oversight Board (PIOB) Observer**

Present: Robert Buchanan

**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 fifth IESBA Board meeting of 2025, held at the American Institute of Certified Public Accountants' (AICPA) offices. She conveyed the Board's gratitude to the AICPA for hosting this meeting at its offices. She welcomed Mss. Caroline Lee and Liesbet Haustermans, former IESBA Deputy Chair and IESBA member, respectively, who observed the meeting virtually. Additionally, she welcomed Messrs. Jens Engelhardt and Andrew Pinkney, former IESBA Technical Advisors, who observed the meeting in person.

Ms. Dias then updated the Board on the activities of the Planning Committee (PC) during the quarter. This included a debrief of the October 2025 IESBA virtual board meeting on the Firm Culture and Governance (FCG) project, along with an update on coordination with the International Auditing and Assurance Standards Board (IAASB) on ISQM 1.<sup>1</sup> The PC also considered an update on the Strategy and Work Plan 2028-2031 in light of the discussion at the October 2025 Stakeholder Advisory Council (SAC) meeting and an update on the development of the draft joint International Auditing and Assurance Standards Board-IESBA stakeholder survey. In addition, the PC received an update on the next steps for the SMART initiative, the various ongoing work streams, and recent and upcoming outreach activities.

Ms. Dias also briefed the Board on new IESBA member appointments and reappointments for 2026.

Finally, Mr. Siong informed the Board that this would be the final Board meeting for Dr. Biek and Ms. Bernard as they would be leaving the IESBA Staff at the end of the year. Mr. Siong and Ms. Dias thanked them for their significant contributions to the Board's work.

### APPROVAL OF MINUTES

The IESBA approved the minutes of the September 2025 public session as amended.

## 2. Joint IAASB-IESBA Strategy 2028-2031 Survey

Mr. Kwan and Ms. Sramko introduced the draft joint stakeholder survey developed collaboratively by the IAASB and IESBA (together referred to as the Standards Setting Boards (SSBs)) Working Group). The survey aims to gather input from stakeholders to inform the SSBs' Strategies and Work Plans (SWPs) for 2028–2031. Mr. Kwan and Ms. Sramko provided an overview of the key areas and proposed questions included in the joint survey.

IESBA members supported the development of the joint stakeholder survey as a first step in the development of the SWP, and they agreed on the key areas and questions for stakeholders' consideration and input. They provided comments, among others, on the following matters.

### SSBs' STRATEGIC POSITIONING

Although IESBA members supported including an open-ended question on what success would look like for the SSBs by 2031, some IESBA members raised the following issues or concerns regarding the limitations of the question:

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<sup>1</sup> 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*

- Responses may identify matters that are not readily actionable. Therefore, clearer guidance should be provided to stakeholders regarding the specific types of feedback being sought.
- Projecting success six years into the future presents challenges. The survey should clarify that the SSBs intend to remain flexible and will revisit priorities, if necessary, in response to evolving circumstances.
- Respondents are likely to base their input on current conditions, which may not fully anticipate the potential future standard-setting needs.
- Stakeholders might find it difficult to comment on the collective success of both the IAASB and IESBA, as the two boards have different mandates and standards and, therefore, different metrics for success.

IESBA members also made comments and suggestions regarding the examples of the different dimensions of success provided for respondents' consideration. An IESBA member questioned whether it was necessary to provide such examples in the context of that question since they could inadvertently impact respondents' views and narrow their input.

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#### JOINT VALUE PROPOSITION

IESBA members generally agreed with the Working Group's view that the joint survey was not the proper vehicle for soliciting feedback on the SSBs' joint value proposition. They made, among others, the following comments:

- The responsibility for articulating the SSBs' value proposition rests with the SSBs, and it should not be based on feedback from external parties.
- The distinct mandates of the IAASB and IESBA and the fact that there are differences in the composition of their stakeholder communities would complicate the development of a joint value proposition, and doing so may not be achievable.
- There was a question as to whether the open-ended question in the joint survey about what success would look like by 2031 could be also used to gather stakeholder perspectives on the SSBs' objectives and values.

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The Board supported continuing the coordination with the IAASB on the development of a joint value proposition that appropriately captures the joint values while highlighting the distinct mandates and stakeholders of the two Boards.

#### KEY ENVIRONMENTAL TRENDS

IESBA members expressed support for the identified trends that might impact the SSBs' environment in the future, agreeing that these trends reflect the key issues and areas that should be recognized. However, they emphasized that what matters more is to seek input on any additional trends not yet identified.

In addition to editorial clarifications. IESBA members raised, among others, the following comments:

- Certain trends highlighted in the joint survey, such as the participation of non-professional accountants (PAs) and shifts in work models, have already become embedded within the profession. Questions were also raised about whether private equity investment in accounting firms would remain a significant concern in the next SWP period.

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- The trends presented were mainly focused on PAs only. It was suggested that the joint survey also set out how these trends were also relevant to others, such as those charged with governance and investors.

IESBA members also discussed whether the joint survey should explicitly reference the specific impact of such trends on the SSBs' work. An IESBA member cautioned that highlighting the impacts could influence and narrow the scope of the responses. Another IESBA member believed that describing the potential impact of the trends on the SSBs' work could be useful, and the survey should explicitly ask for stakeholders' feedback on any further impacts not yet captured in the survey.

Mr. Ito noted that sustainability assurance practices are still developing. He emphasized their growing significance. He suggested that the SSBs allocate sufficient time and resources in their future SWPs to provide robust implementation support. He also highlighted the rise in private equity investment in accounting firms as a significant environmental trend, suggesting that the IESBA should continue to address the related ethical issues as part of the FCG and future projects.

#### AREAS FOR JOINT ACTIONS

The Board supported the proposed questions in the joint survey seeking input on areas of common interest that may lead to potential projects or initiatives in which both SSBs have a role to play, and which may be undertaken jointly or in parallel. However, a few IESBA members noted that the questions might seek overly detailed input on possible projects. They suggested that the Working Group focus on soliciting broader, high-level feedback and consider simplifying the questions.

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#### TIMING OF THE RELEASE

IESBA members recognized the importance of aligning the release schedules for the IAASB's and IESBA's consultations in 2026, aiming to minimize the demands placed on stakeholders to respond.

Given the strategic significance of the questions in the joint survey and their implications for the SSBs' future SWPs, a few IESBA members suggested extending the consultation period from the initially proposed 90 days to 120 days.

#### PIOB OBSERVER'S REMARKS

Mr. Buchanan expressed his support for the coordinated approach between the IESBA and IAASB to survey stakeholders as a first step to developing their next SWPs.

Although he agreed that the joint survey was not the appropriate vehicle for consultation on the SSBs' joint value proposition, he encouraged the IESBA to continue the coordination with the IAASB on this matter.

The SSBs approved the joint stakeholder survey at their joint plenary session later in the week.

#### WAY FORWARD

At its September 2026 meeting, the IESBA will undertake a full review of the responses to the joint survey, along with a first-read draft of the IESBA SWP Consultation Paper.

### 3. Firm Culture & Governance

The IESBA considered and agreed on a package of documents for further stakeholder engagement in Q1-Q2, 2026 to further inform its deliberations on how best to approach the development of the Firm Culture and Governance (FCG) framework at its June 2026 meeting. The package, revised for editorial refinements in light of the Board discussion, includes:

- A contextual piece that sets out the background to the development of IESBA viewpoints on each of the eight elements of the FCG framework and the nature and purpose of the IESBA viewpoints;
- An overarching piece that provides an overview of the eight FCG elements and their interconnectivity;
- The IESBA viewpoints; and
- A paper that explains the linkages and key differences between the IESBA viewpoints and ISQM 1.

IESBA members also agreed that the package should include a short upfront explanation of how the papers are intended to be read and used for further stakeholder dialogue. They emphasized the need for clear, consistent messaging and terminology to avoid implying that decisions have already been made on the form, content and authority of the framework, and to reduce the risk of stakeholders misconstruing the viewpoints as requirements or standards.

#### STAKEHOLDER OUTREACH

Ms. Holt shared key takeaways from the outreach activities in Q4 2025, highlighting support expressed by representatives of (i) the regulatory community for the overall direction of the project, and (ii) the profession for the recalibration of the timing of IESBA deliberations on how best to approach the development of the FCG framework. Mr. Kwan also underscored the importance of receiving input from the small and medium practices (SMP) community.

Additionally, Mr. Wijesinghe shared that he had represented IESBA on a panel<sup>2</sup> at a Hong Kong Accounting and Financial Reporting Council (HK AFRC) event where he provided an overview and status of the FCG project. He further noted that a senior firm representative also on the panel recognized the importance of the topic and, in particular, expressed support for some FCG elements. Mr. Babington, who also attended the same event, shared that during that event, there was broad support for the IESBA's work in the FCG area, including from regulators and firms.

Ms. Dias and Mr. Siong added that the Forum of Firms meeting in October 2025 provided an opportunity to address questions from the international networks of firms and to emphasize that the IESBA had not yet determined the final approach to the development of the FCG framework.

#### CONTEXTUAL AND OVERARCHING PIECES

Ms. Leal provided a high-level overview of revisions made to the draft Contextual and Overarching pieces, noting that they incorporate feedback from the October 2025 virtual IESBA meeting. Among other matters, IESBA participants raised the following:

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<sup>2</sup> Governance Matters: Enhancing Trust in Capital Markets

- The contextual piece should clarify that there is currently no global comprehensive ethics baseline against which firms can assess their FCG practices across all their service lines, which is what an FCG framework would provide.
- In relation to the contextual piece, whether the reference to network firms applying the key characteristics in the IESBA viewpoints “across the network” could be perceived as overly prescriptive.
- In relation to the overarching piece, whether the reference to prioritizing ethical values above all other considerations could be misinterpreted as suggesting a trade-off between ethics and profitability.
- A suggestion to better highlight the role of partners and staff working together as an enabling factor for an ethical culture.

An IESBA member also suggested to more explicitly address the root causes of ethical failures. Messrs. Siong and Kwan noted that identifying and drawing conclusions on root causes can be challenging without access to the full facts and circumstances of ethical failures. In addition, the FCG Working Group Final Report demonstrates that the issue of persistent cases of unethical behavior is sufficiently pervasive to justify undertaking the project. In addition, the PIOB has underscored the project’s importance and necessity. Ms. Dias added that the project is not aimed at collecting further examples of ethical failures, but at developing a global response to a global issue.

#### IESBA VIEWPOINTS

Mss. Leal and Holt presented the IESBA viewpoints and summarized key drafting changes made in response to prior Board input, including the Project Team’s efforts to reduce the perception of prescriptive language in the viewpoints. Mr. Kwan added that the IESBA viewpoints will not be revised during the outreach phase but will be used to explore with stakeholders what should be included in an FCG framework.

IESBA participants raised the following key comments or suggestions on the viewpoints for the FCG elements specific to:

- **Ethical Leadership**  
As ethical behavior is a baseline expectation, there was a suggestion to instead emphasize rewarding those who champion ethical behavior in others instead of ethical behavior in itself.  
There was also a suggestion to make certain concepts, such as having an ethical mindset, more measurable. However, Mr. Siong noted that while an FCG framework is intended to influence behavior and be actionable, it will not necessarily be measurable.
- **Oversight and Governance**  
It was noted that while network firms may not necessarily have the same approach across the network, it is still important to promote consistent expectations across network firms.
- **Independent Input**  
Proportionality should be emphasized by making it clear that not all situations need or benefit from independent input. In this regard, it was noted that the examples of sources of independent input set out in the viewpoints provide SMPs with a practical point of reference.
- **Incentives and Disincentives**

It was suggested that consideration be given to whether "disincentives" should be further explained or defined.

- Open Discussion and Challenge

It was suggested that consideration be given to whether referencing whistleblowing mechanisms could inadvertently detract from the focus on creating a culture of open discussion.

- Transparency

A suggestion to clarify that not all matters would require both internal and external reporting.

#### OPTIONS FOR THE WAY FORWARD IN JUNE 2026

Mr. Kwan presented a set of illustrative options to support the Board's consideration of the potential way forward for developing the FCG framework, including options for integrating the framework into the Code or developing it outside the Code. Mr. Kwan and Ms. Dias added that the options are illustrative and were developed in response to stakeholder questions and are intended as a starting point for dialogue with stakeholders.

IESBA members agreed that the upcoming stakeholder dialogues should help stakeholders appreciate that there are various options that could be considered, as well as the implications of each option. IESBA members also agreed that the dialogues should help the IESBA gather information on the impact that the location, authority and content of an FCG framework would have on stakeholders, rather than seeking stakeholder preferences on the options.

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Among other matters, IESBA participants raised the following:

- There is a need for a methodology and criteria to evaluate potential options for an FCG framework to inform the Board's deliberations in June 2026.
- The FCG elements are interrelated and should be considered as an integrated framework.
- Should an FCG framework be outside of the Code, some forms of non-authoritative material (NAM) may still be viewed as de facto requirements by firms.

In this regard, Mr. Siong noted that the Code already includes application material touching on ethical culture, and that any approach to developing supporting materials outside the Code would need to consider the interactions with the existing Code material.

- Cultural change will take time and it may take several years to observe meaningful outcomes.

#### COORDINATION WITH IAASB AND ISQM 1 PAPER

Mr. Kwan presented a paper setting out the linkages between the draft IESBA viewpoints and ISQM 1 which the Project Team had developed in consultation with the FCG Board Advisors and in coordination with IAASB representatives. He explained that the paper is intended to help address questions raised during previous stakeholder outreach and is not a like-for-like comparison, given the differences in authority, objectives and scope of the IESBA viewpoints and ISQM 1. The paper highlights the inherent relationship between ethical culture and a system of quality management, and key differences in objectives and level of granularity. He added that the paper also provides an illustrative comparison for two FCG elements, emphasizing that the paper does not imply a need to revise ISQM 1.

IESBA members expressed support for the paper, acknowledging that there is some complexity in the comparison but noting that it would be helpful to stakeholders. Several IESBA members highlighted the value of clearly articulating the limitations of the comparison, including that the IESBA viewpoints are not requirements, whereas ISQM 1 is a standard developed through due process.

Messrs. Kwan and Siong provided an update on the FCG update session at the December 2025 IAASB meeting, noting the IAASB's support for the overall direction of travel on the project and the IESBA's plan for further stakeholder dialogue. They also highlighted the IAASB's view that extending the linkages document to also cover the remaining six FCG elements could further facilitate discussions with firms during the Q1-Q2 2026 outreach. Mr. Kwan and Ms. Dias explained that the initial approach of limiting the illustrative linkages to two FCG elements was intended to avoid any impression of full comparability and to keep the paper focused and accessible for the future outreach phase.

After further deliberation, the IESBA agreed that the paper should be extended to cover the remaining six FCG elements, provided that this work does not delay the planned stakeholder dialogues for Q1-Q2 2026.

Apart from coordination on the ISQM 1 linkages paper, Ms. Holt also highlighted the regular staff catch-ups between IAASB and IESBA project teams and the IAASB representatives' input on the development of the agenda materials.

#### PLAN FOR OUTREACH AND PLAN FOR ADDITIONAL MATERIALS

Ms. Leal presented the proposed outreach plan for further stakeholder dialogues in Q1–Q2 2026. She noted that the planned outreach builds on the diverse views gathered through the 2025 global FCG roundtables and is intended to bring stakeholders on the journey of why, how and what the viewpoints are and to obtain deeper input on how to best develop an FCG framework.

Ms. Leal noted that a briefing note will be provided to stakeholders participating in the dialogues, which would include questions on the viewpoints and the approach to developing an FCG framework.

IESBA members supported the outreach plan while noting that it is ambitious and that, given the volume of planned outreach, it may be difficult to obtain in-depth feedback on the viewpoints for all eight FCG elements as envisaged. The following key comments or suggestions were raised on the outreach plan:

- It could enable co-creation with stakeholders and help reduce misunderstanding in later phases.
- Investors' and other users' perspectives should also be sought. Input should also be sought across a broad range of jurisdictions to capture a global perspective. Ms. Dias noted that the outreach plan is intended to be as comprehensive as possible while recognizing it will not be feasible to cover all perspectives and geographies.
- A suggestion to include a focus on understanding firms' existing practices and practical challenges to help inform how the framework could be developed.

Ms. Dias and Mr. Siong noted that the Project Team is exploring the feasibility of a simulation exercise on the IESBA viewpoints, facilitated by external experts, to obtain insights beyond stakeholder discussions ahead of the IESBA's June 2026 deliberations. A few IESBA members expressed some uncertainty about the practicality and benefits of such a simulation exercise, highlighting the limitations of performing a simulation with only one firm, given differences in firms' practices, as well as the time and resource demands involved. Nevertheless, the Board generally was open to the Project Team exploring this avenue to obtain additional, deeper insights into the IESBA viewpoints from an operational perspective.

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Finally, Ms. Dias and Mr. Siong emphasized the importance of clear communication around the FCG project objectives. Mr. Siong highlighted planned communication efforts to support the upcoming stakeholder engagement, including a public-facing “snapshot” explaining the purpose of the IESBA viewpoints and the planned approach to stakeholder engagement.

#### PIOB OBSERVER’S REMARKS

Mr. Buchanan reiterated the PIOB’s continued support for the FCG project and its public interest importance. He noted the importance of clear communication and a shared understanding of what the project is trying to achieve. He also observed that the Q4 stakeholder outreach update was encouraging.

Mr. Buchanan welcomed the IESBA’s agreement on the documents presented by the Project Team as a basis for further stakeholder outreach. He encouraged the IESBA to gather stakeholder input on the public interest topic of FCG through the IESBA viewpoints, while carefully managing expectations and stakeholder questions around the potential content and authority of any future framework. He also noted that the PIOB’s public interest framework (for example, the characteristics of enforceability, understandability and scalability) might be leveraged as a basis for the methodology or criteria to evaluate potential options for the way forward in June 2026.

Mr. Buchanan also underscored the importance of continued coordination with the IAASB and supported the work done to date on the ISQM 1 linkages paper.

#### WAY FORWARD

The IESBA will consider an update from the Project Team at its March 2026 meeting.

#### 4. IESSA Implementation Monitoring Advisory Group (IIMAG) Update

Ms. Dias introduced the session, noting that the Board had established the IIMAG to provide a proactive and transparent mechanism for the timely identification of possible issues related to the implementation of the International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA).

Mr. Nisoli, IIMAG Chair, and Ms. Sramko, IIMAG Staff Lead, provided an overview of the implementation matters raised by IIMAG members at the IIMAG meetings to date. They also briefed the IESBA on IIMAG’s proposed actions to address such implementation matters.

An IESBA member queried the role and responsibilities of the IIMAG and questioned whether the IIMAG should advise the IESBA on the prioritization of the development of any supporting material. Mr. Nisoli clarified that the IIMAG functions in an advisory capacity, focusing on identifying and analyzing relevant issues, and considering whether to recommend any specific actions and priorities to the Board. However, the decision as to whether to proceed with any further action, including consideration of resource implications, rests ultimately with the IESBA.

Regarding the specific implementation matters raised by IIMAG members, IESBA members made, among others, the following comments or suggestions:

- In the context of value chain components, a suggestion to review how value chain concepts have been defined in the standards of the International Sustainability Standards Board (ISSB) and other reporting frameworks, as these definitions would influence reporting and assurance in practice and may help clarify uncertainties regarding the application of the IESSA.

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- Regarding the equivalence of the IESSA with other ethics and independence standards, especially those applied by practitioners who are not PAs, a suggestion that the Board consider further engagement with the International Organization of Securities Commissions (IOSCO). In this regard, IOSCO's engagement with jurisdictions advancing sustainability reporting through legislative and regulatory processes was pointed out, as well as its ability to facilitate cross-framework alignment.

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In that context, IESBA members discussed whether the Board should support jurisdictions in assessing equivalence between local ethics and independence standards and the IESSA, recognizing that jurisdiction-specific assessments could be resource-intensive and difficult to sustain. Ms. Dias noted the extensive work already undertaken by the IESBA with non-PAs and the continued collaboration with the International Accreditation Forum (IAF).

- Regarding the challenges raised in connection with the first-time implementation of the IESSA, a query as to whether these challenges were unique to the IESSA and whether previously issued non-authoritative guidance relating to revisions to the Code could address such matters. There was also a question as to whether it was within the IESBA's remit to develop implementation support specifically for first-time implementation. Mr. Nisoli clarified that these challenges were not exclusive to the IESSA, as they encompass both ethical and assurance aspects. He added that while it was not the Board's role to produce a formal manual or prescriptive guidance, the Board could contribute by offering insights and facilitating potential solutions to assist first-time implementers.

#### WAY FORWARD

The IESBA will consider a further update about the IIMAG's work in due course.

#### 5. CIVs

Dr. Biek and Ms. Viljoen presented the Project Team's final report on auditor independence with respect to audits of collective investment vehicles (CIVs) and pension funds. The report summarized the results of the Project Team's extensive research throughout the lifecycle of the workstream. It also included the Project Team's analysis of, and the Board's feedback at the September 2025 meeting on, the key findings identified from responses to the IESBA's March 2025 Consultation Paper (CP), [Collective Investment Vehicles and Pension Funds – Auditor Independence](#).

Based on its analysis of the findings and consideration of four possible courses of action that were highlighted at the September 2025 IESBA meeting, the Project Team recommended developing non-authoritative material (NAM) to promote the consistent application of the Code's principles and the conceptual framework in the context of audits of CIVs and Pension Funds.

IESBA members supported the Project Team's conclusions and, among other matters, raised the following comments:

- The Code's conceptual framework and related entity definition remain broadly appropriate and continue to serve the public interest.
- Differences in interpretation and practice across jurisdictions appear to stem primarily from varying local laws and regulations as they apply to CIVs and pension funds, rather than from inadequacies in the Code's principles.

- The Board should focus on promoting clarity and consistency in applying the existing provisions of the Code, including the conceptual framework, rather than initiating a standard-setting project at this time. In this regard, NAM would be preferable and proportionate under the circumstances.
- NAM should incorporate consultation feedback and possible examples to illustrate how to apply the Code in complex situations. This approach is a pragmatic way to enhance consistent application of the Code without delaying action.
- Monitoring related investment vehicles beyond CIVs may provide insights to guide future work. Any further information gathered in these areas should be targeted and timely to assist the IESBA in determining if additional measures might be needed.

#### PIOB OBSERVER'S REMARKS

Mr. Buchanan commended the Board for its careful consideration of stakeholder feedback and emphasis on the public interest throughout this project. He supported the decision to commission NAM instead of immediately pursuing changes to the Code, viewing this as a practical step to address stakeholder concerns. He further encouraged the Project Team to thoroughly analyze the input from key constituents to ensure that any perceived independence threats are adequately mitigated in the planned guidance.

#### WAY FORWARD

The IESBA accepted the final report and the Project Team's recommendation to commission the development of NAM, taking into account integration of key points from the consultation feedback. The Project Team will publish the final report in January 2026 and, subject to resource prioritization, report on the progress of the NAM phase of this workstream at a future Board meeting.

#### 6. SMART

Mr. Peres Jorge introduced the proposed SMART framework and the associated initiatives aimed at strengthening the Board's strategic execution by promoting simplification, mobilization, adoption, responsiveness, and targeted action across IESBA activities. The framework is intended to provide a structured but flexible approach to project execution and stakeholder engagement.

IESBA members generally expressed support for the overall direction and commended staff for consolidating the Board's earlier discussions into a coherent framework.

Among other matters, IESBA participants raised the following comments:

- It would be important to maintain discipline in prioritizing initiatives and ensuring that resources are focused on areas of greatest impact. Other possible criteria for supporting triage include the technical nature of the initiatives, level of board involvement, number of workstreams impacted, and alignment with the framework.
- A caution that the framework should not become overly process-driven or create unnecessary documentation burdens. It was stressed that the framework should guide judgment and decision-making and avoid a checklist approach.
- It would be important to keep the framework flexible so that it can evolve as projects progress and external conditions change.

- Pilot projects could be used as a way to test the framework in practice and refine the approach based on experience. It was suggested that periodic updates to the Board during the pilot phase could help inform adjustments to the framework.
- There may be a benefit in using AI tools both as working tools and as a way to simplify and make more efficient the information provided to stakeholders.

In response to the discussion, staff clarified that the framework is intended as an operational tool to support more consistent and effective execution of the Board's work, rather than as a compliance mechanism. Staff also noted that the pilot phase would help determine the most effective way to apply the framework in practice. Staff cautioned at this phase not over-announcing the SMART initiatives externally, but focusing instead on stakeholder-visible deliverables first, then communicating them as SMART outcomes.

The Board expressed broad support for advancing the SMART framework on a pilot basis, with staff continuing to refine the approach as it is applied on selected initiatives and projects.

#### PIOB OBSERVER'S REMARKS

Mr. Buchanan welcomed the development of the SMART framework as a means of strengthening the integration of the Public Interest Framework into the IESBA's day-to-day work. He encouraged the IESBA to continue advancing and refining the framework, noting that it would benefit from ongoing development and improvement.

Mr. Buchanan also asked whether there would be coordination with the IAASB regarding the SMART framework. Mr. Siong responded that the framework can be shared with the IAASB for its consideration as the development progresses.

#### WAY FORWARD

The IESBA will consider an update from the Project Team at its March 2026 meeting.

### 7. Technology

Mr. Clark, Chair of the Technology Working Group (TWG), and Mss. Holt and Viljoen provided an update on the TWG activities, including its proposed work plan for the first half of 2026.

Ms. Holt provided a report-back on a technology discussion held at the [October 2025 Stakeholder Advisory Council meeting](#), where SAC members emphasized the need to maintain strong ethical judgment and accountability as PAs increasingly leverage artificial intelligence (AI) tools. SAC members also highlighted the importance of robust governance and oversight frameworks to manage risks such as bias, misinformation, and over-reliance on "black box" AI models, and the value of clarifying how existing standards (in both ethics and audit) apply to new technologies.

Mr. Clark briefed the IESBA on the TWG's latest environmental scanning of technological developments through its Technology Experts Group (TEG) and outlined several key areas:

- "Agentic AI" systems have the potential to make responsibility in decision-making less clear. PAs must not abdicate their accountability when using AI, as they remain responsible for the outcomes and must possess sufficient understanding of the technology to use it appropriately.
- The unsanctioned use of AI tools by employees outside of an organization's approved systems can create serious threats to confidentiality, data privacy, and quality of work product. It was noted that

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in many cases, companies lack clear AI policies, enabling “shadow AI” use. Additionally, some organizations face a disconnect between leadership and staff on technology issues, as senior leaders may be unaware of junior staff experimenting with AI tools, resulting in oversight gaps. This gap may cause management to lag behind staff in technological knowledge, hindering effective implementation of controls.

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- Many organizations, regardless of size, are exploring AI through isolated projects that often lack adequate governance, oversight, or alignment across the entity. This has led to inconsistent risk exposures and gaps in controls. Additionally, many organizations struggle with a lack of skilled personnel needed to oversee and manage AI initiatives effectively.
- Instances have been documented where AI tools generated citations or analytical outcomes that appeared credible but were inaccurate, with some examples even appearing in draft client deliverables. Such cases underscore the risk of over-reliance on AI outputs without proper verification.
- The TEG raised issues like model poisoning <sup>3</sup> and AI systems with insecure or unrestrained “agentic” behaviors, noting that such systems might not stop when instructed and could become like “runaway trains” if not properly governed.
- The rise of quantum computing poses a significant risk because it could render current encryption ineffective, threatening the confidentiality and security within both financial and professional services. As cyber threats evolve, cybersecurity is an ethical responsibility for PAs, not just a technical concern.

Lastly, Ms. Viljoen presented the TWG’s proposed work plan for the first half of 2026. With the recent technology-related revisions to the Code now in effect, the focus of the work plan is on raising awareness of the technology-related provisions, developing new guidance in applying the Code’s principles to emerging technologies, and sustaining momentum through ongoing environmental scanning and collaboration with the IAASB to keep the guidance current.

The Board thanked Mr. Clark and staff for a comprehensive update and generally echoed the concerns highlighted in the presentation. IESBA members made the following comments, among others:

- It is important not to allow technological advances to erode fundamental ethical principles. While emerging technologies like AI can greatly enhance the efficiency of services, professional skepticism and sound judgment must remain at the forefront.
- Auditors and other PAs should not overly rely on AI without applying a critical eye; human oversight and common sense are crucial safeguards against misapplication of technology. In this context, firm leadership has a critical role to play in establishing appropriate policies and a culture of responsibility around AI use.
- The principles-based framework of the Code is sufficiently robust to handle new technological scenarios (such as those involving AI and data analytics), provided that practitioners diligently identify and evaluate the threats these technologies might pose. It was suggested that additional guidance and education from the IESBA would be helpful to bridge the knowledge gap, reinforcing how practitioners can operationalize the Code when using advanced tools.

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<sup>3</sup> Malicious manipulation of AI models.

- Given that certain technology issues (for example, those affecting audit quality or the use of automated tools in assurance) overlap with audit and quality management standards, there should be continued liaison between the IESBA and IAASB to ensure a consistent and comprehensive response.
- A question as to whether the risks identified by the TWG would differ between firms that develop their own AI tools and those that use third-party tools. It was noted that while developing proprietary tools might allow firms to build in controls and better understand the technology, the ethical considerations remain largely the same. Issues such as data security, accuracy of outputs, and accountability for results should be managed under either scenario.

There was strong support from the Board for the TWG's plan to pursue the development of practical guidance (rather than new standards) at this stage, as this will help firms and PAs globally to navigate the challenges in real time.

#### PIOB OBSERVER'S REMARKS

Mr. Buchanan underscored the responsibility the IESBA carries in addressing the ethical challenges brought about by rapid technological advancements. He emphasized the need for ongoing vigilance to ensure that fundamental principles are rigorously upheld as technology evolves. He cautioned that increasing dependence on AI and other complex tools must not lead to a diminution of professional skepticism or judgment. He welcomed the IESBA's focus on reinforcing skepticism and human oversight in the face of these trends.

Mr. Buchanan also stressed the importance of providing timely and accessible guidance to practitioners. As technology continues to advance rapidly, he noted that the IESBA could assist by providing PAs with clear interpretations and examples of how to apply the Code's principles in new circumstances. This will help ensure consistency in ethical practice amid an evolving landscape. He further commended the IESBA for recognizing the urgency of AI-related risks and for taking proactive steps through its TWG initiatives. In addition, he encouraged the IESBA to continue collaborating proactively with the IAASB and other standard-setting bodies. Given the interrelated nature of ethics and audit issues in technology, he noted that a coordinated approach across the standard-setting ecosystem is essential.

Mr. Buchanan concluded by expressing support for the IESBA's efforts to stay ahead of technological changes in order to maintain public trust in the profession.

#### WAY FORWARD

The TWG will move forward with its planned activities for the first half of 2026 and provide the IESBA with updates on the TWG's progress at future meetings.

#### 8. Role of Chief Financial Officers (CFOs)

The IESBA considered an update from the Project Team on its activities since the September 2025 meeting. The Project Team reiterated that the workstream remains in an information-gathering phase with no pre-determined outcomes or outputs.

#### ACADEMIC LITERATURE REVIEW

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Mr. Reid provided an update on the academic literature review to synthesize available evidence on the recent evolution of the CFO role, any associated ethical issues and challenges, and the landscape of CFOs who are not members of a professional accountancy organization (PAO). He noted that early indications highlight limited empirical evidence on the recent evolution of that role and associated ethical challenges, which underscores the importance of the planned outreach program in 2026. He added that the final report on the academic literature review is expected by the end of January, with a presentation of findings anticipated at the March 2026 Board meeting.

#### PRACTICAL INSIGHTS ON THE EVOLUTION OF THE CFO ROLE AND RELATED ETHICAL CONSIDERATIONS

The Board considered a presentation from guest speaker Ms. Lynda Hawthorn-Kitamura, a chartered professional accountant and board leader from Canada. She has experience in CFO roles with operational and international responsibilities, and serves in a current oversight role in a major public-sector organization.

During the dialogue session following the presentation, among other matters, IESBA members raised the following comments:

- Whether pressures are driven both by the expanding scope of the CFO role and by external operating conditions (including heightened performance pressure in downturns). It was suggested that this should be reflected in evidence gathering.
- The difficulty of maintaining ethical compliance in jurisdictions where illegal inducements are treated as normal practice. In this regard, the importance of the tone at the top was emphasized.
- Whether ethical challenges relate to gaps in ethical requirements or to awareness, accessibility, and uptake of existing ethics standards, particularly for CFOs who are not members of PAOs. It was also noted that there may not be a consistent baseline view of what constitutes an ethical issue and that any level-setting should be handled carefully to preserve candor during outreach activities.
- Whether ethics is a factor in senior appointments, including CFO selection. It was noted that there are limits to assuming ethical capability based solely on professional designation. It was also observed that boards rely on management reporting. They therefore need appropriate board inquiry, training and oversight mechanisms to identify and respond to ethical risks in practice.

#### ROUNDTABLE FORMAT AND APPROACH

Mr. Reid outlined the Project Team's proposed outreach approach, including global roundtables in 2026. Among other matters, IESBA members raised the following comments or suggestions:

- The importance of creating conditions for candid CFO dialogue through CFO-only sessions. Such dialogue might be inhibited by mixed participation with other stakeholder groups. A concern was raised as to whether learning across CFOs and other stakeholder sessions could be achieved without compromising candor.

The Project Team responded that an iterative approach would be taken to incorporate insights across sessions and locations.

- Whether in-person engagement across all regions and roundtables was feasible and whether hybrid events could be held in certain instances instead.

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The Project Team noted that hybrid formats can create operational and confidentiality risks where on-site technology and recording practices are outside of the IESBA's control. They added that if hybrid participation is used, breakout groups would avoid mixing in-person and virtual participants.

- Concerns were raised about the proposed geographic balance, including multiple proposed sessions in the United Kingdom. There was an encouragement to reconsider the location of the European roundtable to mitigate perceptions of an undue focus on a particular jurisdiction and to support broader regional engagement.

The Project Team responded that the European global roundtable location would be reconsidered. In addition, efforts would be made to diversify the geographic coverage of the outreach, including planned engagements in Hong Kong SAR and mainland China.

- A trade-off was noted with respect to the proposed virtual global roundtable for Latin America between building presence in the region through engagement on the one hand, and resource constraints on the other. It was also noted that holding this event in Spanish may have a positive effect on the participation rate, irrespective of whether it is in-person or virtual.

The Project Team noted prior experience in managing language needs and agreed to consider feasible options within resource constraints.

- There is a need to ensure that the value proposition for participants is clear to secure participation, as CFOs have significant time constraints and CFOs who are not members of a PAO may be unfamiliar with the IESBA.

The Project Team noted that the value proposition includes contributing to shaping ethical expectations with respect to CFOs, and receiving synthesized, non-attributed insights to help participants understand emerging themes and regional patterns.

#### BRIEFING NOTE

Mr. Reid thanked IESBA members for their advance comments on the draft briefing note circulated before this meeting. The Project Team proposed separating the briefing notes and questions into two, tailored to CFOs and other stakeholders, respectively, to improve clarity while maintaining thematic alignment with the extended survey.

Among other matters, IESBA members raised the following comments or suggestions:

- The roundtable questions should remain neutral to avoid any perceptions of predetermined outcomes from the initiative. Instead, they should invite input on what would be helpful in practice.
- Questions should also refer to environment-driven pressures, alongside the evolution of the role.
- Whether potential interpretation challenges will arise due to different baseline understanding between CFOs who are members of PAOs and those who are not. There was a suggestion to segment discussions between these groups to improve comparability and isolate whether perceived needs relate to the Code itself or to other frameworks used in practice. Other views expressed value in mixed-group dialogue to enable cross-learning and to establish differences.

Ms. Vijian noted that the extended survey is designed to capture which ethical codes or frameworks respondents rely on and any reasons why the Code may not be used even where accessible.

#### EXTENDED SURVEY, DESIGN CHOICES, TIMING AND LANGUAGE CONSIDERATIONS



Ms. Vijian outlined the proposed extended survey approach to strengthen the evidence base and address gaps identified from the 2025 CFO pulse survey, including to better understand drivers of ethical dilemmas and variations across regions, sectors and governance structures. She noted that the extended survey will be issued in two versions, one targeted at CFOs and another for other stakeholders who interact with, or are impacted by, CFOs, with the structures of the surveys mirroring the roundtable themes to enable convergence across evidence streams.

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#### ENGAGEMENT WITH THE IPSASB

Ms. Vijian provided an update on the Project Team's engagement with the International Public Sector Accounting Standards Board (IPSASB) at its December 2025 meeting, including facilitated breakout discussions. She also highlighted the key themes that emerged.

The IESBA discussed the system-level pressures in the public sector that can place CFOs in conflict between compliance and political pressure and whether the Code specifically addresses public-sector application challenges. The Project Team noted that the Code is framework-neutral and applies to PAs in business, including those in the public sector. The Project Team agreed that further engagement with the public sector community could help identify practical application issues and any perceived gaps.

#### OTHER MATTERS

The IESBA emphasized the importance of stakeholder expectations management and neutrality. The importance of clearly laying out the public-interest framing was stressed together with a strong participant value proposition, maintaining discipline on scope, and ensuring that the evidence base is sufficiently robust and geographically balanced.

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#### PIOB OBSERVER'S REMARKS

Mr. Buchanan commented that it is in the public interest for the IESBA to examine the evolving role of CFOs and the extent to which ethical considerations arising from that evolved role are adequately addressed. He noted that it remains an open question whether the challenges facing modern CFOs are best characterized as ethical matters as opposed to broader questions of professional judgment. He cautioned against prematurely locking the scope before the evidence-gathering phase is complete. He emphasized the importance of managing stakeholder expectations and ensuring that any subsequent scope of decisions is grounded in a clearly articulated problem statement and supported by evidence.

Mr. Buchanan also highlighted that the initiative will likely raise the "profession-agnostic" challenge, given significant global variation in the extent to which CFOs are PAs, and that the IESBA will need to carefully consider the risks and benefits of any approach seeking to address the role in totality. He further illustrated that users of information may expect a "level playing field" in ethical expectations across CFOs, irrespective of professional background. In addition, there is a question as to whether the Code is the appropriate vehicle to meet that expectation. Finally, he noted the importance of the IESBA's discussion on geographic balance and reaching the right global audiences to strengthen geographic diversity and credibility in international standard-setting.

#### WAY FORWARD

The IESBA will consider an update from the Project Team at its March 2026 meeting.

## 9. Adoption & Implementation (A&I)

### IESBA A&I WORKING GROUP (A&I WG) UPDATE

Ms. Dias introduced the session, noting the strategic importance of focused A&I efforts in light of the Board's refreshed strategy, and emphasis on prioritization, coordination, and effective execution. Mr. Singh, Chair of the A&I WG, noted that the WG continued to meet monthly. He provided an overview of the WG's draft IESBA Partnership Framework for Promoting A&I of IESBA's Standards (Partnership Framework). He emphasized that the Partnership Framework:

- Is embedded in the A&I WG's approved mandate and strategic direction, particularly the partnership-based approach to capacity building.
- Will initially expand outreach and scale A&I and capacity-building efforts in support of the IESBA Sustainability and Experts Standards.
- Will enable more structured outreach and collaboration to extend the IESBA's reach to jurisdictions and stakeholder groups and to leverage their expertise, networks, and local presence.
- Can have a multiplier effect—optimizing the IESBA's limited resources through local champions to enable more sustainable, globally coordinated A&I efforts.

Ms. Cahoon provided an update on the A&I WG's 17 prioritized jurisdictions, which are categorized as:

- No further action at this stage (Australia, Brazil, France, Italy, New Zealand, South Africa, and UK.).
- Minimal support required (India, Japan, Malaysia, Singapore, Qatar, Saudi Arabia, and UAE).
- Assessing requests (Korea, Rep.).
- Prioritized need for action – draft targeted outreach plans (Kenya and Nigeria).

Ms. Cahoon also highlighted the A&I WG's proposal to develop jurisdictional profiles for Argentina, Chile, China, Colombia, Hong Kong SAR, Mexico, and Türkiye, based on previous IESBA discussions and taking into account resource considerations, and jurisdictional readiness and developments. Mr. Reid noted that the WG will assess the feasibility and appropriateness of publishing information derived from the initial 17 jurisdictional profiles in Q1 2026.

Mr. Reid provided an update on stakeholder engagement activities, including ongoing interactions with IFAC, IAASB, and the International Sustainability Standards Board (ISSB), as well as coordination with the International Accreditation Forum (IAF) with respect to the status of its work to map the ethics requirements in the accreditation framework to the IESSA.

IESBA members raised the following queries or comments, among others:

- Whether newly identified jurisdictions for prioritization which have already adopted the IESSA, such as Hong Kong SAR, should be a priority.

Mr. Reid noted that prioritization extends beyond adoption to assessment of regulatory frameworks and implementation or capacity building support needs. Mr. Siong emphasized the important role Hong Kong SAR plays as a major financial centre and its influence in the region. He added that its progress towards adoption of the IESSA and as well as the fact that non-PAs already undertake a significant number of sustainability assurance engagements locally, is highly relevant to the region.

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- Whether newly identified jurisdictions for prioritization, such as Chile, will require significant implementation support.

Mr. Reid responded that, consistent with the A&I WG's approach, the jurisdictional profiles serve as the starting point to understand specific needs. He added that discussions with the relevant Board member/Technical Advisor on scope, potential support, and resource implications will determine next steps.

- Whether current resources can sufficiently support the Partnership Framework and broader A&I activities. In particular, while successful partnerships could create efficiencies over time, adequate upfront resourcing is required to achieve effective execution.

Ms. Dias acknowledged existing and anticipated resource constraints and emphasized the need to balance and prioritize workstreams. She also highlighted ongoing recruitment efforts. Mr. Siong added that efforts would be made to leverage existing initiatives, outreach activities, and external networks, including jurisdictional standard setters, PAOs, firms, and other partners, to maximize impact and support for A&I.

#### WAY FORWARD

The IESBA approved the Partnership Framework, agreed on the additional 7 jurisdictions for developing jurisdictional profiles, and supported the A&I WG's proposed way forward. A further update on A&I activities will be provided at the March 2026 IESBA meeting.

#### 10. Emerging Issues and Outreach Committee (EIOC)

Dr. Biek and Ms. Viljoen provided an update on the EIOC's activities. The update focused primarily on private equity investment (PEI) in accounting firms. PEI has been a major area of attention for the EIOC, given the implications of PEI for auditor independence. Ms. Viljoen shared insights gathered from the EIOC's monitoring efforts and observations from an event held by Accounting Today in November 2025.

The presentation outlined both the opportunities and the risks associated with PEI in accounting firms and the growing importance of the topic. Given its significance, Ms. Dias posed a strategic question to the IESBA on whether the matter should be transitioned from the EIOC to a dedicated working group or project. IESBA members were generally supportive of the suggestion and, among other matters, raised the following:

- The rapidly evolving trend of PEI may significantly affect auditor independence, firm culture, and ethical priorities, so the IESBA should proactively assess potential ethical implications.
- The IESBA's agenda is already full, with frequent requests for new projects. PEI is important, but it must be addressed as part of the IESBA's Work Plan based on available resources.
- Staff and the EIOC should engage with relevant stakeholders to identify specific ethical challenges or inconsistencies that might arise from PEI. This will clarify what actions the IESBA may need to take, such as issuing staff publications or other guidance, or proposing revisions to the Code.
- Future initiatives should continue to prioritize public interest considerations, assessing whether any provisions of the Code require enhancement or clarification in relation to situations involving external ownership. Engaging with audit regulators and jurisdictional standard setters may be beneficial, as certain jurisdictions have already addressed the issue of non-PA ownership in audit firms.

#### PIOB OBSERVER'S REMARKS

Mr. Buchanan welcomed the IESBA's proactive consideration of the ethics and independence implications of PEI, highlighting its significance in the public interest. He noted that it was encouraging to see the IESBA identifying potential ethical implications early. He supported the IESBA's intent to explore the matter further and urged that this be done in a timely manner.

Mr. Buchanan also emphasized the importance of assessing whether further guidance is warranted, while recognizing existing resource limitations and the necessity for prioritization. He advised the IESBA to continue monitoring this issue closely and to engage with relevant stakeholders when developing its approach.

#### WAY FORWARD

The IESBA agreed to continue monitoring PEI with a view toward possible future action.

#### 11. PIOB Observer's Remarks

Mr. Buchanan thanked the Board for the opportunity to observe the meeting. He noted the strong engagement and active participation of IESBA members throughout the week's deliberations, including valuable contributions from those participating remotely.

Mr. Buchanan informed the Board that this would be his final IESBA meeting as a PIOB Observer, as he will complete his term at the PIOB at the end of the month. He noted that it had been a privilege to work with the IESBA in his capacity as a PIOB member and observer over the years.

Mr. Buchanan reaffirmed the PIOB's strong support for the IESBA's work in advancing challenging and important topics in the public interest. He concluded by wishing the IESBA continued success in its important work. He expressed his appreciation for the opportunity to observe the Board meeting once more in New York prior to the completion of his term.

Ms. Dias thanked Mr. Buchanan for his remarks and noted that it was particularly meaningful that he was able to attend the meeting in person as he concludes his term with the PIOB. She acknowledged his constructive engagement with the IESBA over the years and the PIOB's continued support of its work.

#### 12. Closing Remarks

Ms. Dias highlighted the significant progress made across several agenda items, including the Board's agreement on the FCG viewpoints and its acceptance of the CIVs report and recommendations. She also highlighted the Board's agreement on the SMART framework and the partnership framework under the A&I initiative.

Ms. Dias commended IESBA members on their active participation throughout the meeting and noted the open and constructive dialogue during the deliberations.

Finally, Ms. Dias conveyed the Board's appreciation to the AICPA for hosting the meeting at its offices. She also thanked IESBA staff for their extensive efforts in preparing for and supporting the meeting. She wished everyone a pleasant holiday season before closing the meeting.

#### 13. Next Meeting

The next IESBA meeting is scheduled for March 9-12, 2026, to be held in New York, USA.