

Meeting: IESBA
Meeting Location: Madrid, Spain
Meeting Date: September 14-18, 2026

Agenda Item 2

Firm Culture and Governance (FCG)

Objectives

1. To consider:
 - (a) An external presentation by Professor Begoña Navallas of the Universidad Autónoma de Madrid on a comparative study of corporate governance regulation with respect to audit firms across jurisdictions, undertaken for the Spanish audit regulator, the Instituto de Contabilidad y Auditoría de Cuentas (ICAC);
 - (b) An update on recent coordination activities with the International Auditing and Assurance Standards Board (IAASB);
 - (c) The Project Team's¹ (PT's) first-read draft of the proposed FCG provisions in the Code; and
 - (d) The preliminary proposed action plan for non-authoritative materials (NAM) and other supporting materials for 2026-2028.

Activities since the June 2026 IESBA Meeting

2. At its June 2026 meeting, the IESBA agreed to develop a single, high-level, overarching requirement and related application material in the Code to anchor the FCG framework in the Code, accompanied by practical NAM to support implementation of the framework.
3. Since then, the PT met with the Board Advisors three times during August 2026 to develop the proposed FCG provisions in the Code and the preliminary action plan for NAM and other supporting materials, and to finalize the agenda materials for the September 2026 meeting.

Coordination with the IAASB

4. As part of ongoing coordination efforts, the IESBA PT and Board Advisors met with the IAASB liaison team² in August 2026 to discuss their comments on the first-read draft FCG provisions from an ISQM 1³ interoperability perspective. The discussion included consideration of the joint development of a 1-2 pager that links the proposed FCG provisions to the relevant ISQM 1 provisions, with a view to including the 1-2 pager in the Exposure Draft package.

¹ The Project Team comprises Kam Leung (IESBA Director and Project Lead), Laura Leal (IESBA Principal) and Joanne Holt (IESBA Senior Manager). The Board Advisors to the Project Team are Channa Wijesinghe (IESBA Vice Chair), Hector Lehuedé (IESBA Member) and Jon Walters (IESBA Member).

² Greg Schollum, IAASB Member, Misha Pieters, IAASB Technical Advisor, Willie Botha, IAASB Program and Senior Director, and Jasper van den Hout, IAASB Director

³ ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

Matters for IESBA Consideration

5. IESBA members are asked to:
- (a) Consider the presentation from Professor Navallas and share any comments or questions;
and
 - (b) Consider and provide directional feedback on **Agenda Items 2A** and **2B**.

Materials Presented

Agenda Item 2A	Proposed FCG Provisions – First Read
Agenda Item 2B	2026-2028 Non-Authoritative Material and Other Supporting Materials – Preliminary Proposed Action Plan