

Firm Culture and Governance (FCG)

2026-2028 Non-Authoritative Material (NAM) and Other Supporting Materials Preliminary Proposed Action Plan

I. Background

1. In December 2024,¹ accepting the recommendations of the [FCG Working Group's Final Report](#), the IESBA approved the commencement of two workstreams in relation to FCG: (i) a standard-setting workstream to develop FCG-related provisions in the Code, and (ii) a workstream to develop non-authoritative material (NAM) and other supporting materials related to FCG outside the Code (NAM workstream). Both workstreams would proceed concurrently.
2. In June 2025,² aligned with the IESBA's revised overall forward strategy for 2025-2026, the IESBA revised its strategic approach to the two FCG workstreams. This revised approach included a resequencing of the standard-setting and NAM workstreams, with a focus on the development of NAM and other supporting materials over the next 18 to 24 months.
3. As part of the re-sequencing, the IESBA agreed to develop a series of viewpoints on the eight elements of the FCG framework, which the IESBA used as a basis for further engagement with stakeholders in the first half of 2026 (FCG dialogues). It was agreed that feedback from these dialogues would inform the best approach to the FCG framework, to be determined in June 2026.
4. In June 2026,³ taking into account the feedback from the FCG dialogues, 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 and other materials to support implementation of the framework.
5. The development of such NAM and other supporting materials is intended to serve a number of key objectives, including:
 - Providing guidance to firms to **support implementation** of the future FCG framework in the context of their specific circumstances, including where they have implemented ISQM 1.⁴
 - Helping to **raise awareness** about the important aspects of the eight FCG elements, including to promote the desired FCG good practices.
 - Providing an avenue for the IESBA to take a **thought leadership role** on the topic of FCG from a global perspective.

¹ [December 2024 IESBA Meeting Highlights](#)

² [June 2025 IESBA Meeting Highlights](#)

³ [June 2026 IESBA Meeting Highlights](#)

⁴ ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

- Providing a **platform for further engagement and dialogue** with stakeholders about the importance of ethical culture and governance within accounting firms.
6. This NAM and other supporting materials action plan covers the period up to the anticipated finalization of the standard in December 2027 and its rollout in 2028. In proposing the types of NAM and other supporting materials to be developed, the PT took into account feedback from the FCG dialogues, which indicated broad support for the development of such materials to support education and training on FCG. In particular, there was support for:
- Scenario-based guidance.
 - Practice examples that show what “good” looks like.
7. This preliminary action plan will be updated to reflect input from the IESBA at its September meeting and feedback from stakeholders through institutional outreach during Q4 2026. It is envisioned that the resulting proposed action plan for NAM and other supporting materials will be included in the Exposure Draft (ED) package to provide stakeholders with visibility into the additional support that the IESBA intends to develop in relation to FCG. The action plan will be updated, as appropriate, in light of comments received in response to the ED and input from ongoing engagement with stakeholders.

II. Considerations for the Development of NAM and other Supporting Materials

8. The time taken to develop each deliverable will be impacted by factors such as the type of material being developed, the types of additional research, expertise, or input from relevant stakeholders needed, and what opportunities there are to collaborate with firms, professional accountancy organizations (PAOs), regulators or other stakeholders. In this regard, the PT highly values stakeholders’ practical experiences and insights that can help enrich the NAM and other supporting materials and inform their development.
9. Artificial intelligence (AI) tools might also be used to assist in the preparation of any NAM or supporting material. Any AI-generated or AI-assisted content will be subject to the PT’s and Board Advisors’ review, consideration of whether it is useful and fit for purpose.
10. Given the significance of the NAM workstream on this project, the PT anticipates seeking the Board’s input on draft NAM deliverables as they are being developed, and the Board’s concurrence for the release of the final NAM deliverables.

III. Indicative Timeline for the Proposed NAM and other supporting materials

11. While the standard-setting and NAM workstreams will progress concurrently, the table below sets out the indicative timeline for the proposed NAMs and other supporting materials to be developed and released from Q4 2026 through 2028.
12. The indicative timeline takes into account (i) anticipated collaboration with stakeholders and time required to identify interested stakeholders, as well as (ii) the expected finalization of the FCG provisions within the Code by December 2027. Specifically, the NAM intended to support implementation of the FCG provisions will need to reflect the final standard, whereas other supporting materials intended primarily to raise awareness and promote understanding of FCG-related matters may be developed and released before the standard is finalized.

13. In the paragraphs subsequent to the table, the PT has set out the details of each proposed NAM and other supporting material (i.e., proposed objective, content, format and potential partners where applicable).

Indicative timeline	Proposed Other Supporting Material for Awareness Raising	Proposed NAM Deliverable for Implementation Support
Q4 2026	- Release of a series of one-pagers outlining some practical approaches shared by stakeholders in the FCG roundtables to address each FCG element - Release of a 1-2 pager linking the draft FCG provisions in the ED to the provisions in ISQM 1 (this 1-2 pager is intended to accompany the ED)	N/A
Q1 2027	For IESBA consideration: - Draft publication on the impact of private equity and other external investments (PE&OEI) in firms on FCG and related actions firms might consider taking - Draft publication on the impact of emerging technologies on FCG and related actions firms might consider taking	N/A
Q2 2027	Release of brief publications on the impact of: (i) PE&OEI in firms, and (ii) emerging technologies, on FCG and related actions firms might consider taking	N/A
Q3 2027	N/A	To table for the IESBA's consideration and discussion, a draft Practical Implementation Insights package anticipated to be finalized and released with the finalized standard: Examples of Good Practices

Indicative timeline	Proposed Other Supporting Material for Awareness Raising	Proposed NAM Deliverable for Implementation Support
		Proportionality and Network Considerations
Q4 2027	N/A	To table for IESBA's consideration and discussion, an updated draft Practical Implementation Insights package ⁵ anticipated to be finalized and released with the finalized standard.
2028	N/A	- Release of Practical Insights package - Release of 3 to 5 pieces of FCG scenario-based guidance

IV. Details of Proposed NAM and Other Supporting Materials

A. One-pagers on practical approaches shared during FCG roundtables to address each FCG element

Objective

- The aim of this series of other supporting materials is to raise awareness of the eight FCG elements and to continue the conversation on FCG by sharing examples of practical approaches raised by stakeholders through the FCG roundtables.
- The series of one-pagers will also provide a platform for further engagement and dialogue with stakeholders around the FCG elements, as social media posts could also be released alongside the one-pagers, targeting interaction with stakeholders.

Content and Format

- Stakeholders have shared a broad range of perspectives, experiences and examples through the six global roundtables held during 2025. Some of these examples and insights have been incorporated in articles authored by IESBA Chair Gabriela Figueiredo Dias and IESBA Vice-Chair Channa Wijesinghe in 2025 and 2026 on the importance of building an ethical culture and the eight FCG elements.⁶
- The PT and the IESBA Communications team propose to spotlight the high-level examples and insights raised in the global roundtables and the articles in a series of eight easy-to-read one-pagers.

⁵ The final Practical Implementation Insights package will be dependent on the final standard, which has an anticipated approval date of December 2027. Accordingly, the PT anticipates adjustments may need to be made to the Practical Implementation Insights package following the IESBA December 2027 Board meeting to take into account any changes made to the standard.

⁶ IESBA Chair's article (July 2025): <https://resource.cdn.icai.org/86729cajournal-july2025-13.pdf>;
 IESBA Vice Chair's article (May 2026): <https://ifacweb.blob.core.windows.net/publicfiles/2026-06/Channa-ChamberJournal.pdf>

Each one-pager would focus on one FCG element and compile at a high-level, relevant examples of what stakeholders have shared as “good practices.”

18. The PT notes that the one-pagers do not supersede the notion of developing a more substantive piece on “examples of good practices” with the objective of providing implementation support to firms. This more substantive piece would be focused on the “how” to implement the good practices, e.g., what makes certain types of rewards criteria for ethical behavior effective, when it is considered baseline behavior.

Timeline

19. The PT and the IESBA Communications team recommend releasing the series of one-pagers on a weekly basis across October and November 2026, alongside possible social media posts to generate engagement with stakeholders.

B. 1-2 pager linking the draft FCG provisions in the ED to the provisions in ISQM 1

Objective

20. This material aims to highlight how the FCG framework complements ISQM 1 and how both work together in a mutually supportive manner.
21. It is intended to respond to stakeholder questions on how an FCG framework might be implemented by firms that have already implemented ISQM 1.

Content and Format

22. The PT and the IAASB liaison team propose to develop a 1-2 pager that links the draft FCG provisions in the ED to the relevant ISQM 1 provisions. This 1-2 pager may help a firm that has implemented a system of quality management (SOQM) in accordance with ISQM 1 to understand how its SOQM could be leveraged to meet the objectives and outputs of the draft FCG provisions in the ED if the latter were to be adopted and implemented.
23. The 1-2 pager will leverage the March 2026 [linkages paper](#), which compared the similarities and key differences between the IESBA FCG viewpoints and ISQM 1.
24. The PT will also include an explanation of how the FCG framework is intended to interact with and complement ISQM 1 in the Explanatory Memorandum accompanying the ED. Among other matters, the PT and the IAASB liaison team propose that this explanation explicitly highlight that:
 - While ISQM 1 and the proposed FCG framework are closely related and mutually reinforcing, they serve different objectives. The FCG provisions focus on articulating the characteristics of the elements of a firmwide ethical culture. ISQM 1 focuses on the components of a firm's SOQM to support the consistent performance of quality engagements covered within the scope of ISQM 1.
 - While ISQM 1 and the proposed FCG framework are principles-based and intended to be applied in a manner that is proportionate to a firm's nature and circumstances, they have different scopes. The FCG provisions focus on elements that underpin FCG and apply to all firms and across all their service lines, including advisory and other service lines not covered by the IAASB's engagement standards, as well as to firms that do not perform engagements covered by IAASB standards (e.g., advisory-only firms). ISQM 1 is focused on a system of

quality management for engagements and applies to firms performing audits or reviews of financial statements, or other assurance or related service engagements. Therefore, in considering the implementation of the FCG provisions in the context of the implementation of ISQM 1, firms will need to evaluate what more they might need to do, having implemented ISQM 1.

- The proposed revisions to the Code relating to FCG do not suggest or indicate that related changes to ISQM 1 are expected or currently being considered.
25. The PT recognizes that firms implementing ISQM 1 have adopted different approaches based on their size, structure, types of services and clients, and risk profile, and that implementation of the FCG framework would similarly vary across firms. The PT therefore proposes to reassess, after considering stakeholder comments on the ED in June 2027, whether and what additional NAM on this topic would be necessary.

Collaboration

26. This 1-2 pager will be developed in coordination with the IAASB liaison team for the FCG project.

Timeline

27. The anticipated finalization date is during Q4 of 2026 to be released alongside the ED which has an anticipated release date of December 2026.
28. In addition, the PT and the IAASB liaison team will further update this 1-2 pager to be released alongside the finalized standard.⁷

C. Impact of emerging topics on FCG, such as PE&OEI and emerging technologies

Objective

29. These other supporting materials aim to highlight, at a high level, the implications and other considerations that emerging topics such as PE&OEI in accounting firms and emerging technologies have on FCG.
30. During the stakeholder outreach in 2025 and 2026, stakeholders have brought up the link between FCG and emerging topics such as private equity investments and technology, and questions over how FCG interrelates with such topics. The PIOB has also encouraged the IESBA to coordinate the FCG and PE&OEI workstreams closely.
31. In July 2025, the IESBA issued a Staff Alert highlighting the key ethical matters that accounting firms should pay particular attention to when considering or accepting investment from PE organizations. This publication, among other matters, provided some preliminary considerations on the potential impact of private equity investments on the ethical culture of a firm.
32. The PT notes that the FCG framework would be applicable across all firms, regardless of ownership or legal structure.

⁷ The final standard has an anticipated approval date of December 2027.

Content and Format

33. The PT proposes developing (i) a brief publication with regard to FCG considerations relating to PE&OEI, to also be informed by recent and upcoming outreach to stakeholders, including the Stakeholder Advisory Council (SAC) in October 2026, and (ii) a podcast episode that highlights considerations between FCG and the use of emerging technologies. See **Appendix 1** for some initial considerations to be further explored in the development of these materials.

Collaboration

34. The PT anticipates collaborating with the PE&OEI project team and the Technology Working Group in developing these other supporting materials. IESBA Vice-Chair Channa Wijesinghe will act as a liaison member to the PE&OEI workstream to ensure alignment and coordination on overlapping issues.
35. Separately, the PE&OEI PT is aiming to present the Joint IESBA-IAASB Phase 1 final report and recommendations (final Phase 1 report) no later than March 2027. Should the IESBA determine to launch a project to develop appropriate changes to the Code related to PE&OEI, the PE&OEI PT will consider any changes in relation to FCG as needed, in accordance with the agreed Terms of Reference for the PE&OEI workstream.

Timeline

36. The anticipated finalization date of these other supporting materials is during Q2 of 2027.
37. The PT also proposes to reassess, after the PE&OEI PT has presented its final Phase 1 report and recommendations to the Board, whether more comprehensive NAM or other supporting materials are needed on PE&OEI in regard to FCG in due course.

D. Practical Implementation Insights package

38. The PT proposes developing a NAM package of practical implementation insights that will provide implementation support for firms to accompany the anticipated rollout of the standard in 2028.
39. The proposed Practical Implementation Insights package consists of the following NAM:
- Examples of good practices, and
 - Proportionality and network considerations.

Practical Implementation Insights: Examples of good practices

Objective

40. This NAM aims to provide implementation support for firms through practical examples of good practices that have been shared by firms and other stakeholders.
41. Across all the stakeholder groups in the FCG dialogues, there was support for practical examples that show what “good” looks like. In this regard, some representatives from large firms have indicated that they would welcome the opportunity for their firms to collaborate with the IESBA by sharing good FCG practices the firms have implemented.

Content and Format

42. The PT proposes that this NAM explain how some of the good practice ideas can be implemented effectively, based on input from stakeholders. Depending on the type of NAM, the PT may also explain why these ideas are “good” practices (i.e., what makes such practices effective) based on input from stakeholders. Possible formats for this NAM, which are not mutually exclusive, include:
- Publication that explains how firms might implement identified good practices and what makes them effective.
 - Ethical decision tree relating to what “good” practice can be used and when; this can then be leveraged by firms.
 - A report on survey responses compiling FCG good practices shared by firms. A live, interactive dashboard on identified FCG good practices, searchable by FCG element, firm size, and jurisdiction.
 - Podcasts and/or interviews with stakeholders such as firms and regulators which the PT would publish to highlight the “good” practices.
 - An FCG peer-learning dialogue that convenes firms and other stakeholders to share examples of good practices relating to a particular FCG element, explaining why it is “good,” which the PT would publish as a short, anonymized report after each dialogue.
43. Examples of good practices may include more specific details on topics such as:
- Examples of frameworks (such as scorecards that contain both financial and non-financial metrics, including those related to ethical behavior), and metrics (such as participation in ethics training), that can be monitored as ethics key performance indicators (KPIs).
 - Examples of practical use cases of technology in the prevention and early detection of ethical matters.
 - Examples of practice aids or toolkits that support individual decision-making, such as ethical decision trees, role-play scripts, and self-assessment tools.
 - Examples of how leaders can foster a psychologically safe environment in their firms.

Proposed Partner(s) and Approach

44. The PT plans to collaborate with stakeholders such as firms, Jurisdictional Standard Setters (JSS) and PAOs in gathering examples of good practices and practical insights to inform the development of this NAM.
45. As an initial step, in Q4 2026, the PT plans to use the following institutional meetings to identify interested stakeholders and explore opportunities for collaboration:
- The Forum of Firms meeting;
 - The IESBA-JSS liaison group meeting; and
 - The IFAC Small and Medium Practices Advisory Group (IFAC SMPAG) meeting.

46. The PT also anticipates holding one-on-one meetings with interested stakeholders to gather examples of good practices and practical insights. The PT plans to develop a set of standardized questions to help guide these discussions.

Timeline

47. The PT anticipates the draft of this NAM to be presented to the Board in Q3 and Q4 2027, with an anticipated finalization in early 2028 at the latest to be released alongside the final standard. Additional NAMs on good practices could be developed subsequently.

Practical Implementation Insights: Proportionality and Network Considerations

Objective

48. The aim of this series of NAM is to support the implementation of the future FCG framework.
49. One of the Code's defining features is its approach to proportionality, explicitly embedding mechanisms that account for the circumstances of the individual PAs and firms and the level of public interest in their work.⁸ By extension, the future FCG framework is designed to be scalable and proportionate, aligning with the characteristics of the [Public Interest Framework](#).
50. As the FCG framework is applicable to all firms, ranging from small and medium practices (SMPs), including sole practitioners, to larger firms, this NAM aims to highlight scalability and proportionality considerations, especially for SMPs when considering the FCG elements.
51. This NAM also aims to highlight network considerations when considering the FCG elements.

Content and Format

52. The PT notes that an explanation highlighting the aspects of each of the eight FCG elements that lend themselves to scalability, proportionality and network considerations will be part of the Explanatory Memorandum accompanying the ED.
53. The PT proposes to build on the proportionality and network considerations highlighted in the Explanatory Memorandum by developing a more holistic, comprehensive publication which will also share practical insights and examples as to how SMPs and network firms might implement the FCG framework.
54. This NAM will also be informed by the stakeholder comments received on the ED.

Proposed Partner(s) and Approach

55. The PT anticipates engaging with stakeholders such as SMPs, network firms and PAOs to gather practical implementation insights, recognizing that how firms might implement the framework will vary in the context of their circumstances.
56. The PT anticipates these insights would also be gathered in conjunction with the one-on-one discussions with stakeholders identified in connection with the Practical Implementation Insights: Examples of good practices NAM.

⁸ Refer to the [IESBA Staff Publication](#) which explains the proportionality of the IESBA Code.

Timeline

57. The PT anticipates the draft of this NAM to be presented to the Board in Q3 and Q4 2027, with an anticipated finalization in early 2028 at the latest to be released alongside the final standard.

E. Scenario-based Guidance

Objective

58. This NAM aims to provide implementation support for firms through examples of scenarios depicting realistic, relatable ethical dilemmas that professional accountants may face and how the FCG elements can help in strengthening ethical culture.
59. Across all the stakeholder groups in the FCG dialogues, there was support for scenario-based guidance.

Content and Format

60. The PT proposes developing a series of 3-5 hypothetical scenarios and/or case studies to account for firms of different sizes, structures, services, clients and other circumstances. Case studies could draw on findings from actual cases, for which sufficient information is publicly available, to illustrate how one or more FCG elements might have helped address the issues that arose. Hypothetical scenarios could complement these case studies by exploring examples with less publicly available information, such as ethical dilemmas affecting firms, including SMPs.
61. Each case study or scenario-based NAM would be structured as follows:
- A case study of historical ethical “failures” or hypothetical scenario of an ethical dilemma(s).
 - The FCG element(s) that are involved in that case study or scenario. The PT anticipates there will be more than one FCG element involved in each case study or scenario. This can also showcase how each FCG element is interlinked and works in a holistic and cohesive manner. Accordingly, the PT is of the view that a series of 3-5 case studies or scenarios can already cover all eight FCG elements and illustrate how they might work together.
 - Examples of good practices to consider in that case study or scenario.
62. Possible formats may include one or more of the following:
- Short publications with images, diagrams, short text.
 - Short animated videos (similar to the IESBA “Explainer” videos).
 - Insights from interviews with leaders from firms or PAOs.
 - Podcasts.

Proposed Partner(s) and Approach

63. The PT plans to collaborate with stakeholders such as firms, JSS and PAOs in gathering and developing scenarios.
64. The PT anticipates some scenarios would also be gathered in conjunction with the one-on-one discussions with stakeholders identified in connection with the Practical Implementation Insights: Examples of good practices NAM.

65. The PT may also leverage AI or seek deeper expertise from external consultants in developing the case studies or scenarios.

Timeline

66. The PT anticipates the release of the 3-5 case studies and/or scenario-based NAM in 2028.

Appendix 1

Illustrative Example: Impact of Emerging Issues, such as PE&OEI and Emerging Technologies, on FCG

The below sets forth examples of the impact of PE&OEI and emerging technologies on FCG that may be explored in future NAM or other supporting materials with the IESBA's PE&OEI and Technology workstreams.

	PE&OEI	Technology
Opportunities	- Investments in technology and growth - While introducing efficiencies, business expertise, and potentially enhanced governance from deeper experience	Enhances efficiency, decision-making, innovation, while enabling enhanced risk management
Potential ethical risks	- Conflicts of interest - Increased commercial pressures - Culture clashes from growth via M&A	- Over-reliance - Bias - Lack of transparency and accountability - Cybersecurity and privacy concerns
Potential FCG impact	PE investors' short-term focus and shaping of firm's business strategy, detracting from its long-term focus on building and maintaining a strong ethical culture	Culture and governance fail to adjust to, or keep pace with, rapid technology advances
Actions that might be taken by firms to mitigate the impact on FCG	- Rapid change heightens the importance of strong ethical culture and governance. Culture and governance arrangements should evolve in step with PE&OEI and technological developments. - Firm leadership should assess how PE&OEI and technology may affect culture and ensure that commercial objectives remain aligned with ethical values, professional responsibilities and the public interest.	