Meeting:	IESBA	**Agenda Item**
Meeting Location:	Virtual	**1**
Meeting Date:	October 29, 2026	

Firm Culture and Governance (FCG)

Objective

1. To consider a second-read draft of the proposed FCG provisions.

Activities since the September 2026 IESBA Meeting

2. At its September meeting, the IESBA considered a first-read draft of the proposed FCG provisions in the Code, including a revised turnaround draft of select provisions on the last day of the meeting. The IESBA also considered the proposed work plan regarding the development of non-authoritative material (NAM) and other supporting materials.

3. The Project Team[1] (PT) met with the Board Advisors two times during October 2026 to develop the agenda materials for the October 2026 Board meeting.

4. IESBA representatives also conducted outreach activities in October 2026, including meetings with:

   - The IAASB-IESBA User Advisory Group (UAG);[2]
   - The IESBA-Jurisdictional Standard Setters (JSS) liaison group;[3]
   - The Forum of Firms (FoF);[4]
   - The Stakeholder Advisory Council (SAC);[5] and
   - The Chair and Staff of the IFAC Small and Medium Practices Advisory Group (IFAC SMPAG).

   The Board will be briefed on the key feedback from these meetings during the session. Where appropriate, specific feedback on the select FCG provisions has been considered in developing the second-read draft.

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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 The discussion with the UAG focused on the interrelationship between Private Equity and Other External Investments in Firms (PE&OEI) and FCG.

3 The discussion with the JSS covered select proposed FCG provisions in the Code that were presented on the last day of the September 2026 Board meeting (see September 2026 IESBA Meeting, Agenda Item 2A (Turnaround)), as well as the interrelationship between PE&OEI and FCG.

4 The discussion with the FoF focused on select proposed FCG provisions in the Code that were presented on the last day of the September 2026 Board meeting.

5 The discussion with the SAC covered the direction of travel on developing the proposed FCG provisions in the Code as well as the interrelationship between PE&OEI and FCG.

5. Further stakeholder outreach is planned in November 2026 with the International Forum of Independent Audit Regulators' Standards Coordination Working Group (IFIAR SCWG) and the International Organization of Securities Commissions Committee 1 (IOSCO C1).

6. The detailed feedback from all these outreach meetings will be included in the December 2026 agenda papers.

Coordination with the IAASB

7. As part of ongoing coordination efforts, the PT and Board Advisors will meet with the IAASB liaison team[6] in November 2026 to advance the development of joint guidance clarifying the relationship between the proposed FCG provisions and ISQM 1,[7] particularly for firms that have implemented a system of quality management in accordance with ISQM 1. The guidance will build on the March 2026 linkages paper and is expected to be released alongside the exposure draft in December 2026.

8. **Agenda Item 1A** also incorporates the IAASB representatives' input from an ISQM 1 interoperability perspective.

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9. The PT will share a brief overview of the key takeaways arising from the October 2026 outreach.

10. The PT will then walk the Board through the key changes to the proposed FCG provisions as set out in the second-read draft (**Agenda Item 1A**). The PT will consider the Board's feedback in developing the third-read draft of the proposed FCG provisions and the draft Explanatory Memorandum for the Board's consideration at its December 2026 meeting.

Matters for IESBA Consideration

11. IESBA members are asked to:

    (a) Share any comments in light of the report-back on the key takeaways from the October 2026 outreach meetings; and

    (b) Provide directional feedback on **Agenda Item 1A**.

Materials Presented

Agenda Item 1A	Proposed FCG Provisions – Second Read

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

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