IESBA Post-Implementation Review (PIR) Survey

Responding to Non-Compliance with Laws and Regulations (NOCLAR®)

Introduction

This survey is only applicable to respondents that have adopted or use or benefit from the Responding to Non-Compliance with Laws and Regulations (NOCLAR) provisions in the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code). Sections 5260 and 5360 as contained in the International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA), and conforming amendments to Sections 260 and 360 arising from the development of the IESSA, are outside the scope of this survey and only become effective in December 2026.

1. The International Ethics Standards Board for Accountants (IESBA) is conducting a post-implementation review (PIR) of the NOCLAR provisions in Sections 260 and 360 of the Code.
2. This survey seeks to obtain input from a broad range of stakeholders to enable the IESBA to determine:
   (a) Whether the NOCLAR provisions have achieved their intended purpose by identifying:
      (i) Benefits from applying the provisions; and
      (ii) Any practical challenges or questions regarding their implementation, including whether they are being consistently understood and applied; and
   (b) What actions, if any, are needed by the IESBA to address identified matters.
3. The responses received will be analyzed for purposes of providing feedback to the IESBA and in developing recommendations for any actions.
4. Recognizing that some respondents may wish to discuss certain NOCLAR or NOCLAR-related matters on a confidential basis instead of documenting them in writing when responding to this survey, respondents are welcome to reach out to the IESBA Project Team (email jeanneviljoen@ethicsboard.org and kamleung@ethicsboard.org) to discuss such matters confidentially. In such circumstances, respondents are requested to discuss the matters on an anonymized basis.
5. The survey comment period starts on April 1 and ends on July 30.

Survey Responses to be Made Public

6. Unless confidentiality is specifically requested, respondents' submissions will be considered a matter of public record and will be posted to the IESBA's website. Where confidentiality is requested, respondents are nonetheless requested to provide any detailed input on an anonymized basis.
7. Some questions ask for details, examples or sharing of relevant reports or materials. Respondents are requested to provide such information on an anonymized basis.

Survey Instructions

8. Respondents to the survey are asked to provide their responses only on the questions applicable to

the stakeholder group to which they belong:

- Part A — Demographic Information (All Respondents)
- Part B — Jurisdictional Standard Setters (JSS)
- Part C — Professional Accountancy Organizations (PAOs)
- Part D — Regulators or Oversight Bodies
- Part E — Accounting Firms or Individual Professional Accountants in Public Practice (PAPPs)
- Part F — Professional Accountants in Business (PAIBs)
- Part G — Other Users or Beneficiaries of the Code

9. Respondents may respond to all questions or only selected questions or matters. All responses to this survey, whether complete or partial, will be accepted and considered as input for the IESBA Project Team's analysis.

Overview and Key Intended Outcomes of the IESBA NOCLAR Provisions

10. The IESBA NOCLAR provisions establish a response framework to guide auditors, other PAPPs, and PAIBs in deciding how best to act in the public interest when they become aware of NOCLAR or suspected NOCLAR.

11. NOCLAR is any act of omission or commission, intentional or unintentional, committed by a client or employer, or by those charged with governance (TCWG), by management or by other individuals working for or under the direction of a client or employer which is contrary to the prevailing laws or regulations.

12. For a more detailed overview of the NOCLAR provisions of the Code, please access the following link here.

13. Key intended outcomes of the NOCLAR provisions in the public interest include:
    - Ensuring that PAs respond in a timely way to identified or suspected NOCLAR.
    - Rectifying, remediating, or mitigating the adverse consequences of identified or suspected NOCLAR to stakeholders and the general public.
    - Deterring the commission of NOCLAR.
    - Stimulating increased reporting of identified or suspected NOCLAR where required by law or regulation, or where determined appropriate under the Code in the public interest.

Part A – Demographic Information (All Respondents)

1. Please indicate if you are responding as an individual or on behalf of your organization?
    (a) If you are responding as an individual:
        (i) Please indicate your jurisdiction
        (ii) Approximate years of professional experience:
            - Less than 5 years

- 5–10 years
- 11–20 years
- More than 20 years

(b) If you are responding on behalf of your organization, please indicate the jurisdictional profile which best represents your situation, i.e., from which jurisdictional perspective are you providing your responses?

- Single jurisdiction (Republic of Korea)

2. Please indicate the stakeholder category to which you belong, i.e., from which perspective are you providing your responses? *If you or your organization has one or more roles (e.g., JSS and Regulator), please respond to all relevant parts of the survey.*

- JSS (PAPP and PAIB)
- PAO *(PAPP and PAIB)*

3. Please provide the following information (*Personal information will not be made public and will only be used by the Project Team to follow up if clarification on your responses is needed)*:

- Your organization's name, if any (if you are responding on behalf of an organization[1]) KICPA
- Your name and job title / role Donghoon You, Head of Ethics Standards Team
- Your email address dyou@kicpa.kr
- Your jurisdiction Republic of Korea

[1] If you respond on behalf of a global organization, the jurisdiction (or name of the country) in which you work. If you are responding on behalf of a global organization, please indicate "Global" as your jurisdiction.

Part B – Jurisdictional Standard Setters (JSS)

Adoption status and effective date

> *Note:*
>
> *Adoption (full or with modifications) refers to the formal acceptance and incorporation of the IESBA standards into a jurisdiction's national laws, regulations or professional requirements.*
>
> *Convergence is where a jurisdiction aligns its national ethics (including independence) standards or provisions with the IESBA standards through a process that seeks to eliminate or minimize differences between the IESBA and national standards or provisions. This includes a process where an IESBA standard is used as a basis to develop the local standard or provisions.*

4. Has your organization adopted the NOCLAR provisions of the Code (IESBA NOCLAR provisions)? *(Please choose the most representative answer*)

(d) No, there are provisions in relevant law or regulation or a different ethical framework that address NOCLAR *(Please describe any significant differences between the relevant law or regulation or ethical framework and the IESBA NOCLAR provisions)*

Effective date: November 1, 2018

NOCLAR provisions: Act on External Audit of Stock Companies, Article 22(https://www.law.go.kr/LSW/eng/engLsSc.do?menuId=2&section=lawNm&query=external+audit&x=0&y=0#liBgcolor0)

Significant differences:

- The local NOCLAR provisions apply only to external auditors of financial statements.
- There are no NOCLAR provisions applicable to PAIBs.

If you have answered (a), (b) or (c), were the IESBA NOCLAR provisions translated into the local NOCLAR provisions? If yes, please indicate the language of translation.

Guidance and educational materials

5. What guidance or educational materials has your organization issued, or what programs has your organization developed, to support understanding of the local NOCLAR provisions in your jurisdiction? (*Select all that apply and provide links*)

- Education/training programs (cyber.kicpa.or.kr)

Other support

6. Does your organization provide guidance to individual professional accountants, accounting firms, or other users of your standards in the application of the local NOCLAR provisions if they seek such assistance, e.g., in dealing with a NOCLAR matter? (*Select all that apply)*

- Ethics hotline or equivalent - If inquiries are received regarding the application of the NOCLAR provisions, consultation may be provided by telephone through the Ethics/Independence Consultation Desk.

Inquiries and questions

7. Which specific provisions in the local NOCLAR provisions has your organization commonly received inquiries or questions about? - KICPA has not received any inquiries or questions regarding the NOCLAR provisions.

Level of understanding

8. Do users of your organization's standards have an overall understanding of the local NOCLAR provisions? *(Please explain the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by users of your standards)*

   - Yes - Korea's NOCLAR provisions are set out in law; therefore, if an external auditor fails to comply with the NOCLAR provisions, statutory sanctions or other disadvantages may arise.

Legal protection

9. In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? Please provide details. - The Act on External Audit of Stock Companies includes relevant provisions.

   If yes, is the protection under the relevant law or regulation perceived to be effective? Please explain your response. - The Act on External Audit of Stock Companies includes effective provisions to protect NOCLAR whistleblowers, including confidentiality of the whistleblower's identity and prohibition of disadvantageous treatment against the whistleblower.

Observed outcomes (benefits and challenges)

10. Has your organization observed any trend in instances of NOCLAR reported or escalated?

    If so, please describe the trend and indicate the period for which this trend has been observed, as well as the general nature of the NOCLAR commonly observed.

    - KICPA has not directly received or compiled any NOCLAR cases. NOCLAR matters are reported to the relevant authorities, and the reported information is not publicly disclosed.

11. Based on your organization's observations, has the application of the local NOCLAR provisions been effective in deterring the commission of NOCLAR, or rectifying, remediating or mitigating the consequences of NOCLAR? (*Please explain the basis for your response and provide any relevant details, including any supporting materials or reports*)

    - KICPA received advice from an expert on NOCLAR-related matters. Korea's local NOCLAR provisions set out procedures requiring an external auditor, when the auditor identifies NOCLAR in the course of an audit, to report the matter to the company's internal oversight body and to the relevant authorities. These procedures effectively encourage the company's internal oversight body to review the matter and take necessary actions. KICPA does not have separate supporting materials or reports.

12. Has your organization observed any challenges in the application of the local NOCLAR provisions? *(Please provide details, including specific provisions that caused particular challenges and why, as well as any actions taken to address them)*

    - Under Korea's NOCLAR provisions, an external auditor is required to report to the relevant authorities when the auditor identifies NOCLAR. In practice, however, companies may object to such reporting by the external auditor or limit cooperation on the grounds of confidentiality obligations or restrictions on information disclosure. In such cases, the external auditor needs to consider the relationship between the statutory reporting obligation and the confidentiality obligation arising from the audit engagement, which may create practical challenges in applying the NOCLAR provisions.

13. Has your organization observed any trends where professional accountants or accounting firms encountered NOCLAR or suspected NOCLAR but did not apply the local NOCLAR provisions in whole or in part?

    - No, not observed

Other comments

14. From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? *(Please explain your response)*

    - In Korea, disclosing NOCLAR related to non-audit services to the relevant authorities may constitute a breach of confidentiality under applicable laws and regulations, which may limit the ability to comply with the relevant provisions of the IESBA Code. It would be reasonable for NOCLAR provisions related to non-audit services to be addressed within each jurisdiction's regulatory framework, rather than through the IESBA Code.

15. Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on any benefits arising from using the local NOCLAR provisions, or on matters of translation)?

    - See response to Question 14.

Part C – Professional Accountancy Organizations (PAOs)

Adoption status and effective date

> *Note:*
>
> *Adoption (full or with modifications) refers to the formal acceptance and incorporation of the IESBA standards into a jurisdiction's national laws, regulations or professional requirements.*
>
> *Convergence is where a jurisdiction aligns its national ethics (including independence) standards or provisions with the IESBA standards through a process that seeks to eliminate or minimize differences between the IESBA and national standards or provisions. This includes a process where an IESBA standard is used as a basis to develop the local standard or provisions.*

4. Has your organization adopted the NOCLAR provisions of the Code (IESBA NOCLAR provisions)? *(Please choose the most representative answer*)

(d) No, there are provisions in relevant law or regulation or a different ethical framework that address NOCLAR *(Please describe any significant differences between the relevant law or regulation or ethical framework and the IESBA NOCLAR provisions)*

Effective date: November 1, 2018

NOCLAR provisions: Act on External Audit of Stock Companies, Article 22(https://www.law.go.kr/LSW/eng/engLsSc.do?menuId=2&section=lawNm&query=external+audit&x=0&y=0#liBgcolor0)

Significant differences:

- The local NOCLAR provisions apply only to external auditors of financial statements.
- There are no NOCLAR provisions applicable to PAIBs.

If you have answered (a), (b) or (c), were the IESBA NOCLAR provisions translated into the local NOCLAR provisions? If yes, please indicate the language of translation.

Guidance and educational materials

5. What guidance or educational materials has your organization issued, or what programs has your organization developed, to support understanding of the local NOCLAR provisions in your jurisdiction? (*Select all that apply and provide links*)

- Education/training programs (cyber.kicpa.or.kr)

Other support

6. Does your organization provide guidance to individual members and accounting firms in the application of the local NOCLAR provisions if they seek such assistance, e.g., in dealing with a NOCLAR matter? (*Select all that apply)*

- Ethics hotline or equivalent - If inquiries are received regarding the application of the NOCLAR provisions, consultation may be provided by telephone through the Ethics/Independence Consultation Desk.

Inquiries and questions

7. Which specific provisions in the local NOCLAR provisions has your organization commonly received inquiries or questions about? - KICPA has not received any inquiries or questions regarding the NOCLAR provisions.

Level of understanding

8. Do your organization's members have an overall understanding of the local NOCLAR provisions? *(Please explain the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by its members)*

    - Yes - Korea's NOCLAR provisions are set out in law; therefore, if an external auditor fails to comply with the NOCLAR provisions, statutory sanctions or other disadvantages may arise.

Enforcement

9. Does your organization enforce the local NOCLAR provisions?

    - No - KICPA does not directly enforce the local NOCLAR-related statutory provisions. Under Korean law, enforcement authority over the NOCLAR provisions rests with the Securities and Futures Commission (SFC), a government authority. The SFC has the authority to investigate and take measures in relation to violations of laws and regulations concerning external audits. KICPA does not receive reports from the SFC on enforcement outcomes relating to NOCLAR matters.

Appropriate authority

10. Does your organization have the authority to investigate NOCLAR or suspected NOCLAR that is reported to it and take any necessary action?

    - No

Legal protection

11. In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal, or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? Please provide details.

    The Act on External Audit of Stock Companies includes relevant provisions.

    If yes, is the protection under the relevant law or regulation perceived to be effective? Please explain your response.

    The Act on External Audit of Stock Companies includes effective provisions to protect NOCLAR whistleblowers, including confidentiality of the whistleblower's identity and prohibition of disadvantageous treatment against the whistleblower.

Observed outcomes (benefits and challenges)

12. Has your organization observed any trend in instances of NOCLAR reported or escalated?

If so, please describe the trend and indicate the period for which this trend has been observed, as well as the general nature of the NOCLAR commonly observed.

KICPA has not directly received or compiled any NOCLAR cases. NOCLAR matters are reported to the relevant authorities, and the reported information is not disclosed externally.

13. Based on your organization's observations, has application of the local NOCLAR provisions been effective in deterring the commission of NOCLAR, or rectifying, remediating or mitigating the consequences of NOCLAR? (*Please explain the basis for your response and provide any relevant details, including any supporting materials or reports*)

KICPA received advice from an expert on NOCLAR-related matters. Korea's local NOCLAR provisions set out procedures requiring an external auditor, when the auditor identifies NOCLAR in the course of an audit, to report the matter to the company's internal oversight body and to the relevant authorities. These procedures effectively encourage the company's internal oversight body to review the matter and take necessary actions. KICPA does not have separate supporting materials or reports.

14. Has your organization observed any challenges in the application of the local NOCLAR provisions? *(Please provide details, including specific provisions that caused particular challenges and why, as well as any actions taken to address them)*

Under Korea's local NOCLAR-related provisions, an external auditor is required to report to the relevant authorities when the auditor identifies NOCLAR. In practice, however, companies may object to such reporting by the external auditor or limit cooperation on the grounds of confidentiality obligations or restrictions on information disclosure. In such cases, the external auditor needs to consider the relationship between the statutory reporting obligation and the confidentiality obligation arising from the audit engagement, which may create practical challenges in applying the NOCLAR provisions.

15. Has your organization observed any trends where members or accounting firms encountered NOCLAR or suspected NOCLAR but did not apply the local NOCLAR provisions in whole or in part?

- No, not observed

Other comments

16. From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? *(Please explain your response)*

In Korea, disclosing NOCLAR related to non-audit services to the relevant authorities may constitute a breach of confidentiality under applicable laws and regulations, which may limit the ability to comply with the relevant provisions of the IESBA Code. It would be reasonable for NOCLAR provisions related to non-audit services to be addressed within each jurisdiction's regulatory framework, rather than through the IESBA Code.

17. Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on any benefits arising from using the local NOCLAR

provisions, or on matters of translation)?

See response to Question 16.

End of survey

Thank you for your valuable input. Your input will inform the IESBA's Post-Implementation Review and help the IESBA develop clear, robust and practical ethics standards that reinforce public trust in the profession and effectively serve the public interest.