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IESBA Project Update

Firm Culture and Governance

APESB Board Meeting – 4 December 2025

Channa Wijesinghe, IESBA Vice Chair

Firm Culture and Governance

June 2025: IESBA decision on resequencing the standard-setting and NAM workstreams, aligned with revised forward strategy for 2025-2026

From Q3 2025 to Q2 2026

- Develop IESBA Viewpoints
- Develop NAM and other supporting materials, and pursue other initiatives
- Targeted engagement with stakeholders on IESBA Viewpoints

June 2026 IESBA meeting

- Consider way forward on FCG framework, reflecting on feedback from stakeholder engagement and IESBA's own considerations in the public interest

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* Ethical Culture panel, Sept 2025 IESBA Ethics and Independence Conference, Lisbon

IESBA Agrees Forward Pathway Post-Sept 2025 Board

DRAFT IESBA VIEWPOINTS

- **Ethical leadership**
- **Oversight and governance**
- **Provision of independent input**
- **Accountability across the firm**
- **Incentives and disincentives**
- **Open discussion and challenge**
- **Education and training**
- **Transparency**

IESBA direction:

- Develop viewpoints – **principles-based** (the "what" and the "why"), **actionable** and intended to drive **positive outcomes and change**
- Stabilize viewpoints in Dec 2025 for further stakeholder engagement Q1-Q2 2026
- Develop **contextual piece** explaining the purpose of viewpoints and the stage of the process
- Viewpoints are not the final product

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Draft IESBA Viewpoints

KEY CONSIDERATIONS

- **Viewpoints are a tool, not a final product**
- **Status quo is not the end game**
- **Establish baseline for all stakeholders, including firms**
- **Do not assume all firms are on the same page**
- **Accessibility and timeliness of viewpoints important**
- **Focus is on the whole firm, not just audit**

Illustrative viewpoints that seek to "nudge" mindset and behavior:

- Senior leadership **demonstrate** that they **understand** that they and the firm have an **overarching responsibility to act in the public interest**
- Senior leadership have an ethical mindset with a **strong knowledge** and **understanding** of the Code
- **Incentive mechanisms** that take into account **ethical behavior** reinforce a firm's expectations re upholding the firm's ethical values and the public interest

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Forward Pathway Post-Sept 2025 IESBA Meeting

PRELIMINARY PLAN FOR OTHER SUPPORTING MATERIALS AND INITIATIVES

- **Practical guidance for viewpoints**
- **Relevant FCG provisions in extant Code**
- **Linkages between viewpoints and ISQM 1**

IESBA direction:

- Overall **support for preliminary plan**
    - More detailed NAM plan to be considered Dec 2025
- **Clear messaging** important re linkages with **ISQM 1**

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Comments and Questions?

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