

**Final Minutes of the 76th Meeting of the
INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS
Held on March 14-16, 2022 in Hybrid Format¹**

Voting Members

Present: Gabriela Figueiredo Dias (Chair)
Caroline Lee (Deputy Chair)
Saadiya Adam
Mark Babington
Vania Borgerth
Sanjiv Chaudhary
Laurie Endsley
Brian Friedrich
Hironori Fukukawa
Richard Huesken
Sung-Nam Kim
Christelle Martin
Andrew Mintzer (Days 1-2)
Felicien Muvunyi
Luigi Nisoli
Jens Poll
Channa Wijesinghe
Yaoshu Wu

Technical Advisors

Keith Billing (Mr. Babington)
David Clark (Mr. Huesken) (Days 1-2)
Gregory Driscoll (Ms. Lee)
Jens Engelhardt (Prof. Poll)
Laura Friedrich (Mr. Friedrich)
Ellen Gorla (Mr. Mintzer)
Marta Kramerius (Mr. Nisoli)
Ki-Tae Park (Mr. Kim)
Andrew Pinkney (Ms. Endsley) (Days 1 & 3)
Kemisha Soni (Mr. Chaudhary)
Chris Twagirimana (Mr. Muvunyi)
Jeanne Viljoen (Ms. Adam)
Masahiro Yamada (Mr. Fukukawa)
Xiaoye Yuan (Ms. Wu)

Non-Voting Observers

Present: Gaylen Hansen, IESBA Consultative Advisory Group (CAG) Chair, and Jumpei Kato, Japanese Financial Services Agency (FSA)

Public Interest Oversight Board (PIOB) Observer

Present: Begoña Giner

IESBA Staff

Present: James Gunn (Managing Director, Professional Standards), Ken Siong (Program and Senior Director), Diane Jules (Director), Geoffrey Kwan (Director), Kam Leung, Carla Vijian, Szilvia Sramko, Astu Tilahun, Diana Vasquez

¹ The March 2022 IESBA meeting was a hybrid meeting during which some participants joined in person and others via videoconference.

1. Opening Remarks

OPENING STATEMENT FROM MS. DIAS

After greeting all participants, Ms. Dias opened the meeting with the following statement:

“I am very pleased to welcome you all to our first Board meeting of 2022 and my first as IESBA Chair. This is an important day for me, and I hope it is too for all the members of the renewed IESBA Board.

It is truly an honor to lead this global Board and to follow in the footsteps of Stavros Thomadakis. I am also grateful for the trust and support of the Board, team and stakeholders, which bring me an increased responsibility. I am committed to returning such confidence and support by serving the Board and the public interest with a strong sense of mission.

My vision for us as an ethics Board is anchored in the times and context we are living in.

If I were to choose a few words that in my view will feature our mandate as IESBA, I would choose *continuity, uncertainty, and change*.

This Board faces the great challenge of taking over and pursuing the impressive legacy of the former Board and its Chair Stavros Thomadakis while embracing innovation and making an impact in a context of unprecedented uncertainty and complexity.

We will want to enhance IESBA’s relevance as a standard setter. We will want to *progress*, building on the past, without being stuck there, and advancing into the future. We will progress by continuing the IESBA project.

We are, however, starting our term as a Board in a context of unprecedented uncertainty and exigency. Important changing triggers are challenging the accountancy environment. To name just a few, I would like to stress the vertiginous technological and digital innovation, the inexorable trajectory of the sustainable environmental and social transition, or the proposals of new corporate and business models and new economic policies and theories adjusted to a new social awareness.

But adding to those, some very unexpected and sad events are posing pressing questions and demands to the profession: the Covid 19 pandemic whose profound impacts will last for a long time; and the outbreak of an abject war in Europe, with devastating human, economic and social consequences and an unpredictable potential for global destruction.

This context comes thus with risks, threats, and opportunities for IESBA in its mission to serve the public interest and the economic development for the welfare of people. We will therefore have to work to make IESBA thrive as a leading ethics standard-setter in times of complexity and uncertainty, putting ethics at the top of the agenda. Not only as a rule of behavior for the profession but as the strongest imperative for all those acting in the accountancy and auditing ecosystem. Not only for accountants but also for many doing the same things that accountants do, without being subject to the same rules or standards. Ultimately for decision-makers, at the political or management levels, this means ensuring ethical options and directions and setting the tone from the top.

This may trigger a discussion that we should not be afraid to hold on whether our ambition to bring ethics higher in the agenda shouldn’t lead us to explore the possible extension of the scope of the IESBA Code of Ethics.

Over time, public trust in the credibility of financial statements, audits and assurance has been seriously eroded by corporate collapses, leading to serious economic and social damage. This perception is a natural consequence of what is seen as otherwise avoidable economic destruction or expensive taxpayer and

State-backed bailouts. But we also know that very often, part of the problems lies with other professionals, including consultants, technical experts, lawyers, and with decision-makers at all levels, including at client companies and firms, opting to take the wrong direction, while the reputational risk of the consequences of such direction mostly falls over professional accountants.

An example of a subject with a high potential of reputational risk for professional accountants is tax planning, namely regarding their professional behavior and public trust in them. Tax planning involves many parts and decision-makers alongside professional accountants in business, who nevertheless carry the biggest slice of accountability and reputational risk. This only makes IESBA's work in this field even more important, to ensure more clarity and objectivity about what is wrong and what is right, leaving less room for unethical action and accountability bias.

All the ongoing IESBA projects have the potential to make a difference. And I am sure they will if we remain as ambitious and firm in our convictions as the issues addressed require us to be, refusing any weaker solutions or any race to the bottom for the benefit of compromise. Our compromise as a Board is to serve the public interest. And this may be not achieved if we work for the agreement and wide adoption of yet modest standards. Serving the public interest of course takes the widespread acceptance of the IESBA Code of Ethics – but not as an end in itself: we aim to change things substantially, refusing formality over substance.

But to my view, for the adoption of the Code by a wide range of countries to translate into value and service to the public interest, it must comply with two conditions: (1) that the standards are truly and effectively implemented and absorbed, beyond its formal adoption; and (2) that the standards are robust and ambitious enough to enhance the quality of accountancy in each region, country, or business and thus, create value.

Alongside the development of ethical standards, which will remain the core of our activity, it will be crucial to spread the standards, to care about their true and wide adoption and implementation, and to spread our message on the importance of ethics and on how it translates into real value for business and the economy.

That is why our focus on benchmarking, but also on adoption and real implementation, communications and external outreach is key to raising our relevance.

The awareness of emerging external risks, changes and challenges, which is the main and essential mandate of our Emerging Issues and Outreach Committee; the timely and humble identification of areas where we, as standard-setters, or the profession may have to adopt a different approach; the efforts of us all to raise IESBA's recognition in a coordinated way and to focus on the local implementation of our global standards are fundamental to the achievement of our goals.

I am aware that one of the challenges of our work is to find the checks and balances between different perspectives and levels of ambition at the Board, which generally reflect the different levels of ambition from the different sectors and geographies represented at the Board. This diversity and inclusiveness of the Board are the flames of the high quality and relevance of its outputs, providing us with multiple perspectives and innovative insights around every topic. All different voices around this table will have an opportunity to be relevant.

Our role and desired achievements take of course ambition and inspiration, but also awareness, attention, openness, timeliness and intense dialogue with all stakeholders. It takes us willingness to leave our comfort zone. We, as a Board, will have to focus on innovation and change, in a very wide sense.

Technology and digitalization are of course one of the main triggers for innovation, with both severe impacts and great opportunities for the profession, where this Board has already done impressive work progressing towards a relevant output.

But we will have to follow an innovative or transformational path in many other fields. We will have to transform our governance, under the recommendations of the Monitoring Group. We will have to pay attention to all the ongoing changes going around us.

Living in the age of consciousness makes us want to raise the power of the things we do to contribute to a positive and more altruistic economic approach that directly and tangibly contributes to our common wellbeing.

And this is where I would put the topic of sustainability. The sustainability topic is not new to the profession. What may be new is the intensity of the request of the whole community regarding the importance of the essential nature and purpose of IESBA: closing the gap between material and ethical worlds. They are completely interconnected, as we, at IESBA, have always believed, as we believe that the split between profit and ethics that the economic thinking and business practice has created is completely artificial. Rather than moving blindly, the only lucid way forward is to carefully choose and integrate all the positive elements of ethics and economics, to adjust to positive systems and economic models.

This takes us to be open to 'newness', but also 'otherness'. Caring about the impact that our work as a standard-setter creates in *others*, by the hands of the users of our standards. Creating, more than a proposition for value, real social and economic value.

The focus on 'otherness' leads me to our stakeholders. The intense and irreplaceable nature of the dialogue and interaction with all our stakeholders is much more than a part of our due process: it is the life insurance of our standards and ultimately, of IESBA's relevance. Creating trusted relationships, accepting that we do not own the truth, listening, sharing, taking suggestions and concerns on board for reflection, even if never prescinding of our core values and convictions, understanding the *others'* concerns, objectives, and views, making the best from the natural tensions that will always arise from different perspectives, is crucial. The PIOB, the CAG, IOSCO, IFIAR, the European Commission, the Forum of Firms, the SMPAG, the ISSB, the NSS, IFAC are only examples of important stakeholders, representing the oversight system, regulators, the firms, policymakers, global and national standard setters, professional representation, etc with whom I intend, and I am already, establishing close and sound connections to make sure that we stay tuned to their perspectives and concerns, and so better fulfill our responsibilities.

Let me finish by thanking you all in advance for joining IESBA in this great adventure of setting global and leading ethics standards in the age of consciousness but also of insane threats to our goal: to make a better world for the people."

GUEST ATTENDANCE AND GENERAL UPDATES

Following her opening statement, Ms. Dias highlighted the following matters, among others:

- The participation of Messrs. Richard Fleck and Peter Oastler, members of Benchmarking Working Group, during the meeting.
- New Member and Technical Advisor appointments:
 - Mr. Mark Babington (United Kingdom), Board member, public member category (3-year term)
 - Ms. Christelle Martin (France), Board member, non-practitioner category (3-year term)
 - Mr. Felicien Muvunyi (Rwanda), Board member, practitioner category (2-year term)
 - Mr. Luigi Nisoli (Italy), Board member, practitioner category (2-year term)
 - Mr. Channa Wijesinghe (Australia), Board member, public member category (3-year term)

- Mr. Keith Billing (United Kingdom), Technical Advisor to Mr. Babington
- Mr. Chris Twagirimana (Rwanda), Technical Advisor to Mr. Muvunyi
- The activities of the Planning Committee during the quarter, including the approach to, and content of, the strategy survey; the proposed IESBA work plan for 2022-2023; the plans for upcoming outreach; and an update on the establishment of the [Technology Experts Group](#) (TEG)
- Composition of the Public Interest Entity (PIE) Rollout Working Group and expressions of interest received at the November-December 2021 IESBA meeting for a new Sustainability Working Group.

APPROVAL OF MINUTES

The IESBA approved the minutes of the December 2021 public session as amended.

2. Emerging Issues and Outreach Committee (EIOC) Update

Ms. Borgerth, EIOC Chair, updated the Board about the recent global and jurisdictional developments regarding reporting and assurance of Environmental, Social and Governance (ESG) information. She presented the EIOC's recommendation regarding the way forward, including a proposal that the Board establish a working group dedicated to a workstream on sustainability/ESG.

IESBA'S SUSTAINABILITY WORKSTREAM

IESBA members supported establishing a working group (WG) dedicated to the topic of sustainability/ESG and the proposed mandate of the WG. Among other matters, IESBA participants commented on the following regarding the future work of the IESBA and the WG in relation to sustainability reporting and assurance.

Timing and Prioritization

IESBA members agreed that the IESBA should be part of the discussion on sustainability reporting and assurance as a matter of high priority. Some members urged the Board to be proactive and focused. They cautioned against simply following other standard-setters' timelines which might not be appropriate for the IESBA. It was pointed out that many stakeholders would need more time to consider the ethics and independence challenges arising from reporting and providing assurance on sustainability information. IESBA members supported the EIOC's proposal for awareness raising about the Code's relevance and fact finding on the developments. They suggested that the Board allocate appropriate resources for this workstream. A few Board members suggested establishing multiple teams and workstreams to help expedite the Board's consideration of the various issues.

Messrs. Hansen and Gunn concurred with the need to prioritize the topic of sustainability. Mr. Hansen also supported segmenting the work into different workstreams.

Scope and Focus

IESBA participants discussed whether the WG's work would focus on ESG or, more broadly, on sustainability. It was pointed out that the work of the recently established International Sustainability Standards Board (ISSB) focuses on sustainability-related information. Although the focus of EIOC's research was on developments related to ESG reporting and assurance, Ms. Borgerth clarified that the WG's scope of work should involve financial and ESG information as the link between the two would support investors' trust in sustainability reporting.

Mr. Hansen reported that IESBA CAG Representatives also discussed at the March 2022 CAG meeting whether ESG or sustainability should be the focus of the Board's work, and they were in favor of sustainability.

An IESBA member cautioned the Board against venturing into sustainability reporting in a broader sense, and felt that the WG should strictly focus on the ethical implications that might arise when reporting and providing assurance on sustainability information.

Sustainability Workstream

In relation to the timeline, the following matters were raised, among others:

- There was support for the development of IESBA staff guidance first to demonstrate the applicability of the Code's provisions, especially in relation to the preparation and presentation of non-financial information, including in situations where no generally accepted standards are available. IESBA members also supported the EIOC's recommendation to focus first on developing guidance that explains how complying with the Code's provisions addresses the concerns regarding the practice of reporting information that gives a false or misleading impression of how well a business or investment aligns with its sustainability goals ("greenwashing").
- It is important that outreach to, and engagement with, stakeholders cover a broader range of constituencies, including non-professional accountant (non-PA) service providers, users of ESG information, and regulators. It was suggested that the WG and the Board also consider jurisdictional experiences as part of such activities, for example, experiences in the EU.
- There are a number of areas for potential sustainability-related enhancements in the Code, including relevant sections in Parts 1 and 2 that apply when preparing and presenting information, and the independence provisions in Part 4B. In relation to the independence provisions, a Board member suggested the need to consider whether a separate section should be included in the Code on sustainability-related matters (e.g., a new Part 4C).
- It would be important to maintain close coordination between the International Auditing and Assurance Standards Board (IAASB) and IESBA while progressing the sustainability workstream.

Exploring Expanding the Code's Provisions to Non-PAs

IESBA participants noted that other service providers who are not PAs are involved to a significant extent in preparing and providing assurance on ESG information, and they do not necessarily have relevant expertise and experience. A few Board members noted that it is in the public interest that any parties participating in reporting or providing assurance on sustainability information, PAs and non-PAs alike, be subject to the same set of ethics standards. However, there were questions about the practical challenges the IESBA would need to overcome to expand the Code's provisions to non-PAs, including:

- Whether the IESBA has the mandate to develop standards for non-PAs. Instead, it was suggested that the Board focus on outreach and collaboration with representatives of other professions to promote the adoption of, or convergence with, the Code.
- Whether regulators/legislators would be better positioned to endorse the Code and extend its provisions to other professionals who report or provide assurance on sustainability information.

IESBA members agreed that the priority should be first to demonstrate the robustness and global applicability of the Code in sustainability reporting and assurance.

Although Mr. Hansen recognized the need for all preparers and assurance providers to be subject to the same ethics standards, he suggested that the Board focus first on the other public interest dimensions of sustainability reporting and assurance that fall within the IESBA's remit.

POTENTIAL EMERGING ISSUES FOR EIOC'S CONSIDERATION

Ms. Borgerth asked for IESBA members' input on the list of topics that the EIOC considered to be emerging issues, apart from those relating to sustainability.

Board members noted the various topics and expressed support for prioritizing the following matters for EIOC consideration in 2022/2023:

- The ethical implications arising from the war in Ukraine and the sanctions against Russia.
- The applicability of the Code to independence matters related to holding cryptocurrency.
- Potential ethics- and independence-related matters arising from the post-COVID working environment.

PIOB OBSERVER'S REMARKS

Ms. Giner indicated that the PIOB supported the IESBA in prioritizing the sustainability topic on its agenda. She agreed with giving high priority to IESBA engagement with stakeholders on sustainability and starting the standard-setting work before the 2024-2027 Strategy and Work Plan is finalized. She encouraged close coordination with the IAASB.

As new sustainability reporting and assurance standards would also be applicable to service providers who are not PAs, Ms. Giner also suggested that the IESBA consider whether such other professionals could be subject to the Code when involved in preparing or providing assurance on sustainability information.

3. Rollout of "Definitions of Listed Entity and Public Interest Entity" Revisions

Mr. Mintzer commenced the session by providing a summary of the suggestions received to date from stakeholders on rollout activities for the revisions to the definitions of listed entity and PIE in the Code (PIE revisions).² These suggestions include webinars, development of non-authoritative material such as frequently asked questions and case studies, reports on implementation status at IESBA meetings with national standard setters (NSS) as a standing item, and regional roundtables to share learnings and examples of additional PIE categories.

Mr. Mintzer also noted the PIE Task Force's view that the Board's approach should be more targeted given the role of the local bodies to refine the revised PIE definition. The PIE Task Force felt that the IESBA should consider undertaking rollout activities that more specifically address the issues that are contextual to different regions, jurisdictions and stakeholder groups. With respect to the Board's commitment to conduct a post-implementation review to assess the effectiveness of the PIE revisions, Mr. Mintzer clarified that this activity is outside the scope of the Working Group.

Mr. Mintzer informed the Board that the Working Group will meet to discuss the focus and approach to the rollout of the PIE revisions, potential activities and deliverables, taking into account comments already received. He further advised that a Working Group member will join the IAASB PIE Task Force as an IESBA correspondent member.

² The PIE revisions were approved by the IESBA at its December 2021 meeting and by the PIOB at its April 2022 meeting.

Among other matters, the following comments were raised by IESBA participants:

- The key target audience should be NSS and other local bodies responsible for the adoption of the Code instead of PAs. The focus may be better placed on those jurisdictions that have not yet developed a comprehensive PIE definition.
- The informal database compiled by IESBA staff in Q4 2021 on jurisdictional PIE definitions should be updated so it can be used as reference material for NSS.
- As NSS need to engage with their local regulators who may not be familiar with the Code, it would be helpful if guidance material can be made available as soon as practicable.

IAASB PIE PROJECT PROPOSAL AND TRANSPARENCY REQUIREMENT IN THE CONTEXT OF REVIEW ENGAGEMENTS

Mr. Willie Botha, IAASB Program and Technical Director, provided a brief update on the IAASB project proposal for a narrow-scope maintenance of standards project (IAASB PIE project) to address a number of IAASB-related matters following the IESBA's approval of the PIE revisions. Mr. Botha noted that a query was raised in the IAASB's recent discussions about the applicability of the transparency requirement in paragraph R400.20 of the revised PIE provisions with respect to review engagements, given that the definition of "audit engagement" in the Code includes "review engagement."

Mr. Botha outlined a proposed approach from the IAASB PIE Working Group to address the IAASB's query concerning review engagements:

- Taking into account the two-track approach proposed in the IAASB PIE project proposal, the first track retains its focus on exploring disclosure in the auditor's report about when a firm has applied the independence requirements for PIEs, and proposed revisions to International Standard on Auditing (ISA) 700 (Revised).³
- The exposure draft for the first track to include a question on whether the IAASB should consider revisions to International Standard on Review Engagements (ISRE) 2400 (Revised)⁴ to address transparency about the relevant ethical requirements for independence applied for review engagements.
- IAASB consideration of whether it should further explore a transparency requirement in ISRE 2400 (Revised) under the second tranche of the project proposal in light of the comments received.

Mr. Botha further stressed that it is not intended that IAASB would explore any revisions to ISRE 2410.⁵

Mr. Siong clarified that the Board's discussions on the transparency requirement as part of the PIE revisions were primarily focused on audit engagements and that there was no consideration of whether the requirement should or should not be applied to reviews of financial statements. He suggested that this open matter may need to be addressed by the Board following a review of the comments received on the IAASB exposure draft, including whether there are any jurisdictions that require a practitioner's assertion of independence in the review report, which is currently not a requirement in ISRE 2400.

The IESBA was generally supportive of the proposed approach as outlined. In addition, the following comments were raised by IESBA participants:

³ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

⁴ ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

⁵ ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

- For auditors of an entity that are also carrying out reviews of that entity's financial statements, there is no expectation that such reviews will be conducted under different independence standards. Therefore, there may not be any meaningful value in having such disclosure in review reports.
- Under the Fees final pronouncement, paragraph 410.3 A3 provides that, for the purposes of Section 410, where reference is made to the fee for the audit of the financial statements, this does not include any fee for an audit of special purpose financial statements or a review of financial statements. It was suggested that Board may consider a similar approach with respect to paragraph R400.20.
- Whilst IAASB might not have the capacity to revise ISRE 2410 in the near future, it should be made clear, particularly to practitioners, that the standard does not preclude the practice of communicating that the practitioner has complied with the relevant ethical requirements.

WAY FORWARD

The Working Group will provide an update on the PIE rollout activities and the IAASB PIE project at the June 2022 IESBA meeting.

4. IESBA-IFAC Adoption & Implementation (A&I) Collaboration

The IESBA received a presentation from IFAC staff, Mr. Joseph Bryson, Mr. Chris Arnold and Ms. Sarah Gagnon, on the status of global adoption and implementation of the Code. Among other matters, the IESBA noted:

- The status of adoption of the 2018 edition of the Code (i.e., the revised and restructured version that became effective in June 2019).
- The efforts of IFAC and professional accountancy organizations (PAOs) and others in supporting the adoption and implementation of the more recent revisions to the Code.
- The various IFAC-led initiatives aimed at promoting awareness, use, adoption and implementation of the Code.

Specific to the status of adoption of the Code, the IESBA received an overview of IFAC's approach for monitoring adoption, including the categorization by IFAC of jurisdictions as either "adopted", "partially adopted", or "not adopted." IFAC staff explained that the determination of adoption status follows an internal process created by IFAC following consultation with the staff of the standard-setting boards.

IESBA participants exchanged views and asked several questions about the criteria for "partial adoption" and how it differs from "adopted." In this regard, IFAC staff explained that a jurisdiction could be designated as partially adopted for a number of reasons, including because an earlier (pre-2018) version of the Code has been adopted for all professional accountants, because not all the requirements of the currently effective Code have been adopted, or because the Code in effect at the time of the assessment has been adopted for only a segment of the profession.

IFAC staff also explained that where there is more than one body in a jurisdiction with authority to adopt ethics requirements for PAs (e.g., a PAO, government entity or audit oversight body), all the local bodies need to demonstrate alignment of their ethics provisions to the latest version of the Code for the jurisdiction to be categorized as "adopted." IESBA participants were encouraged to use [IFAC's Global Impact Map](#) to obtain real-time information about the status of adoption of the Code by jurisdiction. It was acknowledged that the reasons for the "partially adopted" categorization differ across jurisdictions. In this regard, IFAC staff indicated their willingness to respond to any further specific questions from IESBA members.

Ms. Dias thanked the IFAC staff for the informative presentation, noting that it will enable the IESBA to better understand what the adoption and implementation issues are and where to focus its efforts.

PIOB OBSERVER'S REMARKS

Ms. Giner emphasized the importance of understanding the detailed reasons for “partial adoption” of the Code. Noting that one such reason is shared responsibility for standard setting in some jurisdictions, she wondered whether this might have implications for the adoption status of the Code, especially in relation to sustainability as multiple stakeholders are involved. In response, IFAC staff acknowledged that many different stakeholders will be involved with respect to sustainability, similar to the varied landscape concerning the adoption of the Code, and that there will need to be strong coordination among the different players, including ISSB.

WAY FORWARD

The IESBA will receive a further update on this topic at a future meeting.

5. Benchmarking Phase 1

Ms. Friedrich, Benchmarking Working Group (WG) Chair, briefed IESBA members on the key outcomes of Phase 1 of the Benchmarking Initiative which involved comparing the Code's independence provisions applicable to the audit of PIEs to the independence rules of the US Securities and Exchange Commission (SEC) and Public Company Accounting Oversight Board (PCAOB). Ms. Friedrich highlighted the IESBA staff's and WG's commentary regarding the similarities and key differences between the two frameworks. She then invited:

- Ms. Sramko to summarize the comments received on a previously circulated draft; and
- Ms. Jules to brief the Board on next steps, including plans for rolling out and promoting the Benchmarking reports, and the potential benefits and challenges in committing to further benchmarking phases.

IESBA participants generally supported the benchmarking methodology, the granularity of the information, and the conclusions presented in the reports. They also provided several comments to help refine the reports, the most substantive of which are set out below.

OBJECTIVE AND PURPOSE OF BENCHMARKING REPORTS

IESBA members exchanged views about how the reports could be used by stakeholders, especially those in jurisdictions where only minor modifications or add-ons are made to the Code as part of the adoption process (e.g., Australia, New Zealand and Hong Kong SAR). Among other matters, the following were raised:

- The reports might serve as educational material to inform or deepen stakeholder knowledge about the Code's provisions.
- There have been perceptions among some stakeholders that the Code is less stringent compared with the independence and other ethics requirements in some jurisdictions, and there have sometimes been perceptions that the Code is a “lowest common denominator.” Mr. Siong explained that the benchmarking initiative was launched in part to address such perceptions as well as questions raised during recent government inquiries into the audit market, such as in Australia. It was suggested that additional language should be included in the reports to emphasize the significant

advances made to the Code in recent years, including the revisions related to the non-assurance services (NAS) and fee-related provisions of the Code.

- The reports would help to better demonstrate the robustness of the Code's provisions and its global operability, and could help respond to questions about how the Code compares to the US SEC and PCAOB independence rules. This information could potentially help encourage jurisdictions that have not yet adopted the Code to do so.

Regarding the outcomes of the benchmarking study and how the IESBA might use the findings, Mr. Siong cautioned the Board against concluding that there are gaps or deficiencies in the Code. He noted that there may be valid reasons for some of the differences and they may not reflect an actual gap or deficiency in either the Code or the US SEC and PCAOB rules. Nevertheless, he recognized that the Board should not lose sight of the importance of global convergence where it can be achieved.

REFERENCE TO NOCLAR PROVISIONS

A few Board members questioned the inclusion of the Code's provisions and relevant US SEC rules on the topic of non-compliance with laws and regulations (NOCLAR). They pointed out that the NOCLAR provisions do not form part of the International Independence Standards (IIS). Furthermore, they noted that the section of the benchmarking reports dealing with NOCLAR also referred to the PCAOB auditing standards, which address NOCLAR only in the context of an audit of financial statements. On the other hand, there was a view that the reports should retain the NOCLAR discussion because the NOCLAR provisions in the Code contain specific requirements for auditors when they become aware of, or suspect, NOCLAR. The Board also noted that the ISAs also address the topic of NOCLAR in the context of an audit. After further deliberation, suggestions were made for the topic of NOCLAR to be presented in a call-out box, or for the WG to consider extending the scope of the initiative beyond independence.

Ms. Friedrich explained that in finalizing the papers for the meeting, the WG had discussed whether and, if so, how to refer to the topic of NOCLAR in the reports. She explained that the WG came to the view that the NOCLAR provisions set out important public interest expectations for auditors and should be retained in the final reports. Ms. Friedrich explained that further consideration will be given as to the best way to present the NOCLAR material in finalizing the reports.

INTEROPERABILITY OF THE CODE AND ISAS

An IESBA member suggested that if the reports make references to ISAs, they should include a statement to explain the relationship and interoperability between the Code's independence provisions and the IAASB's standards, including the ISAs.

NEXT PHASES

Although Board members generally recognized the benefit of Phase 1 for many stakeholders, they reflected on the significant time and resources that it required. Board members exchanged views about whether future benchmarking phases should be prioritized. In reference to the IESBA's work plan for 2022 and 2023, it was suggested that the Board carefully allocate its resources so that priority is given to the most pressing projects. It was suggested that the IESBA first focus on promoting the outcome of Phase 1 and consider users' feedback before deciding to take on future phases. Mr. Siong agreed and cautioned that before committing to future phases, the Board should be mindful of its existing standard-setting commitments that need to be progressed with limited staff resources.

A few Board members suggested that the IESBA consider leveraging the work of jurisdictions that compile information about how their independence rules or standards compare to those in the Code. It was also suggested that the IESBA consider encouraging jurisdictions to lead initiatives to benchmark their rules or standards against the Code's provisions. In this regard, it was suggested that an IESBA representative could be made available to respond to specific questions and provide overall input.

IESBA participants expressed support for the plans to promote the Phase 1 reports. In this regard, Mr. Siong emphasized the need for a structured communication plan. He then invited Board members to help promote the reports within their respective jurisdictions, especially to NSS and regulators.

There was support for the plan to update the reports regularly as changes are made to both frameworks. Mr. Siong emphasized the importance of evergreening the reports so as to not lose the value of the work done over time. By way of example, he highlighted that the reports from the 2011 benchmarking exercise, which involved a comparison of the Code to the codes of G7 countries, are now outdated.

PIOB OBSERVER'S REMARKS

Ms. Giner supported the outcome of Phase 1 of the benchmarking initiative. She expressed support for the approach used for the commentaries, and the decision to avoid making judgments about which framework is more stringent.

She shared Board members' concerns about the next phases and the resources they may require. She questioned whether benchmarking is the best way forward in obtaining information about the differences between the Code and jurisdiction-level ethics standards. She supported the IESBA's decision to evaluate the benefit of future phases in light of the availability of resources. She also expressed support for the IESBA staff's plan to keep the reports evergreen.

6. IESBA Strategy and Work Plan (SWP) 2022-2027

Ms. Figueiredo Dias commenced the session by emphasizing that as the Board agrees on its work plan for 2022 – 2023 and develops its SWP for 2024 – 2027, it must be responsive to a rapidly changing environment and be flexible to make changes to its work plan and activities as necessary.

2022 – 2023 WORK PLAN

Mr. Siong provided an overview of the current and pre-committed work streams set out in the draft IESBA Work Plan 2022 – 2023 (Work Plan).

With regards to the topic of sustainability, the Board agreed that it is an important global development that will take time to fully understand and, therefore, requires the Board's immediate attention. The Board further agreed to discuss the terms of reference for the Sustainability Working Group at its June 2022 meeting. Ms. Giner noted that the PIOB is supportive of the IESBA's approach to addressing the sustainability developments.

The IESBA also acknowledged the importance of the post-implementation review (PIR) of the NOCLAR provisions in the Code but agreed to review its start date after deliberation of the Sustainability Working Group's terms of reference in June 2022.

In response to a query from Ms. Giner about the timing of the initiative on collective investment vehicles and pension funds, Ms. Dias and Mr. Siong stressed that Q1 2023 is the earliest time that the IESBA will have the opportunity to discuss the topic in light of its already full work program for 2022 and the resource constraints.

After further deliberation, the IESBA supported the proposed Work Plan as presented, noting that the Planning Committee will further consider any adjustments needed in due course.

STRATEGY SURVEY

Mr. Siong provided an overview of the potential areas of focus that may guide the IESBA's future strategic priorities:

- Enhancing the robustness and relevance of the IIS for assurance engagements on ESG-related information, given the rapid growth in ESG disclosures driven by investor demand and regulatory developments across different jurisdictions. Mr. Siong pointed out that the IESBA might also explore the merits of expanding the scope of the Code to cover assurance providers who are not PAs in public practice (PAPPs) as there are no comparable global ethics standards, including independence requirements, for non-PAs providing these services. He further noted that exploring this question might be conducted as a separate work stream.
- Raising the bar of ethical behavior for PAs in business (PAIBs), particularly with respect to ESG reporting and its integration with financial reporting, taking into account the significant role PAIBs already play in the non-financial information supply chain.
- Strengthening the IIS for audit engagements given the continued focus on the role of auditors in the recent collapses of large public companies across the globe and the heightened regulatory attention on auditor performance and independence. Mr. Siong noted that findings in the Benchmarking Phase 1 report will also be considered.
- Promoting timely adoption and effective implementation of the Code. In this regard, Mr. Siong highlighted that the PIRs for the NAS, Fees and PIE revisions will likely extend into the 2024 – 2027 strategy period.

Mr. Siong informed the Board that the CAG was generally supportive of the potential strategic areas of focus, with strong support for the focus on ESG reporting and assurance. He also noted that the CAG supported the Board exploring the question of a potential expansion of the scope of the Code to cover non-PA assurance providers.

The Board was generally supportive of the potential strategic areas of focus. With regards to the potential focus on ESG reporting and assurance, the following comments were raised by IESBA participants, among other matters:

- A more holistic and logical approach would be to address sustainability reporting and assurance as one focus in the strategy survey. Further, the survey should clarify that ethical issues relating to sustainability reporting such as "greenwashing" are also relevant to PAPPs.
- A suggestion for introducing a new Part 4C to the Code to address independence relating to sustainability assurance engagements. It was noted that this is a matter that could be considered by the Sustainability Working Group in due course.
- The importance of monitoring the development of other global standards, such as any new standards issued by ISSB, to ensure that any revisions to the Code complement those other standards.
- General support for the IESBA to explore the potential expansion of the scope of the Code to other assurance providers that are not PAs, given that the Code is applicable for a wide variety of assurance engagements. It was suggested that the strategy survey include a separate question on the scope of the Code and seek input on this matter from those outside the profession, such as ESG

information users and providers. There was also an open question about whether the IESBA should consider the matter only in the context of sustainability.

- With regards to the enforceability of the Code on sustainability assurance providers that are not PAs, the IESBA will need to engage with the broader sustainability reporting and assurance ecosystem, including the regulatory community. A few IESBA members pointed out that if assurance providers are carrying out their work in accordance with IAASB standards, there is an expectation that they should also comply with the Code. Other possible solutions include making compliance voluntary for those outside the profession as a way to deal with the enforceability issue, or encouraging them to adopt non-authoritative material.
- The strategy survey should explain that the Board has already prioritized its strategic focus on sustainability reporting and assurance during the current strategy cycle by establishing the Sustainability Working Group. However, it should further clarify that it will take time for the Working Group to complete its fact-finding activities which will inform the Board's standard-setting work.

With respect to other potential strategic areas of focus, there was a suggestion that the IESBA should continue to highlight the importance of innovation in going forward and that there may be some narrower scope projects that could enhance Part 4A of the Code.

PIOB OBSERVER'S REMARKS

Ms. Giner expressed support for the strategy survey and noted that the PIOB was supportive of the IESBA exploring the merit of expanding the scope of the Code to cover non-PAs.

WAY FORWARD

The Board asked staff to finalize the strategy survey taking into account the input received from IESBA members, and release it for a comment period of approximately 90 days.

7. Tax Planning and Related Services

Prof. Poll introduced the session, reminding the Board of the objectives of the Tax Planning (TP) project as approved by the Board at the September 2021 meeting. He also recapped the Task Force's (TF) activities in Q1 2022, including a session at the IESBA CAG meeting in March 2022. He reported back the significant feedback from the CAG on the TF's views and preliminary proposals presented at the CAG meeting.

Prof. Poll provided a brief overview of the agenda for the session, starting with a discussion on the significance of PAs' role in providing TP services and the aim of the project (which is to respond to the public interest (PI) concerns about perceived improper TP being carried out by PAs), the challenges PAs face in operating within the "gray zone," followed by the TF's preliminary consideration of the proposed ethical framework to guide PAs' ethical judgments and actions when providing such services.

IESBA members expressed support for the direction of the TF's preliminary proposals, including the consideration of factors and indicators of the gray zone. Among other matters, the following were raised:

THE BROADER CONTEXT

- There is a need to clarify several factors that delineate the gray zone as some of them may suggest that the PA is in the illegal zone. Also, facts are sometimes unclear and there may be differences of opinion. There are mechanisms to resolve such conflicts. These considerations call for guidance as

to how the PA should assess the situation and not jump to the conclusion that the situation is improper,

- The COVID-19 pandemic has heightened the relevance of this topic, especially in the light of government-backed financial support to businesses and individuals alike. But it is acknowledged that the topic is complex. In addition, general anti-avoidance rules (GAAR) may make it difficult to judge what is uncertain. Further, TP is an area that often relies on precedent, so it is a moving landscape. Other considerations include the motivation for the TP, the fiduciary aspect of TP, and the scale or size of the tax involved.
- Consideration should be given to the question of whether the PA is assisting the client or promoting the TP. The latter may place the PA more in an advocacy role. There is also a question as to who the reasonable and informed third party is.
- It is useful to leverage terminology that is already used in the Code. It was noted that the Code currently does not define TP but refers to tax advisory and TP services in the NAS provisions in the IIS. It was questioned whether tax advisory could be defined separately from TP.
- Consideration should be given to the weighting of the indicators of the gray zone. In this regard, concerning the gray zone, it was observed that all tax legislation contains some uncertainty.
- Regarding the distinction between what is uncertain and what is improper, it was observed that PAs may undertake TP for individuals or entities to exploit loopholes in the tax legislation with no uncertainty. However, TP can be subject to criticism after the fact as societal perceptions and expectations evolve, and the media is highly focused on this.
- The notion of an improper subzone is useful because while TP may not be illegal, it is not necessarily ethical. There is merit in raising awareness about the relevant factors and indicators concerning the gray zone, and they will be an important part of the PA's considerations. However, the key question is how to identify the line between what is uncertain and what is improper. In this regard, professional judgment will be important to guide the PA in evaluating those factors to determine what is uncertain vs. improper.
- The guidance will be very helpful to PAIBs and PAPPs as well as other professions. Regarding gaps or uncertainties in tax laws and regulations, it was noted that there are currently no tax laws that deal with metaverse transactions. It was suggested that the TF explore this issue further.
- Regarding differences in tax laws between jurisdictions, it was queried what the public perception might be on this matter. It was acknowledged that there is a tension that needs to be further explored.
- Transactions that are artificial or lacking in commercial purpose are not acceptable. However, many PAs work on the basis of judgments about what is "likely to prevail," a notion that is already used in the IIS in the context of NAS. It was suggested that the TF explore this threshold issue further.
- It may be useful to consider the PA's risk appetite and incentives vs. the employing organization's or client's. When times are bad, the accumulation of risks can lead to an adverse outcome for the PA and the employing organization or client.
- Consideration should be given to how to address conflicts with the legal framework. In this regard, it was observed that many firms have good principles for TP practice.
- It would be useful to draw out and clarify the notion of commercial purpose as it is an important factor. There may be a profit motivation. On the other hand, not all TP will be motivated by profit, for example, if the objective is to support a charity or to deal with a specific family matter.

- The temporal aspect of TP would merit some further consideration. TP done at a particular time may not have been uncertain or improper at the time. However, over time, it might become so.
- Consideration should be given to tax shelters as TP that uses them may lack economic substance.

PROPOSED RESPONSE FRAMEWORK

- There are similarities between the proposed framework and the NOCLAR response framework. Regarding the TF's suggestion to consult with the tax authority in the case of uncertainty, it was noted that sometimes it can be challenging to obtain a view from the tax authority.
- Regarding the "nuclear" option of ending the client relationship in the case of disagreement, it was questioned whether there is any other action that could be taken before reaching this point. It was suggested, for example, that the PA could choose not to be involved in the TP.
- Other areas where further elaboration of the elements of the proposed framework would be useful are client acceptance, resignation, and conflict resolution. In this regard, it was suggested that the TF consider Section 320 of the Code, which deals with client acceptance. In the case of resignation from the client relationship, it was suggested that consideration be given to whether there would be public interest grounds for the PA to advise a successor PA not to accept the client relationship.
- Further consideration is needed regarding the concept of "disagreement." It was noted that there can be differences of views about, for example, transfer prices or the likelihood that a tax strategy would be accepted. In addition, even in a situation of disagreement, there may be other steps that can be taken before reaching the endpoint of resignation. Accordingly, care should be taken in not leading the PA prematurely into the "end game" of considering resignation.
- Viewing the TP through the lens of economic purpose will be critical as this will be key to the judgments that will need to be exercised.
- It will be important to start first with PAIBs because they are the first line of defense and tax disputes often originate in an entity's finance department.
- Consideration should be given to the ethical culture within the employing organization or client as this can be a contextual factor when judging how best to deal with disagreements.

PIOB OBSERVER'S REMARKS

Ms. Giner acknowledged the TF's detailed analysis of these complicated concepts and supported the project's objectives. She noted that the PIOB did not underestimate the project's complexity because of the many diverse global and jurisdictional issues. She complimented the Board on planning to hold a series of global roundtables to gather input from stakeholders on the various issues under consideration. Referring to the TF's aggressive timeline targeting approval of an exposure draft by December 2022, she advised the Board to allow for some flexibility should it require more time to deliberate the critical matters.

WAY FORWARD

The TF will report back on the feedback received from the global roundtables planned for April 2022 at the June 2022 IESBA meeting.

8. Technology Fact Finding and Thought Leadership

The IESBA received an update from Mr. Friedrich, Chair of the Technology Working Group (TWG), on the TWG's Q1 2022 activities related to fact finding and the development of technology-related thought leadership and other ethics and independence resources.

The IESBA also noted the establishment of the Technology Experts Group ([TEG](#)) consisting of eight members with practical experience using or implementing transformational technology and chaired by the TWG Chair. The TEG will act as a sounding board and provide input to the TWG. The TEG will receive technical staff support from the Australian Accounting Professional & Ethical Standards Board (APESB), a member of the IESBA-NSS liaison group.

An IESBA member questioned whether the TWG had considered the intersection of technology with sustainability. In this regard, Mr. Friedrich pointed out that although the TWG's Terms of Reference do not expressly include sustainability as a focus area, this intersection has been broadly raised by stakeholders during outreach discussions.

Finally, the IESBA noted plans for an exploratory meeting among representatives of the IESBA (including the IESBA Chair, TWG Chair and IESBA staff), the Institute of Electrical and Electronics Engineers (IEEE) and IFAC staff to exchange views about the opportunities and the ethics and other challenges facing the engineering and accountancy professions. The meeting, which is in the context of the innovations in technology and the increased stakeholder demand for sustainability information, will also explore opportunities for collaboration among IESBA, IEEE and IFAC.

PIOB OBSERVER'S REMARKS

Ms. Giner commended the TWG on the breadth of its outreach and thought leadership activities. In regard to the establishment of the TEG, she wondered whether there could be even further diversity in terms of stakeholder group and geography. Ms. Dias and Mr. Friedrich explained that the priority consideration for the composition of the TEG is to have members experienced with transformational technology. They added that stakeholder and geographic diversity is being obtained through outreach.

WAY FORWARD

The IESBA will receive an update on the TWG's work at its June 2022 meeting.

9. PIOB Observer's Remarks

Ms. Giner complimented the Board on a productive meeting and thanked the Board for the opportunity to observe the discussions.

10. Closing Remarks

Ms. Dias thanked the Board for the constructive and productive discussions on both strategic and technical matters. Among other matters, she highlighted the important role of, and work to come from, the newly established Sustainability Working Group; the Board's openness to explore the matter of a potential expansion of the scope of the Code to cover non-PAs in light of the increasing regulatory focus on the provision of services rather than on service providers; and the synergies that can be gained from different work streams such as sustainability and tax planning

Ms. Dias thanked the IESBA staff for all their support with her onboarding and for a successful meeting. Finally, she thanked the IESBA participants for their contributions and closed the meeting.

11. Next Meeting

The next Board meeting is scheduled for June 6-8, 2022, to be held in a hybrid format.