



Minutes of the 245th meeting of the Ethics Committee held on Friday, 23 October 2020 at 12:30 p.m. in Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong and via video conference.

- Present: Ms. Piera Ho (Chairman)
Mr. Stephen Chan (Dial-in)
Mr. Dennis Fullgrabe
Mr. Allan Hepburn
Ms. Lai Wai Shan (Dial-in)
Ms. Anna Lam
Mr. Horace Ma (Dial-in)
Mr. Poon Chi Li (Dial-in)
Ms. Helen Tang (Dial-in)
Mr. Alec Tong (Dial-in)
Ms. Careen Wong (Dial-in)
- In attendance: Mr. Chris Joy, Executive Director
Ms. Selene Ho, Deputy Director, Standard Setting
Mr. Norman Chan, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
Ms. Grace Lau, Manager, Standard Setting
- Observer: Mr. Ambrose Wong, Financial Reporting Council (Dial-in)
- Apologies: Mr. Alex Cheng
Mr. Wilfred Wong

Action

1686. Minutes of the 244th Meeting

The Committee approved the minutes of the 244th meeting.

The Committee noted that subsequent to the last meeting,

- SSD had issued examples to illustrate application of principles in the *Code of Ethics for Professional Accountants* ("HKICPA Code") on common situations in Hong Kong related to payment of commission/referral fees.
- The exposure draft of proposed Chapter G of the HKICPA Code was issued with an extended consultation period to 20 October.

1687. Work Plan Status Report

The Committee considered the report and noted progress of various projects.

1688. Update on the IESBA's National Standard Setters meeting

On 20 October, SSD representatives attended the virtual meeting of the International Ethics Standards Board for Accountants' ("IESBA") National Standard Setters. SSD provided an overview on matters discussed at the meeting on the IESBA's fees and non-assurance services projects.

1689. Update on the IESBA projects and minutes of meetings

SSD provided an update on the IESBA's discussions and decisions in the July and September meetings on projects such as fees, non-assurance services, definition of listed entity and public interest entity, technology etc.

1690. Convergence of the revisions to the *International Code of Ethics for Professional Accountants (Including Independence Standards)* ("IESBA Code") on the role and mindset expected of all professional accountants

In October 2020, the IESBA issued revisions to the IESBA Code to promote the role and mindset expected of professional accountants ("Role and Mindset" pronouncements). The Committee noted that the IESBA's Basis for Conclusions had elaborated its consideration to the Institute's comments raised in 2019 in response to the IESBA's Role and Mindset Exposure Draft.

As part of the international convergence programme, SSD would incorporate the IESBA's Role and Mindset pronouncements into the HKICPA Code for local adoption. The convergence would be circulated to the Committee for review and approval in due course.

SSD

[Post meeting note: The convergence of Role and Mindset pronouncements was issued on 29 December 2020 in Members' Handbook Update 253 and is available at: <https://www.hkicpa.org.hk/-/media/HKICPA-Website/Members-Handbook/updates/update-253.pdf>]

1691. Proposal to raise awareness of whistle-blowing

The Committee noted SSD's proposal to raise awareness of whistle blowing through featured articles and inviting subject matter experts to give a seminar on how to implement a whistle-blowing policy in companies and corporates.

While the Institute is not in a position to drive the legal protection mechanism over whistle-blowers, a member suggested the Committee to develop an action plan to promote whistle-blowing including the importance of protection for whistle blowers. The Executive Director welcomed the suggestion and proposed the Committee to liaise with other committees of the Institute, such as the Professional Accountants in Business Committee, for input and experience on the set-up of a whistle-blowing policy and the extent that employees would be inhibited to report non-compliance in workplace due to the lack of a legal protection framework in Hong Kong.

[Post meeting note: Article in November 2020 issue of APlus on "How can whistleblowing policies and procedures in companies improve?"
http://app1.hkicpa.org.hk/APLUS/2020/11/pdf/18_Second%20Opinions.pdf

1692. Update on engaging young members on ethics matters

In September 2020, SSD staff met the Institute's Young Members Committee ("YMC") to gather feedback on how to better engage young members on ethics matters.

The Committee considered the suggestions raised by the YMC and further proposed the following to strengthen the importance of ethics among professional accountants:

- Require certain number of continuous professional development (“CPD”) hours of the Institute to cover ethics related topics
- Invite members to attend a voluntary ethics assessment or training annually to understand their ethics perception and outlook
- Develop ethics checklists to guide accountants on ethical issues encountered
- Promote practical knowledge and skill on ethics through interactive workshops
- Liaise with the YMC regularly to understand their ethics perception and support required

The Committee noted that the new Qualification Programme of the Institute has incorporated ICAC’s case studies to promote the importance of ethics in practical circumstances. In addition, the ICAC had developed a range of initiatives such as seminars and workshops, webpages designated for ethics resources, ICAC Ambassador Programme for territory students etc. to raise public awareness about ethical behaviour. The Committee also noted that the Law Society had imposed CPD requirements at different stages of career path to equip their members with the necessary risk and ethics management skill progressively.

A member considered that in addition to providing various ethics support and resources, the Institute should ensure its monitoring over ethics compliance among members.

The Chairman welcomed the proposals and considered that to enhance ethics awareness among members effectively, any initiatives should be carefully planned and implemented on an ongoing basis rather than launched as a one-off project. The Chairman also stressed the importance of instilling young and new members an ethical mindset to prepare them for situations with ethical dilemmas. SSD was requested to consider the proposals and develop a holistic approach to enhance ethics awareness of professional accountants.

SSD

1693. Update on Exposure Draft of Chapter G Section 100: Professional Ethics Relevant to Anti-money Laundering and Counter-terrorist Financing Compliance for Accounting Professionals to the Code

The Committee noted that the consultation period to the exposure draft of the proposed Chapter G to the Code had been extended to 20 October.

The Institute’s Quality Assurance Department would consider comments received and provide an update to the Committee in due course.

QAD

1694. A.O.B.

- The meeting was the last scheduled meeting of the Committee in year 2020.
- The Institute had commenced the annual appointment exercise of boards, committees, panels and working groups. Existing committee members who wish to remain in the Committee would need to submit

their nominations via the Institute's system by 20 November.

- The Financial Reporting Council had released findings on its oversight and monitoring over the Institute. Further updates would be provided to the Committee in due course.

There being no further business, the meeting closed at 1:40 p.m.

PIERA HO
CHAIRMAN

4 February 2021