



Minutes of the 261st meeting of the Ethics Committee held on Thursday, 14 March 2024 at 12:30p.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. Mary Xuereb (Chair)
Mr. Horace Ma (Deputy Chair)
Mr. Paul Chan (Dial-in)
Mr. Dennis Chan
Ms. Elly Chui
Mr. Eric Hung (Dial-in)
Ms. Elaine Kwong
Ms. Mary Lau (Dial-in)
Mr. Charbon Lo
Mr. Dacky Leung (Dial-in)
Mr. Rudolf Leung (Dial-in)
Mr. Ricky Wong (Dial-in)
Ms. Cecilia Yam

In attendance: Ms. Cecilia Kwei, Director, Standard Setting
Ms. Selene Ho, Deputy Director, Standard Setting
Mr. George Au, Associate Director, Standard Setting
Ms. Grace Lau, Associate Director, Standard Setting
Ms. Cherry Yau, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting

Observer: Mr. Jason Bradley, Accounting and Financial Reporting Council (Dial-in)

1928. Welcome new member and committee composition for 2024

The Chair welcomed Mr. Dennis Chan, Mr. Charbon Lo, Mr. Ricky Wong and Ms. Cecilia Yam as new members of the Committee. Members introduced themselves one by one in the meeting.

1929. Guidance note on general confidentiality rules

The Committee noted the general confidentiality rules in relation to minutes and agenda papers.

1930. Terms of reference

The Committee considered the terms of reference ("TOR") including an editorial amendment suggested at the meeting, and approved the TOR.

[Post meeting note: The revised TOR was circulated to the Committee on 22 March].

Action

SSD

1931. Performance expectation of chairman and members

The Committee noted the expectation on the performance of the chairman and Committee members.

1932. Meeting schedule for 2024

The Committee noted the meeting dates for 2024.

1933. Committee's induction pack

The Committee noted the information contained in the induction pack including the operational procedures for the Committee's meetings, overview of the ethics standard-setting function in Hong Kong, SSD's activities and communication channels with stakeholders, etc.

1934. Proposed amendments to the standard operating procedure for auditing and ethics standard setting ("SOP")

The Committee noted the SOP was updated for the review procedures of e-learnings launched by SSD.

1935. Terms of reference and member lists of groups for 2024

The Committee considered and approved the TORs and member lists of the following groups for 2024:

- Ethics Educational Materials Advisory Panel ("EEMAP")
- Sustainability Ethics Advisory Panel

SSD reported that the EEMAP has vacancy for two more members. Members were invited to participate or nominate suitable experts to join the EEMAP.

[Post meeting note: A member provided a nomination for the EEMAP to SSD subsequent to the meeting.]

1936. Strategic direction and proposed work plan for 2024 – 2026

SSD briefed the Committee with an overview of the proposed work plan for 2024 – 2026. The Committee considered and agreed with the proposed work plan for 2024 – 2026.

1937. Technical training offerings on ethics

The Committee noted the technical training needs identified by SSD and was requested to provide nominations for speakers/facilitators to deliver relevant training sessions.

Committee members were also encouraged to leverage the learning resources available within their organizations and to be tailored as appropriate for training sessions to HKICPA members.

1938. Chapter C of the Code of Ethics for Professional Accountants

The Committee noted that the review of the references to local regulations and legislations in the requirements set out in Chapter C of the *Code of Ethics for Professional Accountant* (the “Code”) had been completed. No updates to the Code were required based on the review. The Committee considered and agreed that the next review to be conducted in 2026 is appropriate.

1939. Proposed local refinements to the definitions of listed entity and public interest entity in the Code

The Committee noted that the exposure draft *Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code* was issued on 27 February for a two-month consultation period. This is referred to as Phase 1 of the PIE local refinement project which focuses on refining the mandatory PIE categories established by the International Ethics Standards Board for Professional Accountants (“IESBA”) in a Hong Kong context. To enhance awareness, a video explaining the Phase 1 exposure draft would be released in due course.

The Committee discussed the potential inclusion of additional categories of PIEs into Chapter A of the Code as Phase 2 of the PIE local refinement project. The Committee noted that Schedule 1 of the Prevention of Bribery Ordinance (“POBO”) has specified a list of public bodies that are subject to more stringent anti-corruption control than other private organizations. While the criteria for designating a public body under POBO is different from those used in determining a PIE in the Code, the Committee agreed that Schedule 1 of POBO should be used as a reference for identifying the categories of PIE in Phase 2 and recommended further analysis in this aspect.

The Committee also deliberated charitable organizations and entities receiving government subventions in Hong Kong, taking into account their characteristics and circumstances. In this regard, the Committee noted that further research and analysis would be necessary in order to formulate a concrete proposal or determine the next step. This would include evaluating the level of public interest in the financial condition of each category with reference to the non-exhaustive factors in paragraph 400.9 of Chapter A of the Code.

[Post meeting note: The video explaining the Phase 1 exposure draft was published on 19 March and is available at <https://youtu.be/yXDAqUPDEDU?si=dZEGFfsM-luHjJUG>].

1940. IESBA’s exposure drafts:

- **Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting (ED-IESSA)**
- **Using the Work of an External Expert (ED-Expert)**

The Committee considered and agreed the proposed outreach activities and online survey in respect of ED-IESSA appropriate and approved to launch the online survey except that the online survey should be sent to targeted groups who are involved in the sustainability reporting and assurance fields instead of sending it to all members of the Institute. The approach aimed to gather feedback from individuals or organizations who are directly relevant to the subject matter.

SSD

The Committee noted that the comments received from the Sustainability Ethics Advisory Panel and the local ITCs and the online survey regarding the two exposure drafts would be reported at the next meeting. The Chair further encouraged members to provide comments to the exposure drafts to SSD subsequent to the meeting.

[Post meeting note: SSD sent the online survey to the targeted groups on 20 March.]

1941. Any other business

The Committee did not have any local implementation issues on ethical requirements for discussion.

The Committee noted that the next meeting would be held on 22 April and was requested to suggest agenda items by 27 March, and also share with the Committee for any implementation concerns on the Code at the next meeting.

There being no further business, the meeting closed at 2:40 p.m.

MARY XUEREB
CHAIR

2 April 2024