



Minutes of the 260th meeting of the Ethics Committee held on Friday, 8 December 2023 at 10:00 a.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)(Dial-in)
Mr. Paul Chan
Ms. Elly Chui
Mr. Eric Hung (Dial-in)
Ms. Elaine Kwong (Dial-in)
Ms. Mary Lau
Mr. Dacky Leung (Dial-in)
Mr. Rudolf Leung (Dial-in)
Ms. Careen Wong (Dial-in)
- In attendance: Ms. Cecilia Kwei, Director of Standard Setting
Ms. Selene Ho, Deputy Director of Standard Setting
Ms. Grace Lau, Associate Director of Standard Setting
Ms. Cherry Yau, Associate Director of Standard Setting
- Apologies: Mr. Stephen Chan
- Observer: Ms. Tracy Chan, Accounting and Financial Reporting Council (Dial-in)
Ms. Kristin Ko, Accounting and Financial Reporting Council (Dial-in)

1919. Minutes of the 259th meeting

The Committee approved the minutes of the 259th meeting.

1920. Work plan status report

The Committee considered the report and noted the progress of various projects. A vote of thanks was given to ICAC for facilitating various ethical workshops.

1921. Findings on ethics standard setting activities

The Committee noted that the findings identified by the Accounting and Financial Reporting Council ("AFRC") relating to the functions of the Ethics Committee covering the assessment period from April 2022 to March 2023, and the corresponding HKICPA's responses as recorded in the AFRC's 2023 Oversight Report on HKICPA's Performance of Specified Functions.

1922. Proposed ethics educational materials to the Code

The Committee noted that the Ethics Educational Materials Advisory Panel ("AP") had developed a video to draw awareness on common workplace scenarios that might result in a breach of the fundamental principles of the *Code of Ethics for Professional Accountants* (the "Code"). Subject to extending the duration by 2-3 seconds in order to showcase the examples featured in the video, the Committee considered and approved it for publication.

Action

1923. Proposed Ethics Survey

Subject to the following comments, the Committee agreed the proposed questions in the draft Ethics Survey and approved to launch it according to the proposed schedule.

- To include a question regarding the preferred channels for receiving ethical training.
- To fix the typo in question 3.

Committee members were requested to encourage their colleagues to participate in the survey, as it would help identify areas where members were facing ethical pressure. The Ethics Survey results would guide the development of educational materials aiming to address the identified concerns.

1924. Proposed local refinement to the definition of public interest entities

SSD reported to the Committee that the explanatory memorandum had been revised to address the AFRC's comments to reflect the AFRC's oversight role and the Committee's disproportionate discussion on collective investment vehicles ("CIVs"). The Committee approved the revisions to the explanatory memorandum including the SSD's proposal to streamline the explanation regarding CIVs.

The Committee considered the revised timetable for Phase 1 was appropriate in order for stakeholders to implement the revised Code. The Committee also agreed the updated Phase 2 timetable.

The revised explanatory memorandum and the exposure draft would be submitted to the Council for endorsement in January 2024 after which it would be submitted to the AFRC for review.

1925. Update on IESBA National Standard Setters Meeting

On 2 November, the Chair of the Committee and staff of SSD attended the National Standard Setters virtual meeting held by the International Ethics Standards Board for Accountants ("IESBA"). The Committee noted that the IESBA had undertaken several projects. In particular, the IESBA would issue exposure drafts on the sustainability ethics and independence and the use of experts in January 2024. SSD informed the Committee that meetings with the Sustainability Ethics Advisory Panel would be scheduled once the exposure draft was approved at the IESBA's December 2023 meeting.

The Committee also noted that SSD had involved in discussions with other departments of the Institute concerning sustainability project, which included a capacity-building program aiming at certifying competent professionals to conduct sustainability engagements. The Committee appreciated the initiative and expressed the importance of extensive collaboration in the development and implementation of standards related to sustainability. In addition, the Committee emphasized the urgency and importance of the Institute to initiate the exploration of a certification programme in collaboration with other professional bodies/universities which would be made available to both professional accountants and non-professional accountants.

1926. Endorsement on the issuance of the updates to the Institute's Code of Ethics for Professional Accountants to align with the 2023 IESBA Handbook

The Committee considered the proposed changes to the Code were mainly housekeeping in nature and endorsed to issue the updated Code to members.

[Post meeting note: The updated Code was issued on 13 December 2023 in Members' Handbook Update No. 303 and is available at <https://www.hkicpa.org.hk/en/Standards-setting/Standards/Members-Handbook-and-Due-Process/HandBook/Updates/Update-No-303>]

1927. Any other business

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

The meeting was the last scheduled meeting of the Committee in year 2023. The meeting recorded a vote of thanks to the Committee members and the secretariat for the contributions and support.

There being no further business, the meeting closed at 11:13 a.m.

MARY XUEREB
CHAIR

3 January 2024