Project proposal to review APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business*

Introduction

Members in Business are facing increasing ethical and professional pressures as they help their employing organisations navigate complexity and change. Recent revisions to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110) have introduced new requirements relating to technology, tax planning and related services, and sustainability reporting, reflecting the growing ethical risks in these areas. These developments support the Members in Business in responding to these ethical obligations, and the likely pressures they might create, and, as such, should be specifically referred to in APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business (APES GN 40)*.

In addition to ensuring alignment with the new provisions in APES 110, the proposed project provides an opportunity to determine whether there are further ethical challenges that need to be specifically addressed in APES GN 40.

Background

APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business* (APES GN 40) was first issued by the APESB in March 2012. It was based on GN 1 – *Members in Business Guidance Statement,* which had been jointly issued by CPA Australia and ICAA (now CA ANZ). Subsequent to its initial release by APESB, it has been revised in October 2015 and March 2020.

APES GN 40 provides members in business with guidance on the application of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). The guidance note uses the conceptual framework of the Code to address ethical issues encountered by members in business in respect of conflicts of interest, reporting of information, acting with sufficient expertise, financial interests, inducements, responding to non-compliance with laws and regulations, pressure to breach the fundamental principles of the Code, the disclosure of confidential information of an Employer to a third party and whistleblowing.

APES GN 40 includes twenty-one case studies, which illustrate examples of ethical issues faced by members in business and the application of the Code's ethical decision-making process that could be used to resolve such ethical issues.

Since APES GN 40 was last updated in March 2020, new provisions have been included in APES 110 on Technology, Tax Planning and Related Services, and Sustainability Reporting, which impact Members in Business. In addition, there have been revisions to the fundamental principles (e.g. professional competence and due care, and confidentiality) and the conceptual framework (e.g. paras 120.6 A6 – 120.5 A8 on managing complexity).

Key Considerations

In undertaking this project, APESB will need to consider:

1) Existing requirements and guidance

Analysis will need to be performed to consider whether extant requirements and application material in APES GN 40 adequately address the developments in APES 110 or whether further clarification is required in the guidance note.

APESB will also need to perform a review to determine whether APES GN 40 is consistent with other recent guidance issued by the professional bodies, the IESBA, other standard setters and relevant laws and regulations.

2) Ethical Challenges faced by Members in Business related to Technology, Tax Planning and Related Services and Sustainability Reporting

APESB will need to gather information on the likely pressures a Member in Business may face in complying with the new ethical obligations in APES 110 relating to Technology, Tax Planning and Related Services and Sustainability Reporting. This information will be sought out by:

- Reviewing the IESBA project materials associated with each of the recent revisions;
- Reviewing guidance issued in other jurisdictions in the relevant areas;
- Reviewing relevant standards, laws and regulations that would apply to the Members; and
- Seeking qualitative feedback from stakeholders, such as the professional bodies, G100, on the ethical challenges faced by Members in Business relating to the new provisions in APES 110.

3) Other Ethical Challenges faced by Members in Business

APESB will need to gather information on other ethical challenges faced by Members by:

- Reviewing issues noted on APESB's Issues Register and whether they impact the guidance material in APES GN 40; and
- Seeking qualitative feedback from stakeholders, such as the professional bodies, G100, on the awareness and the use of APES GN 40, its usefulness and clarity and any suggestions for improvement (including ethical challenges not currently addressed in the Guidance Note).

Proposed Project Plan

Appendix A outlines the proposed project plan and key stages for this project.

The project will focus on engaging with stakeholders and undertaking an internal desktop review to identify any potential amendments required for APES GN 40.

Other Matters to Consider

Impact on other APESB pronouncements

At this stage, Technical Staff are not aware of any potential impacts on other APESB pronouncements. However, APESB may need to consider whether any changes could impact its guidance publications, such as *Whistleblowing & Confidentiality – APESB Technical Staff Publication*.

Impact on accounting, auditing, or other relevant standards

Technical Staff are not aware of any potential impacts on accounting, auditing or other relevant standards. However, Technical Staff note that the AASB issued two Sustainability Reporting Standards in October 2024, with an effective date of 1 January 2025, which will need to be considered in identifying pressures and ethical challenges applicable to Members in Business when they prepare and report on Sustainability Information.

Related legislative developments

Two known legislative developments will need to be considered as part of this project.

- In November 2023, amendments were made to the *Taxation Administration Act* to extend whistleblower protections to eligible whistleblowers who make disclosures to the Tax Practitioner Board.
- In September 2024, amendments were made to Chapter 2M of the *Corporations Act 2001* to establish mandatory climate-related reporting requirements for Australian entities.

  From 1 January 2025, large entities that prepare and lodge financial reports under Chapter 2M must prepare a sustainability report and lodge the report, alongside the entity's financial report and directors' report, with ASIC.

  These new reporting requirements will be phased in over three years, based on the size of the entity (e.g., sorted into 3 groups based on the entity meeting two of three criteria based on revenue, assets, and employees), beginning with the largest entities, asset owners, and NGER reporters.

Technical Staff are not aware of any other related legislative development that would impact the proposed project.

Related international developments

The International Ethics Standards Board (IESBA) has identified the role of CFOs as a work stream in their recently updated IESBA Work Plan 2025-2026. The IESBA will consider the approval of the Terms of Reference for this work stream at their 15-19 September 2025 Board Meeting.

APESB Technical Staff note that this project is focused on senior Members in Business, i.e. CFOs, whereas the application of APES GN 40 is broader as it applies to all Members in Business.

Appendix A

Project Plan to review APES GN 40	
Objective	To review the effectiveness of APES GN 40 and to develop amendments to address recent revisions to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110).
Activities (in phases)	The activities for this project have been grouped into five phases, with the final 2 phases dependent on the outcome of the first 3 phases. **Phase 1: Initial research/ desktop review** This stage of the project will focus on: • conducting a desktop review to determine whether there are similar guidance documents in other jurisdictions and to determine the ethical challenges covered; • Internal review of APES GN 40, including identifying potential amendments to align with APES 110; • Consider any relevant issues on the APESB Issues Register and whether amendments to APES GN 40 are required to address them; and • Identify key stakeholders to engage with during the consultation process. The research will be undertaken internally by Technical Staff. Timing: October – December 2025 **Phase 2: Initial Stakeholder Engagement** At this stage, the project will focus on engaging with a cross-section of key stakeholders to identify ethical challenges faced by Members in Business and where additional practical guidance may be required. Technical Staff will undertake discussions with a range of stakeholders (e.g., professional bodies, other standard setters, regulators, Members in Business, G100, etc.). Timing: January – March 2026 **Phase 3: Board's decision on revisions to APES GN 40** Once the initial desktop review and the stakeholder engagement process are complete, Technical Staff will make a recommendation to the Board at its June 2026 Board Meeting on the scope of the revisions to APES GN 40. Timing: March 2026 – June 2026

Project Plan to review APES GN 40	
	Phase 4: Develop and issue exposure drafts (dependent on outcome of phase 3) In Stage 4, Technical Staff will: • Develop and issue an Exposure Draft that addresses matters identified during the project; and • Conduct consultation with stakeholders. Timing: –July to December 2026 **Phase 5: Issue updated APES GN 40** Key steps at this stage include: • Analyse submissions received on the Exposure Drafts. • Prepare final revised pronouncements for Board approval Timing: January to March 2027
Project Risk Assessment **(key risks)**	**Risks** **Risk 1** Proposed revisions are not acceptable to Members, Professional Bodies and other stakeholders. Assessment: - Probability: Low - Impact: Low to medium - Risk rating: Low Mitigating Controls: Undertake broad stakeholder engagement. **Risk 2** Members in Business may be unwilling to share ethical challenges with Technical Staff, resulting in gaps in the guidance provided. Assessment: - Probability: Medium - Impact: Medium - Risk rating: Medium Mitigating Controls: Feedback and engagement tools could be utilised that allow anonymity. Any stakeholder engagement must be premised on clear statements that the discussion is for education and quality improvement purposes, not for disciplinary or regulatory action, and is not intended to assign blame or fault.

Project Plan to review APES GN 40	
	Risk 3 Members in Business may not be aware of APES GN 40 and its role supporting APES 110. Assessment: - Probability: Low - Impact: Medium - Risk rating: Low to Medium Mitigating Controls: The guidance note and the technical update clearly define the role of APES GN 40 in supporting the application of APES 110. APESB will work with the professional bodies in promoting the relevance of APES GN 40.
Resource Requirements	• The estimated time spent by the Technical Staff over the life of this project is approximately three to four months. • Access to Members in Business. • Other sundry costs include meeting costs, printing and stationery.