AGENDA PAPER

Item Number:	7
Date of Meeting:	25 November 2026
Subject:	Proposed revised APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business*

X	**Action Required**	X	**For Discussion**		**For Noting**		**For Information**

Purpose

To:

- update the Board on the submissions received on Exposure Draft 02/26 Proposed Guidance Note APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business* (APES GN 40) (ED 02/26); and

- to seek the Board's approval, subject to the Board's review comments and editorials, to issue the revised Guidance Note and the related Basis for Conclusions.

Background

APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business* (APES GN 40) was first issued by APESB in March 2012. APES GN 40 superseded GN 1 – *Members in Business Guidance Statement,* which was jointly issued by CPA Australia and ICAA (now CA ANZ). APES GN 40 was subsequently revised in October 2015 and March 2020.

APES GN 40 provides guidance to Members in Business on the application of the fundamental principles of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). The Guidance Note uses the Code's conceptual framework to address ethical issues encountered by Members in Business. The revised APES GN 40 also includes 25 Case Studies that illustrate ethical issues faced by Members in Business and the application of the Code's ethical decision-making process to resolve them.

At the September 2025 Board meeting (Agenda Item 5), the Board approved the project proposal to review APES GN 40 and develop amendments to address recent revisions to APES 110 that impact Members in Business, including Technology, Tax Planning and Related Services and Sustainability Reporting. The project also provided an opportunity to assess whether there are further ethical challenges that need to be specifically addressed in APES GN 40. The Board discussed the draft amendments at the March 2026 Board meeting (Agenda Item 10).

At the June 2026 Board meeting (Agenda Item 5), the Board approved the issue of ED 02/26 with a 45-day comment period.

Matters for Consideration

APESB received three submissions on ED 02/26 from the three professional bodies. The submissions are tabulated in General and Specific Comment Tables at Agenda Items 7(a) and 7(b), respectively.

The stakeholders were generally supportive of the proposed revisions to APES GN 40 and the key matters raised by the respondents are set out below.

Additional case studies

Several respondents recommended additional or expanded Case Studies addressing specific matters, including greenwashing risks, tax governance, the role of Non-Executive Directors, artificial intelligence, social media use and barriers to raising ethical concerns.

Technical Staff note that APES GN 40 includes 25 Case Studies covering a broad range of circumstances that Members in Business may encounter, and that it is not possible for the Guidance Note to address every scenario.

Technical Staff also note that several of these matters are being addressed through current APESB projects, including the revision of the Auditor Independence Guide and APESB's technology-related project. Accordingly, Technical Staff do not propose to add further Case Studies to APES GN 40 in this regard.

Sustainability terminology and definitions

One respondent questioned whether it was necessary or appropriate to include references to Sustainability Assurance Practitioners, and the consequential definitions of Sustainability Assurance Engagement and Sustainability Information, given that APES GN 40 is intended for use by Members in Business. The respondent noted that importing definitions from the Code that contemplate non-Member Sustainability Assurance Practitioners could create an inconsistency within APES GN 40, as the proposed amendments do not extend the scope of the Guidance Note to such practitioners.

Technical Staff note that the definitions in APES GN 40 are consistent with those in the Code as amended by the Sustainability Amending Standard, and that consistent definitions across APESB pronouncements avoid the same defined term having different meanings in different pronouncements. This is standard practice for all standard setters, locally and internationally. It's not workable to have different definitions of the same term in the same suite of pronouncements. APESB also noted that paragraphs 1.1, 1.5 and 1.6 of APES GN 40 specifically state that the Guidance Note applies to Members in Business, and that the references to Sustainability Assurance Practitioners in the definitions, including the definition of Professional Activity, do not extend the scope of the Guidance Note.

Accordingly, Technical Staff do not propose to amend APES GN 40 in response to this comment. However, Technical Staff note that the definition of Sustainability Assurance Practitioner is used only once in the document and is not critical to the operation of the Guidance Note and propose deleting it.

Tax planning

One respondent suggested that proposed Case Study 24 would benefit from expanded discussion of how adopted tax treatments affect public interest considerations, reputational risk and tax governance.

Technical Staff note that proposed Case Study 24 addresses an aggressive tax planning arrangement, including concerns about its credible basis and economic substance, management pressure, the need to consider escalation through the organisation's governance processes, and how the Member in Business should proceed so as not to discredit themselves or the organisation. Technical Staff also note that Section 280 of the Code addresses Members' public interest role in tax planning, and that Section 260 is relevant where a Member becomes aware of suspected non-compliance with tax laws.

Technical Staff consider that Case Study 24 provides appropriate guidance and accordingly do not propose to amend APES GN 40 in response to this comment.

Barriers to raising ethical concerns

One respondent recommended that APESB expand the guidance to address psychological safety, available support mechanisms, confidential reporting channels, and considerations where Members may reasonably fear retaliation.

Technical Staff consider that these matters are more appropriately addressed through APESB's Guidance on whistleblowing and confidentiality, which APESB expects to update following the enactment of any legislative changes arising from the Federal Government's review of whistleblower laws and regulations, and propose that the respondent's suggestions be considered as part of that update.

Social media and the reasonable and informed third party test

One respondent suggested that further clarification be provided on the distinction between personal and professional conduct, the threshold at which public commentary may undermine compliance with the fundamental principles, factors relevant to assessing reputational risk, and the role of the reasonable and informed third party test. Technical Staff also note that proposed Case Study 20 addresses social media use and considers when personal conduct may affect a Member's professional responsibilities. Accordingly, Technical Staff do not propose to amend APES GN 40 in response to these comments.

Range of circumstances addressed by the Case Studies

One respondent noted that many of the Case Studies involve Members in senior roles and recommended including examples reflecting ethical challenges faced at different levels of seniority and career stages, as the practical options available, such as access to senior leadership or those charged with governance, may differ. The same respondent recommended that several Case Studies be revised to reflect the circumstances of small and medium-sized entities, which may lack formal conflict resolution procedures and often have flat structures, or to outline possible courses of action for Members in both larger and smaller organisations.

Technical Staff note that the Case Studies already illustrate ethical challenges faced at different levels of seniority and several Case Studies address ethical challenges in small and medium-sized entities. Technical Staff consider that the Case Studies adequately address these matters and therefore do not propose amending APES GN 40 in this regard.

Consistency and editorial changes

One respondent identified inconsistencies across the Case Studies, and two respondents identified editorial matters. In response, Technical Staff propose the following changes to the Guidance Note:

- Case Studies 1, 2, 5 and 6 have been amended to refer, where relevant, to applicable

accounting standards, relevant best practices, and applicable laws and regulations, in addition to the organisation's policies and procedures.

- Case Study 11 has been amended to refer to the company's policies and procedures, relevant best practices, and applicable laws and regulations, and the reference to accounting standards has been removed.

- The "Issues" in Case Studies 4 and 6 have been amended to clarify the relevance of pressure to breach the fundamental principles, consistent with Case Study 5.

- The "Issues" in Case Studies 13,14,16,19,24 and 25 have been amended to identify additional relevant issues to the case.

- The "Issues" in the body of Case Study 19 have been aligned with the Case Studies table. Technical Staff reviewed all other Case Studies and confirmed that they are consistent with the table.

- Editorial amendments have been made to Case Studies 20, 22 and 24 to improve clarity.

Proposed Revised Guidance Note and Basis for Conclusions

Based on the outcome of the exposure draft due process, Technical Staff have prepared a proposed revised APES GN 40 for the Board's consideration. A version with marked-up editorial changes from the exposure draft (ED 02/26) is included at Agenda Item 7(d).

The proposed revised APES GN 40 will be effective as of the date of issue.

Technical Staff seek the Board's approval to issue the proposed revised APES GN 40, subject to the editorials noted above and the related Basis for Conclusions set out at Agenda Item 7 (c).

Staff Recommendation

That the Board, subject to the Board's feedback and review, approve the issue of the revised APES GN 40 and the related Basis for Conclusions.

Material Presented

Agenda Item 7 (a)	General Comments Table ED 02/26
Agenda Item 7 (b)	Specific Comments Table ED 02/26
Agenda Item 7 (c)	Draft Basis for Conclusions
Agenda Item 7 (d)	Proposed Revised APES GN 40 (marked-up)

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