Exposure Draft 02/26: ***Proposed amendments to APES GN 40 Ethical Conflicts in the Workplace – Considerations for Members in Business***

Review of Submissions - Specific Comments
Exposure Draft 02/26: *Proposed amendments to APES GN 40 Ethical Conflicts in the Workplace – Considerations for Members in Business*

Note: General comments relating to Exposure Draft 02/26 are addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
1.	2	CA ANZ	**1. Scope** Given that APES GN 40 is intended for use by Members in Business (as indicated in Paragraph 1.1), we question whether it is necessary or appropriate to incorporate references to Sustainability Assurance Practitioners, together with the consequential definitions of Sustainability Assurance Engagement and Sustainability Information. The proposed amendments do not appear to extend the scope of GN 40 to non-Member Sustainability Assurance Practitioners. Importing definitions from APES 110 that contemplate both Members and potentially non-Member Sustainability Assurance Practitioners creates a potential inconsistency within APES GN 40. For example, the proposed definition of Professional Activity expressly includes activities undertaken by "a Member or a Sustainability Assurance Practitioner", yet the operative elements of APES GN 40 continue to apply only to Members in Business. If APES GN 40 is intended to apply independently to non-Member Sustainability Assurance Practitioners, more extensive amendments to its scope and operative requirements would appear to be necessary. We therefore recommend that APESB reconsider whether the definitions of Sustainability Assurance Practitioner, Sustainability Assurance Engagement and Sustainability Information are required in this GN. This would also impact all references to these terms throughout the remainder of this GN.	Yes (in part)

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2.	6.3(d) 8.3 and 12.1	CA ANZ	**2. Guidance on sustainability** CA ANZ welcomes the introduction of the proposed case study 25 and references to sustainability assurance and reporting in proposed paragraphs 6.3(d) 8.3 and 12.1. The guidance identifies greenwashing risks but provides limited practical guidance on how these risks eventuate such as through governance failures, management treatment of sustainability metrics or by not using sustainability specialists. Given the complexity and risk associated with sustainability disclosures, we encourage the APESB to consider further case studies in sustainability assurance and reporting.	No
3.	6.3(h), 14.1 and 14.2	CA ANZ	**3. Tax planning guidance** CA ANZ supports the introduction of proposed paragraphs 6.3(h), 14.1 and 14.2. The case study would benefit from expanded discussion on how adopted tax treatments impacts public interest considerations, reputational risks and tax governance.	No
4.	16	CA ANZ	**4. Psychological safety and retaliation** The ED appropriately emphasises consultation, escalation and reporting of ethical concerns. In practice, however, members may encounter barriers to raising concerns, including fear of retaliation, adverse career consequences, workplace isolation and other personal impacts. CA ANZ recommends that the APESB acknowledge these practical challenges and expand the guidance relating to: • Psychological safety; • Available support mechanisms; • Confidential reporting channels; and • Considerations where members may reasonably fear retaliation.	No

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			Such guidance would better reflect the realities faced by members seeking to address ethical concerns in the workplace.	
5.	16	CA ANZ	**5. Guidance on artificial intelligence** Given the increasing use of artificial intelligence and automated decision-making tools within organisations, CA ANZ considers that APES GN 40 would benefit from the inclusion of AI-related ethical scenarios. Examples may include: • Reliance upon AI-generated financial information; • AI-assisted sustainability reporting; • Use of confidential information within AI systems; • Governance of AI-generated outputs; and • Professional responsibility for information produced using AI tools. The inclusion of a dedicated case study would support members in understanding how existing ethical principles apply to emerging technologies.	No
6.	16	CA ANZ	**6. Social media** CA ANZ welcomes the inclusion of contemporary scenarios involving social media use. We note that the guidance could benefit from further clarification regarding: • 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.	No

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			Additional guidance may assist members in understanding when personal conduct may become relevant to their professional responsibilities.	
7.	16	CA ANZ	**7. Reasonable and informed third party test** While the ED contains numerous examples requiring ethical judgement, the reasonable and informed third party test is not consistently referenced throughout the case studies. We recommend the APESB increase the prominence of this test throughout the guidance note to assist members in consistently applying and referencing the conceptual framework when evaluating threats to compliance with the fundamental principles.	No
8.	16	CA ANZ	**8. Governance and Non-Executive Directors** The inclusion of a case study addressing the role of Non-Executive Directors is supported. However, the current example focuses primarily on competence and capacity Many ethical conflicts encountered by Non-Executive Directors arise in circumstances involving: • Governance failures; • Management misconduct; • Information asymmetry; • Board culture and groupthink; and • Tensions between legal obligations and practical realities. The inclusion of an additional case study addressing one or more of these scenarios would enhance the relevance and practical utility of the guidance.	No
9.	16	CPAA	Many of the existing and proposed case studies focus on Members in senior roles. We recommend including examples that reflect ethical challenges faced at different	No

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			levels of seniority and across different career stages, as the appropriate response may vary depending on a Member's position. For instance, a junior accounts-payable assistant may face intimidation from their manager for resisting an unethical request, while a CFO may face a similar threat from the CEO. Although the nature of the threat may be comparable, the practical options available to each Member are likely to differ. In a large organisation, a junior employee may have little or no access to senior leadership or those charged with governance, unlike a CFO in the same circumstances.	
10.	16	CPAA	Most of the existing and proposed case studies involve Members working in large organisations. However, many Members in business work in small to medium-sized entities, which may lack formal conflict resolution policies and procedures and often have very flat structures. We recommend that several case studies be revised to reflect the structure of smaller businesses, or that they outline possible courses of action for Members working in both larger and smaller organisations, as illustrated in Case study 3.	No
11.	16 - Case Studies 1,2 and 4	IPA	**Specific Comment** Our comments to the specific matters in ED 02/26, below, relate to editorial suggestions to improve the consistency of the Guidance Note: **"Determine whether a procedure of conflict resolution exists within the organisation" row –inconsistent matters for consideration** The "Determine whether a procedure of conflict resolution exists within the organisation" row for: • Case study 1 states "Consider the company's policies and procedures." • Case study 2 states "Consider the company's policies and procedures and applicable standards."	Yes

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			• Case study 4 states "Consider the company's policies and procedures, applicable standards relevant best practices, and applicable laws and regulations." Case Studies 1, 2 and 4 all relate to accounting expenditures in a financial report of expenses, accruals, and research and development costs respectively, and yet each of the Case Studies has different matters for consideration. We think the statement for Case study 4 of "Consider the company's policies and procedures, applicable standards relevant best practices, and applicable laws and regulations." is equally applicable to Case Studies 1 and 2. We therefore suggest that the Case study 4 wording be used in Case Studies 1 and 2. We also suggest the APESB review the remaining Case Studies in GN 40 for consistency.	
12.	16 – Case Studies 4,5,6	IPA	**"Issues" discussed for a Case study are inconsistent** The body of: • Case Studies 4 and 6 state "Issues: Preparation and presentation of information". • Case study 5 states "Issues: Preparation and presentation of information/Pressure to breach the fundamental principles". We think the wording for Case study 5 is equally applicable to Case Studies 4 and 6. We therefore suggest that the Case study 5 wording be used in Case Studies 4 and 6.	Yes
13.	16 – Case study 19	IPA	Additionally, the "Issues Discussed" in Section 16 Case Studies table (ED 02/26, pages 18-19) are also inconsistent with the "Issues" section in the body of the Case study. For example: • the body of Case study 19 states "Issue: Potential conflicts/Preparation and presentation of information".	Yes

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			• while "Issues Discussed" in Section 16 Case Studies table states "Professional behaviour/ Preparation and presentation of information". We suggest the aligning the text for the two areas. We also suggest the APESB review the remaining Case Studies in GN 40 for consistency.	
14.	16 – Case study 20 and 24	CA ANZ	**9. Editorial issues** Case Study 20: How can the Member in Business maintain his objectivity when his strongly held personal opinions **my influence** his professional judgement..." should read: "...**may** influence...". Case Study 24: "Does the **natter** need to be discussed with senior management or the Board?" should read: "…**matter** need…".	Yes
15.	16 – Case study 22	IPA	**Case study 22 – incomplete sentences** Case study 22 states "Case outline: Oliver (Member in Business) is … which is performing in line with **plan and** generating substantial profits …" (emphasis added) – we think the wording is incomplete between the words "plan" and "and". The third paragraph of Case study 22 states "The next morning … that the Contract Director is satisfied with the amended KPIs and the Contract Director **signs off** monthly." (emphasis added). We think the word "them" should be added between the words "signs" and "off".	Yes

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RESPONDENTS

1	CPAA	CPA Australia
2	IPA	Institute of Public Accountants
3	CA ANZ	Chartered Accountants Australia and New Zealand

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