



ICAEW Code of Ethics 2025

4 APRIL 2025



Did you know?

ICAEW's revised Continuing Professional Development (CPD) Regulations bring in new CPD requirements. This includes a minimum number of hours and an ethics requirement.

This event could contribute to up to 1.5 hours of verifiable CPD, so long as you can demonstrate that the content is relevant to your role.

A copy of the registration email is acceptable evidence of verifiable CPD.

Find out how these changes affect you at [icaew.com/cpd](https://www.icaew.com/cpd)



Today's speakers

Victoria Andrew, Chair, ICAEW Ethics Standards Committee

Paul Winrow, Partner, Public Policy and Regulation, Forvis Mazars

David Isherwood, FCA, Ethics Partner, BDO LLP

Sophie Wales, Director Regulatory Policy, ICAEW



Introduction

Victoria Andrew

The ICAEW Code

- ICAEW Code derives from IESBA Code of Ethics (current version August 2024)
- IFAC Statement of Member Obligations - Obligation 4:
 - ICAEW must incorporate IESBA Code but can go further (e.g.)Professional Behaviour provisions
- ICAEW Ethics Standards Committee is custodian of the Code
- Current ICAEW Code of Ethics updated in 2019, effective date 1 January 2020
 - incorporates changes made by IESBA up to July 2018
- Previous edition was 2011

The 2025 ICAEW CODE OF ETHICS



ICAEW is updating its Code in 2025 to reflect revisions to the IESBA Code **which came into effect by December 2024.**



Updated Code approved by ICAEW Council on 26 March 2025



Effective date will be 1 July 2025 to allow members to prepare for changes

Amending the code



Historically, complicated process for amending the Code. Required consultation and agreement with various Committees, Advisory Groups and Council.



In 2023, Council agreed a new streamlined process for amending the Code. Essentially:

- a) IESBA Updates that are deemed to be uncontroversial will be ratified automatically by Council and incorporated into the ICAEW Code at the next update
- b) “controversial” proposals will be discussed at Council
- c) where ICAEW wishes to incorporate provisions that go further than IESBA provisions, these will be considered at Council and decision made as to whether they should be incorporated.



Proposed amendments will also be run past IRB “for noting”.



ESC will determine whether proposals are likely to be “controversial” or whether ICAEW wishes to include provisions that go further than IESBA.



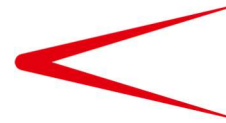
This will be determined on the response by IESBA to ICAEW comments on IESBA Exposure Drafts. Revealed in the IESBA Final Pronouncement.

What's changing? The three sets of revisions

- Council amendments in October 2023 reflecting new Disciplinary Framework (names of Committees and Bye-Law references)
- Council amendments in June 2024 (Professional Behaviour provisions)
- IESBA Revisions introduced after July 2018 and which took effect by 24 December 2024.

IESBA revisions of general application

- Role and mindset expected of professional accountants; and
- Technology related revisions



***Role and mindset
expected of
professional
accountants***

Paul Winrow

Genesis of the provisions

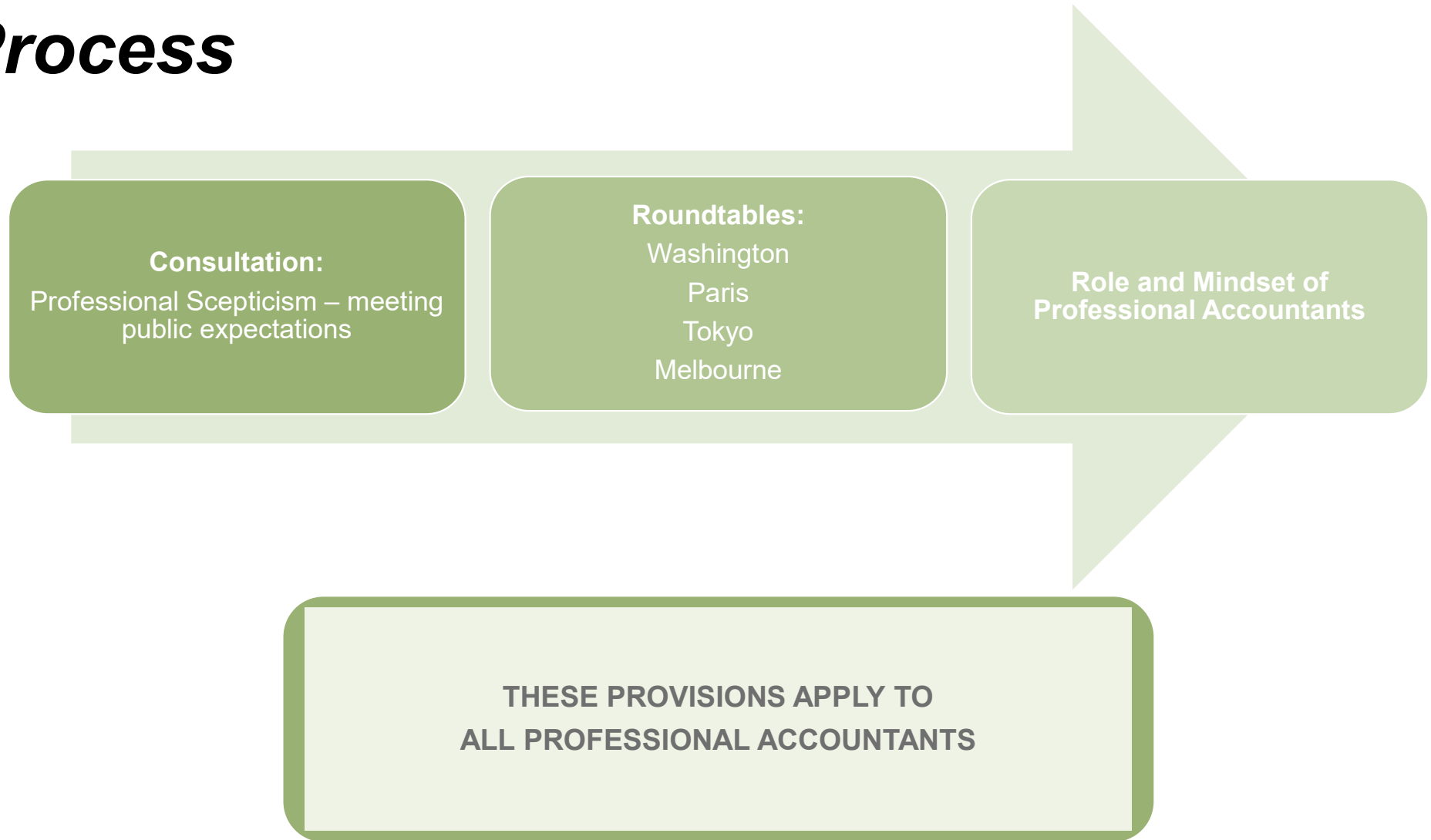
Why Role and Mindset?

- Recognise breadth and significance of the profession
- Responsibility to act in the public interest
- Challenges – economic, societal and technological changes

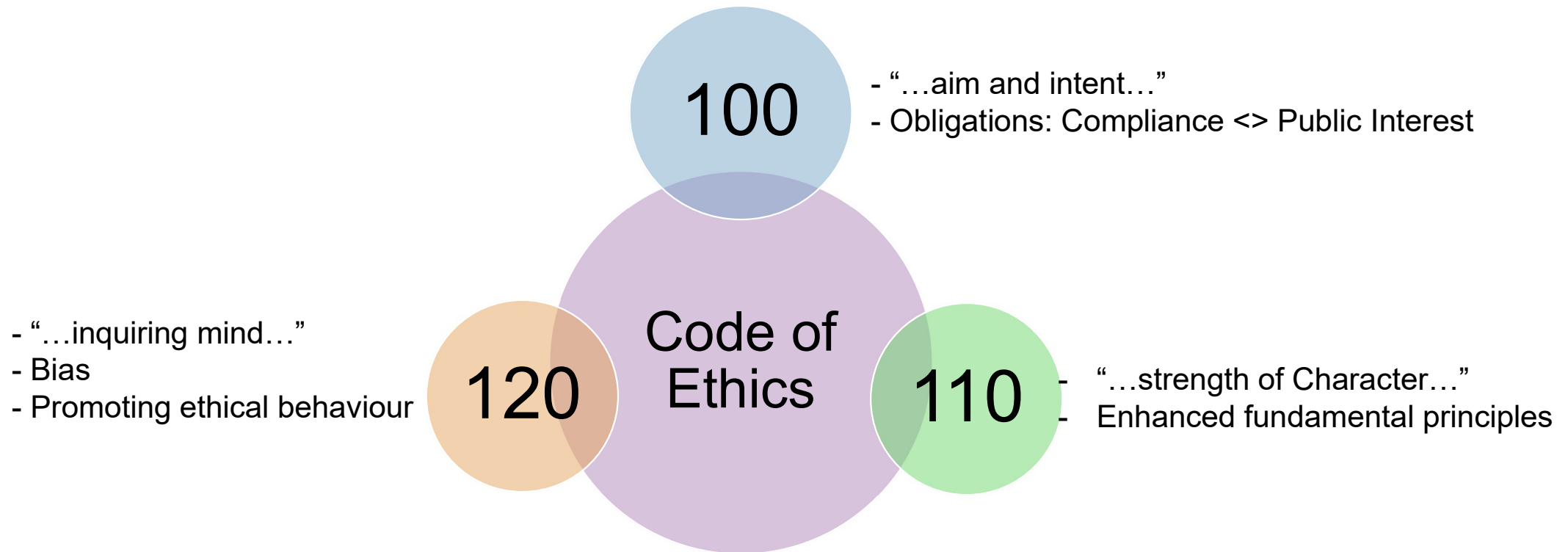
Intended outcomes

- Role of the Code in helping professional accountants meet public interest responsibility
- Expected behaviours: Inquiring mind, standing your ground and challenging others in difficult situations
- Awareness of potential influence of bias in applying judgement
- Role of professional accountants in ethical culture

Process



Principle changes to the Code



100: Acting in the public interest

Purpose

- Highlight how fundamental principles help meet the public interest duty.

Key changes to the code

- PAs must comply with the spirit, not just the letter, of the Code, "giving appropriate regard to the aim and intent of the specific requirements". (100.6 A2)
- PAs will not always have met their public interest responsibility simply by complying with the Code – although such circumstance would be unusual or exceptional. (100.6 A3)
 - *Consult with professional body or regulator*
- In acting in the public interest, PAs should consider not only the preferences or requirements of an individual client or employing organization, but also the interests of other stakeholders when performing professional activities. (100.6 A4)

110: Enhanced fundamental principles

Purpose

- To strengthen the fundamental principles to help with role and mindset.

Key changes to the code

- *Integrity* – added “**strength of character**” to act appropriately
- *Objectivity* – **exercise judgement without being compromised** by bias, conflict of interest or undue influence
- *Professional behaviour* – “**behave in manner consistent with the profession’s responsibility act in the public interest**”
- *Professional competence & due care* – added “**technology-related**” developments

Integrity

It is not always easy to do the right thing!

“Integrity involves fair dealing, truthfulness and having the strength of character to act appropriately, even when facing pressure to do otherwise or when doing so might create potential adverse personal or organisational consequences.” (111.1 A1)

111.1 A2 goes on to say that acting appropriately involves:

- a) Standing one’s ground when confronted by dilemmas and difficult situations; or
- b) Challenging others as and when circumstances warrant, in a manner appropriate to the circumstances.

Professional behaviour

Professional behaviour now refers explicitly to the public interest:

R115.1 A professional accountant shall comply with the principle of professional behaviour, which requires an accountant to

- a) comply with relevant laws and regulations;
- b) behave in a manner consistent with the profession's responsibility to act in the public interest in all professional activities and business relationships; and**
- c) avoid any conduct that the accountant knows or should know might discredit the profession.

And remember: In acting in the public interest, we consider the interests of other stakeholders

120: Having an inquiring mind

What is required?

- When applying the conceptual framework PAs “shall have an Inquiring mind” (R120.5)
- Applies to all professional activities
- Complements but does not replace Professional Scepticism for auditors

What does it involve? (120.5.A1)

- Consider the source, relevance and sufficiency information
 - ✓ New information, facts or circumstances
 - ✓ Impact of bias/self interest
 - ✓ Completeness of information, and consistency with other knowledge/expectations
 - ✓ Alternative conclusions that could be reached
- Be open and alert to need for further investigation/action.

Objectivity & impact of bias

It is important be aware of any potential bias in exercising judgement.

“Conscious or unconscious bias affects the exercise of professional judgement when identifying, evaluating and addressing threats to compliance with the Fundamental Principles. (120.12 A1)

Actions to mitigate the effect of bias might include:

- Seeking advice from experts.
- Consulting with others to ensure appropriate challenge.
- Receiving training on the identification of bias. (120.12 A3)

Bias

Bias	Characteristics
Anchoring	Using initial evidence as an anchor for assessment of later information
Automation	Favouring output from automated systems– even if other evidence raises questions (“computer is always right”)
Availability	Placing more weight on readily available information
Confirmation	Placing more weight on corroborative evidence than that which contradicts
Groupthink	Discouraging alternative views - decisions lack critical reasoning/challenge
Overconfidence	Overestimating your own ability to make appropriate assessment/judgement
Representation	Assuming that patterns of experience or events are representative of the current situation
Selective perception	Allowing your expectations to influence how you view a particular situation

Ethical behaviour and culture

Ethical culture helps PAs to effectively apply the Code – including when:

- Leadership promotes and demonstrates ethical values
- Education, training, internal processes and performance evaluation reflect the importance of ethical values
- Policies and procedures encourage and protect those who speak up
- Ethical values are reflected in dealings with third parties

“Professional Accountants are expected to encourage and promote an ethics-based culture...taking account of their position and seniority”. (120.13.A3)



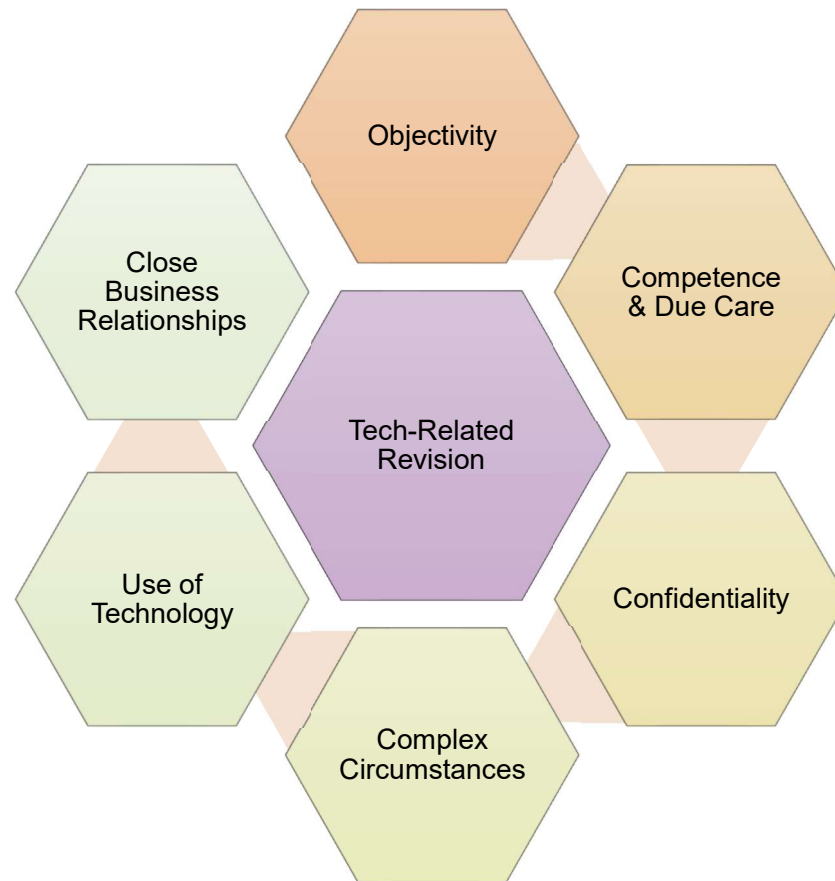
Technology

David Isherwood

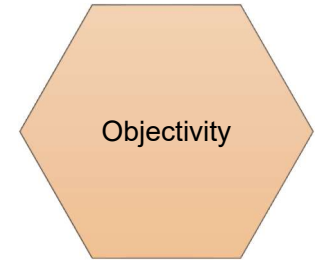
Technology related revisions

- Various technology-related revisions have been introduced to guide members as they adapt to new technology and take advantage of the opportunities created by it.
- To ensure that they are as future-proof as possible, the revisions to the Code are principles-based and apply to all technologies. The revisions:
- Provide guidance on the Fundamental Principles in the digital age.
- Advocate a robust approach to the mindset and behaviour required of members in both business and public practice as they navigate technological change.
- Strengthen the International Independence Standards by clarifying when firms and network firms are permitted to provide a technology-related non-assurance service (NAS) to an audit or assurance client.

Technology related revisions



Objectivity



- The definition of the Fundamental Principle of Objectivity has been amended to highlight the risk that undue influence of, or undue reliance on, technology could impair your objectivity. (R112.1)
- Artificial intelligence is one possible source of technological risk. For more information on AI ethics, see Module 3.5.

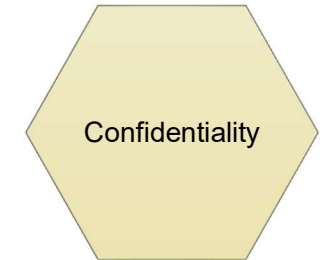
Competence and due care – ‘Skills’



Competence
& Due Care

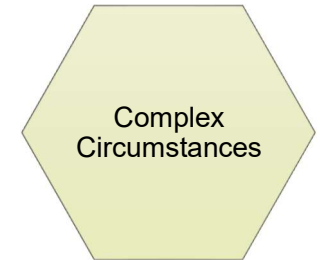
- A new paragraph in the code states:
 - “The knowledge and skills necessary for a professional activity vary depending on the nature of the activity being undertaken. For example, in addition to the application of any technical knowledge relevant to the professional activity, interpersonal, communication and organisational skills facilitate the professional accountant’s interaction with entities and individuals with whom the accountant interacts.” (113.1 A2)
- The next paragraph goes on to say:
 - “Maintaining professional competence requires a professional accountant to have a continuing awareness and understanding of technical, professional, **business and technology-related developments relevant to the professional activities undertaken by the accountant.**” (113.1 A3)
 - [The words in bold are new content.]
- Finally, as well as making your client or employer aware of limitations (in this case, technological limitations) inherent in your activities, you should now explain the implications of those limitations.

Confidentiality



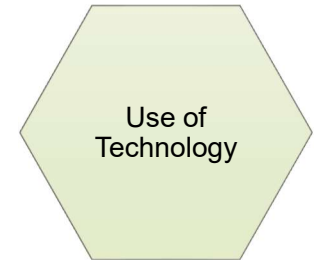
- There are various revisions relating to Confidentiality, several of which are intended to more closely reflect the realities of the current working environment and the ease with which data is accessible.
- The Glossary now contains a new definition of confidential information: “Any information data or other material in whatever form or medium (including written, electronic, visual or oral) that is not publicly available.”
- The language used in 114.1 A3 has been modernised with “type of communication and to whom it is addressed” revised to “means of communicating the information”.
- A new section (R114.2(d)) clarifies that you are not able to use or disclose information that is subject to the duty of confidentiality, even where that information has become publicly available, whether properly or improperly.
- 114.1 A1 explains that maintaining confidentiality applies to the whole information governance life cycle (i.e., collection, use, transfer, storage or retention, dissemination and lawful destruction).

Complex circumstances



- New sections 120.5 A6 to A8 incorporate the notion of complexity into the Conceptual Framework. The revisions highlight that complexity is a factor to consider when exercising professional judgement, rather than a discrete circumstance that increases the challenges of applying the conceptual framework.
- The application material set out in new section 120.5 A8 has introduced new actions to be considered in “complex situations”. These include:
- Analysing and investigating, as relevant, any uncertain elements, the variables and assumptions and how they are connected or interdependent;
- Using technology to analyse relevant data to inform the professional accountant’s judgement; and
- Consulting with others, including experts, to ensure appropriate challenge and additional input as part of the evaluation process.

Use of technology



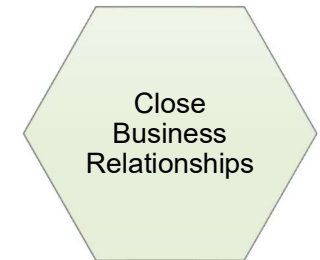
New sections* set out examples of self-interest threats associated with the use of technology, such as whether:

- the data available is sufficient;
- the technology is appropriate; and
- the professional accountant has sufficient information or expertise (or access to an expert) to use and explain the technology.

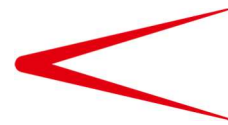
These sections also set out examples of self-review threats, such as whether the technology was designed or developed using the knowledge, expertise or judgement of the PA or their employing organisation.

- Other new sections ** provide that the professional accountant's evaluation of the level of a threat associated with use of technology might be impacted by the work environment within the employing organisation, and factors such as:
 - the level of corporate oversight and internal controls over technology;
 - third party assessments about the quality and functionality of technology; and
 - training issues.
- *206. A2 for members in business and 300.6 A2 for members in practice.
- **207. A4 for members in business and 300.7 A6 for members in practice

Close business relationships



- Revised section 520.3 A2 includes examples of a technology-related close business relationship and adds the concepts of “selling” and “reselling” to the existing examples of close business relationships, where a firm or a network firm distributes or markets a client’s products or services, or vice versa.
- New section 520.3 A3 provides an example that might create a close business relationship, depending on the facts and circumstances: an arrangement under which the firm or network firm licences products or solutions to or from a client.
- Corresponding amendments have been made to section 920.



Professional behaviour

Sophie Wales

Conduct relevant to ICAEW as a regulator

- Conduct of a member is always of potential relevance, as a member must comply with all relevant laws and regulations and avoid conduct that the member knows or should know might discredit the profession.
- Whether conduct brings discredit depends on many factors including whether it is a member's professional life or personal life.
- The stronger the link between a member's conduct and their professional role, the greater likelihood that behaviour could bring discredit.
- Professional life – higher standards of behaviour are expected as poor conduct in a professional setting is far more likely to bring discredit.
- Personal life- conduct that is so seriously poor that it is capable of damaging the reputation of the profession and/or diminishing public trust and confidence in the profession.

Personal life

- Conduct treated as being in a member's personal life if it is generally unrelated to a member's professional role and obligations. Factors that could be relevant in assessing whether a member's conduct occurs in their personal life includes where it involves:
- Personal relationships and interactions with family and friends.
- Activities during personal time with no professional context.
- Social media posts where the member's professional identity is not apparent in their posts or their profile.
- Private family holidays.
- Private social events without professional connections.
- Time in evenings and at weekends where the member is not acting in a professional capacity and is not interacting with individuals with a link to the member's professional life.

Professional life

- Conduct will be treated as taking place in a member's professional life broadly if it occurs in contexts linked to a member's work or business practices, such as:
- In a work environment or during work time where the conduct relates to a colleague, client or third party.
- At a social event or in a private setting with colleagues or clients even at locations away from the office or client premises.
- Situations where the member identifies themselves as an accountant or is publicly representing the profession or employer.
- Attending external conferences.
- Social media activity where the member's professional status is visible or identifiable.

Professional behaviour wording – approved by council June 2024

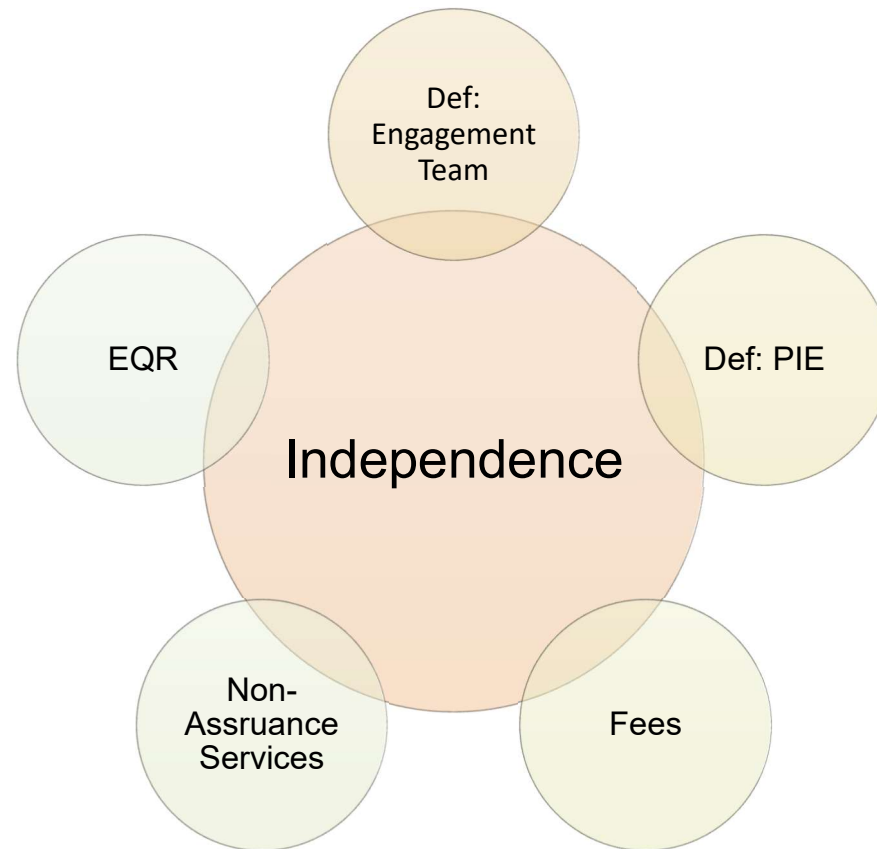
- 115.1 A2
- A reasonable and informed third party would expect that a professional accountant, in their professional life, treats others fairly, with respect and dignity and for example does not bully, harass, victimise or unfairly discriminate against others.



Part 4A and other changes

David Isherwood

Part 4A and other Changes



Changes to International Independence Standards, including those set out in Part 4A of the Code

- Definition of “Listed Entities” and “Public Interest Entity”
- Objectivity of Engagement Quality and Appropriate Reviewers
- Definition of Engagement Team and Group Audits
- Non-Assurance Services
- Fees
- -strengthening the guardrails around auditor independence
- -Identified threats and mitigating safeguards approach, with examples
- -Communication with those charged with governance

IMPORTANT!

- Members undertaking audit engagements in accordance with ISAs (UK) and other public interest assurance engagements in the UK, are required to:
 - Apply the definition of PIE set out in the FRC Glossary [Glossary of Terms \(Auditing and Ethics\) 2024](#)
 - Comply with the FRC Ethical Standard in relation to those engagements. [Revised Ethical Standard 2024](#).

Where the FRC Ethical Standard is being applied to an engagement, there is no requirement to apply Part 4A of the ICAEW Code to the same engagement.

Part 4A and other changes

Find detailed guidance on Part 4A of the Code and other changes at:

<https://www.icaew.com/technical/trust-and-ethics/ethics/code-of-ethics>

ICAEW additional material

ICAEW is obliged to adopt the IESBA Code in full, but it is also able to include additional requirements or guidance, where it considers them to be relevant and appropriate for its members, often because of features of the UK context.

Historically there has been a substantial amount of add-on material, but over recent years the IESBA and ICAEW Codes have converged. However, there remain significant amounts of additional material relating mainly to:

1. Confidentiality
2. Professional behaviour
3. Professional handover
4. Second opinions
5. Fees and remuneration (including commission)

ICAEW additional material is indicated in the 2025 Code by shaded boxes.

Further resources

ICAEW has developed a range of materials to support compliance with the 2025 Code of Ethics. Please see the link to the relevant webpage under Additional Resources at the end of the module.

<https://www.icaew.com/technical/trust-and-ethics/ethics/code-of-ethics>

Professional codes of ethics etc.

ICAEW's own ethics page, which has been updated to reflect the 2025 Code and associated material, is at:

<https://www.icaew.com/technical/trust-and-ethics/ethics/code-of-ethics>

You might be interested in the following article on the amendments to the Fundamental Principle, *Professional behaviour*:

<https://www.icaew.com/insights/viewpoints-on-the-news/2024/nov-2024/the-new-code-of-ethics-understanding-professional-behaviour>

The latest version of the IESBA Code of Ethics and other material can be found at:

<https://www.ethicsboard.org/international-code-ethics-professional-accountants>

Information about IESBA's standard-setting project on accounting firm culture and governance can be found at:

<https://www.ethicsboard.org/consultations-projects/firm-culture-and-governance>

Help and support

ICAEW members can discuss any specific concerns by contacting the Ethics Advisory Service on +44 (0)1908 240 250 or webchat: [Live web chat | ICAEW](#).

Members can also telephone the Support Members Scheme on +44 (0)800 917 3526. It is a free service, run by volunteer members of the ICAEW from a wide range of backgrounds.

Both services are confidential and enquiries are treated in strict confidence by the advisers and volunteers, who are exempt from the ICAEW duty to report misconduct. Hence details will not be divulged to third parties, including other departments of ICAEW, requested or consented to, except in cases where the Proceeds of Crime Act 2002 applies.

Finally, a wide range of ICAEW ethics helpsheets is available at:

<https://www.icaew.com/technical/tas-helpsheets/ethics>



***Further changes
to come from
IESBA***

Victoria Andrew

Further changes to come from IESBA

Use of External Experts – the concept of **Competence, Capability and Objectivity**

<https://www.ethicsboard.org/publications/using-work-external-expert>

International Independence Standards for Sustainability Assurance and Other Revisions Relating to Sustainability Assurance Reporting

<https://www.ethicsboard.org/publications/proposed-international-ethics-standards-sustainability-assurance-including-international>

Introduces the concept of **Profession-agnostic standards**

IESBA project on firm culture and governance

IESBA has launched a standard-setting project on accounting firm culture and governance. A link is provided to the relevant webpage under Additional Resources at the end of the module.

Two new work streams are being commenced in 2025:

- a) A standard-setting project to develop provisions to address firm culture and governance. It will focus on firm's leadership and a culture and governance framework covering the firm's oversight and governance, as well as related areas such as incentives and accountability mechanisms. The new provisions should be principles-based, scalable and applicable across all service lines of the firm.
- b) The development of a series of Non-Authoritative Materials (NAMs) on topics that will complement and promote the work of the standard-setting project. The following potential topics have initially been identified:
 - Importance of ethical culture in driving behaviour;
 - Common characteristics of an ethical firm; and
 - Contributions of stakeholders within the ecosystem in promoting ethical behaviour.



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