

Meeting: IAASB & IESBA Board Meetings

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Agenda Item 3–B

IAASB and IESBA Strategies and Work Plans (SWPs) – Analysis of the Feedback to the Joint Stakeholder Survey

Objective:

This Agenda Item provides a full analysis of the responses to the joint stakeholder survey (joint survey) that the IAASB and IESBA (together referred to as the Standard-Setting Boards (SSBs)) will discuss at their respective plenary sessions in September 2026.

Introduction

Background

- At the joint IAASB–IESBA December 2025 meeting, the SSBs approved a joint survey as the initial step in developing consultation papers for their next SWPs for 2028–2031. In June 2026, the SSBs were presented a high-level, initial briefing on the responses received to the joint survey.¹

Materials Presented

Matters Addressed in This Paper

- This paper sets out:
 - Part A:** a description of matters addressed in the joint survey, an overview of the respondents and outreach activities undertaken since June 2026.
 - Part B:** Analysis of key themes from the responses to the joint survey relevant to the SSBs' strategic positioning for 2028–2031.
 - Part C:** Analysis of respondents' feedback relevant to the key trends impacting the SSBs' environment, in the following sections:

Section	Description
I	<i>Rankings: Top 5 Most Important Trends</i>
II	<i>Digital Transformation</i>

¹ See **Agenda Item 6** discussed by the [IAASB](#) and [IESBA](#) at their respective June 2026 meetings.

Section	Description
III	<i>Changes in the Geopolitical and Regulatory Landscape</i>
IV	<i>Evolving Expectations Concerning Sustainability Information</i>
V	<i>Evolving Structures and Business Models of Accounting Firms</i>
VI	<i>Additional Trends and Other Matters</i>

- **Part D:** Analysis of key themes from the responses to the joint survey relevant to the areas for joint actions in SSBs' workplans.

Appendices Accompanying This Paper

3. This agenda paper includes the following appendices:

Appendix 1	List of Respondents to the Joint Stakeholder Survey
Appendix 2	Overview of Top 5 Most Important Pre-Identified Trends
Appendix 3	Overview of Top 5 Most Important Additional Trends and Other Matters
Appendix 4	Key Trends Impacting the SSBs

Part A – Overview of Responses to the Joint Survey and Outreach

Matters Addressed in the Joint Survey

- Broadly, the joint survey sought views from respondents on the following areas:
 - SSBs' strategic positioning for 2028–2031.
 - Key environmental trends impacting the SSBs.
 - Areas for joint action in the SSBs' work plans.
- Under key environmental trends impacting the SSBs (i.e., Section IV of the joint survey), the SSBs included 13 trends grouped into four overarching pre-identified environmental trends, as follows: A. Digital transformation; B. Changes in the geopolitical and regulatory landscape; C. Evolving expectations concerning sustainability information; and D. Evolving structures and business models of accounting firms. **Appendix 4** sets out a description of the 13 trends grouped into the four overarching environmental trends.
- Respondents were asked to rate the extent to which they believe each trend will increase or decrease in importance for the SSBs for their next strategy period.
- In addition, respondents were asked to provide input on other potential environmental trends or related areas or matters that the SSBs should consider while developing their next SWPs. They were

also asked to provide their overall rankings for the top five most important trends (i.e., for any of the pre-identified trends or any additional trends that they may identify).

Overview of Respondents

8. The table below provides an overview of the 108 responses to the survey, per stakeholder type and geography. Refer to **Appendix 1** for a full list of the respondents by stakeholder group.

Stakeholder Type	No.	Region	No.
Monitoring Group Members (MG)	2	Global	20
Users of Financial or Non-Financial Information (Users)	14	Asia Pacific	26
Preparers or Issuers of Financial Statements or Other Information (Preparers)	5	Europe	34
Those Charged with Governance (TCWG)	1	Middle East & Africa	9
Regulators and Oversight Authorities (Regulators)	12	North America	13
Jurisdictional Standard Setters (JSS)	16	South America	6
Accounting Firms (Firms)	19	Total	108
Sustainability Assurance Providers Other Than Accounting Firms (SAPs)	2		
Public Sector Organizations (PSOs)	3		
International Federation of Accountants (IFAC) Member Bodies or Other Professional Accountancy Organizations (PAOs)	22		
Academics	4		
Others	8		
Total	108		

Views Provided in	No.
Individual capacity	30
Organizational capacity	78
Total	108

9. The majority of the responses (i.e., a total of 102 responses) were provided in the survey format requested (either through online or offline submissions). In addition, 6 written submissions were received in a different format, including from two MG respondents.²

Quantitative Ratings of Environmental Trends

10. For each pre-identified or any newly identified environmental trend or topic, the joint survey asked respondents to provide their ratings on a six-point scale³ to indicate the extent to which they believe the trend would increase or decrease in importance for the SSBs in the next strategy period. The

² The respondents are: International Organization of Securities Commissions (IOSCO) Committee 1, International Forum of Independent Audit Regulators (IFIAR), Canadian Public Accountability Board (CPAB), Committee of European Auditing Oversight Bodies (CEAOB), Public Company Accounting Oversight Board (PCAOB) – Views of the PCAOB Chief Auditor, and Sarasin & Partners.

³ The ratings on the six-point scale were as follows: Rating 0: I do not agree that this is a trend to be considered; Rating 1: strongly decreasing in importance; Rating 2: decreasing in importance; Rating 3: slightly decreasing in importance; Rating 4: slightly increasing in importance; Rating 5: increasing in importance and Rating 6: strongly increasing in importance.

survey also asked for narrative (qualitative) comments relating to the trends, including any matters that respondents wished to highlight for the IAASB and the IESBA separately or jointly. The intention was that the quantitative ratings would provide a starting point for analyzing the responses received and give a general sense of direction, position and focus (across stakeholder groups and in relation to individual groups and geographies), without being determinative. Respondents' qualitative comments provide the most value for the SSBs because they are rich in content, nuance and rationale.

11. In providing their ratings, certain respondents (14% of total respondents) took the following approaches that differ from the pre-determined rating scale or based on their interpretation of the pre-determined rating scale:
 - One MG respondent highlighted the qualitative, rather than quantitative, nature of their assessment of the trends and indicated its assessment of the influence of the trends using a rating scale of *High, Moderate-High, Moderate or Low Influence*, to reflect its views about the extent to which each trend may inform the SSBs for their next strategy period.
 - Thirteen respondents⁴ highlighted certain challenges in interpreting or applying the pre-determined rating scale. They also noted lack of clarity in the survey questions about how their rating inform the SSBs' consideration of responses and further action. These respondents provided separate ratings for each SSB (rather than a combined rating), given that their assessment of the importance of the trends differed between the IAASB and the IESBA. They also emphasized the need for the SSBs to focus on the narrative responses provided for each trend, rather than on numerical ratings assigned. In addition, they highlighted concerns that a high quantitative rating for a trend in their responses should not be interpreted as a need for a standard-setting project. Rather, their rating reflects the significance of the trend itself in general for the accountancy profession.
 - One PAO rated all pre-identified trends with a zero-rate, indicating that this should not be interpreted as agreement that the trend should not be considered. Rather, this reflects its overall assessment that more emphasis should be provided on their narrative responses.
12. **Part C** of this Agenda Item sets out the analysis of the narrative responses provided for each pre-identified trend and any other trends or matters identified by respondents. Within these sections, charts are provided that summarize the quantitative ratings provided. SSB Staff remained mindful throughout about the intention of the ratings and the relative value of quantitative feedback and qualitative comments (see paragraph 10), including that certain respondents have expressed differences in the approaches applied when providing their ratings.

Outreach

13. In June 2026, SSB Staff presented a high-level briefing on the responses received to the joint survey to members of the IAASB–IESBA User Advisory Group and received their reflections on the overview presented.

⁴ These respondents are from JSS, PSOs, firms and PAOs stakeholder groups.

Part B – SSBs’ Strategic Positioning for 2028–2031

Background

14. Respondents to the joint survey were asked to provide views on what they believe the SSBs should aspire to achieve during their next strategy period 2028–2031 to best serve the public interest. This is within the context of a rapidly changing global environment and the importance of the SSBs remaining responsive and impactful in their standard setting and other related work.
15. A total of 94 respondents (including the two MG respondents) provided feedback to this question (see the NVivo reports in **Agenda Items 3-C01 and 3-D.01** for further details).

Highlights of Respondents’ Feedback

Respondents across stakeholder groups emphasized the need during the next strategy period for the SSBs to:

- Prioritize **adoption, implementation support and post-implementation reviews** of recently issued standards over undertaking significant new standard-setting activity.
- Develop **principles-based, proportionate, scalable and future proof standards** that are globally operable and supported by practical non-authoritative guidance where appropriate.
- Maintain **agility through horizon scanning, evidence-based prioritization and timely responses to emerging issues**, particularly given the increased use of emerging technologies.
- Strengthen and elevate early and ongoing **coordination between the IAASB, the IESBA** and the broader international regulatory and standard-setting ecosystem to enhance interoperability, consistency and global acceptance of the SSBs’ standards.
- **Broaden stakeholder engagement and increase transparency** around how stakeholder feedback informs strategic priorities and standard-setting decisions.
- Assess the **effectiveness of the standard-setting process and the evidence on which it is based**.

What we Heard

Adoption and Implementation Support

Monitoring Group Respondents

16. One MG respondent encouraged the SSBs to undertake more regular post-implementation review (PIR) assessments of new and revised standards to evaluate whether the revisions are achieving their intended objectives, identify practical challenges and inform whether targeted clarifications or enhancements may be necessary. The MG respondent highlighted that, for example, undertaking a PIR of ISQM 1⁵ could provide insight into how firms are addressing governance, incentives and firm-

⁵ International Standards on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

level risks. The MG respondents added that the planned PIR of ISA 315 (Revised 2019)⁶ can provide useful lessons on whether the standard is applied consistently in practice.

Other Respondents

17. There was strong agreement across stakeholder groups that in the next strategy period the SSBs should prioritize broader adoption and effective implementation of existing standards. Respondents highlighted ongoing risks of fragmentation across jurisdictions, uneven adoption rates and the need for a period of stability to absorb recent standard-setting changes.
18. Respondents emphasized that a focus on supporting global consistency, interoperability, capacity-building and implementation should be a key focus for the SSBs, rather than developing new standards unless there is a clearly demonstrated public interest need.
19. There was also a widespread call among stakeholders for undertaking more systematic and timelier PIR assessments of recently issued standards to learn important lessons about how standards are being applied in practice, and whether they are achieving their intended outcomes. Such information is essential to maintaining their effectiveness and credibility. Respondents' views also included that such PIRs would provide a useful tool to the SSBs to determine what further actions are necessary, which may include targeted amendments to the standards, clarifications, and guidance or other forms of implementation support.
20. Respondents also highlighted the role of the SSBs in monitoring global adoption of their standards and understanding the root causes of non-adoption, delayed or partial adoption, jurisdictional modifications and carve-outs. Suggestions included:
 - Establishing global-acceptance objectives and implementation considerations embedded throughout a project lifecycle, with adoption-related metrics and annual tracking rather than focusing primarily on adoption tracking after standards are issued.
 - Working closely with regulators, JSS, PAOs and the IFAC to identify implementation challenges at early stages and respond through targeted guidance, as necessary.
 - Having a standing item on the SSBs' meeting agenda to discuss adoption of new and revised standards. In particular for the IESBA, it was suggested that wider adoption of recent versions of the Code should be prioritized, supported by scalable implementation materials and enhanced ongoing engagement with the profession.
21. Respondents also commented as follows:
 - For emerging issues where there is a rapid pace of change such as the technologically evolving landscape, a guidance-first approach should be prioritized to clarify the application of existing principles before engaging in new standard setting.
 - Non-authoritative guidance and other material can be developed more quickly than standards, offering greater agility to address emerging issues while preserving a stable, principles-based and future-proof approach.

⁶ International Standards on Auditing (ISA) 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

- Guidance and other implementation materials should be practical, scalable and proportionate, tailored to firm size, and responsive to the needs of both larger and smaller practitioners, and circumstances in emerging economies.

Evidence-Based Standard Setting

Monitoring Group Respondents

22. One MG respondent encouraged the SSBs to clearly define standard-setting project objectives and scopes, supported by rigorous, evidence-based assessment of expected costs, benefits and practical implications. The MG respondent highlighted that the SSBs should remain focused on developing standards that provide a globally operable baseline, minimizing jurisdictional divergence that could lead to inconsistent application and regulatory fragmentation across markets. The MG respondent also encouraged engagement with regulators to understand common inspection findings and areas where requirements are inconsistently applied.

Other Respondents

23. Respondents across stakeholder groups called for a deliberate period of stability and consolidation with no new significant standard setting. They emphasized that:
 - The SSBs' focus during the next strategy period should remain on supporting global adoption and implementation, rather than initiating new standard-setting projects. In particular, certain respondents suggested that the IESBA should not pursue significant amendments to the Code in the next strategy period in view of the significant recent standard setting. With respect to the IAASB, they suggested prioritizing addressing the impacts of emerging technologies on audit and assurance.
 - The volume and pace of recent new standards have led to stakeholder fatigue, especially for small and medium practices (SMPs).
 - Continuous revisions to standards contribute to reduced global adoption as many jurisdictions become overwhelmed by ongoing changes. A continuing stream of revisions also limits the ability of jurisdictions to determine if previous changes are having the expected effects.
 - Stable requirements facilitate wider adoption. A period of stability in standard setting would provide a clearer picture of the state of global adoption of the Code and give the IESBA an opportunity to determine root causes behind the lack of uptake in certain jurisdictions.
 - Frequent amendments in response to emerging trends undermine the principles-based nature, as well as clarity, stability and usability of the IAASB standards and the Code.
 - The principles of existing standards are flexible enough to be applied to any new trends or concerns identified.
 - The SSBs should avoid changes to standards unless there is a clear public interest need, to allow jurisdictions time to adopt and embed existing requirements in a consistent and high-quality manner.

24. Certain respondents called for embedding a cost-benefit analysis before projects are initiated and an impacts analysis at the exposure draft stage as part of the SSBs' due process. They also shared the following views:
- Greater emphasis should be placed on whether the overall benefits of any new standards or changes to existing standards outweigh the costs, as well as on how those costs and benefits are distributed across stakeholders.
 - Consideration should be given to whether certain stakeholder groups, such as SMPs or specific jurisdictions, bear a disproportionate burden.
 - The impact of specific proposals should include considerations of impact on preparers, firms and users.
 - Standard setting should be grounded in robust evidence of a global market deficiency, rather than in instances of non-compliance with requirements or their improper application.
 - PIRs should be more frequently utilized in order to determine the intended effects and any unintended consequences of newly introduced standards.
 - More consideration should be given to prioritization, given that not every issue requires a standard-setting response.
 - Research and pre-assessment processes should be strengthened by stress testing whether emerging developments truly require changes to the standards.
 - A review of approaches and methods for gathering and analyzing stakeholder input to inform all phases of the standard-setting process should be undertaken.

Principles-Based, Scalable and Proportionate Standards

Monitoring Group Respondents

25. The MG respondents highlighted the importance of standards that are principles-based, scalable and responsive to emerging risks, including technological developments. They encouraged the SSBs to design standards that are aligned with public-interest priorities and remain clear and operational across jurisdictions with different regulatory environments.

Other Respondents

26. Respondents across stakeholder groups expressed concerns about the increasing length, prescriptiveness and complexity of the ISAs and the IESBA Code. They highlighted the importance of standards that are principles-based to promote wide adoption and emphasized the need for the SSBs to:
- Commit to principles-based standards capable of absorbing technological and other changes without requiring frequent revision, thereby mitigating the risk of the standards becoming quickly outdated.
 - Resist rules-based, prescriptive standard setting and commit to simplification.
 - Avoid excessive application material and repetition across standards and apply rigorous drafting discipline, including writing in clearer and plainer language.

- Address emerging issues through non-authoritative guidance than through frequent changes to the standards.
 - Develop proportionate and scalable standards to ensure broader adoption and support consistent exercise of professional judgment across firms of different sizes and across jurisdictions with varying levels of market maturity.
27. With respect to scalability and proportionality, respondents also emphasized the need to:
- Embed the "think small first" principle from the outset of standard-setting projects, including considering the effect of newly proposed standards on SMPs.
 - Increase engagements with broader SMP stakeholders to ensure their perspectives are considered throughout the standard-setting lifecycle and not only during public consultations.

Timeliness, Agility and Responsiveness to Environmental Changes

Monitoring Group Respondents

28. One MG member encouraged the SSBs to maintain agility by continuously monitoring emerging risks and technological advances, and ensuring that they can respond in a timely and practical manner. The MG respondent highlighted that this includes considering targeted or narrow-scope amendments to standards, issuing timely non-authoritative material developed in consultation with a diverse set of stakeholders, maintaining flexibility to allocate resources to emerging public-interest priorities and closely coordinating with relevant reporting standard setters.

Other Respondents

29. Respondents across several stakeholder groups called for more agile, timely and forward-looking processes to respond to emerging issues. In doing so, respondents emphasized that agility does not mean reacting to every emerging trend with a new standard-setting project or weakening due process or rigor around developing authoritative pronouncements and non-authoritative material. Specific suggestions included:
- Shortening time to market where appropriate while adhering to due process and maintaining robust external consultation and quality of stakeholder input.
 - Adopting more flexible work plans that remain adaptable and responsive to change, recognizing that the SSBs' work plans may need to evolve in the public interest. For example, there was a suggestion to have rolling two-year cycles with periodic review points, rather than fixed four-year commitments that may lock in priorities that evolve significantly in the meantime.
 - Introducing a regular horizon scanning of environmental trends as a standing SSB activity.
 - Reassessing priorities for projects on an ongoing basis with the ability to pause, narrow or discontinue projects when circumstances change or when expected benefits no longer justify the costs. At the same time, it was suggested that the SSBs demonstrate agility to refocus time and resources on urgent responses.
 - Developing a rapid response route for narrow, time-sensitive matters rather than opening up entire standards for revision.
 - Introducing an annual improvements cycle for routine maintenance of standards.

- Responding by developing timely non-authoritative guidance as the primary response to fast-moving areas such as Artificial Intelligence (AI) and technology, where standard setting cannot keep pace and where prescriptive requirements risk becoming quickly outdated.
- Clearly distinguishing between matters that require full standard setting from those that call for targeted narrow amendments, and those that are better addressed through timely, principles-based guidance.

Coordination Between SSBs and with Others

Monitoring Group Respondents

30. The MG respondents encouraged continued coordination between the SSBs to ensure their respective standards remain interoperable in areas where audit, assurance, ethics and independence considerations intersect. They highlighted that many emerging issues have direct assurance and ethical implications and early and ongoing engagement between the SSBs helps achieve cohesive and aligned international standard setting. Examples of key areas where MG respondents believe coordinated action is particularly important include technology, Public Interest Entity (PIE) definitions, and the IESBA's Firm Culture and Governance (FCG) project where there is a close interaction with ISQM 1.
31. The MG respondents also emphasized the importance of greater coordination with the regulatory ecosystem and accounting standard setters. One MG member also encouraged the IAASB to engage with the International Accounting Standards Board (IASB) to ensure accounting and auditing requirements remain aligned.

Other Respondents

32. Respondents across all stakeholder groups highlighted the need for enhanced coordination between the SSBs. Respondents provided their support for the SSBs to undertake a joint survey as a first step in developing their respective SWP consultation papers. They emphasized that coordination remains a strategic priority that should be equally recognized by both SSBs' strategies.
33. Key points raised by respondents included:
 - Strong coordination between the IAASB and the IESBA remains critical to present a coherent and credible global framework for assurance and ethics.
 - There is a need for greater coordination between the IAASB and the IESBA on projects with significant conceptual and operational overlap, including work on FCG, and alternative ownership structures for audit firms. Such coordination should be at early stages of project scoping and continue through all stages of development.
 - To help facilitate interoperability, it is important to ensure coordination by the SSBs at the earliest possible opportunity. The SSBs should also avoid addressing overlapping matters at different times where one SSB finalizes standards before the other has resolved related issues (e.g., external experts, PIE/listed entity definitions, and group audits).
 - To enable respondents to assess the combined implications of the proposals, respondents called for aligned or simultaneous exposure drafts and effective dates, with divergence only where clearly justified.

- Inconsistent terminology and definitions across the IAASB standards and the Code create ambiguity and cause difficulties in application. The terms used in the pronouncements of the SSBs should have the same meaning.
 - The SSBs' coordination on their respective sustainability projects, ensuring interoperability and aligning the definitions of terms used, should be continued on other projects under consideration.
 - Rather than having separate expert groups on overlapping issues (e.g., IESBA's Technology Expert Group and IAASB's Technology Expert Panel) both SSBs should work together with joint groups to help inform the SSBs, increase the sharing of knowledge and insights and reduce duplication of work effort.
 - The SSBs should have clear remits to avoid interoperability issues, whereby performance requirements should remain within the IAASB's remit and ethics/independence requirements within the IESBA's remit.
 - The SSBs should collaborate through more integrated guidance on topics that are crosscutting across audit and ethics (e.g., the use of advanced technologies, sustainability reporting and evolving firm business models which raise interconnected considerations for practice).
34. Certain respondents also highlighted the need for greater coordination with other standards setters and regulators to reduce fragmentation and support a coherent reporting ecosystem. In addition, it was emphasized that it is important for the SSBs to work closely with a diverse set of stakeholders, including JSS, firms, PAOs and those from developing and emerging economies, to identify implementation challenges or to further enhance global operability and acceptance of the standards across jurisdictions.

Broader and More Balanced Stakeholder Engagement

Monitoring Group Respondents

35. One MG respondent encouraged the SSBs to maintain regular and open dialogue with a diverse range of stakeholders and to enhance transparency around how stakeholder feedback informs both the identification of standard-setting priorities and the direction of project decisions. The MG member noted that demonstrating how input is evaluated, prioritized and incorporated will reinforce confidence in the SSBs' due process and the responsiveness of their standard-setting activities. The MG respondent also encouraged the SSBs to proactively involve relevant experts throughout the standard-setting process and to transparently communicate how this expertise informs project planning and decisions.

Other Respondents

36. Engagement with a wider and more representative range of stakeholders emerged as a frequently raised theme among respondents across all stakeholder groups. Respondents called for the SSBs to:
- Engage with stakeholders earlier in the project lifecycle (i.e., at the agenda-setting and scoping stages and not only at the exposure-draft stage) so that practical experience can inform

whether a standard-setting project is warranted and avoid being disproportionately shaped by any single constituency.

- Meaningfully involve users and investors of financial and sustainability information. Certain respondents welcomed the joint IAASB–IESBA User Advisory Group and encouraged the SSBs to maximize its use and transparency.
- Rebalance input away from a perceived over-reliance on the views of large firms, regulators and oversight bodies, toward preparers, academics, civil society and stakeholders from emerging and developing economies.
- Strive to achieve balanced and inclusive engagement, ensuring broad and diverse input from all key groups, including increased engagement with SMPs.

Effective Governance and Transparency of Due Process

Monitoring Group Respondents

37. One MG respondent suggested a more formalized and consistent due process framework for both SSBs to further strengthen transparency and accountability, particularly with respect to how stakeholder input is considered and how decisions are made regarding the development of standard-setting projects and non-authoritative material.

Other Respondents

38. Certain respondents called for reevaluating the SSBs' due process to:
- Address appropriate review protocols for the approval of non-authoritative material, such as issuing fatal flaw invitations to comment, or other required processes to ensure the appropriate level of technical and other stakeholder input relevant to determining that the material is fit for purpose before issuance.
 - Allow for making targeted, narrow-scope amendments that could be delivered to market in a timelier manner.
 - Increase transparency about how stakeholder feedback is weighed in reaching key SSBs' decisions, particularly where perspectives diverge across stakeholder groups, and for project selection and prioritization.
39. Users commented around the need to resolve ongoing governance reforms and secure stable funding for the SSBs and their oversight body so that they can effectively carry out their missions. In addition, they highlighted the need for the funding of the SSBs to be independent from the firms subject to the SSBs' standards. Proposals from one investor included housing the SSBs within a public multilateral body funded by member governments. This investor also raised concerns about the issue of agency, observing that because investors and the public are the ultimate beneficiaries of audit but not its direct payers, auditors tend to treat preparers rather than investors as their clients, which the respondent felt weakens auditor accountability to those the audit is meant to protect. Framing the issue as structural rather than ethical, the investor suggested that the Code should be expanded to include two new standards on investor accountability and on audit firm governance. The investor further suggested that, at a minimum, ISQM 1 should more explicitly recognize the role of firm governance in delivering high-quality audits.

Remit Discipline and Avoiding Scope Expansion

40. Certain respondents from JSS, firms and PAOs commented that the work of the SSBs must remain grounded within the domain of their respective mandates and any projects should primarily remain focused on the accountancy profession. In particular, these respondents suggested that:
- Certain recent or proposed projects contemplated by the IESBA (e.g., FCG and the Role of Chief Financial Officers (CFO)) exceed the IESBA's mandate. They were of the view that these projects risk creating regulatory overlaps and imposing disproportionate requirements, which ultimately may undermine the relevance and credibility of the IESBA's standards.
 - Attempts to develop "profession-agnostic standards" should be avoided as the benefits of creating such standards are not clear.
 - Requirements that affect how an audit or assurance engagement are performed are within the remit of the IAASB, and not the IESBA's (for example, when the IESBA Code introduces performance requirements or terminology that are not defined in the IAASB standards, it reduces the collective interoperability of the SSBs' standards).
 - The SSBs should ensure sufficient focus and coordination to maintain consistency across their frameworks, including when addressing developments in technology and changing firm structures, such as those arising from alternative investment models.
 - Certain trends in the survey concerning the evolving structures and business models of accounting firms, while important, are outside the SSBs' remits.
41. Respondents suggested that in the next strategy period, the SSBs reassess whether existing and proposed projects remain justified and withdraw any existing projects that exceed their mandates.

Other Matters

42. *AI and Digital Transformation.* The two MG respondents highlighted the importance of standards that are responsive to emerging risks and opportunities, including technological developments. They called for forward-looking and timely standard setting. Other respondents also highlighted the need for the SSBs to remain responsive to the increased use of AI and other emerging technologies by entities and auditors, noting the importance of the trend and the urgency of responses. They called for the IAASB to modernize standards so they remain fit for purpose and future ready in a technologically enabled audit environment, develop focused guidance and coordinate with the IESBA on the ethical implications of technology.
43. *Sustainability.* Certain respondents highlighted the importance of the SSBs supporting implementation of ISSA 5000⁷ and the IESSA⁸ as global baseline standards for sustainability assurance and ethics. In this regard, respondents emphasized the role of the SSBs in engaging with a broad range of stakeholders and advocating for global adoption of their standards to help reduce jurisdictional fragmentation, rather than engaging in new standard-setting activities.
44. *Jurisdictional Fragmentation and the Need for Global Consistency.* Respondents commented that fragmentation across jurisdictions reduces comparability and creates uncertainty for investors, while

⁷ International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance*

⁸ International Ethics Standards for Substantiality Assurance (including International Independence Standards)

a globally coherent framework is a key foundation for the efficiency and stability of capital markets. They called on the SSBs to focus on supporting global consistency and interoperability, thereby reducing the risk of fragmentation, carve-outs and unnecessary local divergence. In this regard, respondents highlighted the need for the standards to be principles-based, proportionate and scalable, for the SSBs to provide adoption and implementation support, and for the SSBs to adhere to disciplined evidence-based project scoping on the basis of clearly demonstrated global needs.

45. *Public Interest and Trust.* The two MG respondents highlighted the relevance of the SSBs to continue serving the public interest by delivering high-quality, interoperable and complementary auditing, assurance, ethics and independence standards. Other respondents, including users, emphasized that the SSBs should continue embedding trust in sustainability and financial reporting ecosystems globally, ensure that assurance, audit and ethics standards remain fit for purpose and forward looking, widely adopted, and effective in supporting well-functioning capital markets.
46. *Specific Standard-Setting Projects.* Respondents from firms highlighted the need for the IAASB to focus on the modernization of ISAE 3000 (Revised)⁹ and ISAE 3402¹⁰ together with initiatives to develop non-authoritative guidance for application to emerging subject matters. They highlighted that incorporating relevant concepts and making other enhancements to ISAE 3000 (Revised) and ISAE 3402 based on ISSA 5000 are important to prioritize, especially given increased demands for assurance on subject matters such as AI, controls and cybersecurity, as well as regulations over these areas.

Part C – Key Trends Impacting the SSBs Environment

Section I – Rankings: Top 5 Most Important Trends

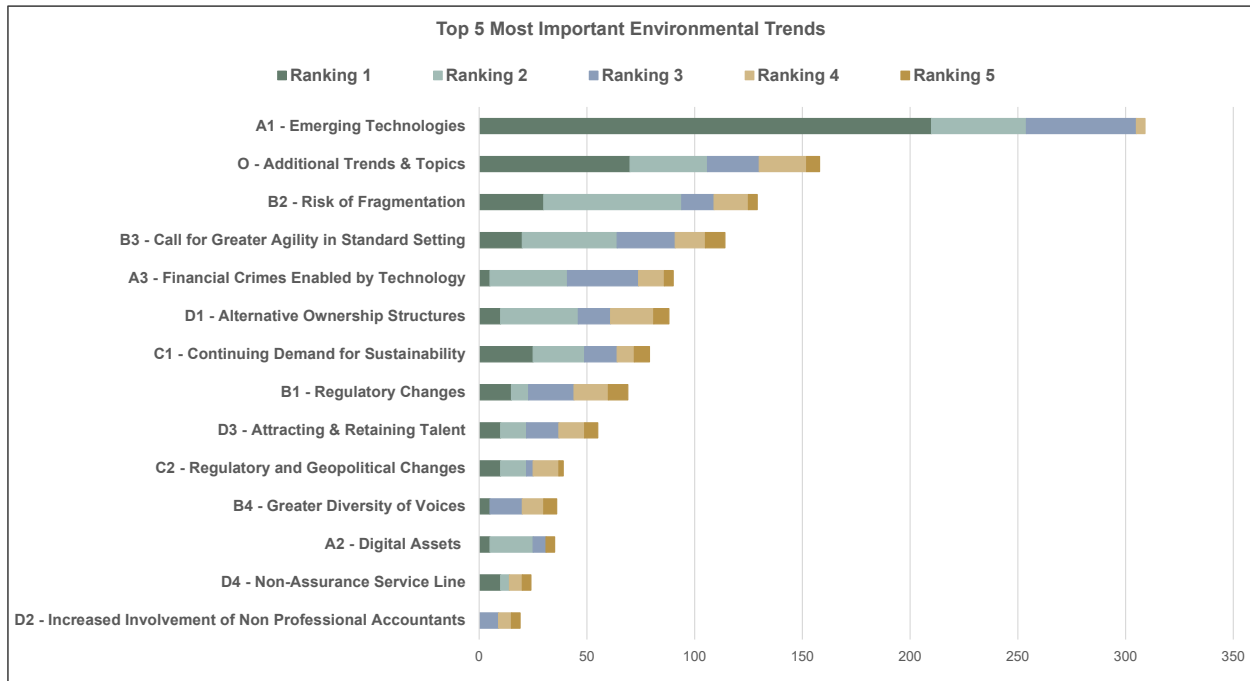
Overall Responses

47. The stakeholder survey asked respondents to rank what they believe are the top five most important trends for the SSBs to consider for their next strategy period. Such ranking could be either for the pre-identified trends, or any additional trends and other matters respondents may identify.
48. A total of 85 respondents (including one MG respondent) provided their rankings based on their evaluation of the most important trends, which is presented in the chart below (see the NVivo reports in **Agenda Items 3-C.16 and 3-D.16** for further details):

⁹ International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

¹⁰ ISAE 3402, *Assurance Reports on Controls at a Service Organization*

Top 5 Ranking of the Pre-Identified Trends¹¹



All Respondents

49. The table below sets out the top five pre-identified trends based on the 85 respondents (including one MG respondent) who provided rankings in the joint survey:

	Top 5 Ranked Pre-Identified Trends				
	1 st Highest	2 nd Highest	3 rd Highest	4 th Highest	5 th Highest
Respondents (85)	A1–Emerging Technologies	B2–Risk of Fragmentation	B3–Call for Greater Agility	A3–Financial Crimes	D1–Alternative Ownership Structures

50. In analyzing the rankings provided, the trend “A1–Increasing Use of Emerging Technologies” received the highest ranking which significantly exceeded the rankings for the other trends. After this trend, two trends had similar rankings, with the trend “B2–Risk of Fragmentation” ranking as second and the trend “B3–Call for Greater Agility in Standard Setting” ranking as third in importance. The trends “A3–Financial Crimes Enabled by Technology” and “D1–Alternative Ownership Structures” ranked as fourth and fifth highest in ranking, respectively, and had similar rankings of priority.

Monitoring Group Respondents

51. One MG respondent provided the following ranking for the pre-identified environmental trends:

¹¹ The table presents a weighted rank score that gives 5 points to Rank 1, 4 to Rank 2, down to 1 point for Rank 5.

- Most important: “A1–Increasing Use of Emerging Technologies.”
- Second most important: “D1–Alternative Ownership Structures.”
- Third most important: “B3–Call for Greater Agility in Standard Setting.”

Deeper Analysis

52. In analyzing the results of the rankings provided by respondents, SSB Staff undertook the analysis in various ways to identify differences in the rankings provided separately by:

- Respondents providing views of an organization or in an official capacity and those provided in an individual capacity.
- Stakeholder groups.
- Global regions.

Appendix 2 provides heatmaps summarizing the full results of the analysis performed.

Organizational versus Individual Views

53. The table below sets out the top five ranked pre-identified trends based on whether the responses were provided in an official capacity (“organizational views”) or in an individual capacity (“individual views”):

Respondents Views	Top 5 Ranked Pre-Identified Trends				
	1 st Highest	2 nd Highest	3 rd Highest	4 th Highest	5 th Highest
Organizational Views (65)	A1–Emerging Technologies	B2–Risk of Fragmentation	B3–Call for Greater Agility	A3–Financial Crimes	D1–Alternative Ownership Structures
Individual Views (20)	A1–Emerging Technologies	C1–Continuing Demand for Sustainability	B2–Risk of Fragmentation	D3–Attracting & Retaining Talent	D1–Alternative Ownership Structures

54. If the joint survey results are considered separately for organizations that provided responses in an official capacity and therefore represent a significant number of members or constituencies within their network, there is no difference in the rankings for the trends compared to the rankings provided by all respondents discussed in paragraphs 49–50 above.
55. Respondents who provided views in an individual capacity were approximately 24% of the total respondents who responded to this question. They represented a significant number of respondents in the following stakeholder groups: users (app. 50%), TCWG (100%), SAPs (100%), academics (app. 67%) and other respondents (app. 75%).
56. If the joint survey results are considered separately for those respondents who provided views in an individual capacity, then the highest ranked trend: “A1–Increasing Use of Emerging Technologies” and the fifth highest ranked trend: “D1–Alternative Ownership Structures,” remain the same as the rankings provided by all respondents discussed in paragraphs 49–50 above. Three trends “C1–

Continuing Demand for Sustainability Reporting and Assurance,” “B2–Risk of Fragmentation” and “D3–Challenges to Attracting and Retaining Talent” ranked as second, third and fourth highest in priority, respectively, and had very similar ratings of importance.

Stakeholder Types

57. All stakeholder types, except “Others,” ranked the trend “A1–Increasing Use of Emerging Technologies” as highest in importance. For the stakeholder type “Others,” the trend “D1–Alternative Ownership Structures” ranked as first in importance. However, this was only marginally higher relative to their second ranking, which was the trend “A1–Increasing Use of Emerging Technologies.”
58. With respect to the second highest rankings in importance, there were differences among the responses provided by stakeholder types, which are shown in the table below. The third, fourth and fifth rankings in importance also differed among stakeholder groups. Refer to Heatmap 1 in **Appendix 2** for further analysis.

2 nd Highest Ranking					
MG & Regulators	Users, Preparers, TCWG, Firms, PSOs & PAOs	JSS, PSOs & Academics	Preparers & TCWG	Others	Academics
D1–Alternative Ownership Structures	B2–Risk of Fragmentation	B3–Call for Greater Agility	D3–Attracting & Retaining Talent	A1–Emerging Technologies	B1–Regulatory Changes

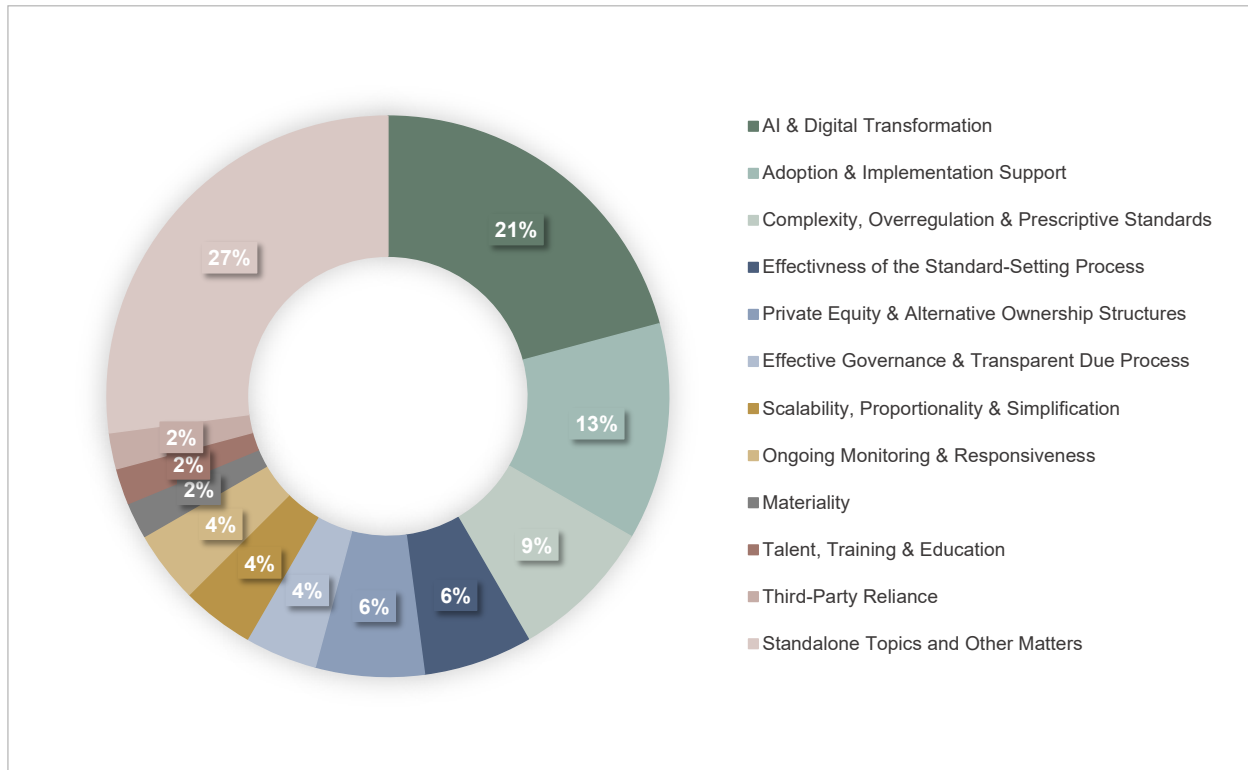
Geographical Regions

59. All geographical regions consistently ranked the trend “A1–Increasing Use of Emerging Technologies” as highest in importance. Also, four of the six geographical regions ranked the trend “C1–Continuing Demand for Sustainability Reporting and Assurance” as third in order.
60. With respect to the second highest ranking in importance, there were differences among the responses provided by geographical region, as shown in the table below. For the fourth and fifth rankings in importance, there was also a diversity in the priorities ranked by respondents. Refer to Heatmap 2 in **Appendix 2** for further analysis.

2 nd Highest Ranking				
Global & Europe	Africa & Middle East, Asia Pacific & North America	Europe	North America	South America
B2–Risk of Fragmentation	B3–Call for Greater Agility	A3–Financial Crimes	D1–Alternative Ownership Structures	C2–Regulatory & Geopolitical Challenges

Top 5 Ranking for the Additional Trends and Matters

61. A total of 32 respondents provided input that they identified as additional trends and other matters in their top five rankings. The chart below provides analysis of the additional trends and other matters.



62. App. 27% of the additional trends and other matters included dissimilar standalone topics which are of a one-off nature. The remaining additional trends and other matters have been organized into similar overarching themes, of which the top five include themes around AI and digital transformation; adoption and implementation support; complexity, overregulation and prescriptiveness of standards; effectiveness of the standard-setting process; and private equity investment in firms and alternative ownership structures.
63. **Appendix 3** provides a further analysis of the top five most important rankings for the additional trends and other matters, excluding standalone topics, for those stakeholder groups who provided a sufficient number of responses to support meaningful analysis. In addition, refer to **Section VI** below which provides further information from the narrative responses relating to these additional trends and other matters.

Section II – Digital Transformation

Background

64. The joint survey highlighted the following three environmental trends related to digital transformation and asked stakeholders to assess their importance for the SSBs' next strategy period, as well as highlight matters or identified related impacts for the IAASB or IESBA, or for both SSBs jointly:

A1. Increasing Use of Emerging Technologies.

A2. Digital Assets and Institutionalization of Digital Assets.

A3. Financial Crimes Enabled by Technology.

Highlights of Respondents' Feedback

Increasing Use of Emerging Technologies

- Agreement across stakeholder groups that:
 - The increasing use of emerging technologies is a growing strategic priority for the SSBs in the next strategy period.
 - Standards should remain principles-based, future proof, scalable, proportionate and relevant in a technology-evolving environment.
- Mixed views on whether a guidance alone approach or a combination of standard setting, the development of non-authoritative materials, and implementation support should be the appropriate focus for the SSBs, with calls for first evaluating whether the existing principles remain fit for purpose and future proof before pursuing revisions.
- While the mechanisms of response may differ for the IAASB and the IESBA, there is support for coordinated and joint work among the SSBs where technology-related considerations within each Board's remit intersect.

Digital Assets and Institutionalization of Digital Assets

- Support for monitoring developments around digital assets and their institutionalization, undertaking targeted information gathering and the development of non-authoritative guidance (when appropriate), to clarify how the existing principles in the standards apply and where implementation challenges are identified.

Financial Crimes Enabled by Technology

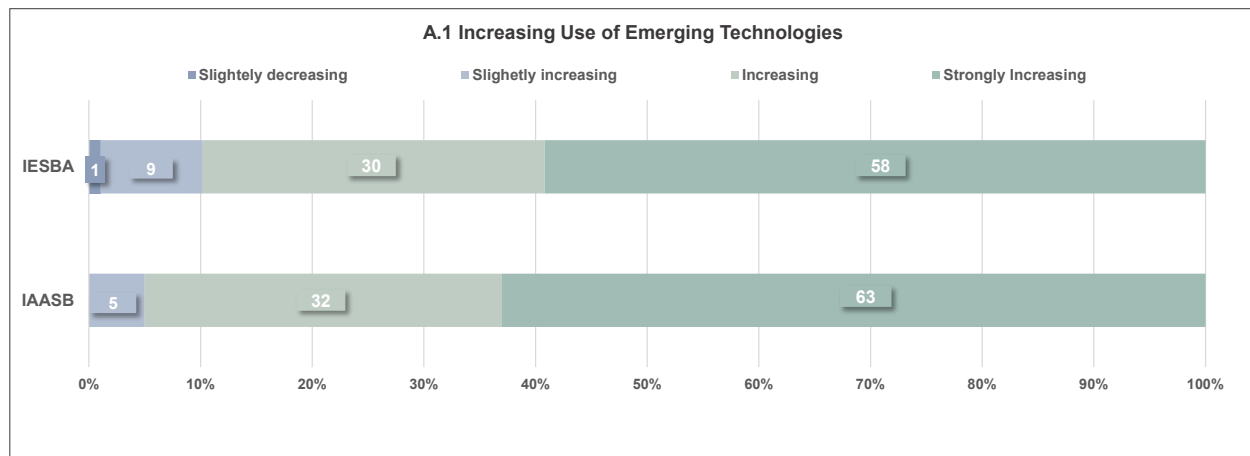
- While technology-enabled financial crime and cybersecurity are increasingly important, respondents believe that the existing IAASB standards and the Code are fundamentally fit for purpose. They encourage monitoring developments, learning from PIRs and providing implementation support, including guidance, to support applying the existing principles in a rapidly evolving technological environment.

A.1 – Increasing Use of Emerging Technologies

Overview of Responses

65. A total of 107 respondents (including the two MG respondents) provided input for this trend. Of these, 101 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.

66. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.02 and 3-D.02** for further details).¹²



Monitoring Group Respondents

67. The MG respondents emphasized the importance of the increasing use of emerging technologies as a major driver of audit and ethics standard-setting activities in the coming years, with one MG member viewing the trend to be of a *High Influence*. They also highlighted:

- The emergence of new risks which arise because of entities' and auditors' use of emerging technologies that have implications for ethics and independence, identifying and assessing risks, determining materiality, evaluating the sufficiency and appropriateness of audit evidence, and maintaining an appropriately high level of professional skepticism.
- Instances of observed inconsistent application of the standards when using technological tools and in audits of technology-enabled businesses.

68. The MG respondents encouraged the SSBs to closely monitor the evolution of this trend through their ongoing technology-related initiatives, and leverage experiences of other standard setters and regulators. The MG respondents suggested that based on further evidence and practical experience, the SSBs should determine whether further clarification of existing standards or other forms of support are necessary to address technological developments in a manner consistent with the public interest.

69. The MG respondents highlighted the following priority focus areas for the SSBs:

- Providing clarifications around the expectations for the nature and sufficiency of audit evidence obtained through use of technological tools.
- Timely development of pronouncements that support consistent application of the ISAs in a technology-enabled environment, including through guidance where appropriate.

¹² The charts presented for each pre-identified trend in **Part C** of this paper reflect, as applicable, the separate ratings provided by respondents from IAASB and IESBA. For some trends, there were also instances where respondents have rated only one of the SSBs.

- Consideration of how to best address governance, oversight, approval and other mechanisms to support confidence that technological tools are fit for purpose, operate as intended, are used appropriately by auditors and produce reliable audit evidence.
70. The MG respondents also emphasized the need for coordinated and joint actions between the IAASB and IESBA, as well as with other relevant standard-setting bodies, to ensure alignment and consistency.

Other Respondents' Comments

Importance of the Trend for the SSBs' 2028–2031 SWPs

71. There was consensus across stakeholder groups that the importance of this trend is increasing, with most respondents rating it as strongly increasing during the next strategy period. While respondents generally viewed the trend as increasingly important for both SSBs, certain respondents noted that its significance is likely to be greater for the IAASB than for the IESBA over the coming strategic cycle.
72. Respondents commented that:
- There are both new risks (e.g., opacity, bias, explainability and overreliance on automated outputs) and new opportunities from responsible use of technology (e.g., improvements to efficiency and audit quality) driven by the rapid development and adoption of emerging technologies by stakeholders.
 - As the use of emerging technologies expands, it is important for the standards to reinforce principles such as the exercise of professional skepticism and professional judgment, the provision of transparency regarding the use of technology and being accountable for such use, with the aim to preserve audit quality, independence and trust in an increasingly technologically enabled environment.
 - Technology evolves quickly relative to the standard-setting cycle timeline. More rapid and agile approaches are needed to be able to provide responses that keep up with this pace.
 - Unlike earlier forms of AI, whose outputs are more predictable, generative AI involves a much greater "black box" element and therefore requires consideration from both audit and ethics perspectives.
 - It is important for standards not to create barriers to adoption or use of technology in audits. The use of complex and sophisticated technologies in financial reporting may make it difficult or inefficient for auditors to obtain sufficient appropriate audit evidence over aspects of the financial information of certain entities without the use of equivalent technological tools.
 - The SSBs will need to closely engage with stakeholders to understand how emerging technologies are being used and the impact they are having on entities and their environments.
 - While the use of emerging technologies is fundamentally reshaping audit, assurance and ethical practice, the pace and depth of adoption remain uneven across jurisdictions, as well as among firms of different sizes, due to differences in infrastructure, regulatory maturity and professional capacity.

- The SSBs should ensure that the standards remain fit for purpose, principles-based and future proof to enable the responsible adoption and use of emerging technologies in audit, assurance and related services engagements, and in respect of business relationships with audit and assurance clients.
- There is a need for coordinated responses of the SSBs where technological developments give rise to both audit and ethics considerations, including the responsible use of technology, over-reliance risks and implications for professional competence and due care.

Key Considerations for the SSBs' 2028–2031 SWP

73. From a collective SSB perspective, respondents across all stakeholder groups emphasized the importance for the SSBs' standards to remain **principles-based, scalable, proportionate and relevant** in a technologically driven environment. Respondents:
- Cautioned that too prescriptive standard setting cannot keep pace with the technological evolution. Prescriptive standards would become outdated or lose their relevance rapidly. In addition, it could unavoidably lead to inhibiting technological innovation.
 - Emphasized that technological developments have different impacts on firms depending on their size and that the adoption remains uneven across jurisdictions. This highlights the need for scalable and proportionate responses.
74. There was also broad recognition across stakeholder groups that the SSBs should engage in **ongoing efforts to monitor** developments related to emerging technologies and undertake **coordinated responses** where technological developments give rise to overlapping auditing and ethics considerations. Suggestions included joint initiatives to:
- Understand the implications of potential issues to their standards and respective responses.
 - Engage with technical experts and working groups with a balanced mix of stakeholder perspectives. In this regard, there was a suggestion to consider establishing one joint Technology Expert Panel which could engage with both SSBs.
 - Partner with regulators and audit oversight authorities who are addressing similar issues.
75. **An implementation support and guidance first approach** was seen as an important mechanism in the next strategy period that the SSBs could leverage to clarify how the existing principles in their standards apply in an environment shaped by technological evolution.
76. However, while some respondents expressed a clear preference for a non-authoritative guidance response alone, others highlighted that **a combination of standard setting, the development of non-authoritative guidance and implementation support** may be an appropriate response. Certain respondents also cautioned against premature standard setting when existing principles remain sound, noting the need to only modernize existing principles through targeted amendments rather than engage in new standard setting. Views also highlighted the importance of testing the existing principles to determine whether they remain fit for purpose before revising them.

Specific Matters for IAASB

77. Certain respondents noted that the ongoing IAASB technology-related initiatives (e.g., the development of guidance by the Technology Quality Management Workstream and the projects on Audit Evidence and Risk Response (AE&RR) and the ISA 500 Series) are expected to address many of the current market needs in this area. At the same time, the feedback suggested a need for ongoing monitoring given the rapid evolution of technologies and the emergence of new challenges and risks that may need to be addressed.
78. There was also support for the approach of the Technology Quality Management Workstream to develop guidance, in view of the need for agile, flexible and timely responses to support application of the existing standards. Suggestions from firms included to ensure that appropriate due process is followed with practitioner and expert input in the development of such guidance to ensure its relevance. Also, priority areas for guidance included the reliability of AI-assisted outputs, management of automation bias, the use of generative and agentic AI, and implications for supervision and evaluation of evidence.
79. In addition to the ongoing IAASB technology-related initiatives, respondents highlighted that the increasing use of AI by both entities and auditors, including through third-party tools, may raise demand for assurance over AI-related matters under the IAASB's assurance framework. Stakeholders' comments and suggestions were as follows:
- Demand for assurance on emerging technology and related tools, controls, governance and cybersecurity, including systems utilizing generative and agentic AI, is expected to increase (e.g., assurance reports over a service organization's use of generative or agentic AI in delivering services to their clients). The IAASB may need to develop non-authoritative guidance or standards to address certain questions or topical matters that may arise about the application of existing assurance standards to emerging subject matter engagements.
 - Further modernization of standards, such as ISAE 3402, may be necessary to reflect the impact of AI on system and organizational controls.
 - Reevaluating whether the IAASB's existing assurance standards, including ISAE 3000 (Revised), remain fit for purpose in view of other emerging standards in this area,¹³ and working with other stakeholders in the ecosystem to build consensus around consistent assurance principles and objectives.
 - Leveraging available resources developed by others, including JSS and PAOs, to support a timely response to the increasing demand for assurance over emerging subject matters.
80. Certain respondents from firms and PAOs also commented that changes or enhancement to existing standards may be needed to facilitate the implementation of technological innovations. For example:
- The impacts of continuous auditing of transactions in real time.
 - The extant standards address risk assessment procedures, substantive procedures (e.g., tests of details or substantive analytical procedures) and tests of controls; however, the use of advanced technological tools on audits makes it difficult to classify the procedures performed

¹³ For example, standards developed by the International Organization for Standardization (ISO) and the US National Institute of Standards and Technology (NIST).

under those categories. Suggestions included to consider an outcome-based approach to the performance of audit procedures.

- Questions around whether sufficient appropriate audit evidence can be obtained when auditors are using data analytics to consider an entire population and there are no outliers and items identified for further investigation.
- The references to “the auditor shall...” in extant requirements versus the possibility that technology may be capable of performing certain types of audit procedures autonomously without any human involvement (e.g. inspecting and summarizing documents or performing certain types of analytical procedures).

81. Respondents from firms and PAOs expressed a preference for guidance and education over new standard setting. Views included that it is difficult for standards to follow the rapid technological evolution, as well as that developing guidance is a more agile and effective means to provide support to practitioners to apply existing standards in technology-enabled environments. Suggestions were provided to:

- Evaluate and leverage non-authoritative guidance and other materials on emerging technologies that are available from JSS and other reputable sources by providing a central location for users to find resources that the IAASB considers to be consistent with its standards.
- Consider developing guidance to clarify how existing principles-based requirements apply in AI-enabled audits (e.g., with respect to risk assessment, audit evidence, quality management, challenges around the exercise of professional skepticism and professional judgment, and over-reliance on outputs of technological tools), including guidance tailored for SMPs.
- Focus on both overarching core areas where guidance is needed: the auditor's use of technology and the entity's use of technology in financial and non-financial reporting.

82. Respondents also highlighted:

- Their support for the recently formed multi-stakeholder Technology Quality Management Expert Group to support the development of guidance. They also noted the importance of ongoing monitoring of technology-related developments and engaging with experts from the profession to keep the guidance relevant and implementable.
- The need for agility as well as developing processes and protocols to enable timely non-authoritative guidance or educational material to support the consistent implementation of existing standards in specific technology-related contexts.

Specific Matters for IESBA

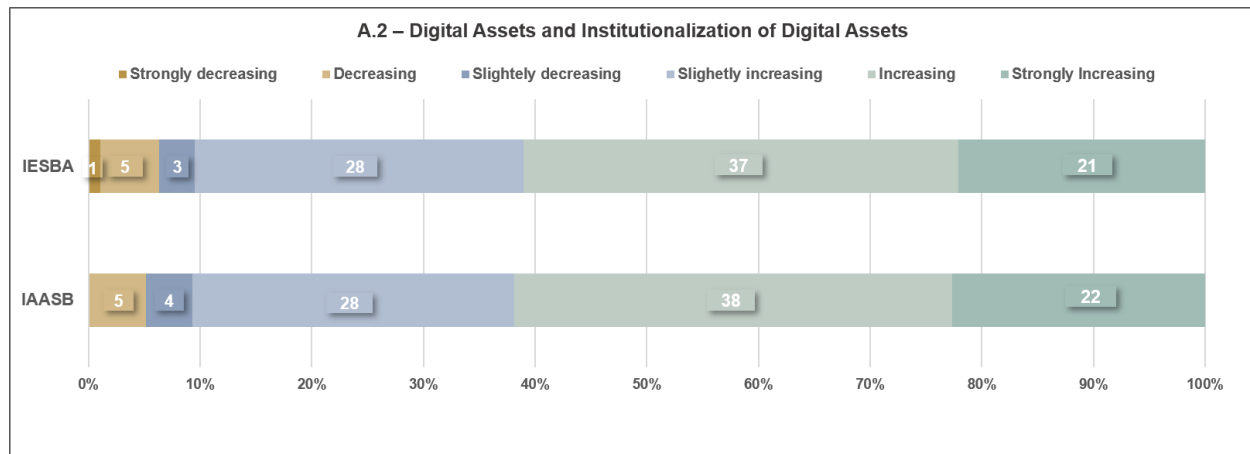
83. Respondents highlighted the recent technology-related revisions to the Code, designed to keep it relevant in a technologically evolving environment. They emphasized the importance of these provisions being principles-based, relevant and future proof, cautioning against prescriptive requirements which may risk the Code becoming outdated. Suggestions were also provided that a PIR be undertaken of the technology-related revisions to the Code ahead of any further standard setting in this area.

84. A few respondents took the view that despite the ongoing pace of digital transformation, no practical issues have yet emerged to suggest there is a need to consider potential revisions to the Code to reflect technological developments. On the other hand, respondents suggested consideration of the following:
- Whether technology-enabled services may create new independence risks.
 - Whether certain provisions of the Code may need to be updated (e.g., the definition of the fundamental principle of professional competence and due care to include a digital-literacy threshold).
 - Whether certain provisions of the Code could unnecessarily restrict the responsible use of emerging technologies in audit, assurance and non-assurance services, including where technology use impacts business relationships with audit and assurance clients .
 - While establishing appropriate governance arrangements for AI use of organizations is a relevant consideration, such arrangements may be outside the IESBA's mandate.
85. Views also included that in the next strategy period, the IESBA should focus on monitoring the use of emerging technologies, including AI and quantum computing, and considering whether they give rise to threats or create new independence considerations that the existing independence provisions of the Code may not specifically address. There was also a view that as technology becomes more embedded in professional services, some aspects of the current standards in the Code may need a fundamental reassessment.
86. Respondents acknowledged the benefits of IESBA's recent educational work, such as the technology podcasts. They suggested the development of further educational materials and non-authoritative guidance addressing how the existing provisions of the Code are expected to apply when using emerging technologies, for example:
- To reinforce expectations around the exercise of professional judgment, objectivity, professional competence and due care, and the ethical implications of using tools or data sources that are not fully understood.
 - To clarify accountability when using third-party AI tools.
 - To address confidentiality risks associated with third party AI tools, data governance risks (e.g., client data retained on third-party AI platforms), and the risks of inadvertent disclosure or loss of control over confidential information.

A.2 – Digital Assets and Institutionalization of Digital Assets

Overview of Responses

87. A total of 102 respondents (including the two MG respondents) provided input for this trend. Of these, 98 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.
88. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.03 and 3-D.03** for further details).



Monitoring Group Respondents

89. The MG respondents commented that the expanded use of digital assets across jurisdictions presents unique auditing and assurance challenges, such as understandability of blockchain-based information, evaluating the susceptibility to fraud, and considerations relating to complex ownership, valuation, rights and obligations. A MG respondent emphasized the need for specific guidance to be considered by the SSBs as practices evolve to address these challenges.
90. A MG respondent viewed this trend to be of *Moderate Influence*, noting that although not at the same level of urgency as the increased use of emerging technologies, digital assets are an important and developing area that warrants timely attention from the IAASB. The MG respondent encouraged the IAASB to undertake targeted information gathering to better understand the types and prevalence of digital asset activities, business models, custody arrangements and the practical challenges auditors face in applying existing standards. The MG respondent also suggested engaging with other standard setters who have undertaken similar information gathering across jurisdictions and with the IASB.

Other Respondents' Comments

Importance of the Trend for the SSBs' 2028–2031 SWPs

91. There was broad agreement among respondents that the institutionalization of digital assets is expected to continue to evolve over the next SSBs' strategy period. They noted that the significance of the trend varies across jurisdictions, industries and sectors, reflecting differing levels of adoption, market maturity and regulatory acceptance. Some respondents also assessed that this trend may have a greater significance for the IAASB than for the IESBA over the coming strategic cycle.
92. Respondents who ranked the importance of this trend as decreasing (including slightly or strongly decreasing) commented that digital assets are primarily a financial reporting matter. They felt that unless the financial reporting requirements significantly change, the SSBs standards remain fit for purpose. Also, these respondents highlighted the availability of credible non-authoritative material on the topic of digital assets issued by JSS and PAOs.
93. Respondents also commented that:
- There are unique challenges related to digital assets, including issues around valuation, existence, rights and obligations, ownership, custody arrangements, audit evidence, fraud

risks, internal controls, reliance on service organizations and specialists, that need the SSBs' consideration.

- As markets mature and regulatory frameworks continue to evolve, the importance for providing guidance to support the consistent application of the existing standards on auditing, assurance and ethics to digital assets will continue to grow.
- Differing regulatory approaches reinforce the importance of close coordination with accounting standard setters and regulators to promote globally consistent approaches.

Key Considerations for the SSBs' 2028–2031 SWPs

94. There was broad support from respondents across stakeholder groups that the SSBs should focus in the next strategy period on **monitoring developments** regarding the institutionalization of digital assets. The respondents suggested considering the development of **non-authoritative material** to clarify the application of the existing principles-based standards where implementation challenges are identified. In this regard, respondents highlighted the importance of:

- Monitoring developments in digital asset markets, regulatory frameworks and emerging assurance and ethical issues to determine whether any future standard setting or implementation support may become necessary.
- Leveraging existing materials developed by JSS, PAOs and regulators.
- Coordinating closely with financial reporting standard setters, particularly the IASB, as developments in accounting for digital assets are expected to drive related audit, assurance and ethics implications.
- Adopting a proportionate approach to responses that recognizes differing levels of adoption, market maturity and regulatory development across jurisdictions.
- The SSBs collaborating closely, given that technology is an area where there is a significant overlap among ethics and assurance related matters.

Specific Matters for IAASB

95. Respondents commented that while the existing principles of the IAASB standards remain fit for purpose, digital assets create specific auditing and assurance challenges for which implementation guidance may be considered, for example, in areas such as:

- Obtaining sufficient appropriate audit evidence related to existence, ownership, rights and obligations.
- Evaluating fraud-related risks, fake tokenized assets and related-party transactions.
- Validating control over digital assets, including private keys and wallet arrangements.
- Auditing assets held in private wallets or through third-party custodians, assessing custody arrangements and related cybersecurity risks.
- Providing clarity about when substantive procedures alone may provide sufficient appropriate audit evidence and when it is necessary to obtain evidence about the operating effectiveness of controls.

- Considering valuation models, market inputs, impairment or obsolescence.
96. Respondents encouraged the IAASB to monitor developments around digital assets, understand practical challenges in applying existing standards and engage with regulators, JSS and other stakeholders to better understand the types and prevalence of digital asset activities globally to determine whether future guidance or standard setting may become necessary. Suggestions were provided to leverage existing non-authoritative materials developed by JSS and PAOs, rather than recreating guidance where credible materials already exist.

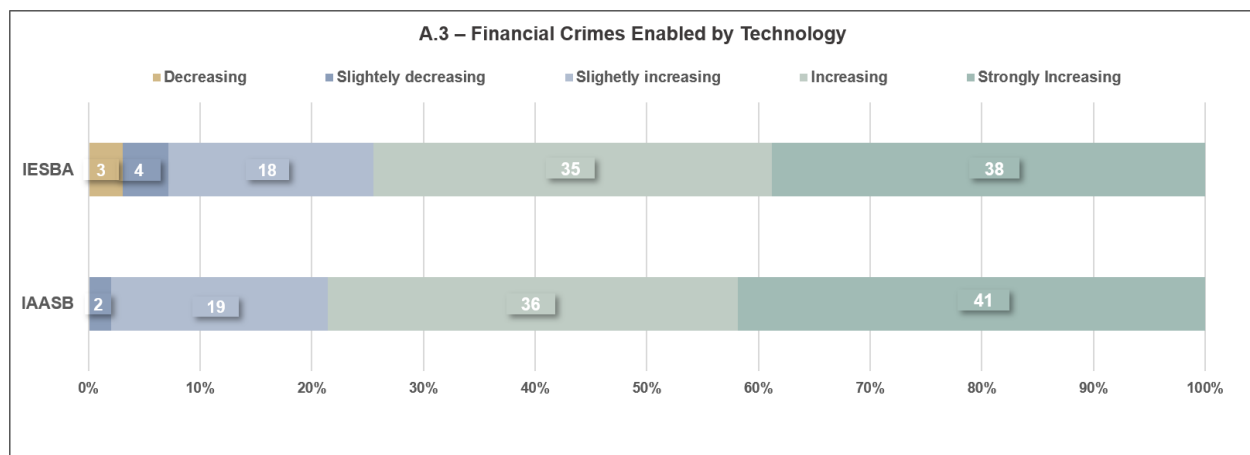
Specific Matters for IESBA

97. Commenting that the existing provisions of the Code are robust and fit for purpose in addressing ethical issues arising from digital assets, respondents suggested that the IESBA monitor whether issues relating to the application of the Code's principles emerge as digital assets become more widely institutionalized.
98. Suggestions were also provided to consider:
- Guidance for assessing threats to independence, objectivity and confidentiality where digital assets are transacted through third party platforms or custodians.
 - Guidance for identifying, evaluating and addressing threats relating to cryptocurrency holdings and tokenized assets held by firm personnel or their immediate families, including materiality considerations where financial interests in digital assets, such as fractional interests, are de minimis.

A.3 – Financial Crimes Enabled by Technology

Overview of Responses

99. A total of 103 respondents (including the two MG respondents) provided input for this trend. Of these, 99 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.
100. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.04 and 3-D.04** for further details).



Monitoring Group Respondents

101. The MG respondents highlighted the growing challenges for auditors as a result of technology-enabled financial crimes, with one MG respondent assessing the trend to be of *High Influence* for the next SSBs' strategy period.
102. The MG respondents emphasized the heightened risks arising from the increasing reliance of auditors on digital information, with implications for, among others, the authentication of such information, identifying, assessing and responding to fraud risks, data confidentiality, integrity and cyber resilience, and the need for appropriate professional skepticism as new ways to perpetrate fraud emerge. They suggested that the SSBs consider whether further clarification within the existing standards, additional support or practical guidance may be needed, informed by their ongoing technology-related initiatives and further engagement with regulators and other standard setters.

Other Respondents' Comments

Importance of the Trend for the SSBs' 2028–2031 SWPs

103. A majority of respondents believed that the impacts of financial crimes enabled by technology will continue to increase in importance during the next SSB strategy period in proportion with the technological evolution that facilitates sophisticated forms of fraud, manipulation and misconduct (e.g., cybercrime, deepfakes, and ransomware in increasingly digital business environments). Some respondents also expressed views that this trend may vary in importance for each SSB in the next strategy period, and that it may have greater implications for the IAASB relative to the IESBA.
104. Respondents commented that:
- The advent of new and different ways to commit financial crimes creates new vulnerabilities that challenge the traditional detection and control mechanisms of entities, and which auditors may not detect. This has direct implications for market confidence and investor protection and remains an area of public interest concern.
 - While technology-enabled financial crimes are primarily addressed through regulatory, enforcement and supervisory frameworks, the trend continues to have implications for audit, assurance and ethics. However, rather than creating new risks, this trend manifests itself through magnifying existing risks. For example, there may be a greater challenge in exercising appropriate professional judgment in fraud risk identification and assessment and considering the implications for the reliability of audit evidence.
 - As a result of this trend, there may be an increase in the "expectations gap" regarding the role and responsibilities of auditors to detect fraud and financial crimes, and their professional responsibilities as set out in existing standards. This is notwithstanding that all stakeholders in the financial reporting ecosystem have a role to play in addressing technology-enabled financial crimes, including regulators and preparers.

Key Considerations for the SSBs' 2028–2031 SWPs

105. Respondents broadly supported that existing IAASB standards and the Code provide appropriate coverage for addressing evolving risks related to technology-enabled financial crimes. For example,

the NOCLAR¹⁴ response framework and ISA 250 (Revised)¹⁵ set out a **robust principles-based and scalable framework** for dealing with non-compliance with laws and regulations. In addition, respondents highlighted that the recent revisions to ISA 240 (Revised)¹⁶ and the IAASB's ongoing work to revise ISA 500¹⁷ strengthen professional requirements for fraud and for evaluating the reliability and authenticity of information. Accordingly, respondents commented that the focus of the SSBs in the next strategy period should be on **supporting the application of the existing principles**, rather than on engaging in new standard-setting activities.

106. There was also support across respondents from all stakeholder groups for the SSBs to:

- **Continue monitoring developments** in technology-enabled financial crimes and assessing whether evolving risks indicate a need for further enhancements to the existing standards or additional forms of support.
- Focus on supporting the **consistent application of existing standards** through implementation support, including the development of non-authoritative guidance and educational material.
- Monitor the implementation of their standards and **undertake PIRs** to assess whether further clarification or targeted action is needed before considering additional standard setting.
- Continue **engaging with a broad range of stakeholders**, such as regulators, law enforcement agencies, cybersecurity professionals and technology experts to understand evolving risks and support a coordinated response to technology-enabled financial crimes.
- Adopt a **coordinated approach to monitoring and responding** to technology-enabled financial crimes in view of the cross-cutting nature of, and overlap among, the ethics-, audit- and assurance-related matters.
- Exercise caution to avoid expanding the **role and responsibilities** of auditors and other professional accountants into areas that are more appropriately addressed by management, TCWG, regulators, law enforcement or jurisdictional authorities.

Specific Matters for IAASB

107. Given that ISA 240 (Revised) becomes effective for audits of financial statements for periods beginning on or after December 15, 2026, respondents recognized that it may be premature to consider a formal PIR of the standard in the next strategy period. Instead, respondents suggested monitoring adoption and implementation of the revised standard across jurisdictions. This would assist in understanding emerging implementation issues around how fraud risks involving technology are identified and assessed, and the application of professional skepticism in digitally enabled environments and when addressing circumstances where a document or record may not be authentic.

¹⁴ Non-Compliance with Laws and Regulations

¹⁵ ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*

¹⁶ ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

¹⁷ ISA 500, *Audit Evidence*

108. Certain respondents highlighted matters that are presently considered by ongoing IAASB workstreams (i.e., the AE&RR and ISA 500 Series projects). They emphasized that deepfakes, digital manipulation, and fabricated documents may challenge traditional assumptions about the authenticity of audit evidence. This has implications for the application of concepts such as:
- Whether information can be accepted as genuine unless there is reason to believe otherwise.
 - When auditors may need to perform additional procedures to address the authenticity of information.
 - When direct confirmations or independent third-party evidence may become more important.
109. Suggestions were also provided to consider developing non-authoritative guidance in the next strategy period to support consistent application of existing standards, such as:
- Understanding how an entity's use of technology may create opportunities for financial crimes or elevated risks of material misstatement.
 - Applying fraud risk identification and assessment and related responses to AI-enabled frauds, deepfakes, fake authorizations, fabricated documents and cyber-enabled fraud schemes.
 - Clarifying audit considerations relating to non-compliance with laws and regulations where financial crimes are enabled by technology.
 - Addressing reliability, authenticity, and the use of third-party or independently obtained evidence in a digital environment.

Specific Matters for IESBA

110. Respondents broadly considered that the fundamental principles of the Code and the NOCLAR provisions provide a robust, principles-based framework for addressing ethical issues arising from technology-enabled financial crimes. There was also caution in the feedback against introducing prescriptive requirements. Respondents noted that principles-based standards are better able to adapt to rapidly changing technology-enabled environments.
111. Respondents highlighted the importance of the ongoing PIR of the NOCLAR provisions, noting that such activity would inform the IESBA as to whether further standard-setting actions are necessary. In addition, respondents broadly supported a focus on providing implementation support, educational material and clarifications, as needed, to assist professional accountants in applying the existing provisions to emerging technology-enabled financial crime scenarios.

Section III – Changes in the Geopolitical and Regulatory Landscape

Background

112. The joint survey highlighted the following four environmental trends related to changes in the geopolitical and regulatory landscape and asked stakeholders to assess their importance for the SSBs' next strategy period, as well as highlight matters or identified related impacts for the IAASB or IESBA, or for both SSBs jointly:
- B1. Regulatory Changes.
 - B2. Risk of Fragmentation.

B3. Call for Greater Agility in Standard Setting.

B4. Greater Diversity of Voices Sought.

Highlights of Respondents' Feedback

Regulatory Changes and Risk of Fragmentation

- Although regulatory changes and the risk of fragmentation are interrelated, respondents highlighted that:
 - Regulatory fragmentation, rather than regulatory change itself, represents one of the more significant challenges for the SSBs in the next strategy period.
 - Fragmentation may directly impact comparability, engagement quality and public confidence in international standards.
- There is broad agreement that to mitigate the risk of fragmentation, the SSBs should focus on supporting implementation and monitor adoption, commit to principles-based, proportionate and scalable standards, and enhance coordination and collaboration processes.

Call for Greater Agility in Standard Setting

- There was broad support for the SSBs to implement more agile responses, such as issuing non-authoritative materials instead of launching standard-setting projects. At the same time, respondents cautioned that agility should not translate into reactive standard setting or come at the expense of effective and transparent due process.

Greater Diversity of Voices Sought

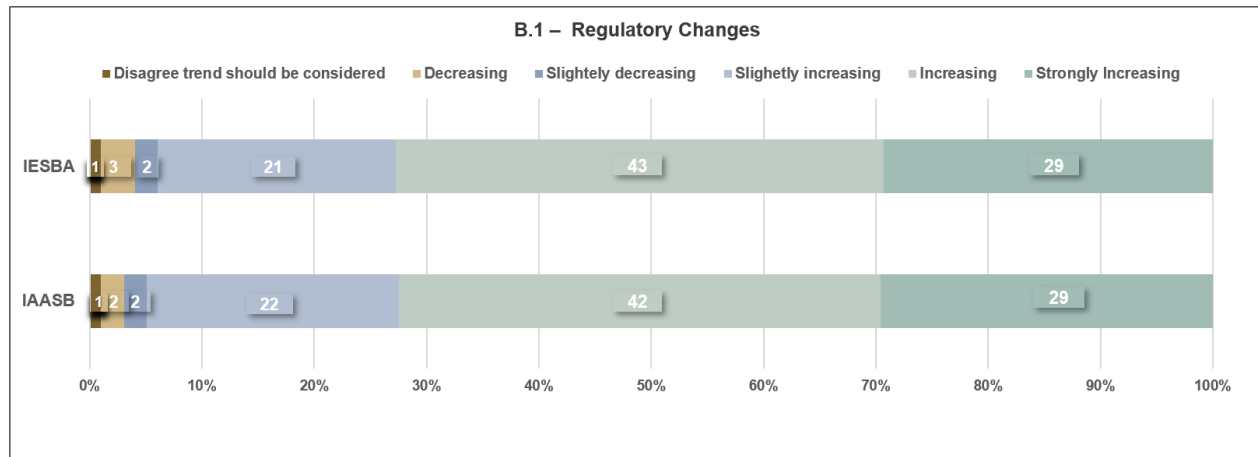
- Respondents supported ensuring greater diversity in SSBs' consultations and other work. They highlighted concerns around the need to improve transparency regarding how respondents' input is weighted in the SSBs' decision-making, and improve processes related to reporting back to stakeholders.

B.1 – Regulatory Changes

Overview of Responses

113. A total of 101 respondents (including one MG respondent) provided input for this trend. Of these, 99 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.

114. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.05 and 3-D.05** for further details).



Monitoring Group Respondents

115. One MG respondent assessed all the trends related to changes in the geopolitical and regulatory landscape as being of *Moderate-High influence*. It commented that while not as significant as their evaluation of the technology-related trends, these developments remain an important contextual factor that should continue to inform the SSBs' strategic planning.
116. The MG respondent encouraged the SSBs to strike an appropriate balance between technical rigor and practical insight and to ensure that standard-setting decisions are supported by transparent and robust cost-benefit analyses. The MG respondent highlighted that it remains essential for the SSBs to develop standards that are scalable and proportionate, enabling effective implementation by firms operating in diverse regulatory environments and serving entities of different sizes. The MG respondent also underscored the importance of maintaining a principles-based approach to standard setting to facilitate broad adoption and consistent application across jurisdictions.

Other Respondents' Comments

Importance of the Trend for the SSBs' 2028–2031 SWPs

117. Respondents across stakeholder groups broadly viewed that regulatory changes will be increasingly impacting the SSBs' environment in the future. However, they noted that those changes are external conditions of an ongoing nature rather than strategic drivers for the SSBs. They observed that the changes are more rapid at the present time, which is caused by growing geopolitical uncertainty, regulatory divergence, fragmentation between jurisdictions and increasing implementation challenges arising from jurisdiction-specific regulatory requirements. Certain respondents also commented that it is not clear whether the current rate of change will be maintained or accelerated throughout the next SSB strategy period.
118. Certain respondents also recognized that with the rapid changes in the geopolitical and regulatory landscape, there is an increased risk of a lesser adoption of the IAASB standards and the Code. Other respondents highlighted that the key risks as a result of regulatory changes are fragmentation and complexity, as jurisdictions increasingly move at different speeds or adopt different approaches.

At the same time, they also recognized the strength of the SSBs' principles-based frameworks, which are more appropriate to respond to changes in the political and regulatory environment.

119. Certain respondents described two opposing effects as a result of this trend, such as increased regulation in some jurisdictions and deregulation or simplification in others. For example, on one hand, respondents noted a trend toward deregulation and simplification, particularly evident in the European Union (EU), aimed at reducing compliance burdens and supporting competitiveness. On the other hand, they observed a parallel expansion of regulatory requirements in emerging areas such as AI governance and digital markets.
120. Some preparers, firms and PAOs also expressed their support towards simplification initiatives and cautioned the SSBs against adding further complexity to their standards. By contrast, there were also views that simplification pursued for competitiveness reasons should not come at the expense of audit quality, transparency or investor protection.
121. Certain respondents also emphasized that there are opportunities in the next strategy period to advance convergence between international and jurisdictional audit, assurance and ethics standards. For example, it was noted that recently, there has been a renewed desire to align US standards with international standards for audits of publicly traded companies in the USA. At the same time, respondents cautioned that there are political developments across jurisdictions that are driving changes in sustainability reporting regulation, with implications for the demand for assurance.
122. Those respondents who believed that the trend is decreasing in importance (including slightly decreasing), commented that regulatory change is an enduring feature of the SSBs' environment rather than a new strategic issue. They were of the view that the focus should remain on maintaining globally operable standards rather than focusing on the standards of a specific jurisdiction. They also highlighted that deregulation does not, by itself, create a gap that calls for additional requirements. They noted that, instead, it highlights the value of durable, principles-based standards that can be applied consistently across different regulatory settings.

Key Considerations for the SSBs' 2028–2031 SWPs

123. Respondents consistently emphasized that regulatory developments:
 - Should **not drive reactive standard setting** in response to developments in individual jurisdictions. Due to the long timelines of standard setting, such an approach may be counterproductive. Instead, they argued that the trend should be treated as an environmental factor to be monitored, with the SSBs' response channeled mainly through regulatory coordination and implementation guidance.
 - Heighten the need for the SSBs to **maintain a principles-based approach to standard setting that is proportionate and scalable**, capable of application to entities of different sizes, enduring regulatory change cycles, and supporting consistent application across jurisdictions with differing regulatory environments, with a minimal need for local modification.
 - Highlight the role of the SSB in supporting stakeholders by providing **internationally credible standards that serve as a global baseline**, reducing the need for duplicative national requirements. There was also **support for maintaining coherence** between evolving regulatory requirements and international standards as essential to preserve comparability and predictability in capital markets.

124. Respondents from JSS, firms and PAOs also highlighted that the expansion of detailed requirements at the international level **risks contributing to complexity** without enhancing outcomes in the public interest. They called out the **need for simplification of standards** to address the needs of small- and medium-sized entities (SMEs) and SMPs.
125. Respondents also highlighted that:
- In view of increased risks with respect to regulatory fragmentation and global adoption of the IAASB standards and the Code, the SSBs should focus on **supporting broad international adoption** and **effective implementation** of their existing standards.
 - It is important to **understand how the SSBs' standards are applied** alongside evolving local regulatory regimes by focusing on this aspect when undertaking PIRs.
 - The SSBs should work **closely with standard setters and relevant public authorities** in each jurisdiction, to ensure consistency and coherence in underlying approaches, terminology and concepts, thereby establishing globally consistent approaches.
 - Strong leadership of the SSBs is called for in **reconciling diverse views and achieving a consistent and integrated framework** across jurisdictions.
 - The SSBs should **continue monitoring geopolitical and regulatory developments**, including deregulation and simplification initiatives, for example, to identify any significant longer-term trends, rather than responding to one-off events and shorter-term developments. In addition, it was suggested that the SSBs should focus their efforts on the development of timely **non-authoritative material** when the outcome of the monitoring necessitates a response.

Specific Matters for IAASB

126. Respondents from JSS, firms and PAOs emphasized the rapidly evolving landscape related to reporting and assurance environments across jurisdictions and the new types of assurance engagements that are emerging in response to changing regulatory requirements. They suggested:
- The IAASB partner with JSS to address how standards and regulations can be more complementary without crossing into each other's remits.
 - Monitoring trends regarding global demand for assurance, as well as any implementation challenges that arise, and convening working groups comprising relevant stakeholders.
 - Modernizing ISAE 3000 (Revised), as a foundational assurance standard, and ISAE 3402, given the anticipated demand in respect of assurance over controls. For example, ISSA 5000 reflects recent thinking of the Board and an updated approach in certain areas and alignment with such would support the delivery of high-quality assurance engagements across a wide range of subject matters.
 - Leading the dialogue regarding the future of "assurance" in a broad sense, both in respect of sustainability assurance, as well as assurance regarding other subject matter areas (e.g., in respect of technology and controls).
 - Rather than prioritizing the development of separate assurance standards for any particular subject matter in view of the range of subject matters for which the regulatory requirements

vary across the world, focusing on the development of non-authoritative material for the application of the existing standards to particular subject matters.

Specific Matters for IESBA

127. Respondents from JSS, firms and PAOs highlighted the need for:

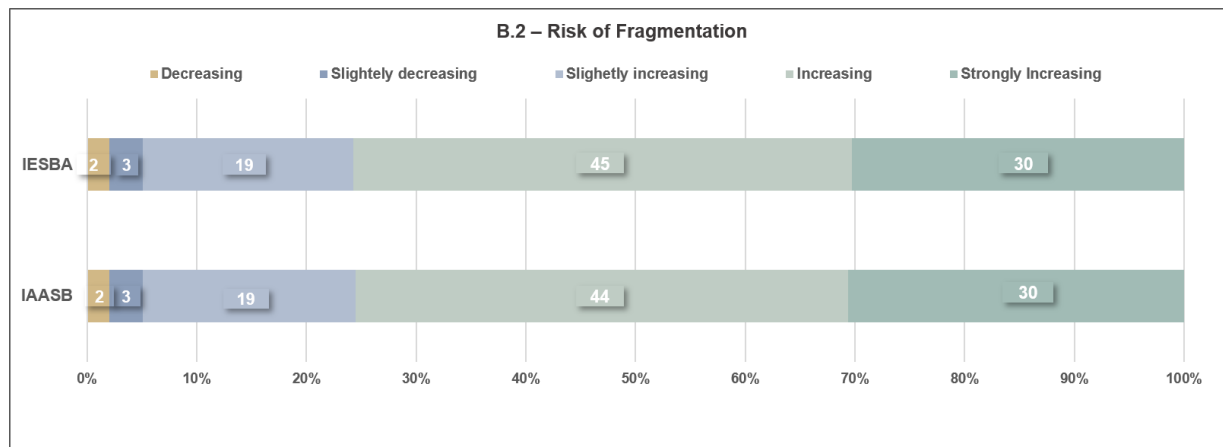
- A shift from further developing new standards to supporting effective adoption and implementation of the existing provisions of the Code.
- Understanding the reasons for lagging or inconsistent adoption of the Code across jurisdictions to help identify challenges and inform targeted efforts to support global adoption.
- Engaging with jurisdictional regulators to minimize conflicts between the Code and local requirements, thereby supporting broader adoption of the Code as well as building consensus among JSS before commencing standard-setting work.
- Maintaining a globally applicable ethical framework that can operate effectively across diverse regulatory environments and a strategic focus on reinforcing confidence in the Code's resilience and global applicability.
- Pursuing opportunities to simplify the Code where appropriate, without diminishing its effectiveness, and avoiding reactive responses to regulatory or political cycles that risk introducing unnecessary complexity and burden.
- Using PIRs and implementation support efforts to identify unnecessary complexity in the extant Code and assessing where regulatory divergence affects the Code's operability.
- Providing non-authoritative material focusing on practical implementation of the existing Code rather than commencing new standard-setting projects. Certain respondents were of the view that some of the current IESBA projects may create implementation issues as they perceive these projects to exceed the IESBA's mandate.

B.2 – Risk of Fragmentation

Overview of Responses

128. A total of 101 respondents (including one MG respondent) provided input for this trend. Of these, 99 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.

129. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.06 and 3-D.06** for further details).



Monitoring Group Respondents

130. One MG respondent explicitly noted fragmentation as a strategic risk that undermines comparability, raises the cost of capital by increasing reporting costs, particularly in jurisdictions relying solely on domestic standards, ultimately affecting investors and capital markets. The MG respondent argued that fragmentation is best avoided through standards that are principles-based yet clear, operable and scalable, and which support high-quality outcomes and not just compliance. The MG respondent highlighted the need for standards to be grounded in thorough cost-benefit analysis and balanced assessments of stakeholder input, which promotes global consistency and interoperability.

Other Respondents' Comments

Importance of the Trend for the SSBs' 2028–2031 SWPs

131. The majority of respondents, across stakeholder groups, rated the risk of fragmentation as a growing strategic concern for the SSBs, with certain respondents specifically referring to sustainability reporting and assurance as an example where there is fragmentation.
132. Only a limited number of respondents were of a view that the risk of fragmentation is decreasing in importance (including slightly decreasing), noting that some divergence in how jurisdictions adopt and implement IAASB standards and the Code reflects legitimate differences in legal and regulatory frameworks, culture and language, and that absolute conformity across jurisdictions could be counterproductive. In addition, they highlighted that while certain jurisdictions continue to place greater emphasis on national or regional approaches, recent efforts toward international convergence and the broader recognition of globally accepted frameworks have helped mitigate the risk of fragmentation.
133. There were also views among certain respondents that the risk of fragmentation is not common to all jurisdictions, and many jurisdictions do adopt the IAASB standards and the Code without modifications. These respondents:
- Noted that divergence may be specific to jurisdictions such as the EU and the USA, and therefore it may not necessarily be a global issue for the SSBs to address.

- Highlighted recent developments in the USA concerning renewed efforts for greater convergence with international standards, with such convergence helping to reduce costs for multinational companies.
134. Respondents noted the importance of global baselines for investors and other users operating across markets. They emphasized that fragmentation increases complexity and costs and is a material risk to trust, comparability and confidence in financial and non-financial reporting. Users in particular noted that preserving interoperability and global consistency should remain a strategic priority for both SSBs.
135. Respondents across stakeholder groups raised the following potential factors that could cause or contribute to fragmentation:
- The pace and volume of standard-setting activities is outpacing jurisdictions' capacity to adopt and implement new requirements.
 - The introduction of separate standards for specific categories of entities (e.g., the ISA for LCEs¹⁸) risks unintended consequences, including fragmentation and reduced comparability across jurisdictions.
 - Standards perceived as not meeting a jurisdiction's cost-benefit needs are modified or not adopted at all.
 - A shift from principles-based to more prescriptive, detailed requirements drives complexity. This causes concerns for scalability and proportionality, with a disproportionate burden on SMEs and SMPs, which lack the compliance infrastructure of larger firms to absorb rapid or complex change.
 - Lack of sufficiently transparent and broad mechanisms to reaffirm global stakeholder acceptance of projects, jeopardizing adoption upon finalization. For example, there is perceived overreliance on Western-centric regulators and large international firms, at the expense of broader engagement (e.g., with regions or markets such as Asia-Pacific, Africa, and emerging economies), which in turn could drive non-adoption.

Key Considerations for the SSBs' 2028–2031 SWPs

136. Respondents, across stakeholder groups, recognized the role of the SSBs in mitigating the risk of fragmentation through **supporting consistent application and reinforcing confidence in international standards** as a trusted global benchmark instead of initiating new standard-setting projects. They suggested that the SSBs focus on:
- Allowing for a period of stability between significant standard-setting projects to support jurisdictions with adoption and implementation of the new or revised standards.
 - Engaging in ongoing monitoring to identify early implementation challenges.
 - Evaluating the impacts of significant past changes to standards, including through PIRs.
 - Undertaking a root-cause analysis of lagging adoption of standards.

¹⁸ The International Standard on Auditing for Audits of Financial Statements of Less Complex Entities

- Investing time and effort to review the information provided through IFAC's Member Body Compliance Program to identify adoption and implementation challenges and where practical guidance may be needed to support implementation of existing IAASB standards and the Code.
137. Respondents also emphasized the need for the IAASB standards and the Code to remain **principles-based, with scalability and proportionality embedded** within a single, coherent framework that can be applied consistently across entities of differing sizes and complexities, thereby supporting global adoption and audit quality. In this regard, suggestions were made to:
- Remain cognizant of the cumulative implementation effects of new standards and their costs and benefits, particularly for SMPs.
 - Ensure that the SSBs retain “a framework-neutral approach” to support broad applicability of the standards to local reporting frameworks.
138. Respondents suggested strengthening **coordination between the SSBs, and with other international and jurisdictional standard setters and regulators** to promote interoperability, including in areas such as:
- Maintaining common terminology across the IAASB standards and the Code to assist in promoting consistent understanding and application across jurisdictions.
 - Aligning consultation timelines on projects where audit, assurance, ethics and independence standards intersect to allow respondents to consider the collective impacts of the proposed changes to the IAASB standards and the Code.
 - Ensuring consistent conceptual alignment across the IAASB standards and the Code.
 - Undertaking structured regulatory dialogue to identify potential areas of divergence at early stages and help reduce the need for significant jurisdictional modifications.
139. Suggestions also included:
- Focusing on **inclusive due process and strong stakeholder engagement** to ensure that standard setting meets the needs of majority of stakeholders.
 - Undertaking **rigorous cost-benefit analysis** throughout the project lifecycle.
 - Implementing **processes for reaffirming stakeholder support** throughout the standard-setting development process to ensure there is clear intent to adopt upon finalization.
 - Clearly **articulating the investor/user and public-interest costs of fragmentation** when engaging with jurisdictions considering national or regional divergence issues.
 - Increasing **engagement with SMPs and emerging economies** to mitigate perceptions that the SSBs' focus is on meeting the needs of regulators that oversee the public interest entity (PIE) market.

Specific Matters for IAASB

140. Respondents from JSS, firms and PAOs often referred to the ISA for LCE when providing examples where the global adoption of IAASB standards is inconsistent. They highlighted that certain jurisdictions have not adopted the standard due to the existence of local regulations for less complex entities (e.g., France and Germany). Others are of the view that the existing ISAs already incorporate

appropriate provisions for scalability and proportionality when applied with sound professional judgment (e.g., South Africa). In addition, certain respondents shared views about instances where JSS or regulators are unwilling to adopt and implement the standard or are delaying its adoption, although the profile of entities in those jurisdictions is well suited for the standard.

141. In view of these ongoing developments, respondents' suggestions included:

- Monitoring jurisdictional adoption of the ISA for LCE to better understand implementation challenges and future maintenance needs, including whether any modifications to the standard are needed.
- Developing a strategy for the evolution of the ISA for LCE to ensure it meets the needs of auditors, SMEs and regulators in a broad range of jurisdictions to support its global adoption.
- Undertaking a cost-benefit analysis of future maintenance activities as part of ongoing prioritization and resource allocation.
- Considering a project to address scalability more broadly in the IAASB standards. Examples suggested included expanding the use of differential performance and reporting requirements in the ISAs for PIEs once a globally accepted baseline definition is established, developing non-authoritative practical guidance that illustrates how to scale certain aspects of the ISAs, and developing a technology-based solution to assist auditors with more efficiently identifying the ISA requirements that are relevant to an audit of LCEs.

142. Other suggestions also included:

- Undertaking accelerated PIRs of new standards, such as ISA 315 (Revised 2019) and ISA 600 (Revised),¹⁹ which have given rise to known implementation challenges.
- Considering further initiatives to promote the adoption of ISSA 5000 and the benefits of using IAASB assurance standards.
- Updating ISAE 3000 (Revised) and ISAE 3402, to align with ISSA 5000, as relevant, and exploring the development of guidance and illustrative examples to demonstrate how the IAASB's assurance standards can be applied to particular subject matters in practice.

Specific Matters for IESBA

143. Respondents from JSS, firms and PAOs highlighted that global adoption of the Code is inconsistent. They commented that:

- More exceptions to complying with the Code are being observed across jurisdictions, with some requirements found as being impractical or more restrictive than local requirements, or perceived as too complex. It was suggested that the IESBA's priority should be focused on undertaking simplification of the existing Code to improve its adoption and usability.
- A root cause analysis should be undertaken as a priority to understand why the Code still lags behind IAASB standards in terms of adoption globally.
- Recent amendments to the Code appear to include auditor performance requirements which

¹⁹ ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

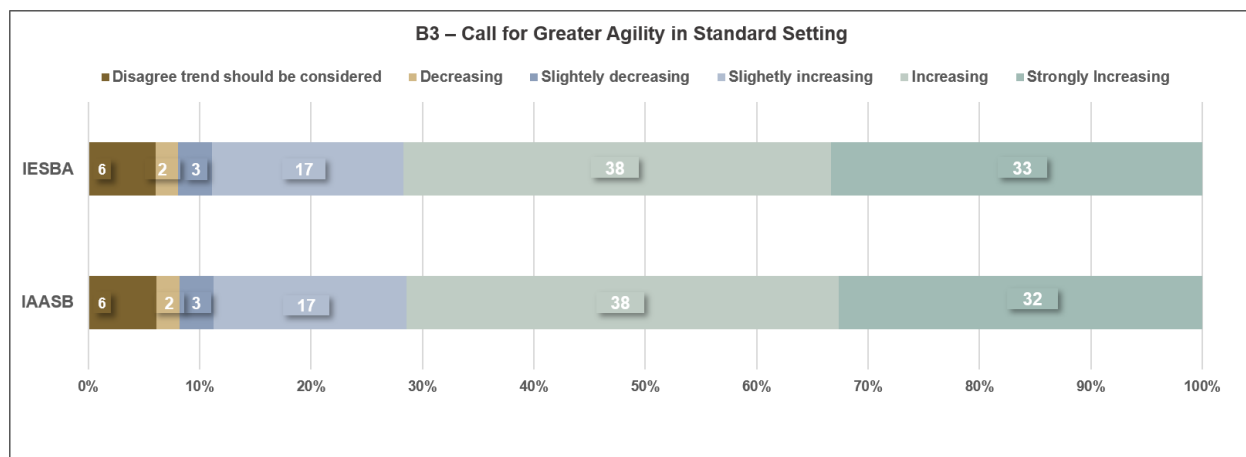
risks interoperability with the IAASB standards.

- Consideration should be given to pursuing further initiatives to promote the effective implementation of the IESSA.

B.3 – Call for Greater Agility in Standard Setting

Overview of Responses

144. A total of 103 respondents (including the two MG respondents) provided input for this trend. Of these, 99 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.
145. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.07 and 3-D.07** for further details).



Monitoring Group Respondents

146. The MG respondents supported further efforts to enhance the SSBs' agility when responding to emerging issues in a timely and proportionate manner while continuing to be informed by stakeholder input and guided by a robust due process. They emphasized that responsiveness should not come at the expense of clarity, transparency or a strong focus on serving the public interest.
147. The MG respondents:
- Emphasized the need for flexible resource allocation and a clear distinction between matters that warrant full standard setting and those that can be addressed through more agile, principles-based implementation materials.
 - Identified specific priorities to support the SSBs' agility, such as undertaking targeted-scope standard-setting projects where clarification of the ISAs or the Code is needed, developing guidance in a timely manner without compromising the quality of stakeholder input, maintaining scalability and proportionality for SMPs, and conducting timely PIRs to assess whether standards are operating as intended across jurisdictions.

Other Respondents' Comments

Importance of the Trend for the SSBs' 2028–2031 SWPs

148. Respondents broadly supported calls for greater agility by the SSBs in the next strategy period, noting the following matters in their responses:
- Technological, regulatory and market developments are evolving more rapidly than traditional standard-setting cycles.
 - Stakeholders increasingly expect timely and practical responses to emerging issues.
 - Long development cycles risk reducing the relevance of standards before they become effective.
 - International standards need to remain relevant while supporting global consistency across rapidly changing environments.
149. However, respondents also noted that agility in standard setting does not necessarily equate to being reactive to short-term trends by introducing new standard-setting projects. Instead, they framed their perspectives as identifying quicker and more flexible alternatives to full standard-setting projects, such as the development of non-authoritative materials, narrow-scope amendments, and PIRs. Respondents also cautioned that agility should not come at the expense of due process transparency or the quality of standards development.
150. Respondents that rated the trend as not being relevant for the SSBs or as decreasing commented that greater agility in standard setting implies more frequent updates or "reactionary" standards, rather than having standards that are principles-based and capable of being applied to new circumstances. They suggested that the SSBs:
- Prioritize simplification, usability and effective implementation of existing standards.
 - Be agile in responding to the changing environment and new risks through means other than standard setting.
 - Remove existing requirements which have become outdated or redundant.
 - Demonstrate a willingness to pause, reprioritize or discontinue projects (whether standard setting or non-authoritative materials) when they are no longer justified.

Key Considerations for the SSBs' 2028–2031 SWPs

151. Respondents broadly supported that the SSBs enhance the agility of their responses while preserving the quality and credibility of their work. Suggestions included:
- Implementing more flexible response toolkits such as **narrow-scope amendments** rather than full and broad standard-setting projects, in particular when addressing implementation challenges and findings of PIRs.
 - Considering developing a **rapid-response approach** to address urgent, targeted issues without undertaking full standard-setting projects, complemented by **an annual improvements program** for narrower maintenance matters.

- Focusing on the **development of guidance** (i.e., frequently asked questions (FAQs), staff alerts and other non-authoritative materials) with appropriate stakeholder input and transparency into the development process. In this regard, it was suggested that the SSBs should be clear about the purpose, authority, intended use and limitations of any non-authoritative material developed.
 - Considering a **mix of mechanisms**, depending on the circumstances, from standard-setting initiatives to practice statements, staff guidance and other ways of engagement, to support the call for greater agility.
 - Initiating **PIRs earlier** and undertaking **joint thematic reviews** to also use their findings more proactively and to identify opportunities to simplify requirements or withdraw those no longer fit for purpose, rather than focusing primarily on validating recently issued standards.
 - Embedding **scalability and proportionality**, particularly for SMEs and SMPs, within any agile response rather than considering these as separate implementation issues.
 - Making **efficient use of technology and process improvements** to shorten development timelines where possible.
 - Review the **standard-setting process and its effectiveness**, including whether due process, cost-benefit analysis and PIRs are sufficiently timely and effective.
152. Certain respondents also cautioned that increasing agility should not come at the expense of the principles-based nature of the standards. They emphasized that standards should remain sufficiently durable and flexible to address emerging developments, such as advances in AI, sustainability reporting, and geopolitical changes, without requiring frequent amendments.

Specific Matters for IAASB

153. Observations and suggestions for the IAASB included the following:
- Lengthy, multi-year standard-setting projects (e.g., AE&RR and ISA 500 Series projects) could become outdated before the new standards become effective.
 - The work on XBRL assurance should not be progressed, given that sufficient stakeholder input has already been gathered to support an informed decision on the matter.
 - Non-PIEs and the use of the standalone standards (e.g., the ISA for LCEs) are potential areas of simplification.
 - There is need to commit to robust implementation support and formal collaboration protocols with others, including IFAC, PAOs, JSS and the Forum of Firms (FoF).
 - The work on addressing technology matters needs to be expedited.
 - Guidance and illustrative examples may be developed to address assurance engagement subject matters (e.g. in respect of technology), and/or specific aspects of the assurance engagement itself (e.g. in respect of group entities or materiality).
 - There is a continued need to support implementation of ISSA 5000.

- Greater flexibility should be incorporated in the IAASB's workplan to be able to re-prioritize, pause or discontinue projects, amend their scope and pivot to new projects where there is a greater need for a public interest response.
- There should be greater use of the staff secondment model to ensure that there is an appropriate mix of staff with practical and technical expertise.

Specific Matters for IESBA

154. Regarding the IESBA, respondents acknowledged the significant revisions to the Code completed in recent years and emphasized that the IESBA's near-term focus should shift toward implementation support. Observations and suggestions included:

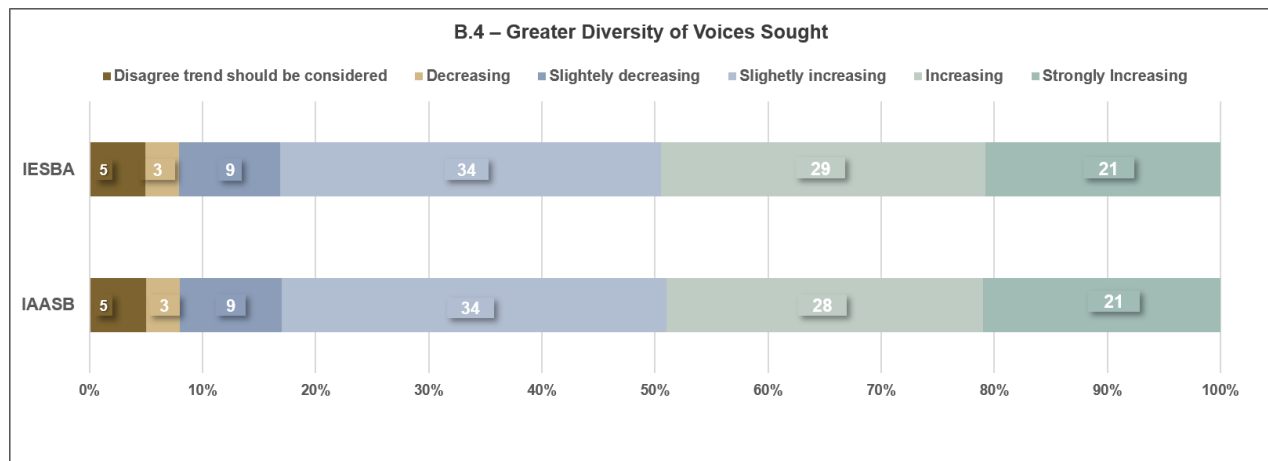
- Establishing a defined process for developing narrow-scope amendments to the Code as implementation issues emerge.
- Expanding the use of FAQs, staff alerts and other non-authoritative material to provide timely guidance on rapidly evolving ethics and independence issues, particularly those related to technology and sustainability.
- Minimizing further changes to the Code, which should be stable and principles-based, as frequent changes could impair its effectiveness, usability and acceptance.
- Considering discontinuing the possibility of revising the Code in relation to the FCG and CFO projects.
- Being ready to change priorities, pause, narrow or discontinue projects when evidence supports a different approach.

B.4 – Greater Diversity of Voices Sought

Overview of Responses

155. A total of 102 respondents provided input for this trend. Of these, 101 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period. There were no specific comments provided for this trend from the two MG respondents.

156. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.08 and 3-D.08** for further details).



Other Respondents' Comments

Importance of the Trend for the SSBs' 2028–2031 SWPs

157. Respondents from users, regulators, PSOs, academia, emerging-markets and African/Latin American PAOs generally rated this trend as increasing in importance. Respondents who rated the trend as decreasing or believed that it should not be a trend that should be considered were from JSS, firms and European PAOs. They generally argued that diversity of input is already a constant requirement of global standard setting that is well established, rather than a trend that is increasing or decreasing.
158. Respondents who ranked the importance of this trend as increasing and added qualitative comments to their ratings commented that:
 - The standards continue to be seen as developed by larger, more established economies and then applied to, rather than shaped by, emerging and smaller jurisdictions, which risks undermining their legitimacy and effective adoption.
 - Standards have grown longer and more complex, straining SMPs and jurisdictions with less mature regulatory infrastructure. In this regard, there was a call for scalability to be tested directly in emerging markets before standards are finalized.
 - The SSBs should broaden representation and input to the standard-setting processes to include underrepresented constituencies such as investors and users, sustainability and technology practitioners.
 - The economic weight of emerging economies is growing, and there is a risk of increased fragmentation if standard setting is not seen as sufficiently multilateral and multi-stakeholder from their perspective.
159. Certain respondents also cautioned against overweighing this trend and raised the following points or suggestions:
 - The SSBs already engage broadly with stakeholders and this is a constant due process expectation rather than a discrete, newly emerging trend warranting separate strategic prioritization.

- Instead of pursuing more outreach, the SSBs should pursue more transparent, better weighted analysis of the feedback already received. For example, respondents from firms noted instances where a single response from a regulatory or MG respondent on a particular issue is given more weight than inputs from multiple firms and practitioners.
- Some firms and PAOs expressed concern that any move toward “more voices” should be balanced by preserving, or restoring, practitioner input, since the operability of the standards ultimately depends on those applying the standards.
- Any new requirements should be underpinned by clear, evidence-based analysis demonstrating a specific shortcoming in the IAASB standards or the Code and a well-articulated public-interest case for changes to the standards that may have global impact. There is also a need to refocus on standard-setting efforts that do not serve the needs of only larger entities and PIE audits.

Key Considerations for the SSBs’ 2028–2031 SWPs

160. Respondents who supported the growing importance of this trend mainly linked it with the diversity of voices in relation to adoption, scalability and operability outcomes rather than to the SSBs’ public consultations. In addition, it was indicated that the concerns are less about the breadth of consultation feedback and more about **how input is weighted and reported back**. Respondents noted that publishing a clear, consistent methodology for how feedback from different stakeholders informs the SSBs’ decisions would address a large share of the concerns raised.
161. With respect to **ensuring greater diversity in the SSBs’ consultation and work**, respondents also provided the following suggestions or expressions of support:
- Support for multi-stakeholder consultations (e.g., roundtables) and involving investors and other users, and stakeholders from sustainability and technology-related backgrounds (e.g., sustainability assurance practitioners, preparers of non-financial information and technology specialists).
 - Beyond expanding participation from emerging economies, engagement should include consumer representatives, civil society organizations, marginalized and indigenous people communities, as broader participation can improve both the legitimacy and practical effectiveness of the standards.
 - Consideration should be given to expanding virtual engagement formats to reduce the cost barrier to participation from smaller and emerging-market stakeholders, while continuing targeted in-person regional outreach where it adds the most value.
 - Consideration should be given to expanding engagement through the IAASB–IESBA User Advisory Group, the IFAC SMP Advisory Group (SMPAG), FoF, Global Public Policy Committee (GPPC), and JSS, addressing a concern that a growing number of separate consultation mechanisms is not adding proportional value.
 - The SSBs should reflect on board and advisory-group compositions to ensure geographic, cultural and practice-size diversity among decision-makers. In addition, it was suggested that consideration be given to whether practitioner representation remains adequate on the SSBs

and through the lifecycle of projects. This is to ensure that practical considerations are appropriately reflected in the standards and to avoid unintended operability issues.

- Outreach should be coordinated more effectively across the IAASB and IESBA and with JSS to reduce stakeholder fatigue.

Specific Matters for IAASB

162. Respondents encouraged the IAASB to continue strengthening engagement with those directly involved in applying the standards, particularly in areas such as the ISA for LCE. In addition, although there was support for sector-neutral standards, a respondent encouraged the IAASB to enhance its engagement with the public sector and consider additional mechanisms to obtain public sector input.

Specific Matters for IESBA

163. Respondents encouraged the IESBA to ensure that outreach reflects the evolving scope of the Code and the increasingly diverse groups that may be affected by projects. They felt that this would ensure that the most relevant voices for the specific issues under examination are appropriately considered.

Section IV – Evolving Expectations Concerning Sustainability Information

Background

164. The joint survey highlighted the following two environmental trends related to global challenges regarding sustainability information:

- C1. Continuing Demand for Sustainability Reporting and Assurance.
- C2. Regulatory and Geopolitical Changes.

The survey asked stakeholders to assess their importance for the SSBs' next strategy period, as well as highlight matters or identified related impacts for the IAASB or the IESBA, or for both SSBs jointly.

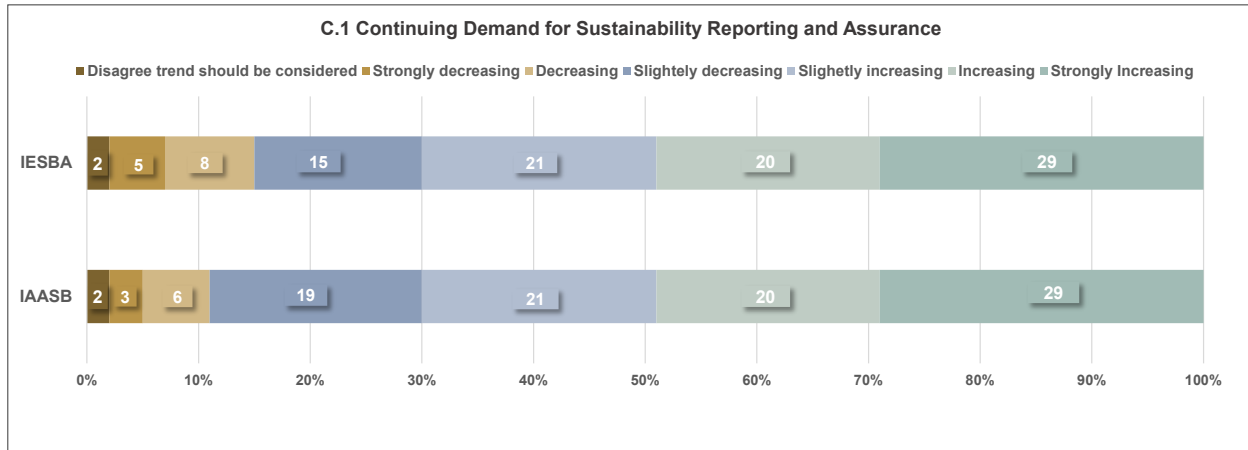
Highlights of Respondents' Feedback

- Acknowledgement across stakeholder groups that the evolving expectations concerning sustainability information highlight the SSBs' role in supporting consistent, principles-based, proportionate and scalable sustainability assurance and ethics standards that are globally operable.
- Broad support across stakeholder groups that in the next strategy period, the SSBs should:
 - Focus on supporting adoption and implementation of ISSA 5000 and the IESSA rather than prioritizing new standard-setting activity.
 - Monitor and evaluate implementation experiences to identify lessons learned or areas where a timely response may be necessary through guidance or narrow-scope amendments.
 - Undertake PIRs before determining if further standard-setting activities are needed.
 - Engage with a broad range of stakeholders to advocate for adoption of the standards and help reduce jurisdictional fragmentation.

C.1 – Continuing Demand for Sustainability Reporting and Assurance

Overview of Responses

165. A total of 105 respondents (including the two MG respondents) provided input for this trend. Of these, 101 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.
166. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.09 and 3-D.09** for further details).



Monitoring Group Respondents

167. Both MG respondents recognized the importance of evolving expectations concerning sustainability information for investor protection and market integrity, with one MG respondent assessing the trend to be of *Moderate Influence*. They emphasized the need for the SSBs to focus on implementation and supporting global adoption of ISSA 5000 and the IESSA, highlighting that early implementation experience may provide useful lessons around supporting consistent application. In addition, one MG respondent encouraged the SSBs to exercise appropriate caution when considering whether further standard setting in the sustainability area is warranted.

Other Respondents' Comments

Importance of the Trend for the SSBs' 2028–2031 SWPs

168. There was consensus across stakeholder groups that demand for sustainability reporting and assurance will continue to evolve, driven by investor expectations for corporate transparency, regulatory developments and public interest expectations. These reaffirm the relevance of the trend for the accountancy profession. However, viewpoints differed on whether the trend's importance for the SSBs is increasing or decreasing.
169. Respondents commented that:
- There is diversity among jurisdictions in sustainability reporting and assurance requirements. For example, while some jurisdictions are introducing mandatory sustainability reporting and assurance requirements, others may be in earlier stages of adoption or maintain voluntary

regimes. In addition, there is also diversity within jurisdictions depending on the type of entity and sector.

- At present, uncertainty remains regarding the pace and consistency of the demand for sustainability reporting and assurance in certain jurisdictions. Such uncertainty is driven by political, economic and regulatory conditions.
- While recent recalibrations, simplifications and scaling back of regulatory requirements in certain jurisdictions may influence the scope and timing of implementation, the underlying demand from investors and other stakeholders for reliable sustainability information is expected to remain strong.
- Sustainability assurance is at varying stages of maturity across jurisdictions, with some jurisdictions further advanced in adoption and implementation than others. Therefore, monitoring adoption, evaluating implementation experiences and ensuring consistent application across jurisdictions remain important.
- The nature of sustainability information itself is evolving, with an increasing emphasis on qualitative disclosures, reinforcing the need for continued guidance and other implementation support that can promote consistent interpretation and application as the subject matter matures.
- The increasing interconnection between sustainability and financial information highlights the importance of coordinated approaches across reporting and assurance frameworks. The SSBs should continue promoting coherence between sustainability assurance and broader reporting ecosystems.
- Supporting alignment, interoperability and global consistency will remain important given the uneven regulatory approaches. Such supporting efforts will help reduce complexity and implementation burden for both preparers and assurance providers.

Key Considerations for the SSBs' 2028–2031 SWPs

170. Respondents broadly recognized the **value of ISSA 5000 and the IESSA as global baseline standards** supporting robust, credible and consistent performance of sustainability assurance engagements. Recognizing that the standards become effective in December 2026, there were consistent messages across all stakeholder groups emphasizing that in the next strategy period, the following matters would be of importance for the SSBs to consider:

- Allowing jurisdictions a **period of stability to adopt** the standards and build capacity.
- **Not engaging in new** sustainability standard-setting projects before implementation experiences of the sustainability assurance and ethics standards are available, whether identified as part of a PIR or through other monitoring mechanisms.
- Monitoring adoption and early implementation experiences for **lessons learned** in areas where there may be practical challenges or a need for a rapid response.
- Utilizing **input from the SSBs' sustainability implementation groups**, or from a single SSB sustainability experts' group, to facilitate discussion of implementation challenges and the development and issuance of guidance.

- Focusing on providing **implementation guidance and other support** to enable consistent application.
 - Engaging with **standard setters (e.g., ISSB,²⁰ EFRAG²¹) as well as with IOSCO and other regulators** to advocate for global adoption of the SSBs' standards and reduce jurisdictional fragmentation.
 - Supporting implementation of standards that are **proportionate and scalable** for smaller entities and practitioners and developing markets.
171. Respondents from different stakeholder groups emphasized the importance of **undertaking PIRs** of ISSA 5000 and the IESSA. Suggestions were also provided for:
- Close coordination between the SSBs in undertaking the PIRs, or undertaking a joint or parallel PIR, given the close interrelationship between sustainability assurance and ethics and independence requirements.
 - The SSBs to undertake an assessment of alignment between the sustainability assurance and ethical requirements of ISSA 5000 and the IESSA, respectively, particularly with respect to consistency of concepts and terminology, including whether the two standards operate as a coherent practical framework.

Specific Matters for IAASB

172. Respondents' views and suggestions included:
- Developing non-authoritative materials to support effective implementation of ISSA 5000. Specific topics cited in the feedback included materiality in qualitative disclosures and when evaluating misstatements, applying double materiality, obtaining evidence over non-financial information, qualitative and forward-looking disclosures, and sector-specific and emerging sustainability topics.
 - Monitoring implementation experiences to assess, as part of future PIRs, whether standard setting or guidance is needed for specific sustainability topics or to address the interrelationship between financial statement audits and sustainability assurance engagements.

Specific Matters for IESBA

173. Certain respondents from firms, JSS and PSOs:
- Highlighted the need for timely and proportionate guidance in relation to the application of the provisions related to value chain component, including through the IESSA Implementation Monitoring Advisory Group.
 - Suggested undertaking narrow scope amendments should significant implementation challenges be identified.
 - Suggested that the level of detail and prescriptiveness in the IESSA could be reduced.

²⁰ International Sustainability Standards Board

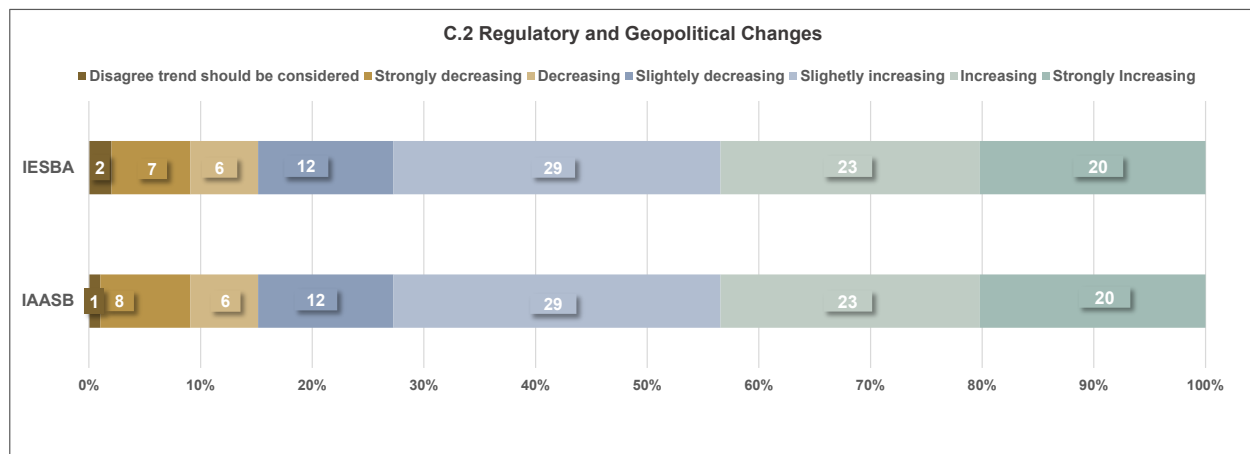
²¹ European Financial Reporting Advisory Group

- Expressed concerns with the IESBA contemplating undertaking a workstream, to explore extending the Code to non-professional accountants (non-PAs) who prepare sustainability information. These respondents were of the view that this topic is outside the IESBA's standard-setting remit. They also emphasized the need for further information gathering to identify any unintended consequences relating to the application of the Code outside of the profession.
- Suggested evaluating and assessing whether existing standards are being effectively adopted and implemented, and prioritizing the development of guidance for professional accountants rather than other professionals.

C.2 – Regulatory and Geopolitical Changes

Overview of Responses

174. A total of 102 respondents provided input for this trend (including one MG respondent). Of these, 100 respondents also included qualitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.
175. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.10 and 3-D.10** for further details).



Monitoring Group Respondents

176. The MG respondent acknowledged the importance of sustainability assurance and emphasized the importance of supporting implementation and global adoption of extant sustainability standards in the next strategy period, rather than engaging in new standard setting.

Other Respondents' Comments

Importance of the Trend for the SSBs' 2028–2031 SWPs

177. There were few substantive differences between the comments of respondents who rated this trend as decreasing and those who rated it as increasing. Respondents commented as follows:
- Regulatory and geopolitical developments are outside the standard-setting boundaries of the SSBs, and they are shaped by political, regulatory and legislative mandates.

- There is an expectation that sustainability assurance frameworks will mature by the next strategy period of the SSBs, reducing the need for new standard-setting actions in response to regulatory and geopolitical developments.
- Short-term geopolitical changes or shifts in government policies should not risk reopening standards. These changes also do not necessarily justify new standard-setting activities.
- Differences in regulatory requirements, and the related timing of their implementation, may create interoperability and comparability challenges. This reinforces the importance of the SSBs' role in monitoring adoption experiences and providing implementation support rather than initiating new standard setting.
- Coordination among international standard setters, including alignment between assurance, reporting and ethics frameworks, may play an important role in maintaining trust and effectiveness in sustainability-related disclosures.

Key Considerations for the SSBs' 2028–2031 SWPs

178. Respondents across stakeholder groups agreed that in the next strategy period, the SSBs' focus should shift from standard setting to **monitoring adoption and supporting implementation** in response to regulatory and geopolitical developments. In this regard, respondents emphasized the need for the SSBs to:
- Continue efforts to **advocate for broad adoption** of ISSA 5000 and the IESSA and support their **consistent implementation**.
 - **Monitor jurisdictional adoption and evaluate** the nature, extent and rationale for jurisdictional tailoring of the standards, including provisions in the standards that may not have been adopted or have been only partially adopted.
 - Proactively identify emerging **practical challenges and questions** for which timely guidance and other implementation support material may be necessary.
 - Support **interoperability** between international standards and jurisdiction-specific regulations.
179. There was also consistent support, particularly among firms and JSS, for the view that the SSBs' standards should be **sufficiently stable, principles-based and scalable** to remain globally operable and capable of withstanding regulatory and geopolitical developments.

Specific Matters for IAASB

180. Suggestions for the IAASB to focus on included:
- Prioritizing advocacy and implementation support for effective ISSA 5000 adoption as a foundational and scalable standard for limited and reasonable assurance engagements that applies for all types of sustainability information.
 - Undertaking outreach and continuing to engage with regulators and international and jurisdictional standard setters to promote the benefits of the global adoption and consistent implementation of ISSA 5000.

Specific Matters for IESBA

181. Suggestions were provided for the IESBA to:

- Support effective implementation of the IESSA.
- Identify areas where practical guidance or narrow-scope amendments may be necessary (e.g., independence requirements applicable to value chain components or practical application of independence requirements for group sustainability assurance engagements).

182. Respondents expressed concerns regarding any further standard setting in this area, given the need for a period of stability to support consistent application of the IESSA. There was also some disagreement about the IESBA contemplating undertaking a workstream to explore extending the scope of the Code to non-PAs who prepare sustainability information.

Section V – Evolving Structures and Business Models of Accounting Firms

Background

183. The joint survey highlighted the following four environmental trends related to evolving structures and business models of accounting firms:

- D1. Alternative Ownership Structures.
- D2. Increased Involvement of Non-Professional Accountants in the Accounting and Auditing Profession.
- D3. Challenges to Attracting and Retaining Talent.
- D4. Non-Assurance Service Line.

The survey asked stakeholders to assess the importance of these trends for the SSBs' next strategy period, as well as highlight matters or identified related impacts for the IAASB or IESBA, or for both SSBs jointly.

Highlights of Respondents' Feedback

Alternative Ownership Structures

- Respondents broadly recognized that evolving firm structures and business models could have implications for audit quality, independence and firm culture and governance.
- Suggestions included the SSBs coordinating their monitoring of developments, evidence-gathering including through ongoing workstreams and upcoming PIRs to assess the resilience of ISQM 1 and the Code, and undertaking further action only where a clear and demonstrable gap is identified.

Increased Involvement of Non-PAs in the Accounting and Auditing Profession

- There is a need to ensure that the Code and IAASB standards (i.e., ISQM 1 and ISA 620)²² are clearly understood and operable in multidisciplinary environments. There was support for testing

²² ISA 620, *Using the Work of an Auditor's Expert*

the resilience of IAASB standards and the Code, using non-authoritative material first, with targeted, narrow-scope amendments reserved for cases where a clear, evidenced gap is identified.

Challenges to Attracting and Retaining Talent

- There was a majority view that the SSBs' relevant contribution to the profession attracting and retaining talent is indirect and can be best supported through maintaining clear, principles-based, implementable standards that do not create unnecessary complexity or compliance burden that may exacerbate talent pressures.

Non-Assurance Service Line

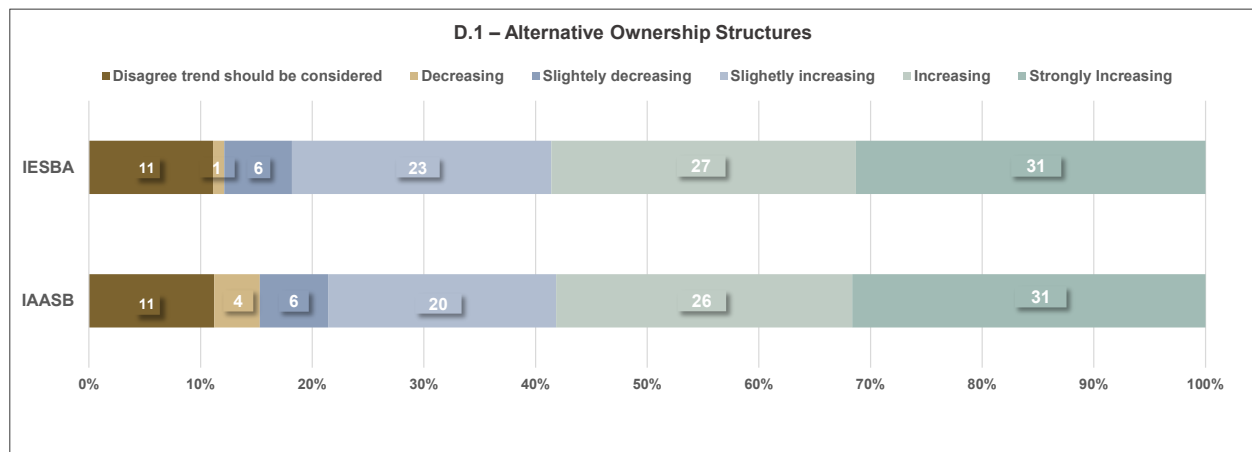
- There was broad agreement among stakeholders that with respect to the non-assurance service line within firms, the SSBs should monitor developments to ensure that IAASB standards and the provisions of the Code remain clear and effective.
- It was suggested that the IESBA prioritize the PIRs of the Non-Assurance Services (NAS) and Fees provisions of the Code before undertaking any further standard-setting action.

D.1 – Alternative Ownership Structures

Overview of Responses

184. A total of 104 respondents (including the two MG respondents) provided input for this trend. Of these, 99 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.

185. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.11 and 3-D.11** for further details).



Monitoring Group Respondents

186. The MG respondents commented that as alternative firm ownership models, including Private Equity (PE) investments, continue to evolve, new risks to audit quality, independence and firm-level governance arise, with one MG respondent assessing the trend to be of *Moderate-High Influence*.

Both MG respondents called for close collaboration and coordination between the SSBs to establish a shared understanding of how these structures are operating and their implications for audit quality, independence, and firm culture and governance.

187. The MG respondents also provided the following viewpoints:

- A MG respondent supported the launch of the IESBA's project related to Private Equity investments in accounting firms and encouraged the SSBs to coordinate their information gathering. The MG respondent also encouraged engagement with regulators and other standard setters to assess the implications for audit quality, ethics and independence. Such engagement would help to determine whether the existing quality management, ethics and independence frameworks continue to provide a sufficient foundation or whether emerging issues may warrant further consideration during the strategy period.
- A MG respondent supported timely guidance or standards to respond to emerging challenges and ensure that the public interest is protected as firm ownership and incentive structures change. The MG respondent was concerned to ensure that quality management systems adequately address the risks arising from these changes and that the value, credibility and trust in auditing is preserved.

Other Respondents' Comments

188. Respondents broadly recognized the growing involvement of PE and other external investors in accounting firms, with the majority of respondents assessing the importance of this trend as increasing (including slightly or strongly increasing). Certain respondents also noted that the significance of this trend is likely to be greater for the IESBA than for the IAASB over the coming strategic cycle.

189. Certain respondents from larger firms and PAOs, however, believed that the trend should not be considered by the SSBs in the next strategy period, or assessed the trend as decreasing in importance for the following reasons:

- The topic does not fall within the SSBs' remit, given that firm ownership and governance are matters of national law, jurisdictional regulatory oversight and firm governance that are better addressed locally than through international standard setting.
- The role of the SSBs is to establish principles that support audit quality and ethical conduct, rather than regulate how firms are structured, financed or governed.
- The existing principles of ISQM 1 and the Code already provide a framework capable of operating across different ownership models. Responding to ownership arrangements through additional standards could duplicate national regulation, reduce flexibility and discourage innovation.
- Relevant issues are already being addressed through the IESBA's ongoing work on FCG and PE investment in accounting firms in the current strategy period.

190. Respondents also commented that:

- These developments may influence governance, firm culture, incentives, quality management, professional conduct and auditor independence.

- External investor expectations, shorter-term investment horizons and commercial pressures may create tensions with the profession's public interest responsibilities and could affect the firm's ethical culture, the application of professional skepticism, audit quality and public confidence in the firm.
- PE ownership could create independence threats that might not be clearly captured by existing frameworks (e.g., other portfolio companies within a PE structure holding financial or commercial relationships with the firm's audit clients, or a PE fund holding a stake in both the audit firm and its clients).
- Alternative ownership structures may provide access to capital, technology, innovation, succession planning and growth. The trend should not be treated purely as having negative impacts on firms and the profession.

Key Considerations for the SSBs' 2028–2031 SWPs

191. Respondents broadly encouraged **continued monitoring of developments** and **evaluating whether existing IAASB quality management standards and the Code remain sufficiently resilient** as business models evolve. Suggestions were also provided to determine whether **targeted guidance or other non-authoritative material or limited enhancements to the SSBs' standards** are needed where evidence demonstrates that existing provisions do not adequately address emerging risks.
192. In providing their viewpoints, certain JSS and firms considered the **existing principles of the IAASB quality management standards** fit for purpose regardless of ownership model. By contrast, there were suggestions from certain respondents for the SSBs to consider:
- Strengthening firm- and engagement-level quality management requirements, particularly around governance and leadership accountability.
 - Providing guidance to ensure the same high standard of ethical behavior applies consistently across different ownership structures.
 - Whether accountability for quality management should sit at the regional or country level when firms combine into multi-country regional hubs.
193. Certain respondents also expressed views that the IESBA's ongoing work on FCG may be a vehicle for near-term work in this area. They encouraged the SSBs to evaluate whether that workstream adequately addresses the concerns. Where respondents favor actions, most prefer an evidence-based approach over immediate new standards, including:
- **Testing the resilience** of the existing Code and ISQM 1 against these new structures.
 - Developing **non-authoritative material** first in the near term.
 - Reserving targeted, narrow-scope amendments to the Code for cases where a clear, **evidenced gap is identified**.
194. Respondents also recommended a **coordinated approach between the SSBs** on information-gathering and subsequent action, **as well as engagement with regulators and other standard setters already active in this space**. They expressed the view that the SSBs should develop any

guidance or standards **jointly**, released on an aligned timetable, so that the SSBs could remain consistent in their responses.

Specific Matters for IAASB

195. Respondents encouraged the IAASB to assess whether evolving ownership structures create implications for ISQM 1, particularly regarding leadership, governance, client acceptance, accountability and firms' systems of quality management. They emphasized that the IAASB should continue monitoring developments, gather implementation experience through the anticipated PIR of the quality management standards ²³ and consider non-authoritative guidance or other implementation support before determining whether amendments to IAASB standards are warranted.
196. Certain respondents also encouraged the IAASB to consider whether regional firm structures, multidisciplinary business models and increasingly complex ownership arrangements affect the operation of quality management systems or create practical implementation challenges.

Specific Matters for IESBA

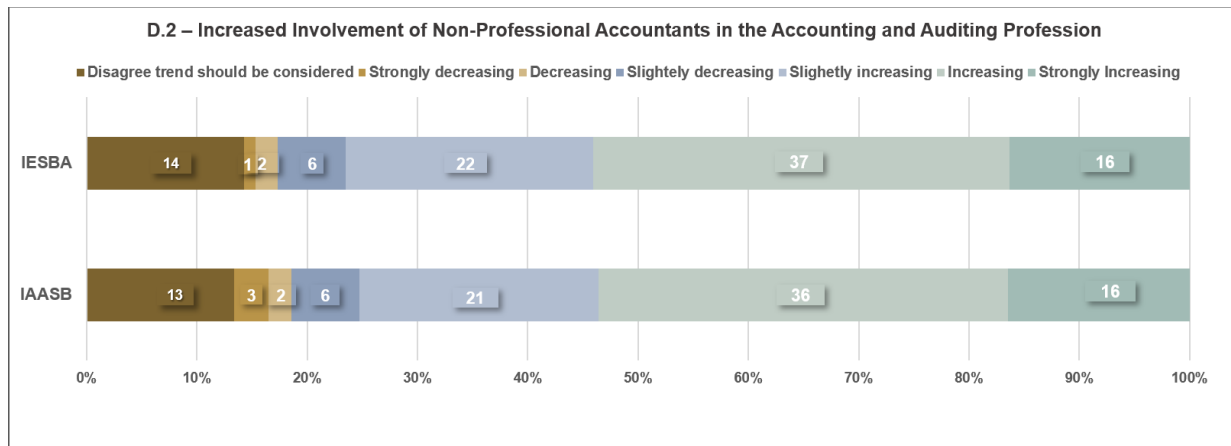
197. Respondents generally regarded alternative ownership structures as primarily an ethics, independence and firm culture matter. They encouraged the IESBA to continue its work on its PE investment in Firms and FCG workstreams and build any actions in relation to this trend directly into these ongoing workstreams (including drawing on material from the [July 2025 Staff Alert](#) on PE investment in Firms). They suggested that the IESBA evaluate whether the Code continues to address threats arising from alternative ownership structures, including with respect to external investor influence, conflicts of interest, commercial incentives, common ownership arrangements and firm culture.
198. A recurring theme that respondents flagged was that the Code's definition of "network firm" may warrant review to reflect more complex, cross-entity ownership arrangements.

D.2 – Increased Involvement of Non-Professional Accountants in the Accounting Profession

Overview of Responses

199. A total of 104 respondents (including the two MG respondents) provided input for this trend. Of these, 99 respondents also provided quantitative ratings in their submissions reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.
200. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.12 and 3-D.12** for further details).

²³ The quality management standards include: ISQM 1, ISQM 2, *Engagement Quality Reviews* and ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*.



Monitoring Group Respondents

201. The MG respondents recognized the increasing involvement of non-PAs in the accounting and auditing profession and the increasing role of multidisciplinary teams, with one MG member assessing the impact of this trend to be of *Low Influence*.

202. The MG members commented as follows:

- While the increasing involvement of non-PAs in the profession is capable of enhancing audit quality by bringing specialized expertise from disciplines such as technology, data science, law, consulting and sustainability, it may also raise important questions regarding professional competence, engagement-level supervision, accountability and the consistent application of ethical principles.
- A MG respondent indicated that the impact on the SSBs' standard-setting landscape may be more limited at this stage given the breadth of existing quality management, ethics and independence frameworks. The MG respondent suggested continuing monitoring how these developments evolve in practice before determining whether additional action is warranted.
- A MG respondent noted the need for further coordination between the SSBs to arrive at a solution that would not create unnecessary complexity and could be integrated with a firm's system of quality management.

Other Respondents' Comments

203. A majority of respondents assessed the importance of this trend as increasing (including slightly or strongly increasing). At the same time, a notable number of respondents from certain firms and PAOs did not consider the increased involvement of non-PAs to be a strategic trend that should be considered by the SSBs in the next strategy period, or assessed the trend as decreasing in importance for the following reasons:

- Multidisciplinary teams and the use of specialists are not new (e.g., actuaries and valuation specialists have supported engagement teams for a number of years). The trend does not raise new ethical or independence threats requiring additional standards for professional accountants.

- Existing IAASB standards and the Code already establish clear requirements relating to professional competence, direction, supervision, review, professional judgment, accountability, quality management and ethical behavior, regardless of professional background. Several respondents referred to the SSBs' recent work on the use of the work of external experts and noted that these projects already addressed many of the issues associated with multidisciplinary teams.
 - The SSBs should avoid broadening their remits or adopting a profession-agnostic approach that could weaken the role, accountability or distinctiveness of professional accountants. Instead, the SSBs should support consistent implementation of existing standards and clarify how existing requirements apply in multidisciplinary environments where necessary.
 - It may be premature to undertake further standard setting before implementation experience from recently issued standards has been evaluated. Several respondents supported the development of illustrative examples or other non-authoritative guidance as potential actions the SSBs may consider.
204. Some respondents from JSS and PAOs specifically cautioned against extending the Code to non-PAs, arguing this could:
- Dilute the value and distinctiveness of the PA credential. There was concern that pursuing this path may blur the line between those who are professionally qualified, licensed, and subject to established accountability mechanisms, and those who are not.
 - The provisions of the Code are sufficiently scalable to address the increased use of non-PAs. There is insufficient justification for additional standard setting at this time. For example, the Code already addresses multidisciplinary teams by placing responsibility on PAs for appropriate authority, supervision and control over individuals performing professional work under their direction. The Code also requires the application of the conceptual framework to identify, evaluate, and address threats to the fundamental principles arising from relevant roles, relationships, and responsibilities, including those involving experts who are non-PAs.
 - Any proposal to broaden the IESBA's remit should be progressed through a clear, transparent due process with wide global consultation, given the implications for the IESBA's terms of reference.
205. Respondents also commented that:
- Broader expertise can improve audit and assurance quality, strengthen innovation and respond to increasingly complex reporting and assurance requirements.
 - Expanding multidisciplinary teams should not weaken professional judgment, accountability, ethical culture, independence or audit quality.
 - Expanding sustainability reporting and assurance mandates have resulted in an increased involvement of specialists (e.g., engineers, climate scientists, data analysts) who have no accounting background and are not bound by the Code.
 - AI and other technology specialists have been increasingly embedded in engagement teams and in the design of technological tools, raising questions about who is accountable for

- professional skepticism and judgment when a tool or a non-PA specialist materially shapes the output.
- Due to talent shortages, firms cannot recruit enough qualified PAs and have been turning to other professionals to fill the gap.
 - Non-PAs are often compensated on commercial metrics (e.g., revenue growth, client satisfaction), creating self-interest threats not appropriately addressed by the Code that was written for PAs.
 - Confidentiality obligations apply to non-PAs (e.g., particularly technology staff handling large volumes of client data), while they are not directly bound by the Code.

Key Considerations for the SSBs' 2028–2031 SWPs

206. With respect to the increased involvement of non-PAs in the accounting and auditing profession, respondents raised the following suggestions for the SSBs' joint attention:

- **Continuing coordinating** their work and avoiding adding **unnecessary complexity or duplication** as they consider this trend so that any guidance could be integrated seamlessly into firms' overall systems of quality management.
- **Clarifying accountability** for ethical behavior and professional judgment when non-PAs contribute materially to assurance work.
- Determining whether the concern is about engagement performance, ethics compliance, firm governance or other matters, **before deciding on a response**.
- Considering **proportionality for SMPs** since resourcing specialist expertise has been a particular strain for such firms.
- **Coordinating with PAOs** as well as engaging with the professional bodies/regulators of other professions to build a shared understanding of the Code and IAASB standards.

Specific Matters for IAASB

207. For the IAASB, the feedback received mainly favored reaffirming rather than revising existing standards. Respondents commented that:

- Supervision, review and quality-management requirements in ISQM 1, ISA 220 (Revised), and ISSA 5000 on using the work of an expert currently address the issue. The respondents suggested that the IAASB should prioritize confirming whether these provisions are being applied consistently as multidisciplinary staffing grows, rather than drafting new requirements.
- Illustrative examples and other guidance could be considered to respond to the concern without reopening standards.
- The IAASB should evaluate whether ISA 620 adequately covers the competence, capability and objectivity assessment of non-PA specialists, particularly in sustainability and technology domains. It was also suggested that consideration be given to whether the standard should include expanded requirements related to supervision and review, along with related guidance, to encompass the involvement of non-PAs in the accounting and auditing profession.

- There is a risk that non-PA staff performing procedures might not recognize issues that PAs proficient in accounting standards would identify. Hence, engagement-team competence requirements could benefit from illustrative material for multidisciplinary contexts.

Specific Matters for IESBA

208. For the IESBA's consideration, one key issue raised by some respondents was how the Code, which is developed for PAs, should address the growing proportion of engagement team members who are non-PAs and, therefore, are not directly subject to its requirements. There was a suggestion for the IESBA to explore whether the Code needs to be made more profession-agnostic to better support a firm-wide ethical culture. In contrast, other respondents, primarily PAOs, opposed extending the Code's obligations beyond PAs, preferring instead to rely on the professional accountant's supervisory responsibilities on an engagement to ensure appropriate ethical conduct across the engagement team.

209. In addition, a few respondents made the following suggestions, among others, for the IESBA's consideration:

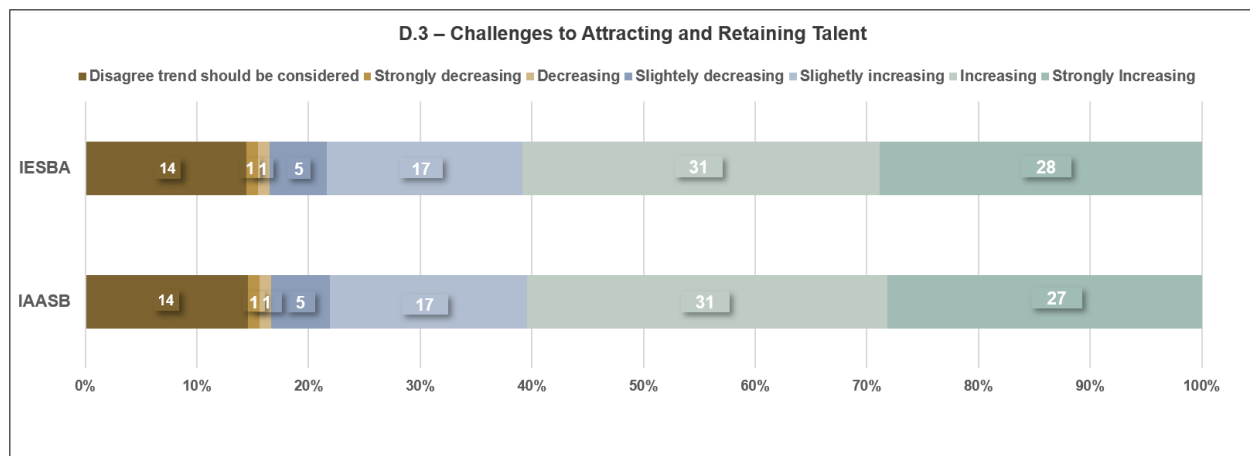
- Ensuring that the Code is clearly understood and operable in multidisciplinary environments.
- Assessing whether guidance is needed to make the fundamental principles operable for professionals without an accounting or ethics code background without necessarily creating new requirements.
- Directly addressing the self-interest threat created when a non-PA specialist's remuneration is linked to client-relationship or commercial outcomes with respect to an audited entity.
- Clarifying how confidentiality obligations apply to non-PAs (e.g., technology staff) who handle client data but are not subject to the Code.
- Considering whether a new section of the Code should address the non-PAs involved in accounting services.
- Revisiting whether current definitions of network firms and firm structures adequately capture the potential influence of non-PA ownership/leadership on independence.

D.3 – Challenges to Attracting and Retaining Talent

Overview of Responses

210. A total of 100 respondents (including one MG respondent) provided input for this trend. Of these, 98 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.

211. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.13 and 3-D.13** for further details).



Monitoring Group Respondents

212. The MG respondent recognized that challenges in attracting and retaining talent continue to affect the audit profession, including through resource constraints, shifting workforce expectations and increasing reliance on specialists or technology-enabled delivery models. However, this trend was assessed as having a *Low Influence* on the SSBs' next strategy period. The MG respondent explained that this is because the quality management, ethics and independence frameworks already establish expectations for professional competence, supervision and accountability, which are foundational regardless of staffing trends. The MG respondent suggested that at this stage, the SSBs continue monitoring how workforce developments evolve in practice.

Other Respondents' Comments

213. While most respondents saw the impacts of this trend to be of growing importance for the profession, a large number of respondents, including from regulators, JSS and large firms did not consider the trend to be of strategic focus for the SSBs, or noted that the trend is decreasing (or slightly decreasing) in importance, on the grounds that talent attraction is not a standard-setting matter.

214. Certain respondents noted that attracting and retaining talent is a workforce, education and business-model matter that is a concern to national regulators, firms, PAOs and educators, and not a global standard setter's issue. Comments were shared that firms are already required to apply existing quality management standards, such as ISQM 1, which establishes requirements for hiring, developing and retaining personnel with the competence and capabilities to consistently perform quality engagements.

215. Respondents commented that:

- Challenges to attract and retain talent is a very important issue for the profession. However, it is not a standard-setting issue.
- These challenges are magnified due to increasing competition for professionals with expertise in technology, AI, data specialists, sustainability and other specialist areas. The challenges are

also amplified by changing workforce expectations, declining interest in accounting careers in some jurisdictions, and increasing engagement complexity and resource constraints.

- Resourcing and skills gaps could threaten the consistent application of standards, application of professional skepticism and judgment, especially as emerging technologies automate entry-level tasks, and compliance with the fundamental ethical principles such as professional competence and due care.
- The increased use of AI has an impact on displacing less experienced staff. At the same time, it is increasing demand for more experienced, managerial roles, oversight of AI outputs and specialists in data, cybersecurity, and sustainability assurance, disrupting the traditional “pyramid” staffing model of firms.

Key Considerations for the SSBs 2028–2031 SWP

216. While respondents broadly agreed that workforce and recruitment matters exceed the SSBs’ mandates and are better addressed by firms, PAOs and educators, views were provided that the complexity, volume and lack of scalability of the SSB’s standards make the profession less attractive. This reinforces the need for **scalable, practical standards that can be implemented consistently across firms**. They also highlighted that the SSBs should consider avoiding creating unintended barriers to entry to the profession by introducing undue complexity in standards.
217. Suggestions from firms included that the SSBs’ role is not through new standards but through **reinforcing and communicating the public-interest value and purpose of the profession**, which are valued by younger talent. In addition, the importance of **engagement with PAOs on talent pipeline issues** was emphasized to ensure the long-term attractiveness of accountancy careers. Also, it was suggested that the SSBs should **monitor the development of the trend** and consider whether there is a need for guidance addressing heightened risks that may arise.

Specific Matters for IAASB

218. For IAASB, the suggestions received from the feedback included:
- Considering whether sustained resource constraints, skills gaps or changes in team composition are affecting the consistent application of standards, including core concepts such as professional skepticism and professional judgment. Respondents noted that such factors may give rise to additional quality risks, or firm and network level resource considerations that warrant attention in the application of ISQM 1.
 - Reinforcing guidance on supervision, resourcing and quality management in environments facing skills shortages, ensuring that engagement quality is not compromised by capacity constraints.
 - Developing standards that are understandable, scalable, proportionate and capable of being applied efficiently, while avoiding unnecessary complexity and cumulative implementation burden.

Specific Matters for IESBA

219. With respect to the IESBA's work, suggestions received from respondents included:

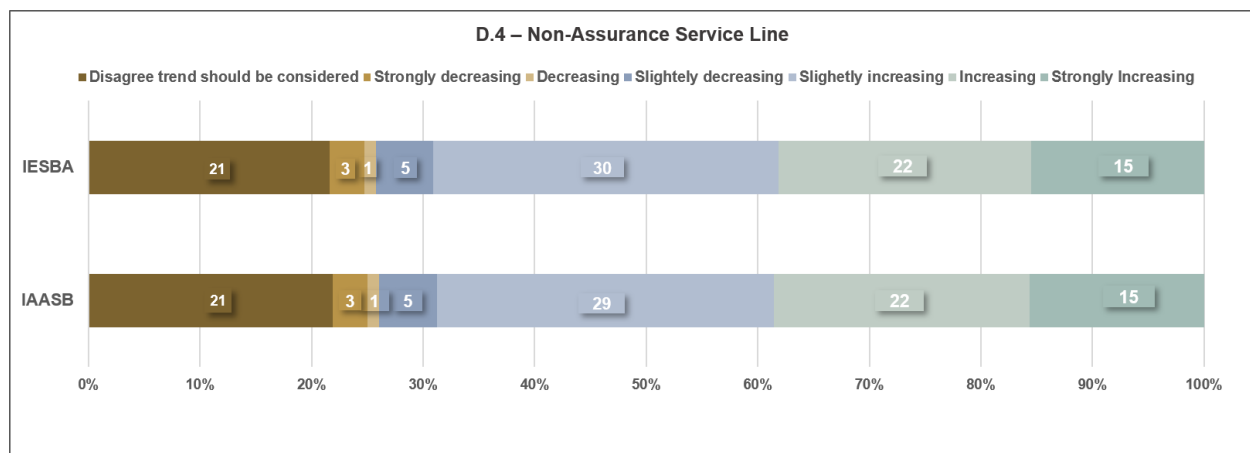
- Examining whether personal independence and business relationship requirements are calibrated for evolving workforce and multidisciplinary business models.
- Considering whether outdated requirements and further documentation and accountability burdens could themselves be a barrier to attracting talent.
- Exploring whether non-authoritative guidance on identifying and addressing threats to compliance with fundamental principles arising from resource constraints and difficulties in retaining experienced professionals would offer practical value to practitioners navigating these challenges.

D.4 – Non-Assurance Service Line

Overview of Responses

220. A total of 101 respondents (including one MG respondent) provided input for this trend. Of these, 98 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trend for the SSBs in the next strategy period.

221. The chart below provides an overview of the quantitative ratings provided by respondents for the trend (see the NVivo reports in **Agenda Items 3-C.14 and 3-D.14** for further details).



Monitoring Group Respondents

222. One MG respondent assessed the growth of NAS lines as having a *Low Influence* on the SSBs given that existing quality management frameworks, such as ISQM 1, already focus on firm-level governance, culture and risk assessment, providing a robust foundation for identifying and assessing threats arising from NAS. The MG respondent encouraged the SSBs to monitor the evolution of firm service models and reflect on how these developments align with current frameworks, before determining whether any areas warrant further attention.

Other Respondents' Comments

223. While the majority of respondents ranked the growth of the NAS lines as increasing in importance (including slightly or strongly), there were a notable number of respondents who did not agree that this trend should be considered by the SSBs in their next strategy period or who ranked the trend as decreasing (either slightly or strongly).
224. Respondents from JSS, large firms and PAOs that believed the trend should not be considered by the SSBs provided the following reasons:
- Existing IAASB standards and the Code already serve as a framework for NAS activities in most firms, including consulting and tax, which are subject to the same ethical rules as auditing.
 - The SSBs should limit their activities to areas within their mandates (i.e., auditing, quality management, reviews, other assurance and related services, and ethics, including independence, for professional accountants).
 - The IESBA's revisions to the NAS and Fees provisions of the Code already provide sufficient independence guardrails, and the results of the scheduled PIRs of such provisions should be considered before any further actions.
 - In the absence of clear evidence of a global systemic problem, existing standards and frameworks are sufficient to address the issues.
 - In some jurisdictions, the local regulatory framework and oversight may have already reduced the urgency to address any independence concerns.
225. Respondents also raised the following matters for the SSBs' consideration:
- The continued growth of NAS raises significant public-interest considerations, particularly where such activities may create actual or perceived conflicts of interest which can undermine trust in the audit and assurance profession as a whole. The IESBA's role in setting clear, enforceable boundaries and safeguards remains critical.
 - Delivering services outside core competencies may introduce quality risks related to insufficient subject-matter expertise.
 - PE investors are attracted to maximizing profits of the whole firm, and the incentive to prioritize higher-margin non-assurance work remains a concern.
 - Firms increasingly embed non-assurance specialists in AI, technology, sustainability and tax into audit engagements, which can strengthen audit quality through specialist input but also deepen the interdependence between assurance and non-assurance revenue streams.
226. Similar concerns as those discussed above were raised with respect to sustainability-related services which have been framed as "strategic advisory" work. Respondents believed that it could further blur the boundary between assurance and consulting as a newer, less-tested area of the Code.

Key Considerations for the SSBs' 2028–2031 SWPs

227. Those respondents who proposed actions around this trend in the next strategy period commented that the focus of the SSB should be on:

- **Monitoring developments** to ensure that IAASB standards and the Code remain clear, proportionate and effective in safeguarding independence, objectivity and public trust.
- **Implementation, operationalization and PIRs** of recently issued standards before pursuing substantial additional standard-setting initiatives in this area.
- **Illustrative guidance and other implementation support**, particularly for SMPs, on managing risks within multidisciplinary service models.

Specific Matters for IAASB

228. It was noted that the relevance of this trend would arise only if clear implications for quality management or audit quality are identified, as broader changes in firms' business models should not, by themselves, drive new standard-setting activity.

Specific Matters for IESBA

229. It was suggested that the IESBA should prioritize the PIR of the NAS and fee-related provisions, with a focus on whether existing safeguards remain effective in preserving independence and objectivity before any further action is taken. It was also suggested that, in the interim, the IESBA may consider developing targeted implementation support, including illustrative examples, where specific application challenges are observed.

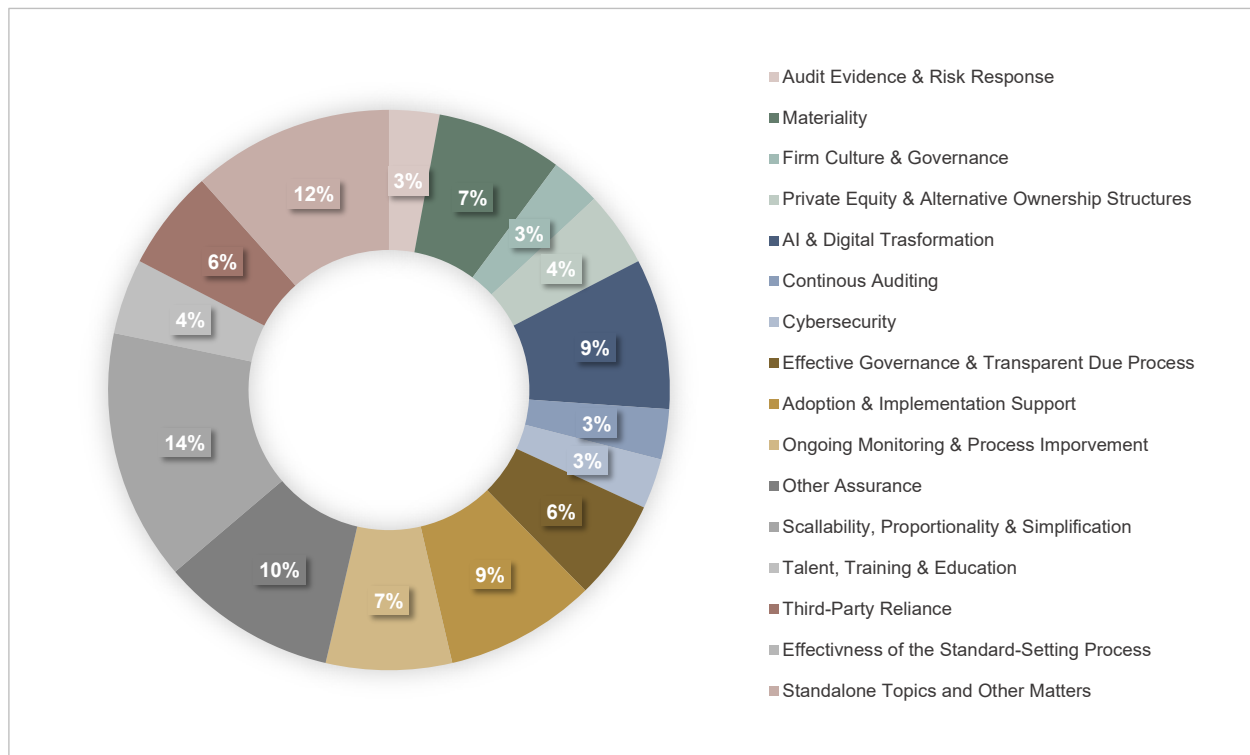
Section VI – Additional Trends and Other Matters

Background

230. The joint SSB stakeholder survey also sought views from respondents on whether there are other trends not previously covered, or related areas or matters, that stakeholders believe the SSBs should consider in their next strategy period.

Overview of Responses

231. A total of 48 respondents (including the two MG respondents) provided input on additional trends and matters. Of these, 41 respondents also provided quantitative ratings in their submissions, reflecting their assessment of the importance of the trends for the SSBs in the next strategy period (see the NVivo reports in **Agenda Items 3-C.15 and 3-D.15** for further details).
232. Where quantitative ratings were provided, a majority (or 86%) of respondents rated the additional trends and other matters as increasing or strongly increasing in importance, with the remaining 14% rating the additional trends and other matters as slightly increasing in importance.
233. Approximately 12% of the additional trends and other matters included dissimilar standalone topics. The remaining additional trends and other matters have been organized into similar overarching themes, as shown in the chart below:



What We Heard

Audit Evidence and Risk Response

234. One MG respondent and a regulator emphasized the continued importance of the IAASB's AE&RR project, including the need to continue allocating sufficient resources for its timely completion.

Materiality

235. The MG respondents and regulators highlighted concerns with respect to the consistency of application of the concept of materiality by auditors, observing that interpretations vary in practice for entities with similar characteristics and risks. They emphasized that the IAASB should undertake a project on revising ISA 320,²⁴ without further delay, in view of concerns that it is outdated and no longer fit for purpose to promote more consistent application by auditors.
236. Respondents also noted that practical examples and other guidance on materiality in the context of sustainability information remain important. Such guidance could address, for example, assessing the materiality of misstatements in sustainability information and other non-financial disclosures, and determining and allocating materiality across different sustainability topics and disclosures.

Firm Culture and Governance

237. A few respondents highlighted support for the IESBA's focus on FCG as a fundamental driver of audit quality and public trust, noting that the primary objective of the project should not be to introduce compliance-focused requirements that may not result in meaningful change in practice. Instead,

²⁴ ISA 320, *Materiality in Planning and Performing an Audit*

suggestions were provided for the IESBA to focus on:

- Close coordination with the IAASB to ensure alignment, avoid duplication and support effective implementation.
- Disciplined assessment of the objectives of the project, including the intended outcomes.
- The development of robust non-authoritative guidance, including scenario-based case studies and guidance focused on ethical dilemmas and governance challenges.

PE and Alternative Ownership Structures

238. Respondents highlighted themes around the trend relating to the evolving structures and business models of accounting firms, noting the importance of maintaining an effective system of governance, quality management, and ethics and auditor independence.

AI & Digital Transformation, Continuous Auditing and Cybersecurity

239. Respondents highlighted themes around the trends relating to digital transformation, emphasizing the need for the SSBs to assess whether the existing principles in their standards remain fit for purpose in view of the rapid technological evolution. This would inform the SSBs' consideration of whether non-authoritative guidance or further standard setting is warranted.

Effective Governance & Transparent Due Process

240. Respondents from firms and PAOs emphasized that in the next strategy period, a strategic objective for the SSBs should be the enhancement of stakeholder confidence in the SSBs' due process. They felt that such enhanced stakeholder confidence could be achieved through the SSBs' increased transparency on how stakeholder feedback is influencing the SSBs' judgments, as well as the SSBs demonstrating a broad and balanced participation in standard setting, including from the profession.

Adoption & Implementation Support

241. Respondents from different stakeholder groups emphasized that supporting adoption and implementation of new standards should be an elevated consideration for the SSBs in the next strategy period. Views were shared that:

- The increasing pace, volume and interrelationship of standard setting and regulatory developments create implementation and operational challenges for firms, practitioners, regulators and other stakeholders.
- There is a need to undertake PIRs to evaluate the impacts of new or revised standards across a broad range of jurisdictions and to understand practical challenges.
- Rather than relying solely on PIRs, the SSBs could consider more targeted and timely engagement with the profession, JSS and regulators to identify barriers to adoption and effective implementation.

Ongoing Monitoring & Process Improvements

242. In view of the rapid pace of environmental changes, including technological, regulatory and market developments, certain respondents noted the need for the SSBs to implement ongoing processes for

monitoring emerging trends that could impact the standard-setting environment. They emphasized the need for the SSBs to:

- Place greater emphasis on project prioritization by remaining focused on their core mandates and avoiding activities that fall into areas beyond the work of professional accountants.
- Implement processes that enable incremental, timely updates and clarifications to standards, rather than relying on large scale standard-setting projects.
- Undertake timelier PIRs with a pathway to targeted amendments that are developed more quickly where issues are identified.
- Avoid over-committing to standard-setting projects that cannot deliver timely public interest outcomes.
- Develop alternative, more agile forms of responses.

Other Assurance Matters

243. One MG respondent and a regulator emphasized that reporting increasingly relies on digital formats (e.g., digitalized financial statements, sustainability information or other information used in financial reporting) and that there is a need for continued consideration of the related assurance implications.
244. Other respondents highlighted the increasing global demand for independent assurance over subject matters other than historical financial information, including AI and non-financial information. There was support for the IAASB's ongoing information gathering in this area.

Scalability, Proportionality & Simplification

245. Respondents from different stakeholder groups commented on the growing length, prescriptiveness and complexity of the SSBs' recently issued standards. They emphasized the need for a continued focus on scalability and proportionality as a standard-setting priority to enable effective adoption and implementation of the standards, including with respect to SMPs.

Talent, Training and Education

246. Respondents highlighted themes around the trend relating to challenges in attracting and retaining talent in the profession. They commented on the associated challenges of attracting and training students to accounting courses in universities, global talent mobility issues, and cross-jurisdictional qualification recognition matters.

Third-Party Reliance

247. Respondents from JSS and PAOs emphasized the increasing reliance on information being held on behalf of an entity by third parties (such as external service providers and cloud platforms) driven by advancements in technology and evolving data ecosystems and the challenges around the accessibility and reliability of such information.

Effectiveness of the Standard-Setting Process

248. Respondents from firms and PAOs highlighted the need to focus on principles-based standard setting and embedding proportionality and scalability considerations in projects. They also emphasized the

need for effective implementation, post-implementation evidence-gathering, greater use of guidance where appropriate, and discipline around project prioritization and selection based on evidence, cost-benefit analysis and clear public interest needs.

Standalone Topics and Other Matters

249. Certain respondents identified matters which have not been grouped into the themes discussed above given their dissimilar nature. Such matters relate to, for example, hyperinflation, global taxes, growing investor focus on system-level risks, and pressure from audited entities.

Part D – Areas for Joint Actions in SSBs’ Workplans

250. As part of the joint survey, respondents were asked to suggest areas of common interest and possible joint or parallel work plan topics, including standard-setting initiatives, non-authoritative materials or other activities the two Boards should consider in developing their 2028–2031 SWPs.
251. A total of 69 respondents provided feedback to this question, including the two MG members (see the NVivo reports in **Agenda Items 3-C.17 and 3-D.17** for further details).

Highlights of Respondents’ Feedback

- Rather than calling for a wave of new joint standards, respondents suggested that the primary value of joint action lies in coordination, implementation support and ensuring interoperability of the SSBs’ standards. They suggested that formal joint standard setting should be reserved for a narrower set of cases and criteria, such as where divergence would undermine global consistency.
- Across stakeholder groups, respondents conveyed the message that because of the cross-cutting nature of audit, assurance and ethics-related topics, the IAASB and the IESBA should deepen their coordination approaches.
- Respondents suggested that the SSBs should:
 - Treat **technology, particularly AI**, as a genuinely joint priority, spanning topics including audit evidence, professional judgment, ethics and independence.
 - Build a **formal, early-stage coordination mechanism** to flag cross-SSB implications before standards are drafted, while respecting each SSB’s distinct remit.
 - Shift their focus toward **NAM and PIRs** rather than new standard setting, and support the consistent adoption and application of their standards across jurisdictions.
 - Continue to deepen the **interoperability** of their standards in relation to sustainability assurance, extending coordination where relevant to other global sustainability standard setters as well.
 - Maintain and strengthen joint work on **evolving firm structures and ownership, and culture and governance**, given the pace of private-equity-driven change in the profession.
 - Jointly address the PIRs of the **PIE definition, NOCLAR/ISA 250 (Revised), and use of the work of external experts** since these are already recognized as shared issues.

What we Heard

Monitoring Group Respondents

252. Both MG respondents expressed strong support for enhanced coordination between the SSBs. They also emphasized the importance of broader collaboration across the global standard setting and regulatory ecosystems, including accounting, auditing, ethics and independence standard setters, as well as securities and audit regulators.
253. The MG respondents identified the following topics as priority areas where greater coordination would be particularly beneficial:
- Technology development, including the use of AI-enabled tools, data governance, and the implications for audit evidence, risk assessment and ethical responsibilities.
 - The growing impact of alternative ownership structures, including PE investment in accounting firms.
 - The PIE framework and definitions.
 - The IESBA's FCG workstream, given that ethical considerations represent one component of the broader and interconnected principles dealt with in ISQM 1.
 - Emerging accounting developments, including:
 - Implementation-stage coordination on finalized accounting standards such as *IFRS 18 Presentation and Disclosure in Financial Statements* to help the IAASB better understand accounting expectations when considering auditor responsibilities.
 - Early coordination on ongoing accounting projects like *Business Combinations—Disclosures, Goodwill and Impairment* to support clear and practical audit requirements once the accounting standard is finalized.

Other Respondents Comments

Technology, AI and Digital Transformation

254. The largest number of respondents identified AI and other emerging technologies as the highest priority for joint or parallel work by the two SSBs. Respondents noted that any coordinated action should be principles-based and proportionate, avoiding prescriptive requirements that could inhibit innovation or quickly become outdated.
255. Respondents consistently characterized **AI and other emerging technologies** as cross-cutting issues that span both SSBs' remits. They noted that these developments have significant implications for the IAASB's work (including with respect to audit evidence, professional judgment and professional skepticism, the scope of assurance and audit methodologies), as well as for the IESBA's work (including with respect to professional judgment, objectivity, professional competence, independence, confidentiality and the risk of over-reliance on technology). Accordingly, respondents called for coordinated guidance on topics such as AI-generated evidence, accountability for AI-assisted outputs, the application of professional skepticism, and transparency. There was a concern that addressing these matters through only one SSB's standards could create gaps or inconsistencies.

256. Respondents also suggested a coordinated approach on the development of guidance and other non-authoritative material on:
- **Cybersecurity and technology-enabled fraud**, including guidance tailored for SMEs and SMPs.
 - Obtaining **assurance over AI-driven systems** and AI-generated outputs, emphasizing that the focus should extend beyond the use of AI as a tool in performing audits and assurance engagements.
257. More broadly, several large firms and PAOs advocated for closer **general coordination between the SSBs on technology-related matters**. They recommended that the SSBs adopt a unified technology strategy, with clearly identified coordination points reflected in both strategic work plans, to help ensure that technology-related standard setting and non-authoritative materials are pursued in a coherent and coordinated manner rather than in isolation.

Standard-Setting Process and Coordination Mechanisms

258. A large number of respondents addressed not only what the SSBs should work on jointly, but also how they should work together.
259. Respondents called for earlier joint actions and more systematic coordination at the SSB level and not just at the staff level. They suggested that the SSBs should identify, at an early stage, areas in which they can act jointly or in parallel, including an **early-warning mechanism**. This will also help ensure that overlapping issues are identified early and that one SSB does not finalize its changes or take a position, such as a definition or key concept, before the other SSB has had an opportunity to consider its implications. There was also a suggestion to monitor emerging trends jointly.
260. Several respondents suggested certain criteria for determining when an initiative should be joint, parallel or allocated to a single SSB, such as mandate relevance, whether audit and ethics requirements are tightly connected, or whether the topic spans firm behavior and independence. A few respondents also cautioned against ambiguous "parallel" work which could lead to duplication or inconsistent outcomes. Instead, they suggested that projects be either genuinely joint or clearly taken up by one SSB or the other. One respondent suggested that parallel work should be avoided altogether.
261. It was also suggested that the SSBs consider developing a **more agile standard-setting process** jointly. Respondents argued that the SSBs should revisit their due process to deliver smaller, more agile pieces of work and make more targeted updates to extant standards. Such coordinated approaches, such as the development of non-authoritative materials, targeted updates, annual improvements programs and other agile mechanisms, would enhance consistency and responsiveness across the SSBs. However, respondents cautioned that such agility should not come at the cost of due process, independence or public-interest rigor. One respondent further questioned if the SWP process itself remains fit for purpose, given that it is so far ahead of the strategy period it is intended to cover.
262. Some respondents also identified **inconsistencies in terminology** across the two SSBs' standards as a practical issue that should be addressed through greater coordination. They noted that stakeholder confusion can arise when the same or similar concepts are defined differently in the SSBs' standards. They cited examples such as PIE, financial statements, engagement leader, non-

compliance and professional accountant. Respondents also encouraged the SSBs to work together to simplify drafting, reduce unnecessarily complex sentence structures, and promote the consistent use of terminology to support more consistent interpretation and application of the standards.

263. Firms and PAOs asked for **earlier and more joined-up engagement** with practitioners/preparers during standard setting and the development of non-authoritative material. They also asked for more transparency on how feedback is weighted by the SSBs. Other suggestions included joint engagement with regulators, oversight bodies and investors to identify issues early as well as more coordination with other relevant standard setters on topics such as digital assets and sustainability reporting. Respondents also suggested that instead of having separate expert groups on overlapping issues (e.g., the IESBA's Technology Expert Group and the IAASB's Technology Expert Panel), both SSBs should work together with joint expert groups, increasing the sharing of knowledge and insights and reducing duplication of work effort.
264. Several respondents suggested that governance and **due process improvements** should be treated as a joint exercise. Enhancements to SSB governance and due process transparency should be conducted as a single, coordinated project. It was also suggested that a shift away from measuring output (standards issued) toward measuring impact (adoption, full or partial) would improve both SSBs' relevance and credibility. There was a view that this would require root cause analysis combined with investigation of non-adoption reasons, and planned responses by the SSBs.

Implementation Support, Non-Authoritative Materials, Scalability and Consistent Adoption

265. A recurring theme across the responses was that **implementation support, including the development of guidance and other non-authoritative material, should take precedence over additional standard setting**, particularly in light of the significant volume of recently finalized and forthcoming standards.
266. Respondents also expressed broad support for **PIRs as a regular mechanism** for assessing whether existing standards are operating effectively before embarking on new standard-setting projects. Some suggested specific joint PIRs across different areas, reflecting the view that coordinated reviews would help determine whether further standard setting is necessary.
267. A closely related area identified for joint action was enhancing the **scalability and proportionality** of standards for SMPs and less complex entities. Respondents called for coordinated implementation support, including illustrative examples and other guidance, and practical application tools to facilitate consistent and proportionate application of the standards.
268. Respondents also emphasized that promoting consistent adoption and application of the SSBs' standards across jurisdictions should be a key joint objective in order to **reduce fragmentation**. They encouraged the SSBs to focus on alignment, coordination, and understanding the underlying causes of adoption and implementation challenges, rather than issuing additional standards that may not be consistently adopted across jurisdictions.

Sustainability Assurance and Reporting

269. Sustainability assurance emerged as another prominent area where respondents called for coordinated action by the SSBs. Rather than expanding the standard-setting agenda, respondents emphasized that the SSBs' priority should be supporting effective implementation of the recently

finalized standards. In particular, they highlighted the importance of ensuring the interoperability of ISSA 5000 and the IESSA, coordinating implementation support activities and undertaking joint PIRs. Some respondents specifically called for a **joint PIR of ISSA 5000 and the IESSA**, reflecting the close interrelationship between the two standards, while one respondent suggested that this review be conducted in parallel rather than jointly.

270. Several respondents also called for closer **collaboration with other global and jurisdictional standard setters** to support a single, globally consistent sustainability disclosure and assurance framework rather than fragmented national approaches.
271. Other suggestions for potential SSBs coordination raised by respondents include:
- Assurance over forward-looking and narrative information as well as emerging areas such as nature/biodiversity.
 - The growing interconnection between financial-statement audits and sustainability assurance engagements.

Firm Structures, Ownership and Governance

272. Several respondents, mainly regulators and JSS, raised concerns about evolving firm business models, in particular **the growing role of PE and other alternative ownership structures in audit firms**. They suggested that the SSBs consider and address jointly what PE and other new ownership models mean for independence, firm culture, governance and quality management, since this cuts across both the Code and the IAASB standards. Several respondents linked this area specifically to the IESBA's FCG project and interaction with ISQM 1.
273. Respondents also identified the increasing **involvement of non-PAs in audit and assurance engagements** as an area requiring coordinated action by both SSBs rather than separate treatment within ethics and independence and assurance standards. Respondents emphasized that the standards should better support the use of specialist expertise, including in technology, data analytics, sustainability, and valuations, while maintaining clear accountability, ethical responsibilities, and appropriate professional oversight.
274. A related theme concerned the **expanding use of multidisciplinary teams**, such as data scientists, IT specialists, and valuation experts, in audit and assurance engagements. Respondents highlighted the need for greater alignment between the Code and IAASB standards, including ISA 620, to provide a clear and consistent framework for the use of external experts while preserving the responsibilities of the practitioner and the engagement team.

Specific Topics for Coordination

275. Respondents pointed to PIRs and other actions with respect to certain existing standards that should be undertaken jointly.
- The most frequently named topic was the PIE definition. Several respondents called for the IAASB's planned 2027 review of the PIE definition to be conducted jointly with the IESBA's PIR of its revised PIE provisions.
 - The second most-cited topic was a joint PIR of ISSA 5000 and the IESSA.

- Some respondents raised a joint PIR of the “use of the work of an external expert” standards, linking the Code and ISA 620.
- NOCLAR and its interaction with ISA 250 (Revised) was raised by a smaller number of respondents, generally flagging a need to coordinate the timing of the IESBA's and IAASB's respective PIRs in this area.
- A few other already-extant projects were cross-referenced as needing coordination, including
 - Revision of ISRE 2410.²⁵
 - The IESBA's planned Audit Firm–Audit Client Relationship project.

Other Suggested Joint Activities

276. A smaller number of respondents raised workforce and public-confidence themes that are not primarily technology-driven. They identified attracting, developing and retaining talent as an area of common interest for both SSBs, linking it to audit quality and professional competence on the IAASB side and ethical culture and professional behavior on the IESBA side.

277. The following specific topics were suggested by only one or two respondents and do not fit cleanly under the subheadings above:

- A standard-setting project on firm- and engagement-level performance metrics to better inform investor voting decisions.
- The development of certain differential engagement performance requirements for PIEs after a global baseline definition of such entities has been established.
- The accuracy and transparency of estimates in financial statements and communication between auditors and stakeholders.
- Consideration of how to address indigenous rights as relevant to both SSBs.
- The format and accessibility of published standards (e.g. HTML-based standards, paragraph renumbering in handbooks).

²⁵ International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

Appendix 1

List of Respondents to the Joint Stakeholder Survey²⁶

#	Respondents	Region
Monitoring Group (2)		
1.	International Organization of Securities Commissions (IOSCO) Committee 1*	Global
2.	International Forum of Independent Audit Regulators (IFIAR)*	Global
Users of Financial or Non-Financial Information (14)		
3.	The European Federation of Investors and Financial Services Users (BETTER FINANCE)	Europe
4.	CFA Institute	Global
5.	First Nations Financial Management Board	North America
6.	Goro Kumagai (The Securities Analysts Association of Japan)	Asia Pacific
7.	Impax Asset Management	Global
8.	International Corporate Governance Network (ICGN)	Global
9.	Investment Company Institute	Global
10.	Jane Wilson (Wilsojay Investments)	North America
11.	Jose Esposito (Credicorp Ltd.)	South America
12.	Kei Tsuchiya (The Securities Analysts Association of Japan)	Asia Pacific
13.	Koei Otaki (SMBC Nikko securities Inc)	Asia Pacific
14.	Martin Lawrence (Ownership Matters Pty Ltd)	Asia Pacific
15.	Takeshi Kimura (Nippon Life Insurance Company (Board Member, PRI) (Steering Committee Member, TISFD))	Asia Pacific
16.	Sarasin & Partners	Europe

²⁶ In the table, views provided in an individual capacity are highlighted in grey. In addition, (i) respondents identified with (*) provided offline submission in a different format than the survey format; (ii) Members of the [IAASB or IESBA JSS Liaison Group](#) are denoted with (#); (iii) Forum of Firms members are indicated with a (**).

#	Respondents	Region
Preparers or Issuers of Financial Statements or Other Information (5)		
17.	Ajinomoto Co., Inc.	Asia Pacific
18.	Ascendia EOOD	Europe
19.	Business Europe	Europe
20.	Japan Business Federation – Keidanren	Asia Pacific
21.	Sevdalina Paskaleva	Europe
Those Charged With Governance (1)		
22.	Kaori Ito (Yourmysyar Inc.)	Asia Pacific
Regulators and Oversight Authorities (12)		
23.	Botswana Accountancy Oversight Authority (BAOA)	Africa
24.	Canadian Public Accountability Board (CPAB) *	North America
25.	Committee of European Auditing Oversight Bodies (CEAOB) *	Europe
26.	UK Financial Reporting Council (UK FRC) #	Europe
27.	Hellenic Accounting and Auditing Standards Oversight Board (HAASOB)	Europe
28.	Independent Regulatory Board for Auditors (IRBA) #	Africa
29.	Irish Auditing & Accounting Supervisory Authority (IAASA)	Europe
30.	Martina Morrissey (IAASA)	Europe
31.	National Association of State Boards of Accountancy (NASBA)	North America
32.	Public Company Accounting Oversight Board (PCAOB) *: # – Views of the PCAOB Chief Auditor	North America
33.	Public Accountants and Auditors Board, Zimbabwe (PAABZ)	Africa
34.	Tokyo Stock Exchange ²⁷	Asia Pacific

²⁷ This submission is in process of translation and will be posted on the IAASB / IESBA websites in due course.

#	Respondents	Region
Jurisdictional Standards Setters (JSS) (16)		
35.	Accounting Professional & Ethical Standards Board (APESB) #	Asia Pacific
36.	American Institute of Certified Public Accountants – Professional Ethics Executive Committee and Auditing Standards Board (AICPA PEEC & AICPA ASB) #	North America
37.	Auditing and Assurance Standards Board of Canada (AASBC) #	North America
38.	Australian Auditing and Assurance Standards Board (AUASB) #	Asia Pacific
39.	Brazil Institute of Independent Auditors (IBRACON) #	South America
40.	Compagnie Nationale des Commissaires aux Comptes (CNCC) -- Conseil National de l'Ordre des Experts Comptables (CNOEC) #	Europe
41.	GLASS Group of Latin American Accounting Standard Setters (GLENIF)	South America
42.	Hong Kong Institute of Certified Public Accountants (HKICPA) #	Asia Pacific
43.	Japanese Institute of Certified Public Accountants (JICPA) #	Asia Pacific
44.	Institut der Wirtschaftsprüfer (IDW) #	Europe
45.	Instituto Mexicano de Contadores Públicos (IMCP) #	North America
46.	New Zealand Auditing and Assurance Standards Board (NZAuASB) #	Asia Pacific
47.	Nordic Federation of Public Accountants (NRF) #	Europe
48.	Royal Netherlands Institute of Chartered Accountants (NBA) #	Europe
49.	Saudi Organization for Chartered and Professional Accountants (SOCPA) #	Middle East
50.	Wirtschaftsprüferkammer (WPK) #	Europe
Accounting Firms (19)		
51.	AFCA Desarrollos Profesionales	North America
52.	Alan Am	South America
53.	Baker Tilly International **	Global

#	Respondents	Region
54.	BDO International Limited **	Global
55.	Deloitte Touche Tohmatsu Limited **	Global
56.	Ernst & Young Global Limited (EY) **	Global
57.	Forvis Mazars Global Limited (Mazars) **	Global
58.	Gats-Ratings Professionals	Africa
59.	Grant Thornton International Ltd (GTI) **	Global
60.	José María Hinojal (BNFIX)	Europe
61.	Jack Schoeman (PWC)	Africa
62.	KPMG International Limited **	Global
63.	Krzysztof Burnos	Europe
64.	Kudos International	Global
65.	MAH, Chartered Accountants	Europe
66.	Piotr Witek (Moore Polska)	Europe
67.	PricewaterhouseCoopers International Limited (PWC) **	Global
68.	RSM International Limited **	Global
69.	Shreekant Prasad (Govindham Consultancy Services)	Asia Pacific
Sustainability Assurance Providers other Than Accounting Firms (2)		
70.	Anum Atique (Islamic Non Banking Financial Institution)	Asia Pacific
71.	Keung Ho Keung Ricky	Asia Pacific
Public Sector Organizations (3)		
72.	Audit Board of Republic Indonesia	Asia Pacific
73.	Sanford Rich (NYC Board of Education Retirement System)	North America

#	Respondents	Region
74.	United States Government Accountability Office (GOA)	North America
IFAC Member Bodies or Other Professional Accountancy Organizations (22)		
75.	Accountancy Europe (AE)	Europe
76.	Asociación Interamericana de Contabilidad (AIC)	South America
77.	Association of Chartered Certified Accountants (ACCA)	Global
78.	Belgian Institute of Tax Advisors and Accountants (ITAA)	Europe
79.	Chamber of Hungarian Auditors (MKVK)	Europe
80.	Chartered Accountants Australia and New Zealand (CAANZ)	Asia Pacific
81.	Chartered Accountants Ireland (CAI)	Europe
82.	Consejo General de Economistas de España	Europe
83.	CPA Australia	Asia Pacific
84.	European Federation of Accountants and Auditors for SMEs (EFAA)	Europe
85.	Global Accountancy Alliance (GAA)	Global
86.	Institute of Chartered Accountants in England and Wales (ICAEW)	Europe
87.	Institute of Chartered Accountants of Scotland (ICAS)	Europe
88.	Institute of Public Accountants (IPA)	Global
89.	Institute of Singapore Chartered Accountants (ISCA)	Asia Pacific
90.	International Federation of Accountants (IFAC)	Global
91.	Malaysian Institute of Accountants (MIA Malaysia)	Asia Pacific
92.	Malta Institute of Accountants (MIA Malta)	Europe
93.	Pan African Federation of Accountants (PAFA)	Africa
94.	Pavel Dimitrov (Union of Accountants in Bulgaria)	Europe

#	Respondents	Region
95.	Polish Chamber of Statutory Auditors (PIBR)	Europe
96.	South African Institute of Chartered Accountants (SAICA)	Africa
Academics (4)		
97.	European Accounting Association (EAA) Auditing, Assurance and Ethics Standard Committee	Europe
98.	Kiran Seth (Sunway University)	Asia Pacific
99.	Kenichi Akiba (Waseda University)	Asia Pacific
100.	Nicole Ratzinger-Sakel (University of Hamburg Business School)	Europe
Others (8)		
101.	AIDS Committee of Toronto	North America
102.	Cristian Emmanuel Munarriz	South America
103.	Eri Murakami (Wood Design Studio Inc.)	Europe
104.	Kazuhiro Yoshii (Securities Firm)	Asia Pacific
105.	Louise Willdridge (LBW Global)	Europe
106.	Mahmoud Bilal (Unimar)	Middle East
107.	Wai Man (Emily) Ho	Asia Pacific
108.	Wenzel Reyes (MindBridge)	North America

Appendix 2

Overview of Top 5 Most Important Pre-Identified Trends

Heatmap 1: Analysis of the top 5 most important rankings per stakeholder type

Stakeholder Type	Top 5 Ranked Pre-Identified Trends				
	1 st Highest	2 nd Highest	3 rd Highest	4 th Highest	5 th Highest
MG (1)	A1–Emerging Technologies	D1–Alternative Ownership Structures	B3–Call for Greater Agility		
Users (11)	A1–Emerging Technologies	B2–Risk of Fragmentation	C1–Continuing Demand for Sustainability		
Preparers & TCWG (3)	A1–Emerging Technologies	B2–Risk of Fragmentation	B1–Regulatory Changes	D4–Non-Assurance Service Line	C1–Continuing Demand for Sustainability
		D3–Attracting & Retaining Talent	B3–Call for Greater Agility		
Regulators (9)	A1–Emerging Technologies	D1–Alternative Ownership Structures	B4–Greater Diversity of Voices	B1–Regulatory Changes	B3–Call for Greater Agility
			D4–Non-Assurance Service Line		C1–Continuing Demand for Sustainability
JSS (14)	A1–Emerging Technologies	B3–Call for Greater Agility	D3–Attracting & Retaining Talent	C1–Continuing Demand for Sustainability	A3–Financial Crimes
Firms (15)	A1–Emerging Technologies	B2–Risk of Fragmentation	B3–Call for Greater Agility	A3–Financial Crimes	A2–Digital Assets

Stakeholder Type	Top 5 Ranked Pre-Identified Trends				
	1 st Highest	2 nd Highest	3 rd Highest	4 th Highest	5 th Highest
PSOs (3)	A1–Emerging Technologies	B2–Risk of Fragmentation B3–Call for Greater Agility	D4–Non-Assurance Service Line	A2–Digital Assets C1–Continuing Demand for Sustainability D3–Attracting & Retaining Talent	B4–Greater Diversity of Voices
PAOs (22)	A1–Emerging Technologies	B2–Risk of Fragmentation	A3–Financial Crimes B3–Call for Greater Agility	B1–Regulatory Changes	C1–Continuing Demand for Sustainability
Academics (3)	A1–Emerging Technologies	B1–Regulatory Changes B3–Call for Greater Agility	A3–Financial Crimes	B2–Risk of Fragmentation C1–Continuing Demand for Sustainability	D2–Increased Involvement of Non-PAs
Others (4)	D1–Alternative Ownership Structures	A1–Emerging Technologies	A3–Financial Crimes	C2–Regulatory & Geopolitical Changes	B2–Risk of Fragmentation D3–Attracting & Retaining Talent

Heatmap 2: Analysis of the top 5 most important rankings per geographical region

Geographical Region	Top 5 Ranked Pre-Identified Trends				
	1 st Highest	2 nd Highest	3 rd Highest	4 th Highest	5 th Highest
Global (17)	A1–Emerging Technologies	B2–Risk of Fragmentation	B3–Call for Greater Agility	A3–Financial Crimes	D1–Alternative Ownership Structures
Africa & Middle East (6)	A1–Emerging Technologies	B3–Call for Greater Agility	C1–Continuing Demand for Sustainability	D1–Alternative Ownership Structures	A3–Financial Crimes
Asia Pacific (18)	A1–Emerging Technologies	B3–Call for Greater Agility	C1–Continuing Demand for Sustainability	B2–Risk of Fragmentation	B1–Regulatory Changes
Europe (28)	A1–Emerging Technologies	A3–Financial Crimes	D1–Alternative Ownership Structures	B1–Regulatory Changes	D3–Attracting & Retaining Talent
		B2–Risk of Fragmentation			
North America (10)	A1–Emerging Technologies	B3–Call for Greater Agility	C1–Continuing Demand for Sustainability	A2–Digital Assets	A3–Financial Crimes
		D1–Alternative Ownership Structures		D3–Attracting & Retaining Talent	B4–Greater Diversity of Voices
South America (6)	A1–Emerging Technologies	C2–Regulatory & Geopolitical Changes	C1–Continuing Demand for Sustainability	A3–Financial Crimes	B3–Call for Greater Agility

Appendix 3

Overview of Top 5 Most Important Additional Trends and Other Matters

Stakeholder Type	Top 5 Ranked Additional Trends and Other Matters				
	1 st Highest	2 nd Highest	3 rd Highest	4 th Highest	5 th Highest
Users (3)	AI & Digital Transformation	Complexity, Overregulation & Prescriptive Standards	PE & Alternative Ownership Structures		
JSS (4)	Complexity, Overregulation & Prescriptive Standards	AI & Digital Transformation	Ongoing Monitoring & Responsiveness		
Firms (6)	AI & Digital Transformation	PE & Alternative Ownership Structures	Scalability, Proportionality & Simplification	Effective Governance & Transparent Due Process	Adoption & Implementation Support
					Ongoing Monitoring & Responsiveness
PAOs (12)	Adoption & Implementation Support	Effectiveness of Standard Setting	AI & Digital Transformation	Scalability, Proportionality & Simplification	Complexity, Overregulation & Prescriptive Standards

Appendix 4

Key Trends Impacting the SSBs

Ref.	Environmental Trend	Description
A. Digital Transformation		
A.1	Increasing Use of Emerging Technologies	Businesses and industries are undergoing transformations driven by the adoption and increasing use of emerging technologies such as Artificial Intelligence (AI)-enabled tools and agents, internet of things, and blockchain. These technologies exhibit unique characteristics that present tremendous opportunities for increased quality, effectiveness, and efficiency, but also raise new and different challenges and risks to be managed.
A.2	Digital Assets and Institutionalization of Digital Assets	Given the growing use of emerging technologies such as blockchain, digital assets, including cryptocurrencies, have become more popular and their institutionalization is accelerating
A.3	Financial Crimes Enabled by Technology	The growing use of emerging technology has also given rise to significant threats to cybersecurity and a significant rise in unlawful activities that exploit digital systems, networks, and AI-enabled tools and agents to commit, conceal, or facilitate financial misconduct.
B. Changes in the Geopolitical and Regulatory Landscape		
B.1	Regulatory Changes	Financial markets, including the accounting and auditing profession, are navigating a complex regulatory environment, with ongoing changes driven by the need for market stability and to prevent economic disruptions, as well as a trend towards reducing regulatory burdens to enhance economic competitiveness and foster innovation and economic growth.
B.2	Risk of Fragmentation	In many jurisdictions there is a move away from international alignment toward a more national / regional focus. As a result, different jurisdictions, industries, or organizations may use varied and sometimes conflicting frameworks, rules, and metrics for reporting information. Such fragmentation contributes to uncertainties, adds costs and administrative burdens for providers of

Ref.	Environmental Trend	Description
		professional services and their clients, and erodes trust and confidence in financial and non-financial reporting.
B.3	Call for Greater Agility in Standard Setting	Professional accountants and other stakeholders have been emphasizing the need for a more adaptive standard-setting process that allows for addressing issues in a timelier manner. This includes calls for consideration of issuing non-authoritative materials instead of launching standard-setting projects, or undertaking more narrow-scope standard setting to address targeted matters, depending on the circumstances.
B.4	Greater Diversity of Voices Sought	Reflecting the broad use of SSBs' standards, there are calls for greater inclusion of voices from emerging economies. The ability to respond to particular needs may impact the adoption and implementation of global standards. It may also impact which stakeholders to connect with and the nature of standards and guidance the SSBs develop.
C. Evolving Expectations Concerning Sustainability Information		
C.1	Continuing Demand for Sustainability Reporting and Assurance	Reporting on sustainability information continues to grow as a critical component of corporate transparency. Stakeholders, including users of financial and non-financial information and regulators, are demanding more comprehensive and reliable sustainability disclosures. Also, sustainability information is more and more interconnected with financial information.
C.2	Regulatory and Geopolitical Changes	The sustainability regulatory landscape has evolved beyond climate reporting, with amendments to existing regulations and the potential emergence of new jurisdictional and international requirements. On the other hand, some jurisdictions are in the process of recalibrating their previously announced requirements around sustainability reporting and assurance.
D. Evolving Structures and Business Models of Accounting Firms		
D.1	Alternative Ownership Structures	Changing ownership structures raise quality management, and ethics and auditor independence considerations, including on firms' ethical culture. In particular, private equity organizations are increasingly investing in accounting firms, driving growth and technological innovation.

Ref.	Environmental Trend	Description
D.2	Increased Involvement of Non-Professional Accountants in the Accounting and Auditing Profession	Traditionally, accounting firms were staffed almost exclusively with accountants and auditors. Now, like other private enterprises, a growing share of their workforce consists of specialists from other disciplines, such as technology, data science, law, consulting and sustainability.
D.3	Challenges to Attracting and Retaining Talent	The accounting and auditing industry is facing an increasing challenge in attracting and retaining talent, driven by perceptions of the industry as less dynamic and the allure or alternative career paths. Also, given the rapid changes in technology, firms will need to attract and retain talent, and build capacity, in areas where there is strong competition for talent.
D.4	Non-Assurance Service Line	The growth of non-assurance services has become a major source of revenue for accounting firms compared to fees for their audit and assurance services. If there is a corporate scandal or failure related to the provision of these services, it impacts the trust in the accountancy profession and its public interest role.