

Report-Back

Key Takeaways from May 2025 Stakeholder Advisory Council Meeting

Background

1. The SAC met in New York on May 5-6, 2025. The SAC sessions covered various strategic topics, including future strategic priorities of the IAASB and IESBA (the Standard Setting Boards or SSBs), global trends affecting the external reporting ecosystem, the value and impact of the Boards' recent work, and the implications of emerging deregulation efforts.
2. This paper summarizes the key takeaways from each session:
 - (a) [Session 1](#): Open Dialogue with the SSB Chairs. This session provided an opportunity for SAC members to engage directly with the Chairs of the IESBA and IAASB on the two Boards' strategic direction and recent developments since the previous SAC meeting in November 2024.
 - (b) [Session 2](#): Trends in the External Reporting Ecosystem – Understanding Key Opportunities and Challenges in Our Environment. This session focused on identifying environmental, technological, and structural trends shaping the external reporting ecosystem, and exploring how the Boards might adapt their strategies and work plans for 2028–2031.
 - (c) [Session 3](#): Value and Impact of Recent Revisions and Enhancements to International Standards. This session focused on how the Boards can more effectively communicate the public interest value of their standards and evaluate their impact post-adoption.
 - (d) [Session 4](#): Deregulation and Its Potential Implications for Sustainability and Other International Standards. This session examined deregulatory and simplification trends across jurisdictions and their implications for the Boards' approach to sustainability standards, adoption support, and global credibility.

Session 1: Open Dialogue with the SSB Chairs

3. The Chairs of the IESBA and IAASB led an open dialogue with SAC members, providing updates on developments on the two Boards' work plans since the November 2024 SAC meeting.
4. The IESBA Chair emphasized the growing complexity of the current global landscape, including geopolitical tensions, regulatory uncertainty, and increasing public mistrust. She shared that the IESBA's strategic response includes focusing on the adoption and implementation of recently issued standards and enhancing stakeholder engagement. She underscored that ethics is not just a technical requirement but a stabilizing tool in times of uncertainty, helping to restore trust, safeguard integrity, and position the global accountancy profession for relevance in a changing environment. SAC members were supportive of this approach.
5. SAC members highlighted the importance of maintaining regular and open dialogue with all stakeholders to ensure that the SSBs' standard-setting work remains responsive to market needs and serves the public interest. In particular, the SAC discussed the rapid changes in the environment caused by technology and reflected on both the opportunities and challenges these developments bring. SAC members highlighted the role of technology in audit engagements, noting how it can support the recruitment of new talent into the profession. They encouraged the SSBs to assess the

impact of technology on their standard-setting activities and highlighted the need for flexibility and timely responses in future work plans.

6. The discussion highlighted the need for more deliberate planning and continuous post-implementation monitoring. SAC members encouraged the Boards to proactively identify gaps and opportunities relative to standard-setting through formal post-implementation reviews (PIRs) and engagement with regulators, investors, and academics. SAC members emphasized that PIRs should serve as “the accountability loop” – tools to demonstrate accountability, measure effectiveness, and inform future revisions of the standards.
7. Several SAC members emphasized the importance of consistency and coordination between the two Boards, particularly on common strategic topics or areas, such as sustainability, technology, and firm culture. The Boards were also encouraged to continue presenting a unified narrative to their stakeholders, particularly with regard to the adoption and implementation of their standards.
8. SAC members also reflected on the need for a renewed focus on talent attraction and retention within the profession, highlighting the role of technology in enhancing professional relevance. Some suggested that the Boards could contribute to this by demonstrating how their work underpins integrity and innovation, especially to younger professionals and the broader public.
9. The session concluded with strong support for the Boards’ consultative approach and commitment to continued engagement with stakeholders. SAC members noted that the Boards should avoid spreading their resources too thinly across emerging issues and instead adopt measured, forward-looking strategies informed by evidence and stakeholder input. Transparency around decisions and timelines was seen as essential to reinforcing trust and enabling constructive stakeholder engagement.

Session 2: Trends in the External Reporting Ecosystem – Understanding Key Opportunities and Challenges in Our Environment

10. The SAC shared views on key trends and developments in the external environment, along with their potential implications for international standard-setting, for consideration by the two Boards as they develop their respective Strategies and Work Plans (SWPs) for 2028–2031.
11. SAC members generally agreed that the trends identified by the SSBs’ staff are relevant to international standard-setting. These trends are based on a review of a broad range of sources, including news and publications from jurisdictional auditing and ethics standard-setting bodies, leading financial news outlets, and industry research reports. The trends include the rapid acceleration of digital transformation, particularly through the use of generative artificial intelligence (AI); growing institutional investment in digital assets and cryptocurrencies; increased demand for environment, social and governance (ESG)-related reporting and assurance; continued talent shortages in the profession; rising private equity ownership in accounting firms; and evolving cybersecurity risks.

Technology

12. Rapid digital transformation, particularly the rise of generative AI, was a central concern. SAC members noted the potential benefits for audit quality and efficiency, such as improved risk detection and automation of routine testing, but flagged ethical risks, including diminished professional skepticism, automation bias, and overreliance on AI outputs. A concern was raised that excessive

dependence on AI to “think” or “resolve” issues may produce a generation of partners who have not fully developed critical judgment skills. It was also noted that AI could widen the skills gap unless firms invest in targeted upskilling and mentoring. SAC members encouraged the SSBs to address these developments through non-authoritative guidance material.

Sustainability

13. SAC members acknowledged that sustainability reporting is advancing globally but expressed concern over greenwashing and a lack of clarity around the “social” dimension of ESG. SAC members noted that assurance engagements related to sustainability disclosures are still in their early stages of development. The SAC recommended issuing implementation guidance and illustrative examples to support consistent application of the standards and build trust in sustainability assurance.

Fragmentation

14. SAC members discussed the increased risk of jurisdictional divergence from global standards resulting from trends toward simplification and deregulation at the jurisdictional level. SAC members from Europe, Africa, and Latin America shared examples of growing political influence over reporting frameworks and noted the potential for fragmentation. The SAC emphasized the Boards’ role in maintaining consistency and coherence in financial and non-financial reporting at a global level and therefore ensuring alignment across jurisdictions through scalable, principles-based standards.

Other Trends

15. SAC members identified the rising influence of private equity in accounting firms, particularly in the United States, where recent consolidations have raised concerns about independence and the impact on firm culture and audit quality. These developments were viewed as a challenge to traditional governance structures and a signal of shifting business models in the profession.
16. SAC members also highlighted emerging risks such as cybersecurity and digital asset assurance and called for alignment with cross-sector public interest agendas. SAC members emphasized the importance of early horizon scanning, enhanced collaboration with regulators and standard setters, and proactive engagement with non-accounting stakeholders, such as investors, to maintain relevance.

The Role of International Standard Setters

17. SAC members emphasized that the Boards must remain agile and grounded in reality, responding not only to technical issues but also to broader structural and geopolitical shifts.
18. In addition, SAC members underscored the importance of improving communication and outreach to enhance the relevance and visibility of the Boards’ work. They noted the limited input from investors and suggested creating incentives and using more accessible communication channels to foster their engagement. SAC members also emphasized that the Boards should maintain a long-term strategic perspective, focusing on developments that will shape the future of the profession, rather than responding only to short-term pressures.

Session 3: Value and Impact of Recent Revisions and Enhancements to International Standards

19. The SAC discussed the value proposition of the SSBs and the different ways to evaluate whether the Boards’ standards are having the intended impact and effect.

Value Proposition of the SSBs

20. SAC members emphasized that it is critically important that international standards remain consistent, scalable, principles-based, and responsive to investor needs. They emphasized that the absence of these characteristics would pose a risk of jurisdictional divergence, which could erode market confidence and diminish the relevance of international standard-setting efforts.
21. SAC members highlighted the need for a compelling value proposition that clearly articulates the Boards' public interest role, independence, and long-term impact and that emphasizes how their standards serve as a foundational element for public trust in capital markets. They emphasized that the messaging should move beyond technical language and instead focus on real-world outcomes such as improved governance, investor decision-making, and transparency. In this regard, SAC members recommended that the value proposition be tailored to highlight its relevance to direct beneficiaries of the SSBs' standards, particularly investors, audit committees and preparers without in any way diminishing the importance of regulators or the overarching public interest objectives.
22. Several SAC members encouraged the Boards to make the value proposition more tangible and relatable by using real-life case studies that illustrate how the standards strengthen independence, professional judgment, and ethical behavior. They suggested that clearly communicating how the standards help reduce principal-agent risks would improve understanding among stakeholders, particularly investors. In addition, SAC members proposed using accessible communication mechanisms to bring these examples to life, which would enhance the visibility of the Boards' work.

Assessing the Impact of the SSBs' standards

23. In discussing how to evaluate whether the SSBs' standards are achieving their intended purposes, SAC members emphasized the importance of gathering systematic evidence, including through PIRs, global surveys, and academic partnerships. They recommended drawing insights from regulatory inspection findings and root cause analyses to identify how well recently completed standards are functioning in practice. The SAC also encouraged the Boards to gain a better understanding of why some aspects of standards are not implemented and to share the results of post-implementation efforts through data and practical illustrations. SAC members called for the use of success stories—such as improvements in auditor judgment, strengthened independence, or enhanced accountability—as powerful ways to reinforce the standards' real-world value.
24. Finally, SAC members stressed the importance of clearly distinguishing the Boards' role as standard setters from that of enforcement bodies. They noted that blurred perceptions between these functions can lead to misplaced expectations or criticism when shortcomings arise elsewhere in the ecosystem. The SAC advised the Boards to be transparent about their mandates and boundaries, and to regularly revisit and refine the value proposition to ensure that it remains relevant, evidence-informed, and aligned with the evolving needs of stakeholders and the public interest.

Session 4: Deregulation and Its Potential Implications for Sustainability and Other International Standards

25. SAC members discussed the potential consequences of growing deregulation and simplification trends across jurisdictions, particularly their impact on the promotion, adoption, and implementation of international standards, most notably those related to sustainability.

26. Against the backdrop of recent developments, including the scaling back of climate-related disclosure mandates in the United States¹ and simplification initiatives in the European Union,² SAC members were asked to reflect on how the Boards might calibrate their standard-setting and outreach strategies in light of these developments.
27. SAC members acknowledged that deregulation and simplification vary by region and are often driven by political motivations. They noted that these shifts can be cyclical and should not prompt a reactive approach. While simplification is often positioned as a way to reduce administrative burden and support economic competitiveness, SAC members emphasized that this must not come at the expense of credibility, assurance quality, or investor protection.
28. In navigating these developments, SAC members agreed that a clearly articulated value proposition remains essential. They emphasized that the Boards must continue to communicate why their standards and guidance serve the public interest, while also reinforcing the relevance and credibility of their work. This includes ensuring that the standards are principles-based, scalable, and sufficiently flexible to be adopted by entities of all sizes, particularly small and medium-sized entities and practices.
29. Several SAC members urged the Boards to critically assess whether there is a need for new standard-setting activity in the current environment, or whether the focus should be on developing and disseminating high-quality non-authoritative guidance, workshops, and educational materials to support the adoption and implementation of recently issued standards. In their view, such resources would provide timely and proportionate support, particularly in jurisdictions with emerging regulatory infrastructures.
30. SAC members also called for strengthened partnerships with global and regional institutions, including IFAC, professional accountancy organizations, and jurisdictional standard setters, to help monitor regulatory shifts and facilitate adoption. SAC members suggested that a scenario-planning approach, along with tools such as a “simplification/deregulation tracker,” could enhance the Boards’ ability to anticipate and respond to policy changes in real time.
31. SAC members stressed the importance of maintaining outreach tailored to jurisdictional realities and noted that simplification should not be equated with deregulation. Making the SSBs’ standards more accessible, particularly to smaller firms and developing markets, can increase adoption and build trust without weakening the core framework.
32. Overall, SAC members agreed that the SSBs should remain responsive and adaptable, while avoiding the perception that they contribute to regulatory burden. The trend toward deregulation was viewed as cyclical, underscoring the need for continued emphasis on credibility, relevance, and public interest outcomes, supported by transparent and context-sensitive communication.

¹ United States: The SEC’s withdrawal of its legal defense of the Climate-Related Disclosure Rule in March 2025 signaled a reversal in national-level climate reporting obligations.

² European Union: The Omnibus Package adopted in February 2025 includes changes to the Corporate Sustainability Reporting Directive (CSRD), such as reducing the number of required reporting datapoints.