

Report-back on May 2025 IAASB-IESBA-JSS Session

“Deregulation and the Impact on the Adoption of IAASB’s and IESBA’s Sustainability-related Standards”

1. The IAASB and IESBA Jurisdictional Standard Setters (JSS) Representatives met for a joint session on May 8, 2025. The session focused on the deregulation trends and their impact in the medium and long term on the adoption of the IAASB’s and IESBA’s sustainability-related standards. The meeting was attended by IAASB and IESBA representatives and JSS participants from Austria, Australia, Brazil, Canada, China, France, Germany, Hong Kong SAR, India, Japan, the Netherlands, New Zealand, the Nordic Federation, Saudi Arabia, South Africa, the UK, and the USA.¹
2. The objective of the joint session was to:
 - (a) Share information about the most recent policies and trends with respect to sustainability reporting and assurance in JSS’ respective jurisdictions, including any experiences of deregulation or new or revised regulation; and
 - (b) Discuss:
 - (i) The potential impact of such regulatory policies on the adoption and implementation of the IAASB’s and IESBA’s sustainability-related standards; and
 - (ii) How the IAASB and IESBA should position their standard-setting activities and go about promoting or encouraging the adoption and supporting implementation of their standards, in light of the challenges arising from deregulation.

Trends Observed

3. Representatives reported on different trends regarding the recent policies in their jurisdictions with respect to sustainability reporting and assurance:
 - Some jurisdictions were advancing and prioritizing moving forward with their sustainability agenda and the adoption and implementation of the global standards (e.g., Australia, Hong Kong SAR, India, Japan, New Zealand and South Africa).
 - Others were moving toward simplification or deregulation or were in a “wait-and-see” phase concerning the adoption and implementation of the standards (e.g., Canada, France, Germany, the UK, and the US).
4. While reporting is becoming mandatory in more and more jurisdictions, it was noted that assurance often remained voluntary and varied between reasonable and limited assurance (or even “assessment”).
5. Despite the current deregulation trend, a few JSS Representatives reported on a growing need for sustainability information and assurance, reported on a voluntary basis, even in the absence of mandatory reporting and assurance. Therefore, they highlighted a need to prioritize the adoption and implementation of global standards and helping capacity building in the relevant jurisdictions, too.

¹ The IAASB and IESBA JSS meetings are not open for public observers.

IAASB's and IESBA's Sustainability Standard-Setting Activities

6. Meeting participants had concerns over market saturation from IAASB and IESBA standard-setting activities. They agreed that the IAASB's and IESBA's current focus should be on supporting adoption and implementation efforts across jurisdictions, in collaboration with local standard setters. They encouraged the Boards to remain adaptable and listen to stakeholders' input.
7. Representatives made the following comments, among others:
 - In the current uncertain regulatory environment, JSS Representatives acknowledged the value of a single set of global standards, particularly the role of the standards in promoting cross-border consistency and reducing fragmentation costs. They believed that the adoption and implementation of a single set of global standards could better support simplification efforts than deregulation. As an example, it was noted that the absence of a clear timeline for standards in EU jurisdictions has resulted in a reliance on non-binding and inconsistent guidance across jurisdictions, creating operational challenges for cross-border engagements.
 - It was observed that deregulation and a focus on competitiveness were trending worldwide. However, it was felt that these trends and movements are cyclical in nature, influenced by jurisdictional events and politics. JSS Representatives cautioned the IAASB and IESBA against overreacting to current trends. They suggested that the Boards take a measured approach, self-reflect, and consider if there is indeed any need and opportunities for simplification.
 - Emphasis was placed on maintaining a balance between the costs and benefits of sustainability reporting and assurance. JSS Representatives highlighted the need for clearer cost-benefit analysis and institutional reflection at the IAASB and IESBA before launching new projects. They asked the Boards to consider the implementation burden of any new standards, especially for smaller or less-resourced entities.

Adoption and Implementation of IAASB's and IESBA's Sustainability-related Standards

8. JSS Representatives suggested that the IAASB and IESBA also consider how they can better promote and assist the broader adoption and consistent implementation of their sustainability-related standards. Among other matters, it was suggested that the Boards:
 - Provide support for focused adoption strategies and prioritize engagements with early adopters to inform broader rollout. It was noted that early adopters could set the tone and provide positive support for the standards and remove barriers to adoption.
 - Focus not only on identifying and addressing implementation challenges, but also on accumulating best practices to share.
 - Utilize technology and allow for tailored access for users to only relevant portions of the IESBA Code to help shift negative perceptions regarding the size and complexity of the standards.