

Trends in the External Reporting Ecosystem

New York | June 9, 2025





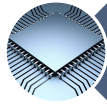
Agenda

- Recap of Stakeholder meetings:
 - Stakeholder Advisory Council
 - Jurisdictional Standard Setters Liaison Group
- Planning Committee Recommendations
- Proposed Revisions to Work Plan 2025-2026

RECAP: Stakeholder Advisory Council Meeting

Global Trends

TECHNOLOGY



- Digital transformation reshaping audit and reporting
- Concerns about diminished professional skepticism, automation bias and over-reliance

SUSTAINABILITY



- Concerns remain over greenwashing
- Sustainability assurance still early stage

DEREGULATION AND SIMPLIFICATION



- Vary by region
- Positioned to reduce administrative burden and support competitiveness
- May be at expense of credibility, assurance quality, investor protection

FRAGMENTATION



- Jurisdictional push for simplification and deregulation
- Increased risk of divergence from global standards
- Critical role of SSBs in maintaining consistency and coherence

RECAP: Stakeholder Advisory Council Meeting

How SSBs Can Respond to Trends and Promote Adoption and Implementation

Enhance
investor
engagement

- ☐ Standards need to be responsive to investor needs
- ☐ Ensure involvement of investors as ultimate beneficiaries
- ☐ Use more accessible communication channels to foster their engagement

Open
dialogue

- ☐ Maintain open dialogue with all stakeholders
- ☐ Improve communications and outreach efforts to enhance relevance of standards

RECAP: Stakeholder Advisory Council Meeting

How SSBs Can Respond to Trends and Promote Adoption and Implementation

Take time to
consider
approach

- ☐ Deregulation may be cyclical, do not overreact
- ☐ Critically assess whether need for new standard-setting activity in the current environment, or whether to develop supporting materials
- ☐ Standards need to remain consistent, scalable, principles-based, responsive to market needs
- ☐ Assess potential impact of technology on standard-setting activities

Value
proposition
& impact

- ☐ Need for a compelling value proposition that resonates with all stakeholders
- ☐ Leverage post-implementation review, root cause analyses, insights from regulators to assess impact of standards

RECAP: Joint IAASB-IESBA Jurisdictional Standard Setters (JSS) Meeting

Deregulation and the Impact on Adoption of IAASB's and IESBA's Sustainability-related Standards

Policies and trends regarding sustainability reporting and assurance

- Diverging jurisdictional trends → moving forward with planned regulations or moving towards deregulation & simplification
- Growing number of sustainability reports and assurance → if not mandatory, then on a voluntary basis
- With deregulation, an increased role for global standards in reducing costs and achieving simplification, protecting investors and public interest

IAASB and IESBA sustainability standard setting activities

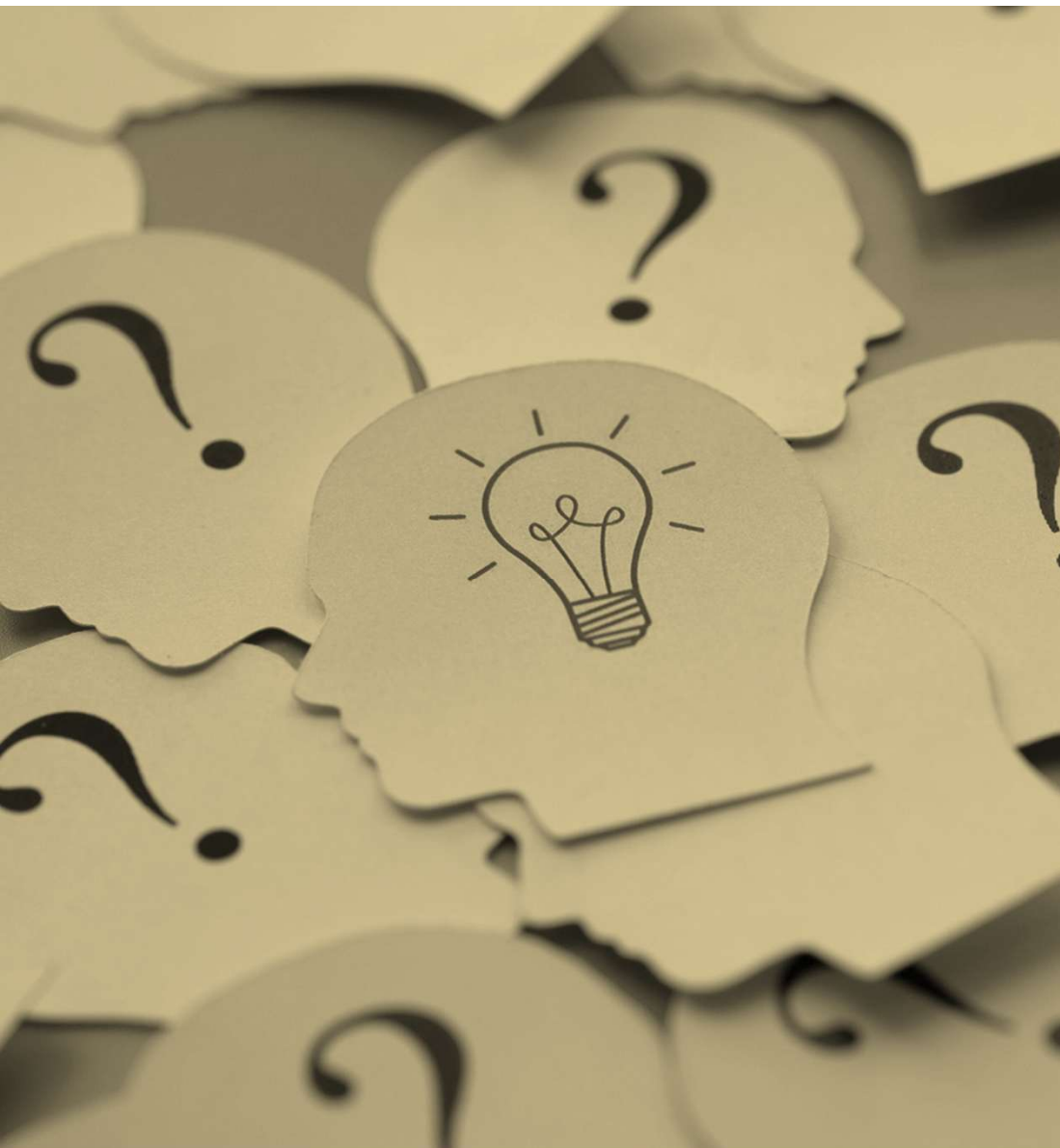
- Time for reflection in light of global developments and volume of newly issued standards
- Focus on supporting A&I through regular engagements and utilizing technology for better accessibility, pursuing initiatives and being innovative
- Need for clearer cost-benefit analysis before starting new projects

Planning Committee Recommendation

- **Trends in the external reporting environment, including deregulation**
- **Stakeholder Feedback**
 - Stakeholders need time to assimilate recent standards
 - Priority to develop supporting materials, not new standards
 - Need to promote value of standards
- **Limited resources and transition to new staff-driven model**

PROPOSED *OVERALL* IESBA STRATEGY

- Strategic reinforcement of support for A&I
- Focus on PIRs
- Enhancement of stakeholder engagement and communications
- Slow down standards issuance – no new standards before end of 2026



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Do IESBA members agree with PC's proposed adjustments to the overall IESBA strategy ?

Proposed Revisions to Work Plan – 2025/2026

Ongoing

- A & I activities will require resource allocation
- More resources needed for stakeholder engagement and communications
- Leave room for emerging issues

- ☐ Firm Culture and Governance – re-sequence workstreams
- ☐ Sustainability and Experts A&I and Rollout – No change
- ☐ CIVs and Pension Funds – Auditor Independence – No change
- ☐ Exploring Private Equity Investment in Accounting Firms - No change
- ☐ Strategy and Work Plan Development – No change

Proposed Revisions to Work Plan – 2025/2026

Due to Commence

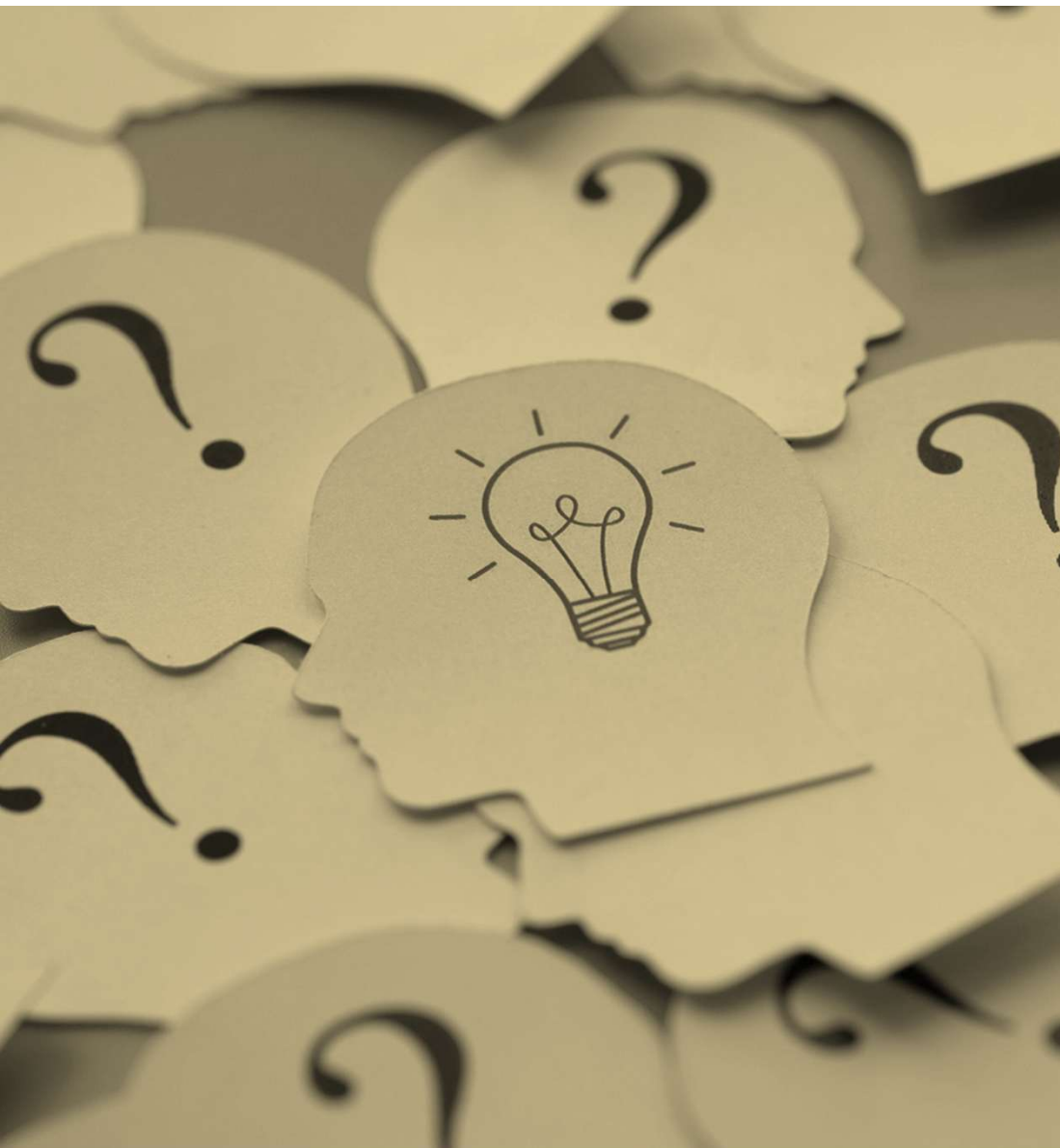
- “Problem definition” – initial fact-finding to define public interest issues and objectives, and identify options for possible responses and related costs and benefits
- PIR will include simplification considerations
- Holding initiatives with no urgent call for action

2025

- ☐ PIR – NOCLAR – **No change**
- ☐ The Role of CFOs and Other Senior PAIBs – **commence in 2026 with problem definition**
- ☐ Profession-agnostic independence standards for sustainability assurance engagements not scoped in under Part 5 – **Commence with problem definition**

2026

- ☐ PIR – Restructured Code – **Accelerate to 2025**
- ☐ PIR – Long Association Phase 2 – **No change**
- ☐ Exploring Extending the Impact of the Code to All Preparers of Sustainability Information - **Hold**
- ☐ Business Relationships - **Hold**



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Do IESBA members agree with the proposed revisions to the work plan for 2025-2026?

Next Step



Board to agree on
forward work plan
on Day 4 of IESBA June
2025 meeting

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