

Trends and Risks Committee
Terms of Reference – Updated
[March 2026]

Objectives

1. The objectives of the Trends and Risks Committee (TRC) are to:
 - (a) Oversee the implementation of the IESBA's Statement of Working Processes – Trends and Risks; and
 - (b) Report to or advise, as appropriate, the IESBA in relation to the topics of trends and risks.

Responsibilities

2. The TRC's responsibilities are to:
 - (a) Identify policy, accounting profession, industry, economic and financial trends and developments that might impact the IESBA's activities and mandate;
 - (b) Develop an annual survey of strategic risks and opportunities relevant to the IESBA's strategy and work plan;
 - (c) Review trends and other risks screened by IESBA staff and agree on items that would merit consideration by the IESBA and the [Stakeholder Advisory Council \(SAC\)](#); and
 - (d) Report the selected matters to the IESBA and, as appropriate, seek the views and advice of the SAC thereon.

Working Procedures

3. The TRC chair and IESBA Staff supporting the committee will meet at least every quarter.
4. The TRC will ordinarily convene via videoconference at least twice annually or more often, if necessary. The accompanying **Appendix** sets out plans for carrying out the Committee's activities through the IESBA's Statement of Working Processes – Trends and Risks.

Deliverables

5. The TRC will:
 - (a) Present a yearly strategic risks and opportunities survey and assessment to the IESBA; and
 - (b) Present its report on trends and other risks to the IESBA and, as appropriate, the SAC at least every six months;

Composition

6. The TRC will be chaired by an IESBA member and comprise 3-4 other IESBA members. The "IESBA Staff Insights Group" will provide support to the TRC.

Appendix

Statement of Working Processes – Trends and Risks [March 2026]

A. Introduction

1. This statement sets out the working processes through which the IESBA carries out its activities under its Trends and Risks Committee.
2. To assist in the execution of this initiative, the IESBA has established a standing committee (hereafter referred to as the Trends and Risks Committee, or TRC) to develop the activities in this area in accordance with the TRC's Terms of Reference.

B. Trends and Risks

DESCRIPTION OF A TREND OR RISK

3. For purposes of this initiative, trends and risks are any national or international developments that may:
 - (a) Have a potential impact on the adoption and implementation of the IESBA's standards, or its strategy or work plan;
 - (b) Motivate the IESBA to take action, such as organizing or participating in a debate at the international level; or
 - (c) Otherwise merit the IESBA's attention.

IDENTIFICATION OF TRENDS AND RISKS

4. To assist in the identification of trends and risks, potential sources of information that may be considered include those listed in the table below.

The table also indicates the type of effort involved and who primarily would be involved in the identification process. It is anticipated that, to the extent possible, IESBA members and technical advisors will contribute to the identification effort.

#	Sources of Information	Type of Effort	Involvement
<i>Business and Industry Publications</i>			
1.	Monthly IFAC Global Regulatory Report	Review	Insights Group staff
2.	Summary audit inspection reports (e.g., annual reports issued by the International Forum of Independent Audit Regulators (IFIAR), the Committee of European Auditing Oversight Bodies (CEAOB) and audit oversight bodies from major jurisdictions)	Review	Insights Group staff

#	Sources of Information	Type of Effort	Involvement
3.	Ad-hoc reports issued by key stakeholders (e.g., benchmarking reports or updates)	Review	Insights Group staff
4.	Accounting and business press or other media	IESBA Comms to review; Board representatives to become aware and highlight to IESBA Staff Insights Group when relevant	Board representatives ¹ and Communications team
<i>Regular structured outreach or engagement</i>			
5.	IAASB	Meeting notes	IESBA liaison member to IAASB and IESBA staff, as appropriate
6.	Jurisdictional Standard Setters (JSS) liaison group	Meeting notes and annual requests for information on national developments; highlighting to IESBA Staff Insights Group when relevant	Board representatives and IESBA staff supporting JSS meetings
7.	Stakeholder Advisory Council (SAC)	Meeting notes and highlighting to IESBA Staff Insights Group when relevant	Board representatives and IESBA staff supporting SAC meetings
8.	Forum of Firms	Meeting notes and highlighting to IESBA Staff Insights Group when relevant	Board representatives and IESBA staff supporting FoF meetings

¹ Board representatives include Board members, technical advisors and staff

#	Sources of Information	Type of Effort	Involvement
9.	IFAC SMP Advisory Group	Meeting notes and highlighting to IESBA Staff Insights Group when relevant	Board representatives and IESBA staff supporting IFAC SMPAG meetings
10.	IAASB-IESBA User Advisory Group (UAG)	Meeting notes and highlighting to IESBA Staff Insights Group when relevant	Board representatives and IESBA staff supporting UAG
11.	IOSCO Committee 1, CEAOB, IFIAR Standards Coordination Working Group	Meeting notes and highlighting to IESBA Staff Insights Group when relevant	Board representatives and IESBA staff attending
<i>Other outreach or engagement</i>			
12.	Regulators, audit oversight bodies and other global standard setting bodies (including the International Public Sector Accounting Standards Board (IPSASB), the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB))	Meeting notes and highlighting to IESBA Staff Insights Group when relevant	Board representatives and IESBA staff supporting or attending
13.	Academic research and releases from academic organizations, e.g., International Association for Accounting Education & Research (IAAER), American Accounting Association (AAA), European Accounting Association (EAA)	Becoming aware (including through staff participation in academic conferences) and highlighting to IESBA Staff Insights Group when relevant	Board representatives and IESBA staff
14.	IFAC Professional Accountants in Business (PAIB) Advisory Group, Financial Executive Institute (FEI) and International CFO Alliance	Regular interactions and highlighting to IESBA Staff Insights Group when relevant	Board representatives and supporting IESBA staff

#	Sources of Information	Type of Effort	Involvement
15.	Other outreach meetings, conferences and events	Meeting notes and highlighting to IESBA Staff Insights Group when relevant	Board representatives and IESBA staff supporting or attending
16.	National or jurisdictional developments	Becoming aware and highlighting to IESBA Staff Insights Group when relevant	Board representatives and IESBA staff
17.	External contributions	IESBA Staff Insights Group to review	Stakeholders wishing to highlight trends and risks that may merit IESBA's attention

5. With respect to academic research, an IESBA Board or staff member may be appointed as liaison with the academic community. In addition, staff will maintain ongoing contact with the academic community through, for example, participation in any relevant initiatives of leading academic organizations.
6. Relevant information about trends and risks identified by Board representatives and IESBA staff through their engagements is shared with the TRC, namely through:
 - (a) Board members reporting relevant information from their outreach activities to the IESBA Staff Insights Group;
 - (b) Staff members sharing outreach notes with the IESBA Staff Insights Group, highlighting relevant information, namely in the respective executive summaries.
 - (c) Other meetings as needed

THE FILTERING PROCESS

7. The IESBA Staff Insights Group is responsible for categorizing identified trends and risks for review by the TRC based on the significance of the trends and risks in terms of potential impact on the adoption and implementation of the IESBA's standards, or its strategy or work plan.
8. The IESBA Staff Insights Group coordinates when necessary with other existing IESBA working groups and workstreams to ensure internal alignment.
9. Considering the frequency of occurrence, or potential recurrence, and their implications for the public interest, trends and risks will be filtered into two categories based on the guidelines set out in the table below. Exclusions from these two categories to be referenced in the TRC discussions.

Category	Nature of Category	Guidelines
A. For IESBA consideration	Matters that merit IESBA discussion and consideration of possible actions.	<ul style="list-style-type: none"> • Matter has standard-setting significance, such as: <ul style="list-style-type: none"> ○ Matter appears to suggest a potential weakness, deficiency or gap in the Code. ○ Matter appears to suggest lack of clarity in one or more existing provisions in the Code. ○ Matter appears to directly impact current project(s) or potentially influence direction of current project(s). ○ Matter appears to suggest need for potential future standard-setting project(s). • Matter appears to be of strategic or significant importance relative to the development, adoption and implementation of the Code to merit IESBA consideration. • Matter appears to suggest a debate in which, or a topic on which, the IESBA should have a voice or take a leadership position given its role and remit.
B. For IESBA and Staff noting	Matters for the IESBA to note but which do not merit substantive IESBA discussion.	<ul style="list-style-type: none"> • Matter is a new or ongoing development that may have a possible impact on the IESBA's strategy and work plan although not in the immediate future. • Matter relates to a specific implementation or application of the Code that may merit IESBA attention but no specific discussion or action at this time.

IESBA CONSIDERATION OF TRENDS AND RISKS

10. The TRC will present trends and risks for IESBA consideration at alternate IESBA meetings (i.e., once every six months), unless the TRC judges an issue to be of such importance as to merit IESBA consideration at the earliest opportunity.

11. IESBA consideration of trends and risks will ordinarily take place in the public session. The TRC will determine if discussion of a particular matter in the IESBA executive session is warranted based on the sensitivity of the matter.

INVOLVEMENT OF THE SAC

12. The TRC may seek the views and advice of the SAC on strategic matters identified. To the extent possible, the TRC will synchronize the timing of the SAC discussion with the timing of the IESBA discussion.

EXPECTED OUTCOMES

13. The nature and timing of IESBA actions arising from this initiative will vary with the nature and significance of the matters considered. Such actions may include, for example:
 - Possible adjustments to the IESBA strategy and work plan, including re-prioritization of existing commitments and addition of new items to the current strategy and work plan.
 - Commissioning of staff publications.
 - Specific actions on current projects or initiatives.
 - IESBA decision to lead or engage in a specific debate at the international level.
 - Outreach to specific stakeholders to convey IESBA views on a particular matter.
 - Communications regarding the initiative in the IESBA's annual report and other communication vehicles.

CONSIDERATION OF EFFECTIVENESS OF TRENDS AND RISKS COMMITTEE

14. Periodically, the IESBA will reflect on the effectiveness of the initiative and consider whether improvements can be made to the working processes.
15. Positive outcomes that may assist the IESBA in assessing the effectiveness of the initiative include:
 - Specific IESBA actions initiated in response to the trends and risks, and the timeliness of such actions.
 - Improved stakeholder perceptions of IESBA responsiveness and relevance, including positive feedback from stakeholders and increased interest of stakeholder groups, such as the SAC, in trends and risks identified by the IESBA.
 - Success in generating debate or actions among stakeholders on specific topics.
 - Increased stakeholder awareness of the IESBA's work, such as through external requests for IESBA views on specific trends and risks.

D. Resource Needs

16. The TRC is supported by the "IESBA Staff Insights Group," with each member of the IESBA Staff Insights Group expected to allocate 10 to 20% of his or her time to the initiative on an ongoing basis.
17. The IESBA Staff Insights Group is composed, at a minimum, of two staff members. Its work is supported by the information sources and mechanisms set out in the table in the above section "Identification of Trends and Risks," namely internal and external reports, staff and board members'

notes and highlights from meetings and outreach activities, and other sources and initiatives it might find useful.