

2. SECTION I: ABOUT THE RESPONDENT

1. From which perspective are you providing this feedback?

The view of an organization

Please complete:

Your name:

Your organization (if applicable):

E-mail address:

Please complete:

Organization:

Accounting Professional & Ethical Standards Board (APESB)

Name(s) of contact(s) for this submission:

Jacinta Hanrahan, APESB Technical Director

E-mail address(es) of contact(s):

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2. Please select from the following options to which stakeholder group you or your organization belongs:

Jurisdictional Standard Setter (JSS) or Other Standard Setter

Please specify the type of accounting firm:

Please specify:

Please specify:

Please specify:

JSS for Ethics only

Please specify:

3. Please select from the following options the geographical region that best matches you or your organization:

3. Please select from the following options the geographical region that best matches you or your organization:

Asia Pacific

4. SECTION III: SSBs' STRATEGIC POSITIONING FOR 2028–2031

4. As the SSBs look toward the 2028–2031 period, they are reflecting on how to position their strategies and work plans to best serve the public interest within a rapidly changing global environment. This involves careful consideration of how the SSBs remain relevant, responsive, and impactful in their standard-setting and other related work. In that context, what do you believe the SSBs should aspire to achieve during their next strategy period, 2028–2031?

Your answer may touch on different dimensions, for example:

The relevance, responsiveness and impact of the SSBs' standard-setting and related activities.

Broader adoption and effective implementation of the SSBs' standards.

The SSBs' interaction and engagement with key stakeholder groups.

The SSBs' ability to serve the public interest.

The examples above are for illustrative purposes only and should not limit, direct, or otherwise influence your response.

Your answer should address the IAASB and IESBA collectively; however, you may wish to also highlight matters specifically for the IAASB or IESBA (if applicable, you could use separate headings to address such matters).

APESB believes the 2028–2031 strategy period provides an important opportunity for IESBA to develop a balance between agility in standard-setting and stakeholder capacity. While timely responses to emerging issues are essential, our engagement with Australian stakeholders indicates that the volume and pace of recent consultations suggest a degree of stakeholder fatigue. APESB considers that there needs to be a period of consolidation with some focus on global adoption and implementation of the Code.

This is an opportunity to demonstrate that high-quality, principles-based frameworks can be supported through timely, targeted and proportionate interventions. APESB acknowledges that, in developing the strategy for 2028-2031, there are necessary trade-offs, including balancing the need for the IESBA to be agile in responding to emerging trends (e.g., AI) with the need for stakeholders to have stable requirements to facilitate the adoption of the Code.

APESB considers the strategy period a significant opportunity for the IESBA to obtain input from a broader and more representative range of stakeholder perspectives on its work. Users, preparers and investors are often underrepresented in consultations, and APESB believes that more deliberate engagement with these groups will help ensure that the IESBA's strategic priorities are well-informed.

APESB also considers that the SSBs are well-placed to elevate the level of coordination between the IAASB and IESBA. Improved alignment of project timing and sequencing would allow stakeholders to consider related proposals concurrently, particularly when changes to the Code affect auditing standards. APESB encourages the boards to prioritise timely responses to emerging issues, which may require more flexible project approaches, earlier identification of cross-cutting issues between the Boards, and closer coordination between the boards to avoid duplication or misalignment.

More broadly, APESB considers that, over the 2028–2031 strategy period, the IAASB and IESBA should focus on strengthening the usability and practical application of their standards in an environment characterised by rapid geopolitical, regulatory and technological change. A key aspiration should be to ensure that the standards remain principles-based yet sufficiently clear to support consistent application across jurisdictions with differing levels of maturity.

Further, APESB considers that enhancing implementation support should be a key objective of the Boards. For example, more targeted non-authoritative material, a program of post-implementation reviews, and further exploration of ways to support jurisdictions with limited resources in adopting and implementing the standards.

6. SECTION IV: KEY TRENDS IMPACTING THE SSBs

A.1 Digital Transformation – Increasing Use of Emerging Technologies

6 – Strongly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters relating to IESBA:

APESB considers the increasing use of emerging technologies to have significant implications for the IESBA's future work program. The rapid evolution of technologies such as artificial intelligence, automation, data analytics, digital assets and cybersecurity tools is reshaping the ethical landscape in ways that require a forward-looking and principles-based response.

A key challenge is the speed at which technology develops relative to the pace of standard-setting (discussed further below). This pace of change highlights the potential need for the IESBA to complement the Code's principles-based foundation with more agile approaches to standard-setting, such as more timely guidance, staff alerts and interpretive material to support practitioners in applying ethical requirements in fast-moving areas.

In addition, some Australian stakeholders noted that the growing reliance on large datasets and automated processes also creates ethical considerations related to data governance, data quality, and transparency. Concerns about "black box" systems arise when practitioners may have limited visibility into how information is produced. The Code may need to reinforce expectations around competence, due care, and the ethical implications of using tools or data sources that are not fully understood.

Technology-enabled services may also continue to create new independence considerations. The use of proprietary tools in both audit and non-audit engagements may introduce new forms of dependence or influence that existing independence provisions may not fully address. APESB considers this an area that may require further consideration by the IESBA.

Also refer to trend O1 – AI Governance and Explainability.

APESB supports an evidence-based approach to standard-setting and suggests that a post-implementation review of the technology-related changes to the Code be undertaken before any significant revisions are introduced.

A.2 Digital Transformation – Digital Assets and Institutionalization of Digital Assets

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters relating to IESBA:

APESB notes that some Australian stakeholders have highlighted that digital assets are becoming increasingly mainstream, raising ethical questions about competence, reliance on experts, and the boundaries of professional practice, particularly when practitioners engage in areas that require specialised technical knowledge.

APESB is of the view that, due to the pace of technological change, guidance and education may be more appropriate tools than new standards in this area. For example, IESBA could consider producing practical guidance to help practitioners apply existing principles in new technological contexts. This approach would allow for greater agility and responsiveness, ensuring that support remains relevant as technologies evolve.

A.3 Digital Transformation – Financial Crimes Enabled by Technology

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters relating to IESBA:

APESB considers that emerging technologies are accelerating both the scale and sophistication of financial misconduct, creating new challenges for practitioners applying the Code's fundamental principles and independence requirements. For example, artificial intelligence (AI) is now being used to generate fraudulent documentation, including in mortgage applications. These developments reinforce the need for the Code to provide clear expectations regarding professional scepticism, the evaluation of information produced by automated systems and the ethical responsibilities of practitioners when confronted with technology-enabled fraud.

Technology-enabled financial crime also intersects with issues of data integrity and transparency. The increasing prevalence of complex or opaque ("black box") systems means that practitioners Joint IESBA and IAASB Stakeholder Survey Strategy and Workplans for 2028-2031 may have limited visibility into how information is generated or manipulated. This raises ethical considerations related to competence, due care, and the obligation to obtain sufficient understanding of the systems and data relied upon in professional activities.

APESB also notes that this issue is highly jurisdiction-specific and shaped by local legislation and enforcement frameworks. APESB recommends that IESBA consider whether any work beyond the existing NOCLAR provisions in the Code is needed in this area.

7. SECTION IV: KEY TRENDS IMPACTING THE SSBs

B.1 Changes in the Geopolitical and Regulatory Landscape – Regulatory Changes

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters for IESBA:

APESB is of the view that the IESBA should continue to monitor global regulatory developments closely and continue to strengthen coordination with other international standard-setters, regulators and other relevant international bodies to ensure that the Code remains responsive to both increased regulatory expectations and pressures for regulatory simplification.

B.2 Changes in the Geopolitical and Regulatory Landscape – Risk of Fragmentation

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters for IESBA:

APESB observes that the geopolitical and regulatory environment is becoming increasingly complex and is directly influencing standard-setting. APESB highlights fragmentation as a significant risk, as differing regulatory priorities emerge across regions, particularly in areas such as sustainability, digital regulation, and financial market oversight. This fragmentation increases complexity for practitioners operating across borders and places additional pressure on the IESBA to ensure that international standards remain principles-based and adaptable to diverse regulatory environments.

APESB further notes that while the IESBA cannot control these developments, IESBA must be prepared for them, and its strategic planning should reflect this reality.

B.3 Changes in the Geopolitical and Regulatory Landscape – Call for Greater Agility in Standard Setting

6 – Strongly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts,

or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters for the IESBA:

APESB considers this to be a key area of focus. As highlighted in the earlier response, the current geopolitical and regulatory environment reinforces the need for greater agility in international standard-setting. Geopolitical risks are increasing, regulatory priorities are diverging across jurisdictions, and the pace of external change is accelerating. In this context, the traditional timelines and sequencing of standard-setting activities are increasingly misaligned with the speed at which new risks and regulatory expectations are emerging.

To maintain relevance and global consistency, APESB considers that the IESBA should work towards strengthening its capacity to act with greater agility. This includes the ability to issue timely guidance or clarifications, deploy narrow scope amendments, and adjust work plans dynamically in response to emerging developments. Enhanced agility would complement the principles-based nature of the Code and support its application in an environment characterised by uncertainty, regulatory divergence, and rapid change.

APESB therefore encourages the IESBA to prioritise operational and strategic mechanisms that enable more responsive and adaptive standard-setting.

B.4 Changes in the Geopolitical and Regulatory Landscape – Greater Diversity of Voices Sought

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters for the IESBA:

APESB notes that the public interest is best served when standard setting is informed by a balanced set of perspectives. APESB highlights that the newly established joint user group is a positive development; additional mechanisms may be required to ensure that diverse viewpoints, including those from the public sector, smaller jurisdictions, emerging markets and small and medium-sized practices, are systematically incorporated into the IESBA's work.

In APESB's view, strengthening the diversity of input into the standard-setting process will support more globally consistent outcomes, reduce the risk of fragmentation and enhance the credibility and applicability of the Code across a wide range of geopolitical and regulatory contexts.

Feedback from Australian stakeholders suggests that some perceive it as complex, despite its principles-based nature, and that there is an ongoing need for IESBA to ensure scalability, particularly for smaller practices and jurisdictions with varying levels of regulatory maturity. This was identified by Australian stakeholders as an ongoing challenge that IESBA should keep in mind when revising standards.

8. SECTION IV: KEY TRENDS IMPACTING THE SSBs

C.1 Evolving Expectations Concerning Sustainability Information – Continuing Demand for Sustainability Reporting and Assurance

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters for the IESBA:

APESB considers that the continuing demand for sustainability reporting and assurance reinforces the importance of ensuring that the ethical requirements remain fit for purpose as this area evolves. While the recent work on Part 5 provides a strong foundation, the rapid expansion and increasing complexity of sustainability information mean that ongoing assessment of the new Part 5 will be essential.

In APESB's view, the IESBA should continue to evaluate whether additional guidance is needed to support practitioners in addressing sustainability information. Given the uneven regulatory trajectory across jurisdictions, maintaining coherence and consistency will be critical to supporting high-quality sustainability reporting and assurance and avoiding fragmentation.

A significant emerging trend is the rapid expansion of sustainability reporting and assurance beyond climate – into biodiversity, nature-related financial disclosures (consistent with the Taskforce on Nature-related Financial Disclosures framework), water security, and natural capital more broadly. These areas introduce entirely new assurance challenges: highly uncertain measurement methodologies, limited established data sources, novel forms of expertise required, and significant jurisdictional variation in how such disclosures are being mandated or encouraged. For Australia in particular, nature-related risk is a material and growing area of corporate accountability. APESB considers that, as reporting and assurance evolve, there will be a need to assess whether the existing ethical frameworks are adequate to support reporting and assurance engagements on nature- and biodiversity-related information, and whether dedicated guidance or standard-setting activity will be required during the 2028–2031 period.

APESB encourages the IESBA to continue to closely monitor developments and to remain open to targeted enhancements that strengthen the Code's relevance and usability in sustainability assurance engagements.

C.2 Evolving Expectations Concerning Sustainability Information – Regulatory and Geopolitical Changes

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters for the IESBA:

APESB observes that regulatory and geopolitical developments are reshaping sustainability reporting and assurance. Jurisdictions are moving at different speeds, adopting different frameworks, and responding to local policy priorities, creating an uneven global landscape. This increases the risk of fragmentation and puts pressure on international standards to remain coherent and adaptable. In this context, it is important that the IESBA's ethical requirements continue to support consistent, high-quality sustainability reporting and assurance across jurisdictions with different regulatory settings.

D.1 Evolving Structure and Business Models of Accounting Firms – Alternative Ownership Structures

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters for the IESBA:

APESB notes that the emergence of alternative ownership structures, particularly increased private equity investment in accounting firms, is raising important ethics, independence and quality management considerations. APESB notes that new ownership models may influence firms' strategic priorities, commercial pressures, and internal culture, including how firms make decisions and what they prioritise. This reinforces the need to ensure that ownership and funding arrangements do not compromise ethical culture or the consistent application of the fundamental principles.

APESB observes that private equity involvement is also associated with accelerated growth and technological investment. While these developments can support innovation, they may also introduce new risks if commercial imperatives outweigh professional obligations. APESB considers that the IESBA should continue to monitor these trends and assess whether additional guidance is needed to ensure that alternative ownership structures do not undermine auditor independence, objectivity, or the public-interest focus of the profession.

D.2 Evolving Structure and Business Models of Accounting Firms – Increased Involvement of Non-Professional Accountants in the Accounting and Auditing Profession

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters for the IESBA:

APESB observes that the growing involvement of non-professional accountants in the accounting and auditing profession is reshaping how engagements are delivered and introducing new ethical and independence considerations. As firms expand their use of specialists in areas such as technology, data science, engineering, law, consulting, and sustainability, concerns arise about the implications for quality and for the consistent application of the fundamental principles.

APESB notes that multidisciplinary teams are now a key element of both financial and sustainability-related work. This highlights the importance of ensuring that all individuals involved in an engagement understand and adhere to the ethical expectations that underpin high-quality professional behaviour.

APESB considers that the IESBA should continue to assess whether additional guidance is needed to support the effective application of the fundamental principles and independence requirements in multidisciplinary environments. Maintaining a strong ethical culture and the

consistent application of the Code are essential as professional services firms' workforce continues to diversify.

D.3 Evolving Structure and Business Models of Accounting Firms – Challenges to Attracting and Retaining Talent

6 – Strongly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Matters for the IESBA:

APESB notes that attracting and retaining talent is a significant challenge for the profession, driven by strong competition for skilled professionals, changing workforce expectations, and growing demand for expertise in technology, data, and sustainability. These pressures are occurring alongside changes in firm structures and business models, including broader service offerings and increased reliance on multidisciplinary teams.

As firms adapt to evolving market demands, it remains important that the IESBA continue to monitor how these developments intersect with ethical culture, capability and the consistent application of the Code.

D.4 Evolving Structure and Business Models of Accounting Firms – Non-Assurance Service Line

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

No further comments.

10. SECTION IV: KEY TRENDS IMPACTING THE SSBs - OTHER TRENDS AND RANKING

6. Are there trends or related areas or matters that you believe the SSBs should consider that are not covered? If so, please provide details.

Yes

Additional trends

Please number your additional trend (O.1, O.2, O.3, ...)

O.1

Please describe the additional trend

O.1 – AI Governance and Explainability:

The survey appropriately addresses the use of AI tools by practitioners within trend A.1. However, a distinct and emerging trend is the rise of AI governance, model risk management, and AI explainability as subjects of assurance and ethical scrutiny in their own right – going beyond the use of AI as a tool. Regulatory developments, including the EU AI Act and emerging guidance in other jurisdictions, are creating demand for assurance over AI systems: their inputs, outputs, decision logic, and controls.

This raises important questions about practitioners' competence and independence, and whether existing assurance standards are sufficient to address matters that extend beyond those contemplated by trend A.1. It also raises significant ethical considerations. Practitioners who rely on opaque automated systems in performing their work may face heightened obligations regarding professional competence and due care, professional scepticism, and accountability for AI-assisted outputs. APESB considers that the SSBs should assess, as a matter of priority, whether existing frameworks remain adequate for these purposes or whether targeted guidance or standard-setting activity is required to address AI governance and explainability as a distinct topic of interest.

On a scale of 1 to 6, indicate the extent to which you believe this trend will increase or decrease in importance for the SSBs for their next strategy period starting in 2028.

6 – Strongly increasing in importance

Do you wish to explain your rating or highlight any matters relating to this trend for the IAASB, IESBA, or both the SSBs?

Matters for the IESBA - O.1:

APESB assesses O.1 (AI Governance and Explainability) as strongly increasing in importance (6). While trend A.1 addresses the use of AI as a tool, the emergence of AI systems as subjects of assurance and ethical scrutiny in their own right represents a distinct and rapidly evolving development that, in APESB's view, warrants specific consideration in the SSBs' work plans.

7. Based on your evaluation of the identified trends, please rank what you believe are the TOP FIVE most important trends for the SSBs to consider for their next strategy period starting in 2028.

- Rank 1 : A1 INCREASING USE OF EMERGING TECHNOLOGIES]
- Rank 2 : O.1 AI GOVERNANCE and EXPLAINABILITY
- Rank 3 : B3 CALL FOR GREATER AGILITY IN STANDARD SETTING
- Rank 4 : D1 ALTERNATIVE OWNERSHIP STRUCTURES
- Rank 5 : B4 GREATER DIVERSITY OF VOICES SOUGHT

11. SECTION V: AREAS FOR JOINT ACTIONS IN SSBs' WORK PLANS

8. Please share your views about areas of common interest and possible joint or

parallel work plan topics (e.g., standard-setting or non-authoritative materials), or other initiatives or activities.

APESB strongly supports early alignment on topics that span both boards, particularly where timing, terminology, and scope must be consistent to avoid unnecessary burden on practitioners.

Key topics for joint or parallel work include sustainability and technology. APESB also considers that the following additional trends identified in the Other Trends section above represent areas of common interest warranting coordinated attention by both Boards: (i) AI governance and explainability, where the IAASB and IESBA will need to develop coordinated frameworks addressing practitioner competence, professional scepticism and the scope of assurance and ethics standards; and (ii) nature, biodiversity and beyond-climate sustainability assurance, where existing frameworks established under ISSA 5000 and the Code's Part 5 may require assessment and possible extension.

APESB encourages the boards to strengthen mechanisms for identifying cross-cutting issues earlier in the standard-setting process and to consider joint approaches where this would enhance clarity and reduce fragmentation. More broadly, APESB supports continued collaboration between the boards to ensure that international standards remain coherent, principles-based and responsive to developments affecting both ethics and assurance.