

2. SECTION I: ABOUT THE RESPONDENT

1. From which perspective are you providing this feedback?

A personal view

Please complete:

Your name:

Goro Kumagai

Your organization (if applicable):

The Securities Analysts Association of Japan

E-mail address:

560bears@gmail.com

Please complete:

Organization:

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

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

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

User of Financial or Non-Financial Information (e.g., investor, analyst, lender or other creditor)

Please specify the type of accounting firm:

Please specify:

Please specify:

Please specify:

Please specify:

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

Asia Pacific

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

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).

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?

Audit firms, particularly, the big four accounting firms, are rapidly introducing the AI-based audit and assurance system. Audit and assurance procedures appear to have already become impossible to conduct without AI or other emerging technologies,

making audit and assurance process a black box even to audit and assurance professionals. I believe the implications of this trend is extremely important both for the IAASB and IESBA.

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?

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?

7. SECTION IV: KEY TRENDS IMPACTING THE SSBs

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

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?

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

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?

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?

While the global political situation and regulatory landscape have become increasingly fragmented, the capital markets remain global, or more global than ever. This combination of fragmentation of the global politics and the tendency towards the more integrated global capital markets may require the SSBs more agile standards setting. In such an uncertain environments, the SSBs should focus on the agendas with clear necessities such as emerging technologies as AIs or those with relatively limited scopes.

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

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?

8. SECTION IV: KEY TRENDS IMPACTING THE SSBs

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

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?

In many jurisdictions, mandatory sustainability reporting is in the early stage of implementation. I observe quite often that assurance providers are excessively demanding even from users point of view in collecting evidences, which sometimes only discourage the preparers' motivation to provide users with more decision useful sustainability-related financial information. The quality of assurance should not be sacrificed, but the SSBs may provide both preparers and assurance providers with

implementation supports, by issuing guidance and educational materials.

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

3 – Slightly decreasing 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?

9. SECTION IV: KEY TRENDS IMPACTING THE SSBs

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?

Some global accounting firms are fully or partially owned by the external capital providers other than the internal partners. Salary gap between audit and assurance service and non-audit service such as consulting or advisory service may undermine the quality of people responsible for audit and assurance engagements.

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?

There appears to be clear differences in the depth and the scope of assurance procedures between professional and non-professional accountants. I am concerned that this may lead to the excessive price competition at the expense of the quality of audit and assurance.

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

Attracting and Retaining Talent

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?

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

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?

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.

No

Additional trends

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

Please describe the additional trend

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.

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

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

Rank 2 : B2

Rank 3 : B3

Rank 4 : D1

Rank 5 : D2

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.

The difference in the definition of the PIE between the IAASB and the IESBA appears to be very confusing to the stakeholders other than the audit and assurance professionals.

I understand this difference was caused by the difference in their remits. That said, if the meaning or the definition is different, I believe two boards should choose different terms not to confuse stakeholders.