

## 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:

Malaysian Institute of Accountants

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

IFAC Member Body or Other Professional Accountancy or Professional Organization

#### Please specify the type of accounting firm:

#### Please specify:

IFAC Member Body or Affiliate

#### Please specify:

#### Please specify:

#### 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).**

The SSBs' work under the 2024–2027 cycle has centered largely on standard-setting — with sustainability reporting taking the lead — and on building stronger working relationships, both between the two Boards and with the broader stakeholder community. In our view, the themes of closer coordination and greater responsiveness that shaped this period remain highly relevant, and should continue to carry through into the 2028–2031 cycle.

That said, the environment in which the next strategy period will unfold is shifting in important ways. Rapid technological change — with artificial intelligence at the forefront — is reshaping how corporate reporting is prepared, used and relied upon. At the same time, the uptake of international standards across jurisdictions is becoming increasingly uneven, raising a real risk of fragmentation. Against this backdrop, we suggest that the SSBs anchor their next strategy around three guiding themes: modernisation, agility and alignment. Together, these themes will help ensure that the standards remain technically sound, practical to apply across different markets, and firmly grounded in the public interest.

Equally important, in our view, is stronger transparency in how the Boards run their due process. This means being open about the way stakeholder feedback shapes decisions — particularly where perspectives diverge — and making sure the mix of voices heard is genuinely balanced, with meaningful representation from the profession. Doing so will help sustain trust in the Boards' work, support broader adoption of their standards, and reduce the risk of jurisdictional drift.

Modernisation

The pace of technological change — and its impact on business models, audit and assurance practice, and the ethical considerations surrounding them — means that keeping international standards current is no longer optional. Both Boards have acknowledged this, with the IAASB's current technology project being a clear example. Sustaining this momentum should, in our view, be a headline priority for the 2028–2031 period. At the same time, modernisation needs to remain firmly principles-based and outcome-focused, so that standards can continue to be applied meaningfully across entities of different sizes and at different stages of technological maturity.

#### Agility

In a fast-moving environment, the ability of the Boards to issue timely and relevant outputs will become increasingly important. This could be supported by a rapid-response route for narrow, time-sensitive matters that do not require a full standard-setting project, alongside an annual improvements cycle for routine maintenance items. High-quality non-authoritative guidance, developed with appropriate Board and stakeholder engagement, can also help practitioners apply principles-based standards to new and evolving situations in a practical way.

The SSBs should also continue to place strong emphasis on scalability and proportionality in standard-setting to ensure that international standards remain operable across firms of different sizes and varying levels of resources and complexity. This is particularly important for small- and medium-sized practices (SMPs) and emerging economies, where excessive complexity or implementation burden may affect the sustainability of the profession, reduce market participation and limit access to professional services for SMEs and other entities. In this regard, implementation support, practical guidance and consideration of operational realities will remain important in facilitating consistent and high-quality application of the standards.

#### Alignment

In order to maintain global confidence in international standard-setting, it is essential that the IAASB and IESBA remain closely aligned in their work. Where one Board carries a strategic objective on coordination, the other should, in our view, have a counterpart objective in place. In practical terms, this means continuing to align on strategies, project timelines and — where it makes sense — issuing exposure drafts jointly, so that stakeholders can see the combined picture of what is being proposed. Aligning effective dates should be the default, with divergence only where there is a clear and compelling justification.

## 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?**

Our approach to assessing importance

We have rated this trend as strongly increasing in importance. Emerging technologies are already high on both Boards' agendas, with the IAASB advancing its technology-related projects and the IESBA having established a dedicated technology working group. In our view, ongoing technological developments will continue to introduce new considerations for the SSBs, including how AI may affect both the incentives and the ability to commit fraud. Translating this work into timely guidance will therefore be key — and, given the speed of change, such guidance may need to be revisited more frequently than initially expected.

Overarching comments

Technology is reshaping corporate reporting, audit and assurance practice at an accelerating pace, and this trajectory shows no sign of slowing. If the implications of these developments are not thought through and acted upon carefully, there is a real possibility that users' expectations will drift further from what auditors, preparers and standard setters can reasonably deliver — opening up all three to greater scrutiny. We therefore see considerable value in the work currently underway to articulate how the existing auditing, assurance and ethics frameworks apply in the context of AI and other emerging technologies.

Complementing such work with timely non-authoritative materials would, in our view, help to narrow both expectation and

performance gaps.

The Boards should continue to monitor whether these developments challenge the core principles that underpin the international standards — as this will shape future decisions on whether new standard-setting is warranted, or whether guidance would be a more appropriate response. In this regard, we support the decision by both the IAASB and the IESBA to establish expert working groups focused on technology. It will be important that such groups draw on a balanced mix of stakeholder perspectives, with meaningful representation from the profession.

In this context, we would caution against presumptive standard-setting. Where existing principles remain sound, a guidance-first approach is likely to best serve stakeholders. If and when there is a clear public interest case for standard-setting, we would encourage the Boards to maintain a principles-based model. Highly prescriptive requirements — particularly those built around specific technologies become outdated quickly. Standards serve stakeholders best when they are framed around the outcomes expected, rather than on the mechanics of how they are achieved. Please also refer to our response to Question 4 on mechanisms to enhance agility.

#### Matters specific to the IAASB

While much of the IAASB's current technology work is oriented around the audit context, the growing use of AI is likely to have broader ramifications for specific assurance engagements. ISAE 3402 engagements, for instance, may need to adapt to capture the effect of AI on system and organisation controls. With AI being taken up more widely by both entities and auditors — including through third-party tools — it is also plausible that demand will grow for assurance over AI-related subject matter under the IAASB's assurance framework. We believe it would be helpful for the IAASB to engage with stakeholders on these emerging needs and to consider whether a response is warranted.

As other emerging standards in this area continue to develop — for example, those issued by the International Organization for Standardization (ISO) and the U.S. National Institute of Standards and Technology (NIST) — it will be important for the IAASB to keep abreast of these developments. Depending on how these frameworks evolve, the Board may need to reaffirm that its own standards remain fit for purpose for such emerging engagements or alternatively engage with other stakeholders to help build consensus on a common set of assurance principles and objectives.

As a precursor to any new topic-specific assurance standards, the Board may wish to consider developing non-authoritative guidance as a first step, focused on the practical application questions that practitioners are likely to encounter when applying the existing assurance standards to emerging subject matter. Tapping into resources already produced by the Jurisdictional Standard Setters (JSS) and other professional organisations could, in this context, accelerate the delivery of such materials. From a regulatory perspective, implementation support, scalability and proportionality will also remain important considerations, particularly for SMPs and emerging economies that may face resource, expertise and technological constraints in adopting increasingly sophisticated technologies. The SSBs should therefore continue considering how standards and guidance can remain operable across firms of varying sizes and levels of technological maturity without compromising audit quality or ethical standards.

#### Matters specific to the IESBA

The expanding role of AI and other emerging technologies brings into focus a number of considerations that cut across several of the Code's fundamental principles. Chief among these is professional competence and due care — with practitioners now expected, to a greater extent than before, to exercise informed judgement in relation to outputs produced by AI-enabled tools. This requires a sound understanding of how such tools work, where they fall short, the biases they may carry, and the circumstances in which their use is appropriate. As AI is increasingly drawn upon in the formation of professional judgements — whether in the preparation of risk assessments, valuations or audit evidence summaries — it will be important for the Code to make clear that accountability for professional judgement continues to rest with the individual practitioner, and that the use of AI neither dilutes nor displaces that ethical responsibility. Attention should also be given to the risk that over-reliance on AI may, over time, erode objectivity and professional skepticism; the IESBA should accordingly consider whether the existing conceptual framework provides sufficient support for practitioners in identifying and addressing such threats. Maintaining professional skepticism, human oversight and accountability will remain critical to sustaining public confidence in the profession.

We would also encourage the IESBA to take a closer look at whether the Code's existing confidentiality provisions remain fit for purpose in a world where client information is often input into — and potentially stored on — third-party AI platforms. With these tools being adopted at pace across the profession, the scope for information to be inadvertently disclosed, or for firms to lose effective control over confidential data, is only set to grow. In our view, the Code's guidance should evolve to reflect these risks. From a wider perspective, we see a strong case for the IESBA to develop non-authoritative guidance to help practitioners navigate the application of the fundamental principles in the context of these new technologies. Practical illustrations of how the conceptual framework applies to these emerging threats would be particularly valuable. Any such guidance would, however, need to be carefully crafted to avoid being seen as a new set of mandatory rules, which could have the unintended

consequence of creating barriers to competition or discouraging the appropriate use of innovative technologies.

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

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?**

Our approach to assessing importance

The challenges and opportunities presented by digital assets are comparable to those we have already detailed for emerging technologies under our response to A.1. For this reason, we have assessed this trend as strongly increasing in importance.

Matters specific to the IAASB

As corporate activity in the crypto-asset space continues to grow, and with users and regulators paying closer attention, this makes it an opportune time for the IAASB to engage with stakeholders and assess whether a formal response is warranted. A practical first step could be to develop non-authoritative guidance aimed at addressing the risks inherent in digital assets and promoting a more consistent approach to the application, accountability, and execution of related audits. As noted in our response to trend A.1, this could be done efficiently by tapping on the work of Jurisdictional Standard Setters (JSS) and other professional bodies (such as the AICPA Assurance Services Executive Committee's Digital Assets Practice Aid) or collaborating with them on new resources. Ultimately, enhancing clarity around auditor responsibilities in this domain would serve the public interest and help to narrow both expectation and performance gaps.

Given the evolving regulatory landscape surrounding digital assets, greater consistency in audit approaches would also assist regulators and oversight bodies in enhancing comparability, transparency and confidence in financial reporting involving digital assets.

Furthermore, the IAASB could work alongside key stakeholders like IOSCO and IFIAR to provide greater clarity on what is expected of entity-level internal controls over digital assets, and how these should be considered in the audits of both publicly traded and non-publicly traded entities.

To promote audit quality and help stakeholders better understand the auditor's role, a consistent framework is needed to support judgments about the nature and extent of evidence required. When applied to the audit of digital assets, this framework should offer clarity on how the digital-asset-related risks affect the auditor's determination of audit procedures — specifically, determining when a substantive-only approach is sufficient versus when the nature of the risks necessitates testing the operating effectiveness of controls.

The IAASB should also continue considering scalability and proportionality in this area, particularly as SMPs and firms operating in emerging economies may face resource, expertise and technological constraints in auditing entities dealing with digital assets. Practical implementation guidance may therefore be important to facilitate consistent and high-quality application of standards across firms of varying sizes and capabilities.

Matters specific to the IESBA

With the increasing prevalence of digital assets among institutions and individuals, it is imperative for the IESBA to evaluate whether the Code's existing framework for financial interests remains sufficiently clear in addressing newer forms of asset ownership — such as cryptocurrency holdings or tokenised assets held by firm personnel or their immediate families. Moreover, the IESBA should examine whether digital assets give rise to any new conflicts of interest. For instance, a conflict of interest could occur if a professional accountant, their firm, or their close associates hold interests in digital assets that are also integral to an audit client's business, creating situations not explicitly contemplated by the current Code.

The IESBA may also wish to continue monitoring whether additional implementation support or guidance is necessary to assist firms and practitioners in identifying and addressing emerging ethical, independence and confidentiality risks arising from digital asset activities and related technologies.

## A.3 Digital Transformation – Financial Crimes Enabled by Technology

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?**

Our approach to assessing importance

In a rapidly evolving, technologically driven landscape, an increase in technology-enabled financial crime is foreseeable. Nevertheless, we have assessed this trend as only slightly increasing in importance for the SSBs, reflecting our view that the existing standards — including those addressing risk assessment and non-compliance with laws and regulations (NOCLAR) — already offer a robust foundation for practitioners. This assessment also reflects the importance of proportionality: while the incidence of such crimes may rise, any SSB response is more likely to involve targeted clarification of existing requirements rather than a fundamental re-engineering of underlying principles or the initiation of new standard-setting activities. Nonetheless, as set out in our response to trend A.1, the SSBs may need to dedicate further specific consideration to the potential for technology, particularly AI, to facilitate or conceal fraudulent activities.

Overarching comments

Both SSBs have addressed NOCLAR through relatively recent standard-setting initiatives. Consequently, the forward-looking emphasis should be placed on evaluating whether incremental guidance is necessary, particularly concerning how technology-enabled financial crime might impact practitioners' audit and ethical obligations.

In addition, continued engagement and coordination with regulators, law enforcement agencies and international organisations may help support more consistent approaches to addressing technology-enabled financial crime and strengthen confidence in the global financial reporting ecosystem.

Matters specific to the IAASB

Alongside evaluating whether non-authoritative guidance in respect of ISA 250 (Revised) is warranted; auditors may also find it helpful to have additional non-authoritative guidance. Such guidance would focus on relevant considerations when gaining an understanding of the entity, its environment, and its system of internal control. Specifically, it should address how an entity's utilization of technology might create opportunities for financial crime and introduce associated risks of material misstatement in the financial statements (ISA 315 (Revised 2019)), and how this should be applied within ISA 240 (Revised). This guidance could also usefully delineate the scope of the auditor's responsibilities pertaining to financial crime perpetrated by, or against, the entity in the context of a financial statement audit.

Matters specific to the IESBA

We recommend that the IESBA, as part of its post-implementation review, evaluates whether the current NOCLAR framework offers sufficiently clear guidance for professional accountants encountering or suspecting financial crime enabled by sophisticated technology. The inherent nature of digital assets and other technology-enabled arrangements can obscure the identification of ultimate beneficiaries, thereby presenting practical challenges for professional accountants in detecting and addressing instances of potential non-compliance.

The IESBA may also wish to consider whether further guidance is necessary to support professional accountants in balancing confidentiality obligations, professional judgment and public interest considerations when responding to increasingly complex technology-enabled financial crime scenarios.

## 7. SECTION IV: KEY TRENDS IMPACTING THE SSBs

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

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?**

Our approach to assessing importance

The current geopolitical landscape has the potential to materially shape both jurisdictional and international standard-setting, generating pressures towards both convergence and divergence. We believe this trend will remain profoundly important for the SSBs through 2027. As we look towards the 2028–2031 period, the ongoing shifts in geopolitical stability—including evolving government priorities across different nations—could further influence domains such as sustainability reporting and assurance, global convergence efforts, and market regulation. While this trend already carries substantial weight today, its influence may well intensify, increasingly guiding the Boards' prioritisation decisions.

Overarching comments

The forthcoming strategy period may, in fact, present a unique window of opportunity to advance convergence between international and jurisdictional audit, assurance and ethics standards. Recent public commentary suggests renewed appetite in some jurisdictions to align standards and reduce unwarranted divergence — for example, in relation to audits of publicly traded companies in the US. We encourage the SSBs to engage constructively with relevant jurisdictional stakeholders to explore and capitalise on these opportunities.

Simultaneously, political developments across various countries are instigating changes in sustainability reporting regulations, which, in turn, have knock-on effects on the demand for assurance. The SSBs should monitor how these developments shape market expectations — including assumptions about the need for further standard-setting — while continuing to support the adoption and implementation of recently issued standards. This includes addressing how jurisdictional tailoring interacts with the intended application of ISSA 5000 and the IESSA.

We elaborate further on these specific matters within our responses to trends C.1 and C.2.

More broadly, greater transparency around how the Boards monitor and assess jurisdictional regulatory developments — and determine whether and when international action is warranted — would help stakeholders better understand the Boards' proposed actions, and in turn support confidence in and adoption of global standards.

Enhanced coordination and dialogue between the SSBs, regulators and jurisdictional standard setters will be increasingly important in mitigating regulatory fragmentation and promoting greater consistency in adoption, implementation and enforcement outcomes across jurisdictions.

Matters specific to the IESBA

Building on the foregoing points, we encourage the IESBA to adopt a more forward-looking and systematic method for engaging with jurisdictional regulators. This engagement should focus on understanding how emerging regulatory landscapes intersect with the Code, with the overarching goal of positioning the Code as a complement to, rather than a source of conflict with, jurisdictional requirements. Furthermore, the IESBA's ongoing efforts to develop profession-agnostic independence standards for sustainability assurance not within the scope of Part 5 could play a crucial role in mitigating fragmentation. By establishing a consistent ethical foundation, these standards would provide a robust framework upon which jurisdictions can build. As a fundamental guiding principle, it should remain a priority to secure consensus among jurisdictional standard setters regarding proposed changes to the Code before embarking on detailed standard-setting work.

## **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?**

Our approach to assessing importance

Please refer to our comments under trend B.1.

Overarching comments

The most effective defence against regulatory fragmentation is a continued focus on high-quality, scalable, and principles-based standards, underpinned by stakeholder confidence in the due process.

The SSBs should continue strengthening engagement with regulators, jurisdictional standard setters and oversight bodies to identify potential areas of divergence at an early stage and to promote greater alignment in adoption and implementation approaches. Early and structured regulatory dialogue may help reduce the need for significant jurisdictional modifications and support more consistent application of international standards globally.

Particular consideration should also be given to SMPs and emerging economies, where resource constraints, differing regulatory infrastructures and implementation capacity challenges may increase the risk of inconsistent adoption or unintended divergence in practice. Scalability and proportionality should therefore remain important considerations in future standard-setting and implementation activities.

Matters specific to the IAASB

In our view, it would be helpful for the IAASB to monitor how the ISA for LCE is being adopted across jurisdictions — including any local modifications — as this would provide valuable input into cost-benefit assessments of future maintenance activity, and support the Board's ongoing prioritisation and resource allocation decisions.

Matters specific to the IESBA

For the IESBA, fragmentation risk may present itself somewhat differently than it does for the IAASB. We recommend that the Board undertake research to assess the true consistency of the Code's adoption globally, recognizing that "adoption" can encompass a wide spectrum of outcomes, from minor local amendments to the use of outdated versions. Many jurisdictions that claim to have adopted the Code have, in practice, introduced significant modifications (e.g., on partner rotation or PIE definitions), creating fragmentation even where alignment appears to exist. A more systematic approach to monitoring these jurisdictional deviations is needed to identify the root cause—whether it lies within the standards themselves or in the surrounding communication and adoption support. This is particularly urgent for the IESSA, where there is a limited window to invest in robust adoption support before divergent practices become entrenched. More broadly, the IESBA should strengthen its adoption and implementation infrastructure, drawing lessons from the IAASB's successful approaches.

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

5 – Increasing in importance

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

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### **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?**

Our approach to assessing importance

While we acknowledge that agility is an existing priority for the SSBs, we believe its importance will be further heightened during the 2028–2031 strategy period. Continued geopolitical developments and the related risks of regulatory fragmentation will demand a swift and efficient response capability to uphold the relevance of, and confidence in, international standards.

Overarching comments

We recommend a renewed emphasis on agility through the development of more timely mechanisms for Board outputs. This could include a rapid-response framework to address urgent, narrowly defined issues, complemented by an annual improvements program for non-complex maintenance. Furthermore, the strategic use of high-quality non-authoritative guidance can provide practical clarity on applying principles-based standards to novel circumstances.

Concurrently, enhancing transparency around the initiation of standard-setting projects—by clearly articulating the rationale and evidence supporting the defined scope—would foster a stronger foundation for constructive dialogue with stakeholders on the

prioritization of Board resources.

Matters specific to the IESBA

In a rapidly evolving landscape, particularly in technology and sustainability, there is a tangible risk that the cadence of formal standard-setting will not keep pace with change. We therefore encourage the IESBA to increase its use of Staff Publications and Alerts. Developed with appropriate Board and stakeholder input, these can serve as an effective interim means of providing timely guidance on emerging ethical issues while the Board evaluates the need for a formal standard-setting response. This approach would enhance the IESBA's responsiveness and build upon a mechanism it has already successfully deployed. Ultimately, agility should not be viewed solely as speed of response, but also as the ability of the SSBs to respond proportionately, transparently and effectively while continuing to uphold audit quality, ethical standards and public confidence.

## **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?**

Our approach to assessing importance

Notwithstanding the selection indicated above, we view the prominence of this trend as largely stable when compared to the current strategic period. Both SSBs have, in recent years, conducted extensive outreach across various regions and jurisdictions. We anticipate this level of engagement will persist as a fundamental component of international standard-setting. While diverse input from stakeholders—especially investors, preparers, and those in governance roles—will remain crucial, we do not foresee significant shifts that would fundamentally alter this trend's overall importance. That said, we would highlight the increasing importance of meaningful practitioner input across the standard-setting lifecycle, to ensure that practical implementation considerations, scalability and proportionality are appropriately reflected, particularly for SMPs and emerging economies. This may help mitigate the risk of unintended operability issues and support more consistent and effective application of the standards in practice.

Overarching comments

Given technology's increasingly pivotal role throughout the entire reporting and assurance ecosystem, it will be essential for the SSBs to maintain continuous channels for integrating insights from technology experts. Particularly in rapidly evolving domains like agentic AI and the broader digital transformation, ensuring timely and meaningful input from practitioners will be exceptionally important.

We also commend the SSBs' continued engagement with jurisdictional standard setters and regulators. We highlight the value of periodically assessing representation from emerging economies to ensure that stakeholder perspectives are comprehensively balanced across all markets. Furthermore, the SSBs might consider deepening and increasing the frequency of their interactions with jurisdictional standard setters, as well as with the Forum of Firms and the Global Public Policy Committee (GPPC).

Matters specific to the IESBA

The IESBA is presently exploring the expansion of the Code's reach through several active initiatives. These include developing ethics standards for all individuals involved in preparing sustainability information, and establishing independence standards for sustainability assurance that are agnostic to the profession. Such undertakings could potentially bring individuals and entities not traditionally governed by the IESBA's standards within the Code's scope. Their unique perspectives, however, may not yet be fully represented in current consultation activities. Consequently, we encourage the IESBA to ensure that its outreach efforts for these workstreams are sufficiently broad. This expansive engagement should actively seek the views of newly affected parties, including sustainability practitioners, technology professionals, and those who prepare non-financial information. This approach is fundamental to building a solid foundation for these workstreams, establishing appropriate and proportionate boundaries for the Code's application, and ultimately garnering widespread support for the resulting standards.

## 8. SECTION IV: KEY TRENDS IMPACTING THE SSBs

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

4 – Slightly increasing in importance

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

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**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?**

Our approach to assessing importance

Notwithstanding the selection made above, we are of the view that continuing demand for sustainability reporting and assurance will continue to be important in the next strategy period. By the time 2028 comes around, many jurisdictions are expected to commence the initial phase of mandatory sustainability reporting and assurance, while others may still be at earlier points in their adoption journey. In this landscape, we do not foresee the emergence of new factors that would significantly heighten this trend's relative importance for the SSBs beyond its current standing. Instead, the forthcoming period is likely to be characterized by active oversight and evaluation of evolving adoption patterns and reporting practices. This, coupled with recent adjustments to sustainability reporting requirements in certain regions, suggests that sustainability will remain important but with a shift from growth towards consistent implementation. Sustainability reporting and assurance will remain a cornerstone for the profession.

Overarching comments

A key activity during the next strategy cycle will be the post-implementation review of ISSA 5000 and the IESSA. Given the inherent and close connections between the two standards, in our view it is essential that the review is undertaken jointly by the two Boards rather than as separate exercises.

Matters specific to the IAASB

In undertaking the post-implementation review of ISSA 5000, and as part of its continued monitoring of the evolving sustainability reporting ecosystem — including trends towards integrated financial and sustainability reporting — the IAASB may need to assess whether further standard-setting or non-authoritative guidance is warranted to address how financial statement audits and sustainability assurance engagements interact. This could cover matters such as risk assessment, communications, reporting, and the auditor's responsibilities in respect of other information.

Matters specific to the IESBA

As jurisdictions embark on the initial stages of implementing and applying the IESSA, practical implementation questions and challenges are bound to surface — for instance, in relation to the application of the provisions concerning the concept of a value chain entity. We would therefore encourage the IESBA to deliver prompt and appropriate responses to issues identified by the IESSA Implementation Monitoring Advisory Group (IIMAG) and any subsequent implementation advisory bodies. When such questions arise, the IESBA could consider addressing them through non-authoritative Q&A publications, Staff Alerts, or bespoke guidance. This proactive approach would aim to foster consistent and high-quality application of the ethical and independence requirements for sustainability assurance from its very inception.

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

4 – Slightly increasing in importance

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

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**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?

Our approach to assessing importance

As we detailed in our assessment of trend C.1, the anticipated maturation of sustainability reporting and assurance frameworks by 2028 will likely diminish the impetus for significant new standard-setting driven by regulatory and geopolitical developments. However, we would expect that there should be continuing importance placed on the monitoring of adoption and implementation of the sustainability reporting and assurance standards as well as the development of non-authoritative guidance materials.

Overarching comments

In this context, the SSBs should concentrate their efforts on promoting the consistent, global adoption of ISSA 5000 and the IESSA. This promotional work should be complemented by a structured monitoring program to track jurisdictional adoption. Such a program should analyze the nature, extent, and rationale for any local adaptations of the standards and identify provisions not adopted. The resulting insights will form a critical evidence base for the subsequent post-implementation review of both pronouncements.

## 9. SECTION IV: KEY TRENDS IMPACTING THE SSBs

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

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?**

Our approach to assessing importance

The IESBA is currently considering the implications of alternative ownership structures, including private equity investment in accounting firms. We have assumed that the key matters in this area will largely be progressed through the remainder of the 2024–2027 strategy period. Looking towards 2028–2031, we do not foresee the emergence of new forms of alternative ownership that would substantially elevate the importance of this trend for the SSBs.

While we have rated this trend as slightly decreasing in importance, we recognize there are unknowns around how it may evolve as there is limited global convergence and a potential for divergent approaches across jurisdictions such as in Malaysia and in relation to ownership structures, governance and independence requirements. These uncertainties could result in differing regulatory outcomes or periods of more rapid change.

As such, we believe it is important for the SSBs to continue monitoring developments in this area, and to assess whether any potential impact on audit quality, firm governance and international standards may arise.

Matters specific to the IESBA

The IESBA's "firm culture and governance" workplan project, which extends until 2027, will shape the ethics and independence considerations raised by alternative ownership structures. Going forward, we would encourage the IESBA to evaluate if the deliverables from this workstream adequately address the evolving ethics and independence challenges that these structures may present.

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

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?**

The IAASB's standards already address matters relating to the composition of engagement teams — including the competence of team members and the principles governing their direction, supervision and review. Complementing this, both Boards have recently concluded revisions to their standards on using the work of an expert, with clear stipulations on experts' capabilities, competence, and objectivity. In a similar way, the IESBA Code sets out ethical and independence requirements that apply to all individuals who form part of the engagement team, regardless of their professional background.

Considering these existing provisions, we believe a robust and principles-based framework is already in place to manage the involvement of non-professional accountants within engagement teams. However, in jurisdictions such as Malaysia, where sustainability assurance has only recently grown in importance, whether further guidance on this area is needed remains to be assessed.

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

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?**

Our approach to assessing importance

The attraction and retention of qualified talent remain a significant challenge for the accounting profession, with pronounced shortages in certain regions and sectors. These gaps stem from a confluence of market dynamics, evolving workforce expectations, rising engagement complexity, and competition for expertise in areas like technology and sustainability. Although addressing this issue falls primarily to firms and professional accountancy bodies, its consequences on engagement quality and ethical conduct are relevant to the SSBs. Consequently, we encourage the SSBs to continue monitoring this trend and assess whether any emerging issues warrant a response, such as through non-authoritative guidance.

Matters specific to the IAASB

A key consideration for the IAASB is the degree to which sustained resource constraints and skills gaps may be impacting the consistent application of its standards, particularly foundational concepts like professional skepticism and professional judgment. Such factors can introduce quality management risks that have clear implications for the effective application of ISQM 1 at both the firm and network level.

Matters specific to the IESBA

Resource shortages and the challenge of retaining experienced professionals may amplify threats to compliance with the fundamental principles, most notably professional competence and due care. In our opinion, the IESBA should explore whether non-authoritative guidance on identifying and addressing these heightened threats would offer practical value to practitioners navigating these challenges.

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

0 – I do not agree that this is a trend to be considered

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

The expansion of non-assurance services, and the resulting concerns for independence, audit quality and public trust, has been the focus of significant and relatively recent standard-setting effort through the IESBA's 2020 Non-Assurance Services (NAS) revisions. As the IESBA has scheduled a post-implementation review of these revisions for 2027, we consider it prudent to defer any decisions on additional measures until those review findings are available.

**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.**

Yes

**Additional trends**

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

In our view, the following additional trend should be considered during the 2028–2031 strategy period, focused on reinforcing trust in the effectiveness and outputs of the standard-setting system. O.1 – Effective Governance and Transparency of Due Process

**Please describe the additional trend**

O.1 – Effective Governance and Transparency of Due Process

A primary objective for the SSBs in the upcoming strategy period should be the enhancement of stakeholder confidence in their governance and due process. Achieving this necessitates demonstrating broad and balanced participation in standard-setting, including substantive input from the profession, to ensure the resulting standards are of high quality and practically implementable. Furthermore, confidence would be bolstered by increased transparency. The SSBs should articulate how stakeholder feedback—especially comments concerning the clarity, comprehensibility, and practicality of proposed requirements—has influenced key decisions and shaped the final text of their pronouncements.

**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?**

N/A

## **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 : A.1 [Digital Transformation – Increasing Use of Emerging Technologies]

Rank 2 : B.2 [Changes in the Geopolitical and Regulatory Landscape - Risk of Fragmentation]

Rank 3 : O.1 [Effective governance and transparency of due process]

Rank 4 : B.3 [Changes in the Geopolitical and Regulatory Landscape - Call for Greater Agility in Standard Setting]

Rank 5 : B.1 [Changes in the Geopolitical and Regulatory Landscape – Regulatory Changes]

## **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.**

We recommend the following areas for joint or parallel work during the 2028–2031 strategy period:

- **Create a More Agile Process Together:** Any rapid-response mechanism or annual improvements plan should be designed and applied consistently by both SSBs to enhance agility and maintain alignment as noted in our response to trend B.3.
- **Jointly Review New Sustainability Standards:** The SSBs should conduct a joint post implementation review of ISSA 5000 and the IESSA, as noted on our response to trend C.1.
- **Effective Governance as a Joint Effort:** To build trust, enhancements to SSB governance and due process transparency should be undertaken as a single, coordinated project.
- **Jointly Assess the "External Expert" Rules:** The deep link between the Code and IAASB standards on using external experts makes a joint review essential. This should focus on the practicality of the Code's provisions and the overall impact on practitioners' ability to use experts' work.
- **Align on the Future PIE Definition:** To prevent divergence, the IAASB's planned 2027 review of the Public Interest Entity (PIE) definition should be a joint effort. The IAASB should also be actively involved in the IESBA's monitoring of how the new PIE rules are being adopted globally to ensure a shared understanding.
- **Develop a Unified Technology Strategy:** The SSBs should consider a coordinated approach to technology guidance. By addressing cross-cutting issues concurrently, they can avoid repeating past challenges where one Board was forced to react to a decision made by the other, ensuring holistic and consistent standard-setting.