

Meeting: Stakeholder Advisory Council (SAC)

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Meeting Date: October 20–21, 2026

Agenda Item

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IESBA and IAASB Strategies and Work Plans (SWPs) 2028–2031

Introduction

1. At the joint IAASB–IESBA (Standard Setting Boards or SSBs) December 2025 meeting, the SSBs approved a joint stakeholder survey (joint survey) as the initial step in developing the consultation papers for their next SWPs for 2028–2031.
2. The SSBs released the joint survey in January 2026 with a 114-day comment period which closed on May 15, 2026. The SSBs received [108 responses](#) from a diverse range of stakeholder groups across all geographical regions, including responses from two Monitoring Group (MG) members.
3. During their respective September 2026 meetings:
 - (a) Both SSBs considered a full analysis of the responses to the joint survey prepared by the SSB staff. The SSBs also discussed the initial views of the Joint SWP Working Group¹ and Staff (JWG&S) of the responses, with respect to the three key components of the survey (see **Section I** of this paper): the strategic positioning of the SSBs for 2028–2031; key environmental trends impacting the SSBs; and areas for joint actions in the SSBs' work plans.
 - (b) Each SSB also discussed the implication of these analyses to inform their upcoming consultation papers (see **Section II** of this paper).
4. Building on the SSBs' September 2026 discussions, SAC Members' feedback on the questions set out in **Section III** of this paper will provide valuable input to the two Boards' SWP teams as they develop the draft consultation papers for the SSBs' discussions in December 2026.
5. In December 2026, the two SSBs will discuss their respective consultation papers with the aim of approving them for public consultation in Q1, 2027. The SSBs are targeting approval of their SWPs 2028–2031 in December 2027.

Section I – Overview of Joint Survey Feedback and Initial Views from the JWG&S

SSBs' Strategic Positioning for 2028–2031

6. Respondents to the joint survey were asked to provide views on what they believe the SSBs should aspire to achieve during their next strategy period 2028–2031 to best serve the public interest. This is within the context of a rapidly changing global environment while ensuring that the SSBs remain responsive and impactful in their standard-setting and other related work.

¹ The Joint SWP Working Group consists of both SSB Chairs and two board members from each of the SSBs.

7. Respondents across stakeholder groups emphasized the need during the next strategy period for the SSBs to:
 - Prioritize **adoption, implementation support and post-implementation reviews (PIRs)** of recently issued standards over undertaking significant new standard-setting activity to allow for a period of stability for changes to be absorbed.
 - Continue to develop **principles-based, proportionate and scalable standards** that are globally operable, able to stand the test of time and supported by practical non-authoritative guidance where appropriate.
 - Maintain **agility through horizon scanning, evidence-based prioritization and timely responses to emerging issues**, particularly given the increased use of emerging technologies.
 - Strengthen early and ongoing coordination between the IAASB, the IESBA and the broader international regulatory and standard-setting ecosystem to **enhance interoperability, consistency of implementation, and global acceptance of their standards**.
 - **Broaden stakeholder engagement and increase due process transparency** around how stakeholder feedback informs strategic priorities and standard-setting decisions.
 - Assess the **effectiveness of the standard-setting process and the evidence on which it is based**.
8. Stakeholders consistently referenced these themes across multiple sections of the survey, indicating that stakeholders believe these themes are not confined to a single trend or issue but instead influence a broad range of strategic considerations for the SSBs. Because the themes from the feedback outlined above are overarching and cross-cutting in nature, the JWG&S were of the view that the SSBs should address these points when developing their Consultation Papers.
9. The JWG&S also noted that some themes intersect with matters currently being considered as part of broader SSBs and PIOB governance reforms under discussion, including the ongoing evolution of the SSBs' due process and other operational matters. As a result, these themes may not necessarily translate into stand-alone work plan initiatives but instead will continue to be addressed through the broader reforms.
10. The JWG&S discussed the call for the SSBs' standards to remain principles-based, proportionate, scalable, and durable. They noted that this theme raises several strategic questions, including:
 - What constitutes an effective, best-in-class principles-based standard-setting approach, but in terms of the level of detail and accompanying explanatory materials?
 - What is the framework for the Boards to prioritize matters or topics and inform their decisions about further action? In particular, if standard setting is indicated, what are the elements of a principles-based standard-setting approach?
11. The JWG&S noted that a coordinated consideration of these questions could help promote greater alignment across the SSBs' standard-setting approaches and support the development of standards that are robust, adaptable in an increasingly dynamic environment, coherent and interoperable.

Key Trends Impacting the SSBs' Environment

12. In the joint survey, the SSBs included 13 trends grouped into four (4) overarching pre-identified environmental trends and asked respondents to rate the extent to which they believe each trend will increase or decrease in importance for the SSBs for their next strategy period. In addition, respondents were also asked to provide input on other potential environmental trends or related areas or matters that the SSBs should consider while developing their next SWPs. Respondents were asked to rank what they believe are the top five most important trends for the SSBs to consider for their next strategy period.
13. The table in the **Appendix 1** provides an overview of the responses with respect to these 13 trends. This overview is not intended to be all inclusive. Rather it summarizes the key takeaways of the JWG&S, including selected matters suggested by respondents for the SSBs' consideration, from the detailed analysis of the feedback.
14. The JWG&S considered the analysis of the environmental trends (both the pre-identified trends and the additional trends) through an approach which predominately relied on the narrative comments provided by respondents. This is because certain respondents noted differences in the way they applied the quantitative rankings of the survey, as well as because the narrative responses themselves included important context and insights to clarify respondents' views on the trends.
15. In addition, the JWG&S also considered a deeper, more granular analysis undertaken by SSB Staff of respondents' top-5 ranked pre-identified trends. The analysis compared the top 5 rankings separately by:
 - Respondents providing views of an organization or in an official capacity (therefore representing a significant number of members or constituencies within their networks) (i.e., organizational views) vs. those providing views in an individual capacity (i.e., individual views).
 - Stakeholder groups.
 - Global regions.
16. The purpose of this deeper analysis was to identify any notable convergence or divergence in stakeholder perspectives across these categories and to provide further context for interpreting the feedback on the trends. This helped assess the extent to which views were consistent across respondent groups or reflected specific stakeholder or regional priorities to inform the interpretation of the feedback and the development of the SSBs' strategic priorities.
17. Paragraphs 18–21 below set out important takeaways of the JWG&S which the SSBs considered for purposes of developing their Consultation Papers for the next strategy period.
18. **The increasing use of emerging technologies emerges as the leading priority cited by respondents.** There is a strong consensus from the joint survey that the trend “A1–Increasing Use of Emerging Technologies” is expected to be a defining strategic priority over the next strategy period, supported by the narrative responses across stakeholder groups. Also, the trend ranked first in priority across organizational and individual respondents, all geographical regions, and all stakeholder groups except the "Other" category. Notably, the top 5 ranking for the trend outperformed all other pre-identified and additional trends by a significant margin. In addition, from the analysis of the top 5 most important additional trends identified by respondents, trends clustering in the theme “AI and digital transformation” were ranked as highest priority across half of the stakeholder group

categories, including users and firms. Collectively, the feedback indicates broad stakeholder consensus that emerging technological advancement, particularly the rapid evolution of AI and digital capabilities, will be a key factor shaping the future relevance and effectiveness of audit-, assurance- and ethics-related activities.

19. **Although there is support for certain trends as strategically relevant to the SSBs, beyond trend A.1, there are divergent views among stakeholder groups and geographical regions regarding their prioritization.** There is also clear support from the narrative responses to the survey that the trends “B2–Risk of Fragmentation,” “B3–Call for Greater Agility in Standard Setting,” “A3–Financial Crimes Enabled by Technology” and “D1–Alternative Ownership Structures” remain relevant considerations that will impact the SSBs’ priorities in the next strategy period. However, unlike the trend “A1–Increasing Use of Emerging Technologies,” the deeper analysis revealed less consistency in the prioritization of these trends across stakeholder groups and geographical regions. For example, MG respondents, regulators and respondents from North America ranked “D1–Alternative Ownership Structures” as the second-highest priority trend. In contrast, when the responses of all survey participants who responded to this question are considered collectively, “D1–Alternative Ownership Structures” ranked fifth overall. The JWG&S views these differences as indicative of the varying perspectives, priorities and operating environments represented across stakeholder groups and geographical regions. While these trends may not command the same level of broad-based consensus as technology-related developments, the feedback suggests they remain important considerations that could have heightened strategic relevance for specific stakeholder constituencies and jurisdictions.
20. **Sustainability remains a relevant topic, with respondents calling for a shift in focus to adoption, implementation and advocacy in the next strategy period.** Across stakeholder groups, narrative responses highlighted that demand for sustainability reporting and assurance is expected to remain significant, driven by investor expectations for greater transparency, ongoing regulatory developments, and wider public interest demands for reliable sustainability information. The JWG&S view these factors as collectively reaffirming the continued relevance of this trend for the profession and the SSBs. Also, there is broad support for the SSBs to prioritize support for adoption and implementation of their sustainability standards and monitoring of developments, while maintaining readiness to respond to future public interest needs.
21. **Not all trends raised by stakeholders will be core to the SSBs’ strategies.** The JWG&S discussed that while all the identified trends remain relevant to the accountancy profession and are therefore of interest to the SSBs, the narrative feedback recognizes that the degree to which the SSBs can directly influence outcomes varies across trends. For certain trends, the SSBs’ role is only indirect, given that the primary levers for action lie with other stakeholders in the ecosystem. For example, for the trend “D3–Challenges to Attracting and Retaining Talent,” the feedback consistently highlighted that this is an important issue facing the profession. Respondents noted ongoing concerns regarding workforce shortages, skills gaps, changing employee expectations and the profession’s long-term attractiveness. These challenges remain high priorities for national regulators, professional accountancy organizations, firms, educators and employers across jurisdictions. However, stakeholders generally acknowledged that talent attraction and retention are not principally a global standard-setting issue that can be addressed through direct actions by the SSBs. Therefore, this trend can continue to be monitored as part of the SSBs’ environmental scanning activities, with

particular attention to any implications for professional competence, the application of standards, audit or assurance quality and the future capacity of the profession.

22. The JWG&S also took the view that while a range of other matters were raised, these were also matters either addressed by the overarching trends themselves (i.e., matters related to AI and digital transformation and private equity and alternative ownership structures) or that are cross-cutting matters addressed by the themes discussed in paragraphs 7-9 above relating to the SSBs' strategic positioning for 2028–2031 (i.e., matters related to adoption and implementation support, complexity, overregulation and prescriptiveness of standards, and the effectiveness of the standard-setting process).

Areas for Joint Actions in SSBs' Workplans

23. Respondents to the joint survey were asked to suggest areas of common interest and possible joint or coordinated work plan topics, including standard-setting initiatives, the development of non-authoritative materials or other activities the two SSBs should consider in developing their 2028–2031 SWPs.
24. The JWG&S observed that respondents had recognized that the SSBs have greatly expanded their collaborative efforts, including on the joint survey itself. At the same time, there was broad agreement among stakeholder groups that the cross-cutting nature of many of the auditing-, assurance- and ethics-related issues addressed by the SSBs potentially calls for more integrated collaboration across the standard-setting system. Respondents prominently cited the following topics:
 - **Technology and AI** (most frequently cited). For example, when developing guidance and other non-authoritative materials, using technology experts, and undertaking outreach and monitoring activities.
 - **Sustainability assurance**. For example, undertaking parallel PIRs, developing joint implementation support materials, and undertaking stakeholder engagement.
 - **Firm governance and alternative ownership structures**. For example, pursuing a closely coordinated SSB response in view of the interconnection of the Code with principles of ISQM 1, and in developing joint guidance.
 - **Public Interest Entity (PIE) definition**. For example, pursuing a joint PIR and deliberation of actions, and monitoring and evaluating jurisdictional adoption of the revised PIE provisions to prevent divergence.
 - **Using the work of external experts**. For example, undertaking a joint PIR in view of the interconnectivity between the Code provisions and IAASB standards in relation to the use of the work of external experts.
25. The JWG&S also discussed respondents' viewpoints on how to achieve impactful alignment and enhance the effectiveness of coordinated approaches between the SSBs, including:
 - Broad consensus among respondents across stakeholder categories that SSB coordination should be **structural and early-stage** (e.g., built into project scoping, rather than considered at or after the exposure draft stage). In addition, certain respondents called for a formal **"interoperability checkpoint"** at key project stages (proposal, exposure, pre-finalization),

covering terminology alignment, timeline coordination, effective date alignment and adoption impact.

- **Aligning consultations** on related matters was considered important to allow stakeholders to consider the impact of auditing and ethics standards in parallel, and a call to avoid **misalignments** where one board finalized standards before the other had resolved related issues (e.g., external experts, PIE definition and group audits).
 - **Mandating clarity.** Coordinated work should be preceded by clear agreement on the boundaries of each SSB's remit, to avoid duplication and ensure each SSB stays within its proper scope. Viewpoints were also provided that not all topics require both SSBs to act.
 - **Using consistent terminology and definitions in the auditing and ethics standards** through a standing maintenance activity, not a one-off project.
 - **Designing agile response mechanisms jointly**, such as rapid response or an annual improvements mechanism designed and applied consistently by both SSBs to maintain alignment.
 - **Providing joint implementation support**, such as joint non-authoritative materials and shared implementation-related initiatives (including PIRs).
 - **Taking a coordinated approach when engaging** with stakeholders in the ecosystem, such as regulators and other standard setters. In addition, there were views that the SSBs should continue to focus on and deepen **interoperability** in relation to sustainability assurance, and extend coordination where relevant to other global sustainability standard setters.
26. The JWG&S highlighted that there are a range of coordination approaches already being used. These range from ongoing coordination and collaboration to parallel workstreams, semi-joint projects or fully joint initiatives. In developing their SWPs, the SSBs will have regard to whether there are lessons to be learned from previous collaboration efforts and whether there are ways to further optimize collaboration, while respecting each SSB's mandate.
27. The JWG&S concluded that there is not a one-size-fits-all approach to coordination that the SSBs should deploy in the next strategy period. This is because emerging issues differ in their nature, urgency, complexity and interdependencies, making a flexible and scalable approach to coordination or collaboration more effective than a standardized model. Also, applying fit-for-purpose mechanisms tailored to the circumstances would enable the SSBs to leverage resources more effectively, drawing on complementary expertise, reducing duplication of effort and responding more efficiently to stakeholder needs.

Matters for SAC Members' Consideration

1. *SAC Members are asked to share their reflections on the joint survey feedback and whether there are other trends and factors that the SSBs should consider in preparation for the next strategic period (2028–2031).*

Section II – SSB’s Strategic Insights and Objectives

28. This Section sets out the IAASB’s four strategic insights and the IESBA’s possible strategic objectives as discussed at their respective September 2026 meetings.
29. In establishing these matters, it is important to recognize the current context in which the SSBs operate. The last seven or more years have marked a period of significant transformation. The SSBs have completed foundational projects that have and will continue to have a profound impact on their stakeholder communities. The SSBs have proven that they could work at an increased pace to respond to emerging challenges, such as demands for global standards for sustainability matters and for a response to rapid technological innovation and other public interest challenges. Engagement with the stakeholder community has intensified to ensure that a diverse range of stakeholders actively participate in all elements of standards development, reducing any sense that the SSBs’ work is limited to a small cadre of stakeholders. Consistently with the Monitoring Group recommendations, the SSBs shifted their operating model to a more staff-driven approach to reflect what is considered best practice at other leading standard-setting bodies, including the IFRS Foundation.
30. The above suggests a period of significant success, but the SSBs also see each strategy period as one for internal reflection and an opportunity for engagement with those who value global standards. The IAASB’s four strategic insights and the IESBA’s key trends and possible strategic objectives are meant to serve as the basis for the strategic choices that the SSBs make to fulfill their goal.

IAASB’s Strategic Insights

31. The IAASB coalesced around four strategic insights. Insights in this context relate to the key conclusions, based upon evidence from the survey and other sources, that the IAASB will need to address if it is to advance towards its goal during the next strategy period. The IAASB draft proposed goal is to:

Serve the public interest by developing and maintaining globally accepted and leading audit, assurance, and related services and quality management standards as well as adoption and implementation materials, enabling the performance of high-quality engagements that enhance trust in markets and evolve in a timely manner to meet rapidly changing public interest demands.
32. For this Agenda Item, the strategic insights are presented in a draft format in bold text. Each insight is supported by a narrative on specific data points that were considered in their formulation. Based on the September 2026 Board discussion, input from SAC Members in October 2026 and other outreach, Staff intend to further develop these insights to be included in the IAASB Consultation Paper. As part of the Consultation Paper and final Strategy, the insight section of these documents will include supporting evidence from the survey and other sources.

#1

The IAASB’s Standard-Setting Activities are at an Inflection Point

A successful global standard-setter today must stand prepared to assess the practical implementation challenges resulting from changes, dedicate significant resources to address technological advances, and have the relevant skillsets (including expertise and access) and tools to respond (including from a due process standpoint) accordingly. After a decade of significant audit model evolution, the IAASB’s stakeholders have expressed that the collective

#1

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impact of changes to foundational quality management and engagement standards has been transformative in cementing a risk-based model but challenging to implement and remain a work in progress. At the same time, the reporting and audit and assurance environment is addressing the rapid impact felt from digital transformation, including artificial intelligence (AI).

Embedding a Risk-Based Audit Approach

33. In the past decade, the IAASB has completed significant standard-setting projects to modernize the standards for an evolving environment, to strengthen audit quality, and to support a risk-based audit framework. Among other, such revisions included a comprehensive revision of ISA 315 (Revised 2019)² establishing the foundation for a framework for a risk-based audit model, the project to revise the Quality Management Standards,³ revising ISA 540 (Revised),⁴ ISA 600 (Revised),⁵ and addressing public interest matters such as fraud and going concern through revisions to ISA 240 (Revised)⁶ and ISA 570 (Revised 2024).⁷
34. Projects currently underway, such as the revision of ISA 330,⁸ ISA 500⁹ and ISA 520¹⁰ also address foundational aspects of an audit through concurrent revisions related to audit evidence and risk response. These efforts build on and, to a great extent, complete an evolved audit framework, thereby providing an underpinning for a comprehensive risk-based approach to audits. They also modernize the standards to remain relevant in the face of rapid digital innovation in an evolving business reporting and technology environment.

Supporting Adoption and Implementation of the Standards

35. While these developments underpin the framework for the delivery of high-quality audits, our stakeholders signal a need to allow stability for the marketplace to absorb the ongoing standard-setting changes. In addition, effective implementation of the IAASB's standards remains important to our stakeholders to ensure that the developed revisions are understood, applied and enforced as intended.

² International Standard on Auditing (ISA) 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

³ The quality management standards include: International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, ISQM 2, *Engagement Quality Reviews* and ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*.

⁴ ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

⁵ ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

⁶ ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

⁷ ISA 570 (Revised 2024), *Going Concern*

⁸ ISA 330, *The Auditor's Responses to Assessed Risks*

⁹ ISA 500, *Audit Evidence*

¹⁰ ISA 520, *Analytical Procedures*

36. There are also calls across stakeholder groups for the SSBs to reflect deeper on how their standards are being adopted in view of ongoing risks of regulatory fragmentation that may directly impact comparability, engagement quality and public confidence in international professional standards.
37. In doing so, stakeholders emphasize the importance of timely PIRs as tools to inform if, and what, further actions may be needed to address implementation and practical issues, which may include targeted standard setting, non-authoritative materials, or other forms of action.
38. Supporting adoption and implementation of our standards, including allowing a period of stability and a focus on PIRs, emerge as overarching and cross-cutting in stakeholders' responses to the joint survey. Respondents across stakeholder groups consistently referenced these themes across multiple sections of the joint survey, indicating that they are not confined to a single trend or issue but instead influence a broad range of strategic considerations for the IAASB in the next strategy period. Their prevalence suggests they are foundational enablers of the IAASB's strategic goal as critical conditions for maintaining the relevance, credibility and global impact of the IAASBs standards.

Implications of Digital Transformation

39. At the same time, the environment is characterized by new risks and opportunities arising from the rapid technological evolution driven by the entities deployment of advanced technologies in their financial reporting processes and auditors' use of technological tools in obtaining and evaluating evidence.
40. The pace of change of the technologically evolving landscape challenges the traditional standard-setting cycle. Stakeholders call for establishing agile, ongoing monitoring processes for environmental scanning and more rapid response mechanisms to address issues on an ongoing basis, including the development of non-authoritative guidance.

#2

Future Standards' Relevance Depends on a Strong Principles-Based Foundation

Standard setting grounded in sound principles is best positioned to promote consistent professional judgments. An emphasis on principles will allow the standards to remain relevant and responsive to evolving business environments, emerging risks, and technological change. In this environment, a commitment to principles-based standard setting necessarily means ensuring objectives and intentions of its standards are understood and not misinterpreted, thereby facilitating consistent application, and providing the necessary level and appropriate balance of application material (in the standards) and non-authoritative materials (outside the standards). Refining, in conjunction with other leading global standard-setters, what a sound principles-based approach should include and committing to that approach would significantly benefit the public interest.

Maintaining Relevance in a Technologically Evolving Landscape

41. There is strong recognition from the joint survey responses for the relevance of the increasing use of emerging technologies as a growing strategic priority for the IAASB in its next strategy period. For example, the narrative responses demonstrate a strong consensus across stakeholder groups and all geographical regions that the increasing use of emerging technologies by entities and

audit/assurance practitioners is a defining strategic priority for the SSBs over the next strategy period. Also, the quantitative rankings for this trend significantly outperform all other trends of the joint survey. Stakeholders call for a focus of the IAASB on guidance or for a combination of standard-setting, non-authoritative materials, and other forms of implementation support.

42. The accelerating adoption of emerging technologies, particularly AI, is becoming a defining force reshaping the global business and governance landscape. The increasing focus of international and national bodies,¹¹ reflects a growing consensus that these technologies are creating new opportunities while fundamentally changing how risks are generated, managed and governed. As technology-enabled systems become more deeply embedded across economic and societal activities, expectations regarding governance, transparency, accountability and professional competence are also evolving. This underscores the need for standard setters to continually assess whether standards, guidance and supporting activities remain fit for purpose in an increasingly technology-driven environment.
43. At the same time there are important lessons being learned from ongoing standard-setting workstreams that are currently addressing technology-related project modernization objectives, including:
 - A commitment to principles that remain adaptable to changing environments, circumstances, new risks and emerging technologies.
 - A need to continue testing the existing principles to determine whether they are able to remain relevant and stand the test of time in a rapidly evolving environment.
 - Leveraging application material or guidance to support the application of the principle-based requirements rather than pursuing technology specific requirements which may become obsolete.

Diverse Demands on our Standards

44. Stakeholders continue to strongly support standards that are scalable and proportionate, enabling the same core principles to be applied effectively across entities of different sizes, complexities, industries and jurisdictions. This flexibility is viewed as essential to maintaining the long-term relevance and adaptability of the standards. At the same time, stakeholders express concern about increasing standards' length, repetition, prescriptiveness, and the growing volume of application material, cautioning that overly detailed or rule-based requirements can reduce usability and quickly become outdated as business practices evolve.
45. While these concerns are not new, stakeholders also recognize that the profession is operating in an environment of rapid technological and market change. Rather than responding through more prescriptive requirements, many advocate for continued monitoring and evaluation of developments

¹¹ For example, the Organization for Economic Co-operation and Development (OECD) through its AI Principles, the US National Institute of Standards and Technology (NIST) through dedicated AI risk management frameworks, International Organization of Securities Commissions (IOSCO) through its work on the implications of AI for market integrity, investor protection and financial stability and Committee of Sponsoring Organizations of the Treadway Commission (COSO) through its emphasis on integrating technology-related risks and data governance into enterprise risk management.

such as AI, digital assets, sustainability reporting, and increasingly complex data ecosystems to determine whether existing principles-based standards remain sufficient. Stakeholders acknowledge a need for additional support to facilitate consistent application and demand more guidance and illustrative application material that demonstrates how principles can be applied in practice without undermining the flexibility and professional judgment that underpin a principle-based framework.

#3

Demand for Deeper, Cross-Board Collaboration to Enhance Public Interest Outcomes

Because of the cross-cutting nature of ethics- and audit and assurance-related topics, deepening the approach to collaboration with IESBA (and potentially other standard setters in the reporting ecosystem) would support quality external reporting. Stakeholders of the IAASB and IESBA benefit when common focus areas or topics are addressed in a cohesive and early manner, as applicable, to provide a holistic view of the impact of matters or proposals and the public interest outcomes to be achieved (i.e., the SSBs' external alignment). Internally, a continuing evolution to collaboration could produce enhanced efficiencies and effectiveness.

Interconnectivity and Interoperability of Auditing, Assurance and Ethics Standards

46. Stakeholders broadly recognize that there are cross-cutting auditing, assurance and ethical implications of thematic issues addressed by the IAASB and IESBA that is creating stronger expectations for coordinated and effective responses across the standard-setting system. For example, there are cross-cutting areas which extend to technology, sustainability, firm culture and governance and connectivity with ISQM 1, PIE definitions and external experts. At the same time, stakeholders recognize that not every issue requires both Board's to act jointly as long as there is appropriate mandate clarity for an issue with a Board's remit.
47. Over recent years, the IAASB and the IESBA have greatly expanded their collaborative efforts. These include increased joint meetings, coordinated time schedules, sharing and commenting on each other's papers when cross-cutting issues arise, joint external groups, leveraging IAASBs and IESBAs exposure drafts to ask questions for respondents that inform both SSBs and undertaking a joint survey to inform the development of their SWP consultations. These efforts have translated into more cohesive and complementary efforts, including in the development of global baseline standards for sustainability assurance and ethics.
48. The demand for coordinated efforts will likely continue to grow. Stakeholders increasingly view effective responses to these interconnected issues as requiring collaboration that is embedded throughout the standard-setting lifecycle, from agenda setting and project scoping through consultation, implementation, and PIR assessments, to enable holistic consideration of interconnected proposals, evaluate interoperability and their cumulative public interest impact. Expectations for impactful alignment among the SSBs to enhance the effectiveness of their coordinated approaches also extend to matters such as aligning processes and mechanisms of responses (e.g., agile and rapid response approaches, annual improvement mechanisms, interoperability processes to align definitions and concepts in the respective SSBs standards and formal "interoperability checkpoints" at various project stages).

Strengthening Strategic Alignment of the SSBs

49. Stakeholders also highlight opportunities to improve efficiency and effectiveness through greater sharing of expertise, resources, and stakeholder outreach, particularly in areas such as technology, AI and implementation support. The emphasis is on how to continue to optimize collaboration looking beyond the potential constraints of the SSBs structures and defined resources.
50. Leveraging a period of reduced major standard-setting activity, there is also a strategic opportunity to reassess priorities, strengthen alignment mechanisms, optimize collaboration and establish more scalable models of collaboration across the SSBs.

#4

Greater Agility can Strengthen the IAASB's Impact and Responsiveness

Organizationally, the completion of a major work plan phase provides an opportunity to assess how the IAASB leverages internal and external resources to fulfill its public interest mandate, including better intra-Board alignment between the SSBs focus areas and approach, its use of volunteer and external resources, and its processes, resources and ways of working. To respond to the rapidly evolving environment, maintaining timely access to specialized expertise and diverse perspectives will become increasingly important. This requires the consideration of enhancing the flexibility of resource deployment, refining ways of working and strengthening alignment between priorities and delivery mechanisms.

Operating Within an Evolving Governance and Structural Framework

51. The SSBs have undergone significant governance and structural reforms in recent years in response to the Monitoring Group recommendations, resulting in a revised operating model that strengthens public interest oversight and stakeholder accountability. For the purposes of the 2028–2031 strategy, it is assumed that the SSBs will continue to operate within this established governance framework.
52. At the same time, the SSBs are expected to continue operating within existing funding and resource parameters. As stakeholder expectations increase, emerging issues proliferate, and the interdependence of audit, assurance and ethics topics become more pronounced, there is a growing public interest imperative to maximize the effectiveness of available resources. This places greater emphasis on identifying operational efficiencies, strengthening coordination across the standard-setting system, leveraging resources where needed and prioritizing work that delivers the greatest public interest impact.

Opportunities for Greater Impact

53. As priorities shift and new challenges emerge, the IAASB's ability to maintain its effectiveness will increasingly depend on how flexibly it can deploy resources to evolving work priorities and adapt its operating model by rethinking how and where resources are deployed.
54. In this changing environment, traditional approaches to resource allocation may become more difficult to sustain as demands across the SSBs become more interrelated. These commonalities could be leveraged to achieve synergies in developing timely and integrated solutions to stakeholders. For example, identifying opportunities for greater collaboration and shared activities, and utilizing broader networks of expertise to supplement internal capacity. A more coordinated and

adaptable approach could help generate efficiencies while preserving the quality and rigor of standard-setting outcomes.

Ability to Leverage Technology and External Partnerships

55. Advances in technology, particularly AI, present opportunities to enhance the effectiveness and efficiency of standard setting. Technology could support research, stakeholder engagement, information analysis and project execution in ways that enable the IAASB Staff and Board to deliver greater outcomes with available resources.
56. There is also an opportunity to strengthen external partnerships and access specialized capabilities to ensure the IAASB remains at the forefront of innovation and does not fall behind other standard-setting organizations that are increasingly incorporating technology into their operations.

IESBA Strategic Direction – Key Trends and Possible Strategic Objectives

57. The development of the IESBA's Strategy and Work Plan (SWP) for 2028–2031 has so far been informed by a broad assessment of the environment in which the IESBA and the accountancy profession will operate over the coming strategy period. The assessment drew on the findings of the joint stakeholder survey, the IESBA's ongoing monitoring of external developments, insights from its current workstreams and global outreach, as well as the reflections of IESBA members and staff.¹²
58. At the outset, the IESBA sees four interlocking forces that will shape its operating environment over 2028-2031: (a) accelerating technological change; (b) increasing fragmentation of the regulatory and market landscape; (c) significant changes in the structure, ownership and business models of accounting firms; and (d) a deeper need to restore public trust in institutions and the profession more broadly. The joint survey broadly reinforced this assessment, with respondents identifying the increasing use of AI and other emerging technologies, technology-enabled financial crime, regulatory fragmentation, and alternative firm ownership structures as among the trends likely to have the greatest impact on the IESBA's work during 2028–2031.
59. Respondents also urged the IESBA and the IAASB to prioritize adoption and implementation support and post-implementation reviews; to keep standards principles-based, proportionate and scalable; to maintain agility through horizon scanning, evidence-based prioritization and timely responses, without sacrificing due process; and to coordinate earlier and more deeply with each other.
60. Against this backdrop, the emerging strategic direction for the IESBA for 2028–2031 centers on keeping the Code relevant, usable and globally influential, extending the reach of the IESBA's ethical framework to the changing realities of the profession, and strengthening the IESBA's ability to anticipate and respond to emerging risks. This analysis and the IESBA's deliberations at its September 2026 Board meeting have led to the following four key trends and four possible strategic objectives as being most relevant to achieving the IESBA's public interest mandate for 2028-2031.

¹² For more information about IESBA's discussion of the key trends and possible strategic objectives at its September 2026 meeting, refer to [Agenda 5](#) of that meeting, in particular [Agenda Item 5-C](#).

Four Key Trends Shaping the IESBA's Environment

61. The four key trends reshaping the environment in which the IESBA operates are as follows:

I. A More Fragmented World amid Deregulation

- Standards and regulatory approaches are diverging in both pace and direction around the world, placing new pressure on international standard setters themselves, including the IESBA, to demonstrate their legitimacy by adapting to the changing context and delivering their outputs in a timely, agile and consistent manner.
- In times of geopolitical and regulatory divergence and uncertainty, a trusted global benchmark has never been more important as a reference for professionals and an anchor of stability for markets. In a more fragmented world amid deregulation, the strategic challenge and opportunity for the IESBA lie in keeping the Code usable, coherent and globally relevant so that it continues to serve as a global benchmark.

II. Erosion of Institutional Trust and a New Architecture of Accountability

- Trust in institutions – public and private, political and professional – is under sustained pressure globally, with financial crime as a particular driver of the loss of trust. This erosion is unfolding alongside fundamental changes in how accounting firms are owned, structured and run. Firms are attracting private equity and other external investment and developing multidisciplinary, technology-enabled business models, which may alter governance arrangements and incentives, increase market concentration and blur the Code's traditional boundaries. Private equity and technology, including AI, are driving a paradigm shift: as individual responsibility becomes harder to identify or attribute, accountability is shifting to the firm as a whole. Robust governance and reliable systems are therefore becoming central to effective risk management.
- Regulators are responding by focusing increasingly on firm-level accountability, with growing recognition of the importance of culture and governance of accounting firms in preventing unethical behavior.

III. Key Pressures and New Frontiers: Emerging Technologies and Sustainability and Other Emerging Reporting

- AI and automated tools are rapidly reshaping the business models of firms and other organizations and how PAs perform professional activities or services. These developments are raising new questions in areas such as professional competence, professional judgment, confidentiality and independence. AI and other emerging technologies are also increasing the sophistication of financial crime. Beyond these impacts, AI as a subject of assurance and AI-enabled fraud are all testing the boundaries of the Code's traditional subject matter. At the same time, demand for credible sustainability information keeps intensifying, at least in some parts of the world, even as regulatory responses lag and fragment across jurisdictions.

IV. **The Profession Beyond Audit**

- Professional accountants¹³ in non-audit roles¹⁴ make up a large majority of the profession. In addition, the number of professionals in firms who are not professional accountants is expanding as firms increasingly diversify into multidisciplinary services and recruit for skills outside accountancy to support their business activities and business transformations. As the number of these professionals continues to grow, the Code's credibility, relevance and adoption increasingly depend on addressing the ethical pressures they face, and on supporting them to the same degree as auditors. This is especially so given that this wider group of professionals face the same pressures from technology, financial crime and regulatory changes as auditors and, in the case of professional accountants in business (PAIBs), they are the first line of defense to prevent unethical behavior.

Possible Strategic Objectives

62. The four possible strategic objectives set out below flow from the above trends and the related analysis, each responding to one or more of the trends. They reflect the choices about where the IESBA could concentrate its efforts over 2028–2031 to address the challenges, opportunities and risks the trends present, with a view to achieving its public interest mandate during that period. Considerations relating to professional accountants in non-audit roles and professionals in firms who are not professional accountants have been integrated into the four strategic objectives, given that the needs of this wider group of professionals run through all of the four strategic objectives.
63. **Appendix 2** sets out indicative outcomes that the IESBA might broadly want to achieve under each strategic objective. These have been developed to help establish a common understanding of the intent and vision behind each objective, without regard at this stage to resource constraints. There is no suggestion that the IESBA will achieve all these outcomes over 2028-2031, but they are being provided in this paper to stimulate the breakout group discussion.

¹³ The following terms are defined in the IESBA Code as follows:

- Professional accountant (PA):** "An individual who is a member of an IFAC member body. *In Part 1, the term "professional accountant" refers to individual professional accountants in business and to professional accountants in public practice and their firms. In Part 2, the term "professional accountant" refers to professional accountants in business. In Parts 3, 4A and 4B, the term "professional accountant" refers to professional accountants in public practice and their firms"*
- Professional accountant in business (PAIB):** "A professional accountant working in areas such as commerce, industry, service, the public sector, education, the not-for-profit sector, or in regulatory or professional bodies, who might be an employee, contractor, partner, director (executive or non-executive), owner-manager or volunteer."
- Professional accountant in public practice (PAPP):** "A professional accountant, irrespective of functional classification (for example, audit, tax or consulting) in a firm that provides professional services. *The term "professional accountant in public practice" is also used to refer to a firm of professional accountants in public practice."*

¹⁴ These professional accountants may work in an accounting firm (e.g., a tax partner) or in other organizations and entities (e.g., chief financial officer of a private company).

#1

Strengthening the IESBA's Institutional Effectiveness, Agility and Global Engagement

The IESBA's influence depends not only on the quality of its standards but also on the strength and breadth of its stakeholder relationships with those whose decisions determine whether its standards are used, and on how effectively its work is communicated and understood. It also depends on the IESBA's internal capability to respond to a genuinely faster rate of change.

64. This objective responds to **all four trends**. It aims to strengthen several dimensions together:
- A clearer, more effectively asserted and reinforced institutional identity.
 - A deeper, reciprocal collaboration with the IAASB, other standard setters and regulatory bodies, and an enlarged and more diversified stakeholder base
 - Communications and stakeholder engagement treated as a standing, resourced capability, with a strengthened feedback loop so that stakeholder input visibly shapes the IESBA's decisions.
65. This objective also turns the lens inward onto the IESBA's own operating model, through a faster and more sharply prioritized due process, horizon scanning as a standing function, and deliberate investment in staff capability, including in AI and emerging technologies. The aim is the right pace and stability, not speed alone, with due process rigor maintained.

#2

Simplification: Clearing a Path to Trust and Public Value

A more fragmented and deregulating global environment demands a Code that is not only rigorous but genuinely usable, coherent enough to serve as a real global benchmark, and accessible enough that adoption and implementation follow naturally from good design.

66. This objective responds to the **first, second and fourth trends**. It also responds to the call from the joint survey respondents for principles-based, proportionate and scalable standards. It is about working on a simpler, globally coherent Code: reducing unnecessary complexity, removing any possible inconsistency, also with interoperable standards such as the IAASB, IASB¹⁵ and ISSB¹⁶ standards, clarifying what the key principles are, supporting usability in practice, modernizing where and when necessary, and actively promoting adoption and implementation.
67. On reducing complexity, this means pursuing a targeted simplification program, embedding proportionality more clearly and transparently, and ensuring principles-based provisions are workable for small and medium practices (SMPs) and emerging markets, not just the largest multinational networks. On global convergence to the Code, it means reframing adoption and implementation support as a strategic priority, closing feedback loops with jurisdictions early, and defending the Code's role as a trusted global ethics benchmark.

¹⁵ International Accounting Standards Board

¹⁶ International Sustainability Standards Board

#3

Beyond Individual Conduct: Strengthening the Foundations of Trust in Firms

As accountability increasingly operates at the level of a firm and the services it provides, the Code's response also needs to evolve accordingly. This objective builds on the Code's traditionally individual-centric approach on ethical behavior to also capture the firm as the unit of analysis: its culture, governance, ownership, technological profile and business models.

68. This objective responds to the **second and third trends**. Firm culture and governance sit at the center of the shift towards firm-level accountability. Where a firm's tone at the top, incentive structures and internal accountability mechanisms are weak, individual-level ethical requirements have limited power to prevent ethical failures.
69. The ownership and structure of firms are changing just as fast. The growth of private equity investment and the spread of alternative practice structures raise questions around incentives and control that the Code was not originally built to anticipate. Respondents to the joint survey also broadly recognized that evolving firm structures and business models could have implications for firm culture and governance, independence and audit quality.
70. Firms' business models are also evolving rapidly, with expanding multidisciplinary service offerings and deepening commercial ties with technology and other third-party providers. The scale, intensity and pace of these developments are why firm independence and the fitness of the Code's ethics provisions need to be tested. As firms evolve, the Code needs to support, and in places reinforce, trust in firms themselves, not only in individual practitioners.

#4

AI, Sustainability and Other Emerging Reporting, and Financial Crime: Addressing Frontier Risks

Technological transformation is reshaping the business models of firms and other organizations and how PAs perform professional activities or services. The Code must evolve at pace to reflect this reality. Other public interest risks may arise in relation to sustainability and other emerging reporting, and financial crime. Being future-ready on all three fronts requires treating each as a standing strategic priority rather than one-off responses.

71. This objective responds to the **second, third and fourth trends** and to the strongest signal from the joint survey, where addressing the challenges, opportunities and risks relating to the increasing use of emerging technologies was ranked first across all stakeholder groups and regions. This objective focuses on the broader implications of AI and digital transformation for the profession as a whole, including AI as a subject of assurance in its own right. It also brings sustainability reporting and technology-enabled financial crime under the same frontier-risk umbrella.
72. On sustainability, demand for credible information continues to intensify in many parts of the world even as regulatory responses lag and fragment. Survey respondents asked the IESBA to shift its focus from standard setting to supporting adoption and implementation. The IESBA would therefore

aim for a high level of adoption of the IESSA¹⁷ by jurisdictions using ISSA 5000,¹⁸ as well as joint or parallel post-implementation reviews with the IAASB and an assessment of the two standards' interoperability. The IESBA may also explicitly address the independence and market-concentration tensions that may arise from regulatory measures to ease competition.

73. Technology-enabled financial crime is a cross-cutting risk that runs through this objective rather than as a separate topic. It is where the IESBA has the clearest opportunity and responsibility to establish itself as a recognized, credible partner in the global effort to fight financial crime. Under this objective, the IESBA would go beyond the joint survey, where respondents recognized the trend as a priority but looked mainly to existing provisions and monitoring. So, the focus would include not only completing the post-implementation reviews of the Code's technology-related revisions and of the NOCLAR provisions and considering targeted guidance but also building fruitful relationships and coordinating efforts with anti-money-laundering bodies and other entities outside the accountancy profession directly or indirectly involved in fighting financial crime.¹⁹

Section III – Breakout Group Discussion

74. SAC Members will participate in breakout discussions (90 min) in which they will be asked to reflect on the IAASB's strategic insights and the IESBA's possible strategic objectives.
75. There will be four breakout groups in total. Two groups will focus on matters relevant to the IAASB (Groups 1 and 2) and the other two on matters relevant to the IESBA (Groups 3 and 4). Following the discussion, each breakout group will report back on the key takeaways from its discussion.
76. The questions for the breakout group discussion, along with the allocation of the discussion questions, are set out below in **Table 1** for matters relevant to IAASB and **Table 2** for matters relevant to IESBA.

No.	Table 1 - Breakout Group Questions	Group Allocations
IAASB-Related Questions Questions 2 to 5 include prompts that may be relevant to each strategic insight. They are not meant to be determinative or limiting, but to stimulate discussion. Also, inherent in the prompts are considerations relating to “what”, “how”, “when” or “by who”, as appropriate.		
1	Are the four strategic insights (as set out in paragraphs 31-56 above) the right insights for IAASB to pursue for its next strategy period? <i>Prompts:</i> <i>Align with what we have heard</i> <i>Capture those points or matters expected to be most impactful in</i>	Groups 1 and 2

¹⁷ International Ethics Standards for Substantiality Assurance (including International Independence Standards)

¹⁸ International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance*

¹⁹ Examples of such organizations include the Financial Action Task Force, United Nations Office on Drugs and Crime and Transparency International.

No.	Table 1 - Breakout Group Questions	Group Allocations
	<i>shaping the IAASB strategic objectives and actions</i> • <i>Set at the appropriate level of clarity and ambition</i>	
2	For strategic insight #1 (<i>"The IAASB's Standard-Setting Activities are at an Inflection Point"</i>), what in your view is the outcome to be achieved by the IAASB and the related strategic actions it should take in achieving such outcome? <i>Prompts:</i> • <i>Utilizing the full-scope of standard-setting and related activities available</i> • <i>Appropriate balance between standard-setting responses and non-authoritative material</i> • <i>Pivot to implementation and application of the IAASB standards</i> • <i>Focus on root causes of identified performance challenges or issues</i> • <i>Embrace and respond to the impact of technology transformation and evolution, and other emerging topics</i> • <i>Role and importance of PIRs or other forms of review of existing standards, as well as rapid response mechanisms</i>	Group 1
3	For strategic insight #2 (<i>"Future Standards' Relevance Depends on a Strong Principles-Based Foundation"</i>), what in your view is the outcome to be achieved by the IAASB and the related strategic actions it should take in achieving such outcome? <i>Prompts:</i> • <i>Key characteristics of principle-based standards and a principle-based framework</i> • <i>Mechanisms needed by the IAASB to monitor and assess challenges in the implementation of its standards</i> • <i>Identifying and escalating matters or topics, including determining appropriate responses, whether standard setting or other activities (e.g., non-authoritative material)</i> • <i>Balances with respect to guidance as application material in the standards and non-authoritative material outside the standards - relevance, responsiveness and durability</i> • <i>Evidence base for informed decision making, including leveraging various sources of information and internal and external resources</i>	Group 2

No.	Table 1 - Breakout Group Questions	Group Allocations
	<i>Demand for scalability and proportionality (in standard setting and other activities)</i> <i>Diverse demands relating to IAASB actions – nature, timing and scope of actions; possible boundaries in responding to demands</i>	
4	For strategic insight #3 (“<i>Demand for Deeper, Cross-Board Collaboration to Enhance Public Interest Outcomes</i>”), what in your view is the outcome to be achieved by the IAASB and the related strategic actions it should take in achieving such outcome? <i>Prompts:</i> <i>Characteristics of effective and efficient collaboration and key success indicators</i> <i>Greatest opportunities from deeper collaboration (e.g., sharing expertise, technology capabilities, external outreach, research and implementation support)</i> <i>Prominent common focus areas or topics relevant to the two Boards’ standards</i> <i>Areas where increased collaboration could create unintended complexity or blur the mandates of the SSBs</i> <i>Nature and scope of IAASB or joint IAASB-IESBA coordination or collaboration with other standard setters</i>	Group 1
5	For strategic insight #4 (“<i>Greater Agility can Strengthen the IAASB’s Impact and Responsiveness</i>”), what in your view is the outcome to be achieved by the IAASB and the related strategic actions it should take in achieving such outcome? <i>Prompts:</i> <i>Approach to and better leveraging technology, including possible areas of greatest impact</i> <i>Approach to and better leveraging external resources (e.g., external experts and strategic partnerships)</i> <i>Optimizing deployment of internal resources – alignment with priorities and delivery mechanisms</i> <i>Better intra-Board alignment on matters relating to resources, processes or ways of working</i>	Group 2

No.	Table 1 - Breakout Group Questions	Group Allocations
	<i>Aspects that should remain unchanged to preserve due process, legitimacy and standard quality</i>	
6	Considering the insights or any observations that you have, what are the three most critical strategic outcomes that the IAASB should strive to achieve during the next strategy period?	Groups 1 and 2

No.	Table 2 - Breakout Group Questions	Group Allocations
IESBA-Related Questions		
1	Are the four possible strategic objectives (as set out in paragraphs 57-73 above) the right objectives for the IESBA to pursue for its next strategy period? In particular: - Do they align with what we have heard? - Are they set at the right level? - Are they clear in scope, purpose and ambition?	Groups 3 and 4
2	Possible strategic objective #1: Strengthening IESBA's Institutional Effectiveness, Agility and Global Engagement Of the indicative outcomes identified under this objective, which 2–3 should be the IESBA's highest priorities for the next SWP? Why? <i>Refer to the Tables of Indicative Outcomes (Table 1) in Appendix 2.</i>	Group 3
3	Possible strategic objective #2: Clearing a Path to Trust and Public Value: Simplification Of the indicative outcomes identified under this objective, which 2–3 should be the IESBA's highest priorities for the next SWP? Why? <i>Refer to the Tables of Indicative Outcomes (Table 2) in Appendix 2.</i>	Group 3
4	Possible strategic objective #3: Beyond Individual Conduct: Strengthening the Foundations of Trust in Firms Of the indicative outcomes identified under this objective, which 2–3 should be the IESBA's highest priorities for the next SWP? Why? <i>Refer to the Tables of Indicative Outcomes (Table 3) in Appendix 2.</i>	Group 4

No.	Table 2 - Breakout Group Questions	Group Allocations
5	Possible strategic objective #4: The New Frontier of Risk: AI, Sustainability Assurance and Financial Crime Of the indicative outcomes identified under this objective, which 2–3 should be the IESBA's highest priorities for the next SWP? Why? <i>Refer to the Tables of Indicative Outcomes (Table 4) in Appendix 2.</i>	Group 4
6	Professional accountants work in a wide range of roles, including in businesses, government and non-profit organizations, as well as in public practice outside audit and assurance. Together, these professional accountants make up a large majority of the profession. In addition, personnel in many firms include non-PAs. Do you support the approach of addressing their needs within the four objectives rather than through a separate objective? If so, what would be needed to ensure this group remains visible in the strategy?	Groups 3 and 4
7	Are there significant trends, risks or opportunities that are not adequately addressed by the four possible strategic objectives? If so, should these be addressed within one of the four strategic objectives or through an additional strategic objective?	Groups 3 and 4

Material Presented

For Discussion

Agenda Item 2-A Presentation: IESBA and IAASB SWPs 2028–2031

Appendix 1

Overview of the Responses to the Joint Survey with Respect to Environmental Trends

Ref.	Environmental Trends	Key Messages from the Feedback
A. Digital Transformation		
A.1	Increasing Use of Emerging Technologies	• <i>Strategic Relevance:</i> Broad agreement among all stakeholder groups that this trend is a Highly Relevant strategic priority for the SSBs, with certain respondents assessing the significance of this trend as likely greater for the IAASB than for the IESBA in the next strategy period. • <i>Both SSBs:</i> Standards must remain principles-based, scalable, proportional and relevant to accommodate a technologically evolving environment. • <i>Matters for IAASB:</i> Calls for evaluating whether existing requirements remain fit-for-purpose and for non-authoritative material about the application of existing principles in standards to technology-related matters, with a specific focus on the impact of artificial intelligence (AI). • <i>Matters for IESBA:</i> Calls for monitoring ethical and independence implications of emerging technologies, and guidance and educational materials to support the implementation of recently revised, principles-based provisions in the Code related to technology as well as conducting a PIR of these provisions. • <i>Joint SSB Actions:</i> Yes, seen as a cross-cutting issue that has audit, assurance and ethical implications, with a strong call for coordinated responses and joint engagement with expert groups.
A.2	Digital Assets and Institutionalization of Digital Assets	• <i>Strategic Relevance:</i> The trend is characterized by differing levels of adoption, market maturity and regulatory acceptance. While the institutionalization of digital assets will continue to evolve, it was not seen broadly as a globally prevalent topic. • <i>Both SSBs:</i> Monitor developments. In addition, consider the development of non-authoritative material to clarify the existing principles-based standards where implementation challenges are identified, and engage with JSS, accounting standard setters and others. • <i>Matters for IAASB:</i> Consider the development of guidance or leverage credible guidance developed by others.

Ref.	Environmental Trends	Key Messages from the Feedback
		<i>Matters for IESBA:</i> Monitor developments as digital assets become more widely institutionalized; consider the development of guidance for targeted matters where clarifications with respect to the application of the provisions of the Code are necessary. <i>Joint SSB Actions:</i> Yes, seen as a cross-cutting issue that has audit, assurance and ethical implications.
A.3	Financial Crimes Enabled by Technology	<i>Strategic Relevance:</i> Broad agreement among all stakeholder groups that this trend is a relevant strategic priority for the SSBs, with certain respondents assessing the significance of this trend as likely greater for the IAASB than for the IESBA in the next strategy period. <i>Both SSBs:</i> Should focus on supporting the application of existing principles in the standards, and on developing scalable and proportional requirements or guidance. <i>Matters for IAASB:</i> Complete ongoing projects that address audit evidence, including addressing authenticity of information; monitoring adoption and implementation to understand early implementation issues with the recently issued fraud standard; and considering targeted guidance to support the application of existing standards. <i>Matters for IESBA:</i> Complete ongoing PIR of NOCLAR^{®20} provisions of the Code to inform further actions. In addition, monitor how AI-enabled fraud and financial crime may evolve. <i>Joint SSB Actions:</i> Yes, seen as a cross-cutting issue that has audit, assurance and ethical implications.
B. Changes in the Geopolitical and Regulatory Landscape		
B.1 & B.2	Regulatory Changes & Risk of Fragmentation	<i>Strategic Relevance:</i> Respondents found regulatory changes and risks of fragmentation to be interrelated trends, with broad agreement that regulatory fragmentation, rather than regulatory change itself, should represent one of the more relevant strategic challenges for the SSBs in the next strategy period. <i>Both SSBs:</i> Should focus on supporting implementation and monitoring adoption, committing to principles-based, proportionate and scalable standards, and enhanced collaboration and coordination processes between the SSBs.

²⁰ Non-Compliance with Laws and Regulations

Ref.	Environmental Trends	Key Messages from the Feedback
		<i>Matters for IAASB:</i> Monitor adoption, reassess maintenance approach and develop strategy for evolution of the ISA for LCEs.²¹ Also, undertake PIRs of ISA 315 (Revised 2019)²² and ISA 600 (Revised),²³ consider initiatives to promote adoption of ISSA 5000, and update ISAE 3000 (Revised)²⁴ / ISAE 3402.²⁵ <i>Matters for IESBA:</i> Maintain a globally applicable ethical framework that can operate effectively across diverse regulatory environments, and a strategic focus on reinforcing confidence in the Code's resilience and global applicability; identify opportunities to simplify the Code. <i>Joint SSB Actions:</i> Yes, pursue strong coordination between the SSBs and with other international and jurisdictional standard setters and regulators to promote interoperability and coherence.
B.3	Call for Greater Agility in Standard Setting	<i>Strategic Relevance:</i> Broad agreement among all stakeholder groups that this trend is a relevant strategic priority for the SSBs, with caution that agility should not translate into reactive standard setting or come at the expense of effective and transparent due process. <i>Both SSBs:</i> Should focus on developing processes for more agile responses, such as issuing non-authoritative guidance instead of defaulting to standard setting. Also, both SSBs should consider rapid response approaches, an annual improvements program, a mix of response mechanisms depending on the circumstances, undertaking PIRs earlier, and embedding scalability and proportionality in agile responses. <i>Joint SSB Actions:</i> Yes, process improvements and enhancement initiatives should be streamlined between the SSBs to the extent possible.
B.4	Greater Diversity of Voices Sought	<i>Strategic Relevance:</i> Ensuring greater diversity of voices seen as an underlying requirement of a global standard-setting system rather than a trend that is increasing or decreasing in importance.

²¹ The International Standard on Auditing for Audits of Financial Statements of Less Complex Entities

²² ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

²³ ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

²⁴ International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

²⁵ ISAE 3402, *Assurance Reports on Controls at a Service Organization*

Ref.	Environmental Trends	Key Messages from the Feedback
		<i>Both SSBs:</i> There is a need to increase the transparency of how respondents' input is weighted in the SSBs' decision making and improving processes related to reporting back to stakeholders.
C. Evolving Expectations Concerning Sustainability Information		
C.1 & C.2	Continuing Demand for Sustainability Reporting and Assurance & Regulatory and Geopolitical Changes	<i>Strategic Relevance:</i> Broad agreement across stakeholder groups that supporting consistent, principles-based, proportionate and scalable sustainability assurance and ethics standards that are globally operable remains an important strategic priority for the SSBs. <i>Both SSBs:</i> Focus on supporting adoption and implementation rather than new standard-setting activities. In addition, undertake advocacy with a broad range of stakeholders to help reduce jurisdictional fragmentation. <i>Matters for IAASB:</i> Prioritize advocacy, and provide implementation support, including non-authoritative materials. <i>Matters for IESBA:</i> Support implementation and identify areas where guidance or narrow-scope amendments and simplifications may be necessary. <i>Joint SSB Actions:</i> Yes, seen as a cross-cutting issue that has audit, assurance and ethical implications; support for undertaking joint or parallel PIRs of ISSA 5000 and the IESSA and an assessment of their interoperability.
D. Evolving Structure and Business Models of Accounting Firms		
D.1	Alternative Ownership Structures	<i>Strategic Relevance:</i> Broad recognition among stakeholder groups that the evolving firm structures and business models could have implications for audit quality, independence and firm culture and governance. This trend was also seen as a relevant strategic priority for the SSBs, with certain respondents assessing the significance of this trend as likely greater for the IESBA than for the IAASB in the next strategy period. <i>Both SSBs:</i> Should monitor developments, test whether existing IAASB Quality Management Standards ²⁶ and the Code remain sufficiently resilient as business models evolve. In addition, use non-

²⁶ The quality management standards include: ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, ISQM 2, *Engagement Quality Reviews* and ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

Ref.	Environmental Trends	Key Messages from the Feedback
		authoritative materials as a response in the near term and undertake targeted (narrow scope) amendments only when a clear, evidenced gap is identified. • <i>Matters for IAASB:</i> Monitor and assess implications through the anticipated PIR of the Quality Management Standards. • <i>Matters for IESBA:</i> Build further actions in relation to this trend within ongoing workstreams on Firm Culture and Governance and Private Equity Investments. In addition, evaluate whether the Code continues to address threats arising from alternative ownership structures. • <i>Joint SSB Actions:</i> Yes, seen as a cross-cutting issue that has audit, assurance and ethical implications. Calls for a coordinated approach between the SSBs on information gathering, subsequent actions, engagement with regulators and other standard setters and joint guidance.
D.2	Increased Involvement of Non-Professional Accountants in the Accounting and Auditing Profession	• <i>Strategic Relevance:</i> There is a need to ensure that the Code and the IAASB standards (i.e., ISQM 1 and ISA 620²⁷) are clearly understood and operable in multidisciplinary environments, which is an important consideration for the SSBs. • <i>Both SSBs:</i> Support for testing the resilience of IAASB standards and the Code, using non-authoritative material first. In addition, reserve targeted, narrow-scope amendments to cases where a clear, evidenced gap is identified. • <i>Matters for IAASB:</i> Evaluate whether existing standards are sufficiently robust to be consistently applied to multidisciplinary environments and consider the development of guidance. • <i>Matters for IESBA:</i> Mixed views on whether the Code's obligations should be extended beyond professional accountants to better support a firm-wide ethical culture. • <i>Joint SSB Actions:</i> Yes, continue coordinating to avoid unnecessary complexity or duplication in potential responses.
D.3	Challenges to Attracting and Retaining Talent	• <i>Strategic Relevance:</i> While the trend is highly relevant to the profession, the majority view was that the SSBs' relevant contribution to attracting and retaining talent is indirect.

²⁷ ISA 620, *Using the Work of an Auditor's Expert*

Ref.	Environmental Trends	Key Messages from the Feedback
		• <i>Both SSBs:</i> The SSBs can best support challenges to attracting and retaining talent by maintaining clear, principles-based, implementable standards that do not create unnecessary complexity or compliance burden that may exacerbate talent pressures.
D.4	Non-Assurance Service (NAS) Line	• <i>Strategic Relevance:</i> While a majority of respondents rated the growth of the NAS line as increasing in importance, a notable number of respondents from jurisdictional standard setters, large firms and professional accountancy organizations believe that the trend should not be considered of strategic relevance for the SSBs in the next strategy period. These respondents considered that the existing NAS and Fees provisions of the Code provide a robust foundation for identifying and assessing threats from NAS. • <i>Both SSBs:</i> Monitor developments to ensure the SSBs' standards remain clear and effective. In addition, prioritize the PIRs of the NAS and Fees provisions of the Code before undertaking further standard-setting action.
O. Additional Trends and Other Matters		
• Certain respondents also prioritized additional trends and other matters. In their top 5 ranking of the trends, the "Additional trends" as a theme were the second most frequently ranked topic after emerging technologies (see A.1 above). • However, approximately 27% of the additional trends and other matters included were dissimilar standalone topics of a one-off nature. • Of the remaining additional trends and other matters, when organized into similar overarching themes, the top five include themes around: ○ AI and digital transformation (e.g., highlighting certain nuances around the trends related to digital transformation); ○ Adoption and implementation support (e.g., highlighting that adoption and implementation should be an elevated theme of focus for the SSBs in the next strategy period); ○ Complexity, overregulation and prescriptiveness of standards (e.g., highlighting the growing length, prescriptiveness and complexity of the SSBs' recently issued standards, and emphasizing the need for a continued focus on scalability and proportionality as a standard-setting priority to enable effective adoption and implementation, including for small and medium practices (SMPs)); ○ Effectiveness of the standard-setting process (e.g., highlighting the need to focus on principles-based standard setting, embedding proportionality and scalability considerations		

Ref.	Environmental Trends	Key Messages from the Feedback
	○ Private equity and alternative ownership structures (e.g., highlighting certain nuances around the trends relating to the evolving structures and business models of accounting firms).	in projects, emphasis on PIR evidence-gathering, and discipline around project prioritization); and

Appendix 2

IESBA – Strategy and Work Plan 2028-2021 – Possible Strategic Objectives

Indicative Outcomes

The following tables contain the lists of indicative outcomes for each possible strategic objective presented to the IESBA for its September 2026 discussions. These were developed to help establish a common understanding of the intent and vision behind each objective, without regard to resource constraints.

Table 1²⁸

#1	Strengthening the IESBA's Institutional Effectiveness, Agility and Global Engagement
	• A faster, tiered due-process model in place and in active use, with defined criteria for when the development of non-authoritative guidance, rapid responses, or full standard-setting apply, and used at least once to respond to an emerging issue within a materially shorter timeframe – potentially as a joint IAASB-IESBA project. • Horizon-scanning and evidence-based prioritization institutionalized as a standing function, with a documented pipeline of monitored emerging issues reviewed on a regular cycle. • IESBA staff fluency in AI and emerging technology, evidenced through hiring criteria, training programs, or structured secondments. • Use of AI tools by IESBA staff established as a standard approach for research, information gathering and analysis. • Formal, ongoing engagement channels established with new stakeholder categories – prudential regulators, banking supervisors, sustainability providers, financial-crime gatekeepers, and private markets participants. • Early-stage coordination with the IAASB and, where appropriate, IASB and ISSB operating more visibly and effectively, with cross-Board implications flagged before a project begins. • A full program of partnerships effectively multiplying the IESBA's outreach capacity and impact. • Coordinated post-implementation reviews identified as shared priorities with the IAASB (PIE definition, NOCLAR/ISA 250 (Revised), using the work of external experts) completed. • A transparent, published mechanism showing how stakeholder input shaped specific IESBA decisions. • A dedicated communications and stakeholder engagement strategy adopted and resourced as a core Board function, with defined global reach across regions, languages, and audiences. • Plain-language, practically oriented explanatory materials and digital resources published alongside every major Code revision, closing the gap between publication and everyday application.

²⁸ This table was first presented to the IESBA as two separate tables relating to the possible strategic objectives "Reinforcing the IESBA's Identity, Embedding Collaboration, Communication and Engagement" and "Strengthening Institutional Capacity, Agility and Preparedness" in [Agenda Item 5-C](#) of the September 2026 IESBA meeting.

#1	Strengthening the IESBA's Institutional Effectiveness, Agility and Global Engagement
	External perception and awareness data showing measurable improvement in how the IESBA and the Code are known, and the Code understood and used globally, and in how the IESBA is seen as representative of user and public interests, not only the interests of the profession for which it develops the Code.

Table 2

#2	Simplification: Clearing a Path to Trust and Public Value:
	- A targeted simplification review of the Code delivered, with implementability, proportionality, and enforcement barriers identified and addressed based on evidenced usability issues rather than another restructuring of the Code project. - Proportionality mechanisms for SMPs more clearly embedded structurally in the Code's architecture, not only through non-authoritative guidance. - Practical non-authoritative materials and other resources for emerging-market practitioners. - A diagnosis of the root causes of lagging or partial Code adoption completed, with targeted efforts to assist the highest-priority jurisdictions in catching up with the latest IESBA Code. - Enhanced transparency about the public interest rationale and due-process steps for every major project, as standard practice. - To the extent within its control, measurable improvement in adoption metrics relative to the 2027 baseline. - A revised digital Code with user-friendly navigational tools tested and launched.

Table 3

#3	Beyond Individual Conduct: Strengthening the Foundations of Trust in Firms
	- The Code's provisions on Firm Culture and Governance (FCG) moved from active development to adopted and effective provisions, with clear articulation of firm-level responsibility for ethical culture and governance. - Revisions to the Code's ethics and independence provisions with respect to PEI and other external investment in firms, if determined necessary, adopted and in force. - A completed review of firm independence requirements against evolving governance and business-model structures – including multidisciplinary models, and business relationships with technology and other third-party providers – with any resulting Code amendments in force. - A defined approach to data governance from an ethical lens embedded in the Code's provisions, addressing accountability for the data underpinning professional judgment, quality management, and client and engagement relationships, and its implications for independence and confidentiality. - The Code demonstrably addressing entity- and firm-level as well as individual-level accountability, with firm-level responsibility for ethical culture and governance clearly articulated, and evidence that these changes are helping reinforce and restore public trust in firms.

Table 4

#4	AI, Sustainability and Other Emerging Reporting, and Financial Crime: Addressing Frontier Risks
	• The post-implementation review of the Code's technology-related revisions completed, with findings translated into confirmed adequacy or targeted amendments. • A review of the independence standards against the characteristics of business relationships between audit firms and AI labs and other technology providers completed, with the public interest implications of the narrowing of auditor choice for clients explicitly considered. • Authoritative or non-authoritative guidance issued addressing AI as a subject of assurance – bias, explainability, AI model risk – distinct from AI as a tool used within firms and other organizations. • Preliminary research completed on digital assets' ethical risks. • To the extent within its control, a high level of adoption of the IESSA by jurisdictions using ISSA 5000, with independence and market-concentration tensions arising from regulatory competition-easing measures explicitly considered and addressed in IESBA's public positioning. • Any resulting recommendations from the NOCLAR post-implementation review completed. • Code provisions updated as determined appropriate to reflect technology-enabled, including AI-assisted, fraud typologies, and clear, practical guidance issued on reporting obligations specific to AI-generated or AI-assisted fraud scenarios. • The IESBA recognized as a partner in financial-crime prevention through formal relationships, memoranda of understanding, or standing engagement with at least one major international body in the financial-crime prevention ecosystem outside the accounting and auditing profession, with external stakeholders referencing the IESBA as a credible, engaged actor evidenced through citations, forum invitations, or joint initiatives. • The Code demonstrably keeping pace with at least one major technological shift that emerged after 2028 and was not anticipated at the start of the period. • A visible public narrative positioning the IESBA's ethical framework as a genuine line of defense against financial crime, contributing measurably to the broader institutional-trust objective.