



International Auditing and Assurance Standards Board (IAASB)
529 5th Avenue
New York, New York 10017
United States of America

Submitted electronically

Subject: Eumedion response to the IAASB's 'Proposed Strategy and Work Plan for 2024–2027'
Ref: B23.07

The Hague, 10 April 2023

Dear Mr. Seidenstein, dear Members of the IAASB,

Eumedion welcomes the initiative of the IAASB to consult its workplan 2024 – 2027 for feedback from stakeholders ('draft work plan'). Eumedion is the dedicated representative of the interests of 51 institutional investors, all committed to a long term investment horizon. Together our participants invest over € 8 trillion of capital in equity and corporate non-equity instruments. Eumedion aims to promote good corporate governance and corporate sustainability at the companies our participants invest in.

We consider audit standards that are of high quality while timely addressing the exceptionally fast changing corporate reporting landscape as key foundation for high quality audits and the justified public trust therein. Key jurisdictions around the globe have embraced, or are in the process of embracing mandatory sustainability reporting. The IFRS Foundation established the International Sustainability Standards Board to set a global baseline for ultimately, mandatory reporting in most jurisdictions around the globe. Our key message can be summarised as that we welcome the overall direction of the draft work plan, but that Eumedion considers it as lacking the right sense of urgency to timely deliver much needed improvements both in the standards and also the governance of the IAASB.

Please find below our responses to a selection of the questions in the consultation document.

If you would like to discuss our views in further detail, please do not hesitate to contact us. Our contact person is Martijn Bos (martijn.bos@eumedion.nl, +31 70 2040 304).

Yours sincerely,

Rients Abma
Executive Director

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Question 1: Do you agree with *Our Proposed Goal, and Our Proposed Keys to Success and Stakeholder Value Proposition* (see pages 5–6)?

“Our Proposed Goal

To serve the public interest by: Developing the globally accepted and leading audit, assurance, and related services standards 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”

Eumedion response

We agree with the proposed goal. We would suggest replace ‘evolve’ with an alternative. As indicated in the introduction of our comment letter, the mandatory reporting arena for sustainability reporting is clearly changing at a high pace in substantial parts of the world. Allowing standards to only ‘evolve’ along may impair the IAASB’s ability to meet the rapidly changing needs for conducting high quality audits and the justified trust therein.

“Our Keys to Success

Achieving our proposed Strategy:

- Through our commitment to engage, listen and learn, and to lead and adapt in our global standard-setting responsibilities.*
- Through our people at the Board and Staff levels, utilizing their collective competencies, capabilities, and experience, and benefiting from their diversity to deliver global solutions.*
- By fostering confidence in the quality of our processes and the relevance and credibility of our standards, evidenced by the many jurisdictions using or committed to using our standards.”*

Eumedion response

We agree with the first two keys to success. We disagree with the third bullet as it strikes us as being more of a passive strength, rather than a key to success. Instead, the relevance and credibility of the IAASB depends more on how expedient the Board can meet the rapidly changing public interest needs. The lack of timeliness is already undermining the relevance and credibility of the IAASB. So the language in the third bullet should not herald the quality of the evidently lengthy existing processes, but highlight the willingness to implement changes in its due process and working procedures where necessary while adhering to ultimately high quality standards.

“Our Stakeholder Value Proposition

- *Our standards: Globally relevant, coherent, scalable, proportionate, operable, and adaptable for the future. Our standards support the consistent performance of quality engagements and are developed through activities that are timely and responsive to the needs of our stakeholders.*
- *Our engagement with our stakeholders: Timely and meaningful dialogue with a broad range of stakeholders. Our general outreach program, and project-specific and other targeted outreach activities support connectedness with our stakeholders, enhance our responsiveness and influence our standard-setting activities. This includes, as appropriate, convening stakeholders to hold roundtables, or using other forms of targeted consultation to ensure that we use a variety of means to engage stakeholders in our activities.*
- *Our coordination with other standard setters: Focused on the collective impact of the activities of standard setters in the external reporting ecosystem, at the global and jurisdictional levels, and the value of actions that are informed by interaction, coordination, and collaboration. Our standards are premised on firm or auditor / practitioner compliance with relevant ethical requirements. Therefore, we will continue our close coordination with IESBA.*
- *Our Work Plan: Informed by deliberate processes and procedures for selecting and prioritizing our standard-setting activities. Our Work Plan is focused on where further development of the standards can best contribute to meeting users’ needs, while balancing timeliness and quality.*
- *Our processes: Rigorous and inclusive, yet agile, leveraging external resources where appropriate. We continuously review and improve our processes and ways of working to better facilitate delivery of our Work Plan and address external expectations.”*

Eumedion response

We agree. In the light of our other remarks on time sensitivity, we would suggest to change in the last bullet ‘delivery’ in ‘timely delivery’.

Question 2. Do you agree with *Our Proposed Strategic Drivers* as the key environmental factors that drive the opportunities and challenges impacting our ability to achieve our goal (see pages 7–9)?

“Our Proposed Strategic Drivers

... In addition, the broader focus on the role of non-financial information in capital and resource allocation decisions could prompt the need for assurance engagements on various and diverse topics.”

Eumedion response

We agree with the proposed strategic drivers. The reality is that the broader focus on non-financial information is already prompting the need for assurance engagement on various and diverse topics and may require new or revised standards.

Question 3. Do you agree with *Our Proposed Strategic Objectives and Our Proposed Strategic Actions* (see pages 10–14)?

“Diverse demands across the spectrum of stakeholders reflecting the breadth of the global economy. The world that our standards must contend with is getting increasingly complex and diverse. On one hand, stakeholders are calling for more concise ‘proportionality solutions’, such as for audits of financial statements of less complex entities. On the other hand, stakeholders are asking for new or enhanced standards that address specific elements of an audit or assurance engagement, or specific subject matter information or services, with more granular requirements and application material.”

Eumedion response

Although we agree that enhancing proportionality of existing standards can be a meaningful exercise for any standard setter to allocate resources to, the current phrasing leaves the reader guessing which of the two directions is prioritised in the allocation of attention and resources. Instead of a generic choice or balance between detailed vs. proportional, we suggest that this driver mentions that covering new ground in the non-financial engagement will tend to have a higher priority than enhancing proportionality of existing standards.

“Such a global baseline would need to be profession agnostic (i.e., whether the engagement is undertaken by a professional accountant practitioner or non-professional accountant practitioner).”

Eumedion response

This sentence may complicate the timely execution of the IAASB’s strategy, and may potentially limit the ability of the IAASB to set high quality standards. We suggest that the IAASB clearly defines that the target audience of its standards are the professional auditor practitioners that apply them, instead of expanding the target audience to non-professional practitioners as well. Other practitioners may still benefit from the work of the IAASB.

“Implement the Monitoring Group reforms. The Monitoring Group reforms were finalized and issued in July 2020. The transition planning was undertaken in 2020 and 2021, and the implementation commenced in 2022. Full implementation is expected to take a further three to four years and will require various changes at the Board and Staff levels, in how oversight by the PIOB

is exercised over the Board's activities, and in our processes (our standard-setting due process and our operating procedures)."

Eumedion response

The Monitoring Group consultation started in December 2017. The implementation commenced over four years later and in the proposed strategy we learn that it may take another three to four years to fully implement the recommendations; a full cycle of no less than 10 years. It remains rather opaque why the recommendations of the Monitoring Group cannot be effectuated much sooner; especially in the light of the proposed goal '... evolve in a timely manner to meet rapidly changing public interest demands'. Public trust in the IAASB would benefit from a much more challenging planning and execution of the implementation of the Monitoring Groups recommendations.

"The number of technical Staff through permanent appointments and secondments will increase over time to ensure appropriate technical expertise and to facilitate the shift from the traditional Task Force-model for projects. The net positive impact of these changes is expected to become evident as the Board and Staff adapt throughout this Work Plan period.

We will allocate the above resources on the basis of information about new initiatives or projects that will need to be started and past experience of the capacity needed to deliver our projects and initiatives, while being mindful of making adjustments as we continue to adapt to the 'new model' as referred to above."

Eumedion response

This Strategic Action gives the impression that the 'new model' is adopted rather slowly. Given the long preparation for the new model, we could imagine that a faster adoption of it would be possible.

8. Are there any other matters that we should consider in finalizing our Strategy and Work Plan?

Eumedion response

European countries currently adopt international audit standards individually. The IAASB should make it an strategic objective to have the European Commission endorse its standards for the entire European Union.