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Ethics for Accounting Profession: Intersection of Technology and Sustainability

AFA ASEAN Federation of Accountants connect

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Prof. Dr. Doan Xuan Tien
AFA President

In today's rapidly evolving world, the accountancy profession faces challenges that are not just technical, but profoundly ethical. The rise of artificial intelligence, the growing urgency of climate accountability, and the convergence of financial and non-financial reporting are reshaping what it means to be an accountant. More than ever, we are called to serve not only as technical experts but as trusted stewards of the public interest.

This issue of AFA Connect, themed "Ethics at the Crossroads of Technology and Sustainability," brings together perspectives from across ASEAN and beyond to explore this very intersection. It reflects our shared commitment to think critically, act with integrity, and lead with purpose. Throughout the region, accountants are being asked to make complex decisions. Can we harness automation without compromising professional judgment? Can we report honestly on environmental impact, even when doing so challenges business priorities? Can we shape ESG and AI frameworks that reflect ASEAN's values and realities?

These questions aren't theoretical - they're real, and they're urgent

They demand a profession grounded in ethics, independence, and courage. They require us to move beyond compliance toward ethical leadership. And they call on us to actively shape the future of our systems, not just respond to them.

I'm proud to see AFA's member organizations stepping up with meaningful initiatives: ethics training in Laos, AI governance debates in Singapore, sustainability roadmaps in Malaysia, and assurance leadership in India. These efforts showcase the strength of our regional network and the depth of our collective responsibility.

As the ASEAN Federation of Accountants, we recognize the power of connection. Our role is to convene, amplify, and align the voices of our region. Through active engagement with global standard-setters, we can ensure that international frameworks are inclusive, practical, and reflective of our regional context.

Let this issue of AFA Connect be both a reflection and a call to action

As we enter a future defined by technology and sustainability, let us remember: ethics is not a barrier, it's our compass. And by following it, we don't just keep up with change, we lead it.

The Soul Of Technology And Sustainability

IKATAN AKUNTAN INDONESIA
Institute of Indonesia Chartered Accountants

Author
Michell Suharli, CA CPA FCPA

Global society is at a historic crossroads, where on one side exponential technological development and on the other, a planet suffering continuous degradation. Technological advances such as artificial intelligence, blockchain, and big data have revolutionized the way we live. Meanwhile, the earth is experiencing global warming, loss of biodiversity, and depletion of natural resources. The big question is no longer whether technology can save us, but whether our ethical compass is strong enough to direct that technology towards sustainable growth.

Digital disruption and the demands of sustainable practices have truly changed the role of accountants. The accounting profession is no longer just able to record transactions, more than that, accountants are required to interpret complex meanings beyond numbers. Today, numbers are no longer just about calculations, but a reflection of value, risk, and long-term impact. The question is: Can accountants maintain integrity and ethical values in the midst of this increasingly digitalized profession?

ASEAN accountants often find themselves in a real ethical dilemma, at the intersection of technology and sustainability. In a region that is developing into a digital economy hub and a destination for sustainable investment, accountants face ethical challenges between technological progress and sustainability, between business interests and morality.

The future of the profession is not only determined by the speed of adopting technology, but by its ability to maintain public trust amidst change. IESBA has long formulated that a distinctive mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. Businesses, governments, and other organizations involve professional accountants in a broad range of areas, because they have strong confidence in the accountancy profession.

Two Forces That Are Changing the Face of the Profession

The two forces that are changing the face of the accounting profession are technology and sustainability. The accounting profession was once included in the list of professions that were destroyed by disruption, and there was even a book with a title that began with The End of Accounting. Understandably so, since automation and digitalization are like giants crushing all professions that are routine, repetitive and administrative. Technology has changed many things, including the way accountants work. From just recording, to analytical activities to obtain strategic information.

On the other hand, the global trend for sustainability forces accountants to understand the social and environmental impacts of every figure they report. Initially, the environmental community developed initiatives, measurements and standardization of sustainability reporting. Starting from Corporate Social Responsibility (CSR) to Environmental, Social, and Governance (ESG). In recent years, the accounting profession has taken the lead in sustainability practices due to its conducive global ecosystem and its strengths in reporting and assurance.

However, in reality, these two main factors - technology and sustainability - do not always align with ethical principles. In ESG reporting, for example, we have witnessed the emergence of digital greenwashing practices, where AI is used to process data as if it is environmentally friendly when in fact it is not representative. Without ethical control, technology can become a tool for legitimizing well-packaged deception. In their paper, Cho et al. (2021) stated that "the role of accounting in sustainability reporting is very vulnerable to strategic distortion if not accompanied by a strong ethical commitment, especially when accountants act as narrative presenters, not fact-tellers." (Cho, Charles H., et al. 2021).

The big question is: Who is responsible when an accounting algorithm makes a wrong recommendation? In many cases, accountants now rely on modern systems that filter, analyze, and even conclude ESG data. But when these systems present biased data, hide reality, or inadvertently reinforce misperceptions, the decision remains in the hands of humans. For example, an accountant discovers that an automated carbon reporting system is underestimating the actual emissions of a renewable energy project. Should he correct it and risk losing a client, or let the system run in the name of efficiency?

Julia Kokina and Thomas Davenport warned through the Journal of Emerging Technologies in Accounting (2017) that automation in accounting without ethical understanding will shift decision-making to machines, which have no moral capacity. This is an important warning for accountants not to surrender their minds to artificial intelligence.

In the midst of this wave of technology and sustainability, the core principles of the profession are finding new relevance. Integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour are no longer just slogans; they are the last line of defense against distortion in the digital era. We need accountants who are brave, not just smart. Because as German philosopher Immanuel Kant put it, "Sapere aude!"—Dare to think for yourself, and act upon your conscience. Ethics is not an afterthought, but a starting point in system design and decision-making.

The Double-Edged Sword of Innovation

In the popular imagination, technology is often equated with salvation. But this is a deeply incomplete narrative. As Vaclav Smil (2022) said that technological breakthroughs do not remove energy, materials, or responsibilities. They simply shift burdens from one part of the planet to another. Take artificial intelligence, for example. The process of training a single large language model can produce more than 280 tons of CO^2 (Patterson et al., 2021)—equivalent to the carbon footprint of five round-trip flights between New York and San Francisco for one person. The irony? We are trying to save the planet using a tool that is silently accelerating its destruction.

Google's Environmental Insights Explorer (EIE) offers a rare glimmer of hope. The platform helps cities like Copenhagen measure carbon emissions, rooftop solar potential, and traffic data in real time using AI and satellite analytics. This enables precise and efficient climate action at the city level. In contrast, Fairphone challenges the culture of disposable electronics. Their modular, repairable smartphone design disrupts the toxic lifecycle of e-waste and promotes a circular economy model that favors longevity over disposability.

So yes, technology can support sustainability—but only if it is designed with intentional ethics and guided by systemic accountability. Ultimately, accountants are no longer just managing numbers—they are managing truth.

In Indonesia, the dance between technology and sustainability is gaining momentum. Startups are using IoT and AI to make the environment more sustainable—reducing waste and maximizing efficiency. Meanwhile, government agencies and research institutions are exploring drone-based mangrove restoration and carbon tracking in peatlands.

Yet the local landscape is still littered with digital greenwashing—projects that sell environmental aesthetics but deliver little environmental value. Blockchain-based carbon markets are emerging without robust verification standards. ESG reports are beautifully printed but ethically hollow. Reports that are more about story telling than accurate mathematical measurements with the disclosure of representative faithfulness.

This is where ethical accounting becomes important. As guardians of trust, professionals must expose false claims, uphold transparency, and ensure that sustainability is more than just marketing or a hoax campaign. Sustainability can be measured.

Two Giants Must Have a Soul

The problem is not technology, because the use of technology is inevitable. A system that worships speed over reflection, efficiency over fairness, and growth over life, will not be able to build a sustainable future, no matter how smart its machines.

Accounting, as a discipline, has long been concerned with the truth behind the numbers. In this new era, accountants must also be concerned with the truth behind sustainability claims, the ethics of environmental impact, and the long-term consequences of innovation. Because the future does not only need engineers and coders. Tomorrow, the world needs accountants with integrity, professionals with a conscience, and institutions that do not flinch when confronted with uncomfortable truths.

Technology without ethics is powerful—but directionless. Sustainability without accountability is beautiful—but useless. At the intersection of these two giants of our time lies the starting point of the future the future, and the accounting profession must lead the way.

The Impact of AI on the Accountancy Profession: An Analysis through the Five Ethical Perspectives

ISCA

Author
Koh Wee Kwang*, AFA Treasurer, member of the ISCA Council and Director of Nexia Singapore PAC

Artificial Intelligence (AI) is quietly transforming the way accountants work. From supporting automated reporting to uncovering potential fraud, AI is becoming a valuable tool in the profession's day-to-day responsibilities.

However, with these innovations come profound ethical challenges and new regulatory obligations. As jurisdictions worldwide advance AI regulation (EU AI Act, IDW PS 861 in Germany, AI policies in Latin America), ethical governance is no longer optional.

As AI reshapes the future of accountancy, the Five Ethical Perspectives — Utilitarianism, Rights, Fairness and Justice, the Common Good, and Virtue Ethics — offer a high-level framework to ensure its responsible and trustworthy adoption.

Utilitarianism: Maximising Benefit, Minimising Harm

Principle: "Of any two actions, the most ethical one will produce the greatest balance of benefits over harms." Actions are judged by how they maximise societal well-being and minimise harm.

Current state of play:

Accenture & Grant Thornton piloted AI tools that reduced audit sample testing time by 50% (FT, 2023). This boosts audit quality and frees resources for deeper reflections and insights.

Datasnipper, a tool embedded in Excel, uses AI to automate document matching, recalculation, and validation across large datasets (e.g. invoice matching, lease testing). It helps auditors process 100% of a transaction population, significantly increasing efficiency.

Regulations:

The **EU AI Act** requires that systems like generative AI to disclose training data sources and methodologies, ensuring their outputs are traceable and explainable. For High-risk AI systems, providers must create technical documentation detailing system design, intended use, and potential risks. This information allows regulatory authorities to assess compliance effectively.

Ethical risk:

Efficiency gains must not come at the cost of job loss or degraded professional quality.

Responses:

AI adoption should include human oversight, reskilling plans, and respect for transparency obligations under the EU AI Act and emerging Latin American guidelines (see next section).

*) The views and opinions expressed in this article are solely those of the author and do not necessarily represent the views, positions, or policies of any affiliated organisations, institutions, or professional bodies.

Rights: Respecting Autonomy, Privacy, and Due Process

Principle: "Act in ways that respect the dignity of other persons by honouring or protecting their legitimate moral right." Actions must respect individual and organisational rights—including privacy, autonomy, and fair treatment.

Current state of play:

Deloitte's AI-powered risk sensing combines internal and external data—including social media—to assess compliance risks (Deloitte Insights, 2023).

Regulations:

- The **EU AI Act** reinforced the ethically handling of data, aligning closely with the General Data Protection Regulation (GDPR)
- In **Latin America**, Brazil's **LGPD (Lei Geral de Proteção de Dados)** and Mexico's data protection laws require **informed** and **unambiguous consent** when using personal data in AI (Latin America AI Regulation Overview, ITIF, 2024).

Ethical risk:

Without clear consent, such tools risk violating clients' privacy and data rights.

Responses:

- Obtain informed client consent.
- Document data flows clearly.
- Meet the EU AI Act's requirements for high-risk AI systems.

Fairness (or Justice): Addressing bias and ensuring equity

Principle: "Treat people the same unless there are morally relevant differences between them." Actions should promote fairness and avoid reinforcing bias or injustice.

Current state of play:

KPMG Clara uses AI to analyse entire transaction populations, scoring anomalies (KPMG Clara). But KPMG explicitly integrates "Trusted AI" frameworks to address algorithmic bias.

Auditbot is an AI-powered audit process automation platform that supports dynamic risk assessments and workflow automation for audit firms. It also integrates conversational AI chatbots that guide auditors during risk assessment and procedure design.

PwC flagged that AI tools in fraud detection were unintentionally amplifying bias against minority businesses (PwC AI Analysis, 2019).

Regulations:

- **EU AI Act** mandates the requirement for robust bias detection and mitigation for high-risk AI system.
- In Germany, **IDW PS 861** ("Principles for Auditing AI Systems") requires German auditors to verify the fairness and reliability of AI systems used in audits (IDW PS 861).

Ethical risk:

Biased AI could harm disadvantaged groups or unfairly flag compliant transactions.

Responses:

- Align with **EU AI Act** and **IDW PS 861** expectations for fairness and reliability.
- Report findings openly to clients and regulators.

Common Good: Strengthening Trust and Social Cohesion

Principle: "What is ethical is what advances the common good." Actions should contribute to the common good—maintaining trust in public institutions and markets.

Current state of play:

BlackLine and **Xero** offer AI-based automated reporting. While this boosts efficiency, **opaque AI outputs** could undermine the auditability of the financial statements.

Regulations:

- The **EU AI Act** mandates that high-risk AI systems shall be designed and developed with logging capabilities to ensure a level of traceability appropriate to the intended purpose of the system. Additionally, high-risk AI systems shall be designed and developed in such a way to ensure that their operation is sufficiently transparent to enable users to interpret the system's output and use it appropriately.
- **IDW PS 861** requires German auditors to document how AI systems preserve auditability—key pillars of market trust.

Ethical risk:

Over-reliance on black-box AI could erode the public's faith in audited financial statements.

Responses:

- Document AI processes fully, per **EU AI Act** and **IDW PS 861**.
- Prioritise auditability and human interpretability.

Virtue: Cultivating Ethical Character

Principle: "What is ethical is what develops moral virtues in ourselves and our communities." Ethical behaviour stems from professional virtues — integrity, prudence, courage, fairness.

Current state of play:

The Canadian Public Accountability Board (2024) emphasises the importance of maintaining a heightened level of professional skepticism and not rely solely on AI-generated conclusions. (CPAB Exchange).

ICAEW's CPD modules now train accountants in applying virtue ethics and professional codes to AI (ICAEW AI Ethics CPD).

Regulations:

Both the **EU AI Act** and **IDW PS 861** emphasise the ongoing accountability of human professionals — AI cannot replace professional judgment.

Ethical risk:

AI sophistication may tempt accountants to defer responsibility to machines, eroding core virtues.

Responses:

- Train explicitly in ethics and AI (virtue ethics CPD).
- Practice professional skepticism actively, per IDW PS 861.
- Uphold integrity and courage—challenging AI outputs when necessary.

AI offers the accountancy profession unprecedented potential—but also ethical complexity and growing regulatory scrutiny. The **EU AI Act**, **IDW PS 861**, and evolving Latin American frameworks demonstrate that the importance of AI governance.

By applying the **Five Ethical Perspectives**, accountants can lead responsible AI adoption that preserves trust, fairness, and professional integrity.

In the AI age, ethical leadership and accountability remain the profession's most enduring assets.

LCPAA Enhances Professional Capacity Through Comprehensive Training Portfolio

ສອບກລ
LCPAA

Author
LCPAA Team

In its ongoing commitment to elevate the accounting profession in Lao PDR and advance toward full IFAC membership compliance, the Lao Chamber of Professional Accountants and Auditors (LCPAA) has successfully conducted an extensive series of targeted training programs covering ethics, digital transformation, sustainability reporting, and IFRS implementation. These strategic initiatives were organized in collaboration with key partners, including Deloitte Lao, PwC Lao, the Lao Securities Exchange (LSX), and the Lao Securities Commission Office (LSCO), with support from the United Nations Sustainable Stock Exchanges Initiative (UN SSEI).

Ethics Training with Deloitte Support

LCPAA successfully organized an online training session titled "Update on the Code of Ethics for Professional Accountants" on December 13, 2024, with generous support from Deloitte Laos, drawing participation from **over 110 professionals** across the accounting and auditing sector.

The training focused on enhancing participants' understanding of ethics importance in the profession, providing an overview of the International Code of Ethics for Professional Accountants (IESBA), and covering current ethical standards applied in Laos and their alignment with international standards. This initiative directly supports LCPAA's **SMO 4 (IESBA Code of Ethics)** compliance objectives, reinforcing international best practices and supporting the integrity, transparency, and professionalism of the accounting profession in Lao PDR.

Digital Transformation and ESG Training with PwC Laos

LCPAA organized a comprehensive two-day training program on Cybersecurity, ESG Reporting, IFRS Developments, and Emerging Technologies on November 2 and 20, 2024. The training, supported by PwC Lao, attracted over 410 participants from across the country in both online and offline formats.

Key training topics included:

- **Cybersecurity:** Protection of sensitive financial data and cyber threat mitigation
- **ESG Reporting:** Best practices for environmental, social, and governance disclosures
- **IFRS Development:** Updates on international financial reporting standards supporting SMO 7 compliance.
- **Emerging Technologies:** Integration of AI, automation, and innovations in finance and accounting

The program emphasized responsible technology use, data protection, and ethical implications of digital tools, ensuring accountants and auditors in Lao PDR are prepared for the rapidly changing business environment.

IFRS Sustainability Standards Webinar with LSX and UN SSE

On June 5, 2025, LCPAA, in collaboration with the Lao Securities Exchange (LSX), organized a high-level webinar focusing on **IFRS S1** (General Requirements for Sustainability-related Financial Information) and **IFRS S2** (Climate-related Disclosures). The event was supported by the United Nations Sustainable Stock Exchanges Initiative (UN SSEI) and featured expert presentations from the International Sustainability Standards Board (ISSB) and IFRS Foundation.

Text Box 8, TextboxThe virtual webinar attracted **over 250 participants** from Lao and ASEAN regions, introducing newly issued IFRS Sustainability Disclosure Standards S1 and S2 designed to promote consistent, comparable, and reliable sustainability-related financial disclosures. This initiative represents an important first step for Lao professional accountants in understanding and preparing for global sustainability reporting standards adoption.

IFRS Gap Analysis and Implementation Training with LSCO

Building on LCPAA's commitment to achieving full compliance with **SMO 7 (International Financial Reporting Standards)**, LCPAA partnered with the Lao Securities Commission Office (LSCO) to deliver a comprehensive 2-day IFRS Gap Analysis and Implementation Training on June 26-27, 2025.

The program attracted **50 participants** from commercial banks, listed companies, accounting firms, and large private companies, targeting Finance Directors, CFOs, accountants, auditors, financial analysts, regulatory compliance officers, and internal control managers.

Key Learning Objectives:

- Understanding IFRS requirements versus LFRS frameworks
- Conducting systematic IFRS gap analysis step-by-step
- Assessing financial and operational impacts of IFRS adoption
- Developing comprehensive IFRS transition roadmaps
- Implementing effective reporting and monitoring tools for IFRS compliance

The training covered critical differences between principle-based IFRS and rule-based LFRS, including fair value emphasis versus historical cost focus, and extensive risk management disclosures. Participants engaged in practical exercises analyzing real-world scenarios to identify priority IFRS standards creating significant implementation gaps.

Strategic Impact and IFAC Membership Journey

These comprehensive training initiatives underscore LCPAA's systematic approach to achieving full IFAC membership by 2028. The programs directly address key areas identified in the LCPAA Assessment Report:

- **SMO 2 (International Education Standards):** Through comprehensive continuing professional development programs
- **SMO 4 (IESBA Code of Ethics):** Via enhanced ethics training and awareness programs
- **SMO 7 (International Financial Reporting Standards):** Through IFRS gap analysis and implementation training

Overall Training Impact: With **over 820 participants** across all training programs (110 in ethics training, 410 in digital transformation and ESG, 250 in sustainability standards, and 50 in IFRS gap analysis), LCPAA continues to build the technical capacity necessary for sustained SMO compliance and full IFAC membership achievement.

The training portfolio demonstrates LCPAA's commitment to professional development, ethical standards, and international alignment, enabling members to confidently navigate the intersection of finance, technology, and regulatory compliance. This collaborative effort with international partners, government agencies, and academic institutions reflects LCPAA's strategic approach to leveraging partnerships for knowledge transfer and capacity building, positioning the Lao accounting profession for success in an evolving global regulatory environment.

Ethics At The Core: Guiding Accountants In Navigating Technology And Sustainability

MIA MALAYSIAN INSTITUTE OF ACCOUNTANTS

Author
MIA Team

Technology. Sustainability. Regulation. Changing business models. These are among the powerful forces rapidly reshaping the accountancy profession today.

However, the profession has always been resilient and adaptable. From papyrus to ledgers—and centuries later, to Excel, automation, and now generative AI—accountants have devised pragmatic solutions, leveraged change, and reached new heights.

In doing so, we have always held fast to the virtues and ethics code that define our profession. Now, more than ever, as digitalisation and sustainability become mainstream in a complex world, accountants must uphold ethical standards to preserve trust, relevance, and competitiveness. As stewards of financial integrity and strategic advisors, we must exercise professional judgement to ensure that digital and sustainability solutions align with our ethics code and support good governance. We must practice informed compliance—not merely following the rules but interpreting them within rapidly evolving contexts to balance innovation with accountability and sustainable value creation.

As the national accountancy body of the profession established under the Accountants Act 1967, MIA reaffirms our commitment—and that of our more than 40,000 members—to the values of integrity, objectivity, due care, confidentiality, and professional behavior. Ethics is a must-have to ensure that as we advance in technology and sustainability, we are recognised and relevant as trusted advisors, partners, and value creators.

How can we achieve this? One key measure is mandatory ethics training. Starting 1 January 2026, professional accountants must complete a minimum of two structured and verifiable CPE hours related to professional ethics. This step underscores the growing importance of ethics in the accountancy profession and ensures that MIA members remain up-to-date on evolving ethical standards and best practices.

Nurturing Ethical Digital Transformation

Since 2016, MIA has advocated for digital transformation to future-proof the profession.

Today, the adoption of automation and AI in audit, tax, and advisory services is accelerating. To remain relevant, we must align with today's data-driven organisations, using AI tools that process thousands of transactions in seconds to detect anomalies. Nevertheless, without ethical oversight, such tools may reinforce biases, misinterpret context, or risk data privacy. Hence, accountants must understand and question the assumptions and training data behind AI models, and be accountable for their output. Similarly, the utilisation of cloud platforms offers flexibility and scale but raise concerns about data sovereignty, especially across ASEAN borders.

To support members in digital adoption, MIA rolled out key initiatives under the MIA Digital Technology Blueprint launched in 2018. Notably, we released the Ethical Guidelines on Technology Usage in 2023, highlighting risks such as data misuse, algorithmic bias, and confidentiality breaches—all of which are escalating alongside cyber threats.

The adoption of technology is a never-ending journey. With that in mind, we organise the annual MIA Accounting and Financial Technology Showcase, a one-stop centre for digital solutions tailored for the profession. In parallel, the biannual Digital Technology Adoption Awards (DTAA) recognise excellence in digital adoption, and champion role models in virtuous transformation.

Each year, MIA runs nearly 1,000 professional development programmes, embedding elements of digital skills, bias detection, cybersecurity, change management, and professional judgement - all aimed at creating tech-fluent, ethically grounded accountants.

Fostering Ethical Sustainability

As climate and environmental risks rise, ASEAN economies, including Malaysia, are committing to stricter sustainability disclosures and emissions targets. Drawing on their unique skillsets and expertise, accountants must ensure that sustainability metrics are as credible as financial data, as organisations pursue sustainability integration.

This includes integrating climate data into risk assessments, supporting circular economies, and engaging stakeholders on long-term sustainable value creation. Our ethical compass, and growing scrutiny by stakeholders, demand that sustainability reporting becomes a priority—not a checkbox exercise.

This message—that accountants are now pivotal to sustainability leadership—resonated with the 3,800 attendees of the MIA International Accountants Conference 2025. In his keynote, YB Senator Datuk Seri Amir Hamzah Azizan, Minister of Finance II of Malaysia, affirmed the profession's alignment with national green agendas, including the National Energy Transition Roadmap (NETR) and the New Industrial Master Plan 2030 (NIMP 2030):

"In executing these plans, we are counting on accountants to play a critical role in guiding companies to improve their sustainability practices, particularly in governance, by ensuring high-quality, reliable disclosures are aligned with international standards. Such reliable and credible reporting is crucial for attracting low-carbon investments and enhancing the international competitiveness and green credentials of Malaysian products."

To drive this agenda, MIA collaborates with stakeholders to advocate for ethical sustainability, support national objectives, and future-proof the profession. We have also innovated our proprietary initiatives for sustainability advocacy. At the end of 2022, MIA introduced the MIA Sustainability Agenda, followed by the launch of the MIA Sustainability Blueprint at the MIA International Accountants Conference 2024. In January 2025, the MIA Council approved the MIA Sustainability Roadmap, consisting of 169 initiatives over five years and involving 16 committees.

Key components of the Roadmap include supporting the National Sustainability

Reporting Framework (NSRF) via capacity building, encouraging technology adoption to facilitate sustainability outcomes, and implementing the International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance and in future, the International Ethics Standards for Sustainability Assurance (IESSA).

The global baselines of IFRS S1 and S2 as well as adoption of ISSA 5000 align with NETR, NIMP 2030, and ASEAN's shared commitment to quality sustainability reporting and assurance. Meanwhile, our adoption of IESSA will help address critical risks to the integrity, quality and effectiveness of sustainability reporting and assurance such as bias, conflicts of interest, pressure to act unethically, fraud including greenwashing, non-compliance with laws and regulations, and threats to the independence of assurance practitioners.

To strengthen implementation, we focus on capacity building and advocate for harmonisation and convergence to address evolving standards for sustainability reporting, assurance, and ethics, supported by our extensive public consultations and responses to exposure drafts.

Our approach underscores the key role of accountants in interpreting the different suites of global standards and applying them with ethical consistency, supporting sustainable investment and responsible business.

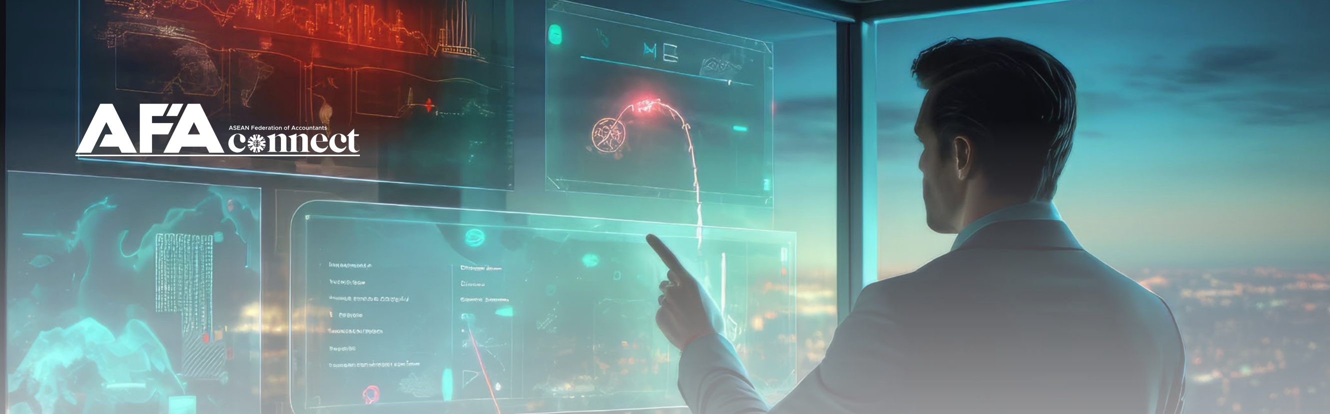
Connecting Ethics, Technology, and Sustainability for a Better Tomorrow

Throughout all that we do, MIA continues to champion ethical technology stewardship and sustainability advocacy across all levels of the profession, upholding our broader mission of nation building.

As Malaysia and ASEAN undergo digitalisation and decarbonisation, accountancy professionals must ensure that these transitions are guided responsibly. Ethics is the bedrock that helps us balance innovation, sustainability, and the public interest.

By embedding ethics in every aspect of our work, we can shape a future that is not only advanced and prosperous—but principled.

Let's be the changemakers of tomorrow.



Ethics at the Nexus: AI, Sustainability, and the Evolving Role of Accountants in ASEAN

ACCA

Author
George Thomson, Association of Chartered Certified Accountants (ACCA)

As ASEAN member states signal their intention to align with the IFRS Sustainability Disclosure Standards (ISSB) - countries representing 85% of regional GDP have backed this direction - the regional conversation is shifting from intent to implementation. But the transition brings new complexity for a profession already wrestling to adapt contemporary technology (AI) with eternal principles (ethics).

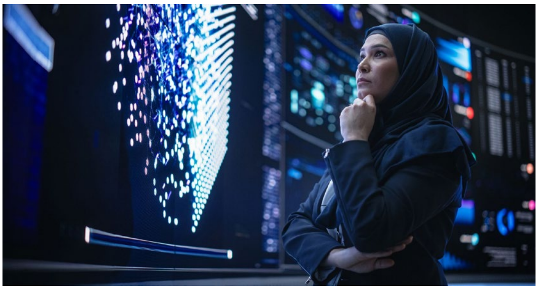
Adopting globally recognised sustainability standards is not simply a technical exercise; it is also an ethical one. Standards adoption in a landscape increasingly shaped by artificial intelligence, automation, and real-time reporting requires jurisdictions to develop and sustain ethical resilience through professional integrity, transparent systems, and human judgment.

Accountants, as the custodians of financial truth, must centre ethics at the intersection of sustainability and technology. That is why at ACCA we continue to weave the evolution of ethical practices into broader considerations around AI integration and sustainability disclosures. In recent months several of our Policy & Insights publications have drawn out important considerations for the development of the profession in ASEAN.

AI in finance: ethical governance in a data-driven world

ACCA's AI Monitor series provides insights and actionable guidance on how artificial intelligence is transforming accounting functions, from predictive analytics to fraud detection. As adoption accelerates, the report warns that ethical governance is lagging behind technological capability. Accountants are increasingly expected to oversee AI-driven processes, interpret their outputs, and assure their credibility. In doing so, they face ethical challenges that include bias in datasets, the relative indecipherability of algorithms, and the risk of automation replacing critical human judgments.

In ASEAN, wide variances in digital infrastructure and regulatory maturity between member states amplify these risks. In this context, professional standards and the role of accountants become even more critical. Ethical questions cannot be outsourced to engineers or IT departments. Finance professionals must engage directly in the development and oversight of AI governance protocols, validating input data, and challenging flawed outputs. Ethical use of AI in accounting requires a blend of technical literacy and professional scepticism: qualities that define the accountancy profession at its best.



Sustainability reporting: the ethics of what to measure

While AI challenges how data is generated and analysed, sustainability reporting challenges what gets measured and disclosed. ACCA's Making Information Connections for Sustainable Value Creation report highlights the importance of embedding material sustainability data into mainstream financial statements. Ethical judgment is a vital part of the process. They call for decisions that reflect societal values and ethical considerations, beyond what the frameworks mandate.

As ASEAN economies integrate ISSB-aligned standards into national policies, accountants will need to demonstrate leadership on both the technical application and the ethical framing of sustainability disclosures. This includes asking critical questions: 'Are we reporting what matters, or only what can be measured? Whose interests are prioritised in ESG reporting; investors, regulators, or broader stakeholders? How do we balance commercial confidentiality with public transparency?'

Without a clear ethical compass, sustainability reporting risks turning into a box-ticking exercise. ACCA is clear that disclosure data must be decision-useful, comparable, and anchored in methodologies of professional integrity.

New ethical challenges for a changing profession

These changes expand the accounting profession's responsibilities, and therefore demand an ethical framework that can keep pace. ACCA's The New Era of Ethical Challenges for Professional Accountants report outlines the growing tension between commercial pressures and public expectations. Technology and sustainability have introduced new dilemmas that existing codes of ethics only partially address. For example, how should accountants respond when AI presents recommendations that conflict with human intuition? What obligations arise when sustainability data gathering exposes potential social harms but the inputs fall outside of any regulatory requirement?

In ASEAN, these questions are particularly urgent. Rapid economic development and digital acceleration are taking place alongside, and often in tension with, pressing sustainability concerns. Accountants working in the region must be equipped to navigate emerging dilemmas that lack any precedent or easy answers. ACCA argues for a forward-looking ethical agenda: one that updates professional codes, enhances education, and encourages ethical reflexivity in practice.

Building capacity for ethical leadership

Ethical leadership at the nexus of AI and sustainability cannot be left to chance. It requires deliberate investment in the profession's capacity. That means strengthening ethics components in qualifications, creating continuing professional development on AI governance and sustainability assurance, and encouraging communities of practice across ASEAN to share challenges and solutions.

ACCA's efforts are already contributing to this shift. In addition to embedding sustainability and technology topics into its revised qualification framework, it has convened policymakers, regulators and business leaders across ASEAN to support capacity building. This approach reflects a recognition that ethics is not a constraint on innovation, but a condition for its credibility.

ASEAN's opportunity to lead

As ASEAN charts its path toward sustainable and digitally-integrated growth, the accounting profession has a vital role to play in securing public trust. The region's adoption of ISSB standards is a positive signal, but implementation must go hand in hand with ethical readiness. Accountants must lead with transparency, rigour, and responsibility in both the sustainability and AI domains.

Coordination and burden sharing will be vital, which is why the ASEAN Federation of Accountants can play a pivotal role by leveraging its convening power and extensive network across the region. As a representative voice of the ASEAN accountancy profession, AFA can facilitate dialogue with global standard setters and promote regionally relevant, globally aligned solutions.

By investing in ethical capacity now, ASEAN can not only align with global standards but shape them, ensuring that the region's values, voices, and realities are reflected in the future of the profession. The intersection of ethics, technology, and sustainability is not just a challenge. It is a leadership opportunity. And the accounting profession must seize it.

Ethics for the Accounting Profession: The Intersection of Technology and Sustainability

Author
CA. Charanjot Singh Nanda,
President, ICAI (2025-26)

In today's dynamic global environment, two significant forces that have profound bearing on all spheres, including the accounting profession, are technology and sustainability.

With the full-scale adoption of technology and the growing demand for environmental and social responsibility, global Professional Accountants not only have an opportunity and a competitive edge, but more importantly, carry an ethical responsibility to ensure how these concepts transcend in a desired manner for the benefit of the mankind.

The technical competence of the accounting profession, its readiness for change, and its inherent ethical foresight position it as a key sector in responding to the demands of technology and sustainability.

Technology and Sustainability as Societal Imperatives

Technology is reshaping the way that people operate. It is improving how governments deliver various public services, how students learn, how healthcare is provided, and how citizens participate in different spheres of life. In the use of technology by clients, employers, stakeholders, the general public, as well as by the Professional Accountants themselves, there is clear acknowledgement of the fact that there are changes in patterns, whether they are minor, substantial, or absolute.

Accounting in the Age of Technology

Technology, in the context of accounting, refers to the application of digital tools and systems such as Artificial Intelligence (AI), blockchain, big data analytics, and cloud computing to streamline financial processes, ensure data governance, enhance decision-making and improve audit quality. These technologies are transforming how data is collected, analyzed, and reported. These new-age technologies bring profound changes in the working of various organizations, governments, and other entities.

While technology continues to evolve rapidly, one thing remains constant: Ethics. In times of transformation and turbulence, there is increasing pressure from the investor community and various stakeholders to incorporate ethics in the business model. There is also a constantly growing recognition that ethical conduct is fundamental to sustainable business practices.

Professional Accountants, saddled with the duty to act in the public interest and adhere to ethical principles, are well-positioned to facilitate this trust through their contribution to the clients and employers for whom they work. However, there are certain issues that need to be considered in this regard:-

- The Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) allows Professional Accountants in practice to engage in systems analysis and design, and computer-related services, including the selection of hardware and development of software in all areas of services that can otherwise be rendered by them. They are also permitted to carry out any other professional services relating to EDP.
- Professional Accountants engaged in accounting and internal control functions within organizations may lack sufficient expertise with emerging technology tools.
- Organizations, nowadays, are seeking 'trust' (assurance) services over AI systems, data integrity, governance, etc. Even though Professional Accountants are well equipped to provide such services, it is understood that such assurance is mainly provided by other professionals, such as engineers. These professionals may possess the required technical competence but are often not governed by a Code of Ethics or related provisions, such as maintaining objectivity in relation to conflicts of interest or independence. Therefore, there are concerns about public interest pertaining to the objectivity of the assurance. In contrast, in the case of the Professional Accountants, ethical norms and independence requirements would apply.

Accounting and Sustainability

Sustainability assurance is the newly emerging norm. "Sustainability" extends beyond environmental concerns to encompass social and governance dimensions. In India, the Securities and Exchange Board of India introduced the Business Responsibility and Sustainability Report (BRSR) in May, 2021. It subsequently introduced the BRSR Core in July 2023 for assurance by listed entities and also introduced disclosures and assurance for the value chain of listed entities. The BRSR Core is a sub-set of the BRSR, consisting of a set of KPIs under ESG (Environmental, Social, and Governance) attributes. Notably, in the Indian context, a few new KPIs such as job creation in small towns, openness of business, and gross wages paid to women have been identified for assurance. It involves supporting long-term ecological balance, responsible resource usage, and the well-being of communities and stakeholders.

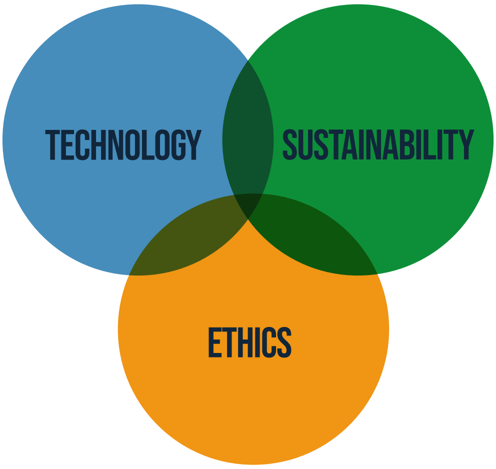
Because of their proficiency and compliance with the Code of Ethics, Professional Accountants are well qualified to conduct BRSR assurance engagements and are already doing so. With the issuance of the International Ethics Standards for Sustainability Assurance (IESSA) by IESBA, the responsibility to undertake Sustainability Assurance as per the stipulated ethical standards has also come into being.

Professional Accountants are uniquely positioned to adopt these standards, especially given their experience with independence norms for audits, reviews, and assurance engagements.

It is worth noting here that the ICAI constituted a Sustainability Reporting Standards Board in February 2020 to develop globally comparable standards for disclosing non-financial information aligned with the UN Sustainable Development Goals (SDG) 2030.

Ethical Implications at the Intersection of Sustainability and Technology

With the clear mandate for Professional Accountants to play an essential role in implementing Sustainability and Technology, this responsibility comes with its share of ethical concerns:



- **Independence**: The use of technology should not compromise independence. Professional Accountants must ensure that ethical reasoning takes precedence over algorithm-driven decisions, especially where professional discretion is required.
- **Confidentiality**: With increasing reliance on digital data, professionals must safeguard sensitive information and avoid misuse, breaches, or unethical sharing of client data.
- **Sustainability Reporting**: Professional Accountants, while being ethically bound to prevent misleading disclosures, must ensure that all claims are evidence-based and verifiable, and must not engage in endorsing unsubstantiated claims.
- **Professional Competence**: As the use of software increases in day-to-day practice, professionals must upskill to remain relevant. This requires them to look beyond their current skill sets and take on higher-level tasks that require greater critical thinking, analysis, and interpretation of financial data.

Conclusion

Today, the world recognizes that any compromise in ethical standards compromises the credibility of the assignment. On the other hand, strong ethical compliance enhances governance and provides a high degree of credibility among all. As the world moves toward a more sustainable and digitally integrated future, the accounting profession stands at a crucial point. With a robust ethical framework, Professional Accountants are well prepared to embrace new responsibilities driven by technological innovation and sustainability imperatives.

Digital transformation in auditing: How electronic confirmation technology drives sustainable practices

Thomson Reuters

Author
Thomson Reuters Confirmation Team

The accounting profession stands at a pivotal moment where technological advancement intersects with environmental stewardship. As firms navigate increasing pressure to adopt sustainable practices while maintaining audit excellence, electronic confirmation technology emerges as a powerful solution that addresses both imperatives simultaneously.

Modern audit firms recognize that embracing digital confirmation processes isn't merely about keeping pace with technology trends — it's about fundamentally reimagining how verification work gets done. Let's explore how electronic confirmation technology creates value across multiple dimensions of audit practice.

Streamlined verification processes

Electronic confirmation technology revolutionizes the traditional approach to audit verification by eliminating the cumbersome paper-based confirmation cycle. Instead of printing, mailing, and manually tracking confirmation requests, auditors can initiate and manage the entire process digitally through secure platforms.

This digital approach transforms confirmation turnaround times from weeks to days, enabling audit teams to complete verification procedures more efficiently. The automated tracking capabilities ensure that no confirmation requests fall through the cracks, while real-time status updates keep audit teams informed throughout the process. This systematic approach reduces the administrative burden on audit staff and allows them to focus on analyzing responses rather than managing paperwork.

The verification process becomes more reliable when human error is minimized through automation. Digital platforms maintain comprehensive audit trails, documenting every step of the confirmation process with timestamps and user authentication, creating robust evidence for audit files.

Enhanced client relationships through digital efficiency

Electronic confirmation technology transforms the client experience by creating more transparent and responsive audit processes. Clients appreciate the professionalism and efficiency demonstrated when audit teams leverage modern digital tools rather than relying on outdated paper-based methods.

The streamlined confirmation process reduces the time clients spend responding to audit requests, as digital platforms make it easier for them to provide necessary information quickly and securely. This efficiency translates into stronger client relationships, as businesses value audit firms that respect their time and demonstrate technological sophistication.

Furthermore, the reduced back-and-forth communication required in digital confirmation processes minimizes disruption to client operations. When confirmation requests are clear, secure, and easy to respond to, clients can fulfill their obligations without significant operational impact, leading to more positive audit experiences overall.

Operational cost optimization

Transitioning to electronic confirmation technology delivers measurable cost savings across multiple areas of audit operations. The elimination of printing, postage, and physical storage requirements represents immediate, quantifiable savings that accumulate significantly over time.

Beyond direct cost reductions, electronic confirmation technology optimizes staff utilization by automating routine tasks that previously required manual intervention. Audit teams can redirect their efforts toward higher-value analytical work rather than administrative confirmation management, improving both productivity and job satisfaction.

The efficiency gains extend to project management, as faster confirmation turnaround times enable more predictable audit scheduling and resource allocation. This operational predictability allows firms to take on additional engagements or allocate resources to business development activities, driving revenue growth alongside cost optimization.

Robust security and regulatory compliance

Digital confirmation platforms provide superior security measures compared to traditional paper-based processes. Multi-layered encryption, secure authentication protocols, and controlled access ensure that sensitive financial information remains protected throughout the confirmation process.

The comprehensive audit trails created by electronic systems support regulatory compliance requirements more effectively than paper-based documentation. Every interaction, modification, and approval is automatically logged with detailed metadata, creating irrefutable evidence of proper audit procedures.

Regular security updates and monitoring capabilities help audit firms stay ahead of emerging cyber threats, maintaining client trust and protecting confidential information. This proactive approach to security demonstrates professional competence and reduces the risk of data breaches that could damage firm reputation and client relationships.

Attracting and retaining top talent

Modern audit professionals expect to work with current technology that enables them to perform at their best. Firms that invest in electronic confirmation technology signal their commitment to providing staff with the tools necessary for professional success and career development.

The automation of routine confirmation tasks allows audit staff to engage in more intellectually stimulating work, analyzing trends and patterns in confirmation data rather than managing administrative processes. This shift toward higher-value activities improves job satisfaction and professional development opportunities.

Additionally, technological proficiency becomes increasingly important as audit professionals advance in their careers. Experience with digital audit tools, including electronic confirmation platforms, enhances professional marketability and prepares staff for leadership roles in technology-forward organizations.

Advanced analytics and risk detection

Electronic confirmation technology enables sophisticated data analysis that would be impossible with paper-based processes. Digital platforms can identify patterns, anomalies, and trends across confirmation responses, providing auditors with deeper insights into client financial positions.

The ability to analyze confirmation data in aggregate helps auditors identify potential risk areas that might not be apparent when reviewing individual responses. This analytical capability enhances audit quality by enabling more targeted testing and risk assessment procedures.

Machine learning capabilities within advanced confirmation platforms can flag unusual response patterns or potential inconsistencies, alerting auditors to areas requiring additional attention. This technology-assisted risk detection supplements professional judgment and enhances overall audit effectiveness.

Positioning for future success

As environmental, social, and governance considerations become increasingly important to businesses and stakeholders, audit firms must demonstrate their commitment to sustainable practices. Electronic confirmation technology represents a tangible step toward reducing environmental impact while improving audit quality and efficiency.

Thomson Reuters Confirmation offers audit firms the opportunity to modernize their verification processes while supporting broader sustainability objectives. By embracing digital transformation in audit confirmation, firms position themselves as forward-thinking organizations capable of meeting evolving client expectations and regulatory requirements.

The transition to electronic confirmation technology represents more than operational improvement — it's a strategic investment in the future of audit practice, combining environmental responsibility with professional excellence.

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