



IES EXPOSURE DRAFT: RESPONSE TEMPLATE

RESPONSE TEMPLATE FOR THE ED OF THE PROPOSED REVISIONS TO IES 2, 3, AND 4 – SUSTAINABILITY

Guide for Respondents

Comments are requested by **July 24, 2024**.

This template is for providing comments on the Exposure Draft (ED) of proposed revisions to International Education Standards 2, 3, and 4 -- Sustainability, in response to the questions set out in the Explanatory Memorandum (EM) to the ED. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate IFAC's automated collation of the responses.

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Then below that include any detailed comments, as indicated.
- When providing comments:
 - Respond directly to the questions.
 - Provide the rationale for your answers. If you disagree with the proposals in the ED, please provide specific reasons for your disagreement and specific suggestions for changes that may be needed to the requirements, application material or appendices. If you agree with the proposals, it will be helpful for IFAC to be made aware of this view.
 - Identify the specific aspects of the ED that your response relates to, for example, by reference to sections, headings or specific paragraphs in the ED.
 - Avoid inserting tables or text boxes in the template when providing your responses to the questions because this will complicate the automated collation of the responses.
- Submit your comments, using the response template only, without a covering letter or any summary of your key issues, instead identify any key issues, as far as possible, in your responses to the questions.

The response template provides the opportunity to provide details about your organization and, should you choose to do so, any other matters not raised in specific questions that you wish to place on the public record. All responses will be considered a matter of public record and will ultimately be posted on the IFAC website.

[Use the "Submit Comment" button on the ED web page to upload the completed template.](#)

Responses to IFAC’s Request for Comments in the EM for the ED, Proposed Revisions to IES 2, 3, and 4 – Sustainability

PART A: Respondent Details and Demographic information

Your organization’s name (or your name if you are making a submission in your personal capacity)	International Ethics Standards Board for Accountants (IESBA)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Gabriela Figueiredo Dias, Chair
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Linda Biek
E-mail address(es) of contact(s)	lindabiek@ethicsboard.org
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on the ED). Select the most appropriate option.	Global
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on the ED). Select the most appropriate option.	Individuals or Other (if none of the groups above apply to you)
	If “Other”, please specify. International standard setter
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	The IESBA sets high-quality international ethics (including independence) standards as a cornerstone to ethical behavior in business and organizations, and to public trust in financial and non-financial information that is fundamental to the proper functioning and sustainability of organizations, financial markets and economies worldwide. In January 2024, the IESBA issued two exposure drafts, <i>International Ethics Standards for Sustainability Assurance (including International Independence Standards)</i> (IESSA) and <i>Using the Work of an External Expert</i> . The responses to those exposure drafts are currently under consideration as the IESBA seeks to finalize its sustainability-related ethics (including independence) standards by the end of 2024.

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional.** IFAC’s preference is that you incorporate all your views in your

comments to the questions (also, the last question in Part C allows for raising any other matters in relation to the ED).

Information, if any, not already included in responding to the questions in Parts B and C:

PART B: Responses to Specific Questions in the EM for the ED

For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.

1. Do you support the proposed revisions to IES 2, 3, and 4 for sustainability? If not, please explain your reasons and indicate what changes you would suggest.

Overall response: Agree, with comments below

Detailed comments (if any):

The International Ethics Standards Board for Accountants (IESBA) would like to commend IFAC for its project to integrate sustainability into the training program for all professional accountants. Recent years have seen a significant shift in demand for high quality sustainability-related information. To meet this demand, new international reporting, assurance, and ethics (including independence) standards have been, or are in the process of being, developed and adopted. We all share the common aspiration of promoting stakeholder trust in sustainability-related information. It is therefore important for IESBA to take every opportunity to advocate the importance of high standards of ethical behavior in meeting the markets' needs for trustworthy sustainability reporting, and to take this specific opportunity to strongly support, as a mechanism for improving the quality of sustainability information, IFAC's aim to improve the quality of professional accounting education worldwide regarding sustainability. As a general comment, IESBA stresses the importance of capacity building in the sustainability space, the need for efforts to support these activities, and the willingness to collaborate. We are also pleased to offer the following more detailed comments on the Proposed Revisions to IESs 2,3, and 4 issued by IFAC.

2. Are the sustainability learning outcomes sufficient and appropriate expectations for aspiring professional accountants? If not, please explain your reasons and indicate what changes you would support.

Overall response: No response

Detailed comments (if any):

3A. Do you support the proposal to create a new competence area for assurance? If not, please explain your reason and indicate what changes you would suggest.

Overall response: Agree (with no further comments)

Detailed comments (if any):

3B. Is the level of the proposed assurance competence area and learning outcomes at foundation level appropriate for aspiring for professional accountants? If not, please explain your reason and indicate what changes you would suggest.

Overall response: Agree (with no further comments)

Detailed comments (if any):

4. Are there any terms within the new and revised learning outcomes of IES 2, 3, and 4 which require further clarification? If so, please explain which terms and how they could be better explained or revised.

Overall response: Agree (with no further comments)

Detailed comments (if any):

5. Do you believe the adoption and implementation of the proposed revised IES 2, 3, and 4 will present any challenges to your organization? If yes, what challenges do you foresee?

Overall response: Agree, with comments below

Detailed comments (if any):

IESBA does not anticipate any challenges.

Part C: Request for General Comments

IFAC is also seeking comments on the matters set out below:

6. General comments are welcomed on all matters addressed in the proposed IES 2, 3, and 4 (See Appendices A to E). Where relevant, when making general comments, it is helpful to refer to specific paragraphs, include the reason for the comments and, where appropriate, make specific suggestions for any proposed changes to wording to fully appreciate the respondent's position. Where a respondent agrees with proposals in the exposure draft (especially those calling for a change in current practice), it is helpful to note the reason you agree.

Overall response: [See comments below](#)

Detailed comments (if any):

IES 2 – Technical Competence

With respect to the changes to IES 2, we support the proposed definitions providing precision that the learning outcome should include sustainability standards, be consistent with international standards, and reflect new ways to measure or analyze new types of data.

We also support adding “value chain” to the glossary as a conforming amendment. The proposed definition aligns with relevant sections of the proposed IESSA.

As a matter of drafting, for reasons of consistency, we suggest clarifying the reasons for using “sustainability disclosures and reports” and “sustainability disclosures”. For example, in Appendix A (a) Financial accounting, disclosure and reporting, (iv) reference is made to “sustainability disclosures and reports” while (v) refers only to “sustainability disclosures”.

IES 3 – Professional Skills

With respect to the changes to IES 3, we appreciate and welcome revised language emphasizing communication and a need to consider a wider range of audiences, as well as the increased importance of communication. The change regarding intellectual curiosity appropriately emphasizes the importance of aspiring professional accountants being adaptable and open to new ideas – a concept that aligns with the requirement in the IESBA Code for professional accountants to have an inquiring mind. Furthermore, we support the updates that have been proposed to emphasize working with experts and others. This will rapidly become the reality as corporate sustainability disclosures cover a much wider range of subject matters than elements of financial statements, and professional accountants may need to work more closely with, and use the work of, external experts in those subject matters. This is one of the reasons the IESBA is developing global ethics standards addressing using the work of an external expert to complement its proposed ethics (including independence) standards for sustainability reporting and assurance.

IES 4 – Professional Values, Ethics, and Attitudes

With respect to the changes to IES 4, we support the importance of an endeavor to reduce bias in communication, whether in formal reporting like sustainability disclosures prepared in accordance with a general-purpose sustainability reporting framework, or other communication channels. The IESBA Code recognizes that conscious and unconscious bias affects the exercise of professional judgement; therefore, it is crucial for training programs to incorporate an understanding of these constructs into the learning outcomes.

We particularly welcome several language changes within the IESs that have been updated for consistency with IESBA Code terminology and appreciate references to “relevant ethical requirements” to ensure that any IESBA Code updates are assumed in the learning outcomes. This approach aligns with the imperative of ethical behavior for professional accountants who are involved in sustainability reporting and assurance.

The integrated approach and importance of recognizing the connectivity between finance and sustainability is also a welcome enhancement. We agree that sustainability is not a topic to be addressed separately. The impact of the global sustainability landscape on business models, value chains, and strategies, as well as on governance, risks, and opportunities should be emphasized.

In summary, we believe that globally applicable ethics and independence standards are a critical part of the standards and regulatory infrastructure needed to support high-quality, trustworthy sustainability reporting and the proposed revisions to IESs 2,3, and 4 contribute to this objective. Accordingly, we strongly support IFAC’s efforts and welcome continuing cooperation between us to advance our mutual sustainability-related goals.