



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)	Financial Reporting Council
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Dawn Dickson Director - Professional Bodies Supervision
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Rhiannon Soper Project Manager – Qualifications and Learning
E-mail address(es) of contact(s)	r.soper@frc.org.uk
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.	Europe
	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.	Regulator or assurance oversight authority
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

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 FRC agrees with the revisions proposed and support the links to the IESBA Code of Ethics and IAASB terminology. We note language aligns to IFRS S1 and S2 but recognise that there are other sustainability reporting and assurance approaches which could be adopted in other jurisdictions and may not align with the language used. Although we do not believe that differing language will prevent jurisdictions from implementing the revised IESs, a glossary of terms would be useful.

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: [Agree, with comments below](#)

Detailed comments (if any): The learning outcomes are sufficient and appropriate. However, we note that there are no adjustments to the tax and economics learning outcomes to reflect sustainability. Sustainability issues can influence policy and decision making for both learning outcomes.

We do recognise and appreciate the challenges accounting educators face in developing syllabi to deliver these outcomes and for aspiring accountants to have sufficient work based professional experience related to sustainability. It is important educators are provided with adequate support to integrate these changes into syllabi and module delivery.

- 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 comments below](#)

Detailed comments (if any):

The new competence area for assurance differentiates between the audit of financial statements and other assurance engagement/assignment. This important distinction highlights the difference between audit and assurance as two separate competency areas, and effectively uses sustainability assurance as a relevant example.

We support the proposal that assurance is distinct from audit and should be treated as two separate competency areas.

We note that aspiring accountants must develop the core knowledge, competency and skills for financial audit and understand the difference between the audit of financial statements and

other assurance engagement. The emergence/development of Sustainability assurance requires aspiring accountants to have sufficient coverage during their training to understand the distinction with the audit of financial statements.

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 comments below](#)

Detailed comments (if any):

We agree that the level of the proposed assurance competence areas and learning outcomes at foundation level works for now. However, as sustainability assurance increases in importance there may be a need for learning at the intermediate level to address this.

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): No clarification required.

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

Overall response: [Neither agree/disagree, but see comments below](#)

Detailed comments (if any):

The FRC's purpose is to serve the public interest by setting standards of corporate governance, reporting and audit and by holding to account those responsible for delivering them. Our work underpins investor confidence which results in businesses more readily accessing the capital they need to grow.

As part of our independent oversight responsibilities, we will work with the UK Professional Accounting Bodies/Organisations who as IFAC members must comply with the revised IES 2, 3, and 4, and continue to deliver a high standard of audit and accounting education to aspiring students.

The FRC supports the proposed changes. We consider all UK Professional Bodies/Organisations will meet the revised requirements and do not expect any compliance issues.

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):

We agree with the integrated approach of embedding sustainability in the new IES. Embedding sustainability across accounting syllabi provides a more comprehensive academic experience than including sustainability in a separate IES. This is also consistent with the approach taken by the IASB and IAASB.

We recognise that there are other key developments facing accountants such as technological innovation which we feel could also have been included in the IES updates at this point in time.