



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)	PricewaterhouseCoopers International Limited
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Gilly Lord
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Jill Pate
E-mail address(es) of contact(s)	jill.pate@pwc.com
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.	Accounting Firm
	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):

While much of the accountancy profession's existing professional competences are transferable to sustainability reporting and assurance work, we agree that there are unique complexities related to this subject matter and, as a result, agree with the increased focus on sustainability in the IES to address these complexities.

We are generally supportive of the proposed revisions to IES 2,3 and 4 for sustainability with the following comment.

With IES 2(a)(vi) being amended to "Interpret financial statements, sustainability disclosures, and other disclosures and reports" it now overlaps with IES 2(a)(vii) "Interpret reports that include non-financial data and information" (since sustainability information can be non-financial). In addition, we believe "sustainability disclosures" may not be understood to include all reported sustainability information and would suggest broadening this to "sustainability reporting and related disclosures". Therefore, we suggest merging those two learning outcomes and expanding "sustainability disclosures" reference to "sustainability reporting" as follows: "Interpret reports that include financial and/or non-financial data and information, including financial statements and sustainability reporting and their related disclosures". The comment regarding changing references from "sustainability disclosures" to "sustainability reporting and related disclosures" applies throughout the exposure draft.

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):

While we believe that the sustainability outcomes added are appropriate and sufficient, we have included below our suggestions for further enhancements that we believe would make the wording more cohesive:

IES 2

- Consistent with the comments above we believe it would be helpful to clarify that reporting includes, but is not limited, to disclosures and would propose that competence area (a) is titled "Financial accounting, reporting and related disclosures" (instead of "Financial accounting, disclosure and reporting").
- We recommend the new learning outcome (a)(iv) be revised to "Evaluate the appropriateness of criteria used to prepare sustainability reports including disclosures" as "criteria" aligns more closely (than "policies") to the exposure draft for ISSA 5000 and how sustainability reports are generally prepared.
- For learning outcome (b)(i) we agree with the addition of setting metrics and targets and would further recommend specifying that data and information can be both qualitative and quantitative

given the specific focus on both of these types of information in sustainability reporting and disclosures. Suggested alternative wording could be “Prepare data and information (quantitative and qualitative), to support management decision making on topics including setting metrics and targets, planning and budgeting, cost management, quality control, performance measurement, and comparative analysis”.

- We agree with the addition of technology and value chain analysis to learning outcome (b)(i) and would also recommend clarifying that aspiring professional accountants apply technology and techniques to create data analysis to support decision making (e.g., technology and techniques are applied to various data analyses, which, in turn, support management decision making). Suggested alternative wording could be “Apply appropriate technology and techniques to create data analyses to support management decision making such as product costing, variance analysis, inventory management, budgeting, forecasting, and value chain analysis”.
- We agree with updates to learning outcome (b)(v) for services and metrics and targets and would recommend that the learning outcome also specifies that the evaluation of performance includes both financial and non-financial information given sustainability metrics will include both. Suggested alternative wording could be “Evaluate the financial and non-financial performance of an organization, its business segments, products and services against metrics and targets.”
- We recommend that learning outcome (c)(ii) is updated to reflect an appropriate time horizon. Suggested alternative wording could be “Analyze an organization’s cash flow and working capital requirements over an appropriate time horizon”.
- For learning outcome (c)(v) we feel that strategic factors as articulated may be perceived as only those under the organization's control, whereas certain factors, including those related to sustainability, are also often outside the organization's control (e.g., impact from others' actions, pandemics, wars, unpredictable extreme weather events, availability of water). Therefore, we suggest adding that the factors could be outside the organization's control. Suggested alternative wording could be “Evaluate capital investment decisions, using capital budgeting techniques and consideration of strategic factors, including factors that may or may not be within the organization’s control”.

IES 3

- For (b)(ii) we’d propose further expanding this learning objective to clarify that this includes developing effective communications that are two-way, given the importance of engaging in two-way communication with different audiences. We’d propose expanding the learning outcome as follows: “Develop and participate in clear and concise two-way communications with specific audiences”.
- In relation to (b)(vi) “Present informed views and ideas to influence others to provide support and commitment.” Accountant’s role will often be to “inform” and not “influence” others (especially in the case of auditors who should not be seen to “influence”). This point was raised in 2019 when responding to proposed revisions relating to ICT. Suggest “Present informed views and ideas to provide support to others.”
- We would recommend that learning outcome (b)(v) “Apply negotiation skills to reach solutions and agreements” is reinstated as we believe that this learning outcome provided for the behaviour necessary to address professional challenges. In addition, we would recommend that it is reinstated with the following focus: “Apply negotiation skills to reach solutions and agreements when addressing challenges.”
- We believe there is an opportunity in (d)(iv) “Apply delegation skills to deliver assignments” to expand this to include supervision, as one may delegate but still needs to supervise to some extent, therefore we propose revising the learning outcome to “Apply delegation and supervision, as appropriate, skills to deliver assignments.”

IES 4

- IES 4(b)(i) and (b)ii refer to explaining the importance of and applying relevant ethical requirements “to all professional activities”. We believe that all aspiring professional accountants should be able to explain the importance of and apply relevant ethical requirements in all contexts (i.e., not just “to all professional activities”) and suggest removal of “to all professional activities” from the end of these learning outcomes.

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

Detailed comments (if any):

We can see the benefits of splitting out assurance as it may help highlight differences in the learning outcomes; however, at the same time we feel the outcomes continue to have significant overlap; therefore there may be benefit in leaving audit and assurance together. Therefore, we have no strong preference on the approach applied.

If the Board chooses to proceed with the separation of Audit and Assurance competence areas, we would recommend considering that the learning outcomes are principles based and, in some instances, the proposed insertion of “sustainability” may be unnecessary. For example, in learning outcome IES 2 para 7 (f)(i) “Describe the elements, objectives, and phases involved in performing assurance engagements, including assurance of sustainability information”, the addition of “sustainability” could make the learning outcomes feel less relevant when performing an assurance engagement related to another subject matter. Furthermore, this proposed revision also means that further amendments might be required if certain types of other non-audit assurance engagements become more prevalent. Suggested alternative wording could be “Describe the elements, objectives, and phases involved in performing assurance engagements other than 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: [Disagree, with comments below](#)

Detailed comments (if any):

We believe that Assurance learning outcomes should remain at an intermediate level of proficiency (as is the case in the extant IES). To do otherwise represents a lowering of the expected proficiency level of aspiring professional accountants, which is inconsistent with the increased focus on non-audit assurance services.

Furthermore, foundation level proficiency for assurance of sustainability information would lead to inconsistent proficiency expectations when considered against both accounting for sustainability and the audit competence area (both are intermediate level proficiencies). For example,

- IES 2 learning outcome (a)(ii) “Apply International Financial Reporting Standards (IFRSs) or other relevant standards to transactions, facts and circumstances” which states that IFRSs include accounting standards issued by IASB as well as IFRS Sustainability Disclosure Standards issued by the ISSB. So in the Accounting competence area, aspiring professional accountants are expected to be able to “apply” the accounting standards but in the Assurance competence area they are only expected to “explain” the assurance standards (proposed learning outcome (f)(ii)). If aspiring professional accountants can “apply” the accounting standards it follows that they would also be expected to be able to “apply” the associated assurance standards (not just “explain” them). Suggested alternative wording for learning outcome (f)(ii) could be “Apply international standards on assurance or other relevant

assurance standards, laws, and regulations applicable to an assurance engagement other than the audit of financial statements.”

- In the Audit competence area, learning outcome (e)(iii) refers to assessing the risk of material misstatement whereas in the Assurance competence area, learning outcome (f)(iii) refers to describing the risk of material misstatement. Suggested alternative wording for learning outcome (f)(iii) could be “Assess the risks of material misstatement and consider the impact on an assurance engagement other than the audit of financial statements”.

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

Detailed comments (if any):

We recommend the following terms are defined in the glossary to IES:

- “sustainability reports” (introduced in IES 2(a)(iv))
- “systems-thinking” (introduced in IES 2 (l)(iii))

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):

In 2019 when revisions were made to IES 2,3 and 4 learning outcomes to reflect growing demand for information and communications technologies skills, IAESB issued implementation guidance. If member organizations found this implementation guidance to be useful, IFAC might consider gathering input from stakeholders and issuing something similar for this round of proposed updates to the learning outcomes, for example, guidance for measuring the application of “intellectual curiosity” (amongst other things).

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):

1. Our understanding is that the IAASB aims to issue the final International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements by the end of 2024. We recommend that IFAC continue to collaborate with the IAASB and IESBA during the respective further drafting processes to ensure consistency across the respective Standards.
2. IES 2 para 4, IES 3 para 4 and IES 4 para 6 refer to the Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015). Given the Framework includes certain nomenclature that is now outdated (e.g., includes references to "IAESB" which no longer exists, "member bodies" (which are now referred to on IFAC website as "member organizations") and contains a definition of "assessment" (which is proposed to be revised)), we recommend the Board review and update the framework.