



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)	The Institute of Chartered Accountants of India
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	The Institute of Chartered Accountants of India
Name(s) of contact(s) for this submission (or leave blank if the same as above)	The Institute of Chartered Accountants of India
E-mail address(es) of contact(s)	
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.	<u>Asia Pacific</u>
	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.	<u>Member body and other professional organization</u>
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	The Institute of Chartered Accountants of India (ICAI) is a statutory body established by an Act of Parliament, viz. The Chartered Accountants Act, 1949 (Act No.XXXVIII of 1949) for regulation and development of the profession of Chartered Accountants in the country. The Institute, functions under the administrative control of the Ministry of Corporate Affairs, Government of India. The ICAI is the largest professional body of Chartered Accountants in the world, with a strong tradition of service to the Indian economy in public interest.

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 proposals look to "embed sustainability - from analysis to reporting to assurance - across aspiring professional accountants' training". They also aim to provide a robust framework for the profession to develop capable accountants who produce, report, and assure sustainability information. The Exposure Draft plans to introduce new principles that emphasize integrity, authenticity, equity and inclusion. The Accounting profession leads the world in this educational innovation.

However, it is proposed that in Appendix A: Proposed learning outcomes changes to IES 2, Initial Professional Development "Technical Competence" point (iv) of "(c) Finance and financial management (Intermediate)" should be written as follows:

"(iv) Evaluate the appropriateness of the components used to calculate an organization's cost of capital on Investment, **Social Cost and Social Return.**"

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 the sustainability learning outcomes sufficient and appropriate expectations for aspiring professional accountants are crucial consideration, these outcomes should be capable to equip accountants with the necessary knowledge and skills to address sustainability challenges effectively. No plan appears on how professional bodies can collaborate for enhancing sustainability education.

'Focused learning outcomes' and 'supportive learning outcomes' are two legs of IPD.

Features of Sustainability-focused learning outcomes:

- Students will be able to define sustainability and identify major sustainability challenges.
- Students will have an understanding of the carrying capacity of ecosystems as related to providing for human needs.

- Students will be able to apply concepts of sustainable development to address sustainability challenges in a global context.
- Students will identify, act on, and evaluate their professional and personal actions with the knowledge and appreciation of interconnections among economic, environmental, and social perspectives.

Sustainability-supportive learning outcomes:

- Students will be able to demonstrate an understanding of the nature of systems.
- Students will have an understanding of their social responsibility as future professionals and citizens.
- Students will be able to accommodate individual differences in their decisions and actions and be able to negotiate across these differences.
- Students will be able to analyse power, structures of inequality, and social systems that govern individual and communal life.
- Students will be able to recognize the global implications of their actions.

Therefore, the proposed changes must indicate at Inter and Final level, how these outcomes will be met by the Exposure Draft.

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 proposal to create a new competence area for assurance is a significant step. There should be clarity (scope and boundary defined), integration (seamless integration with existing competencies), practical skills (real world scenarios).

ICAI supports the proposal to create a new competence area for assurance. However, the focus is to be on building a body of knowledge for IQA. The objective has to be to contribute a theoretical framework that supports professional development of IQA. A 'profession' is an expertise in a particular area and not master of all subjects.

Further, minimum levels of proficiency work well for a broad-based qualification. However, they may be difficult to achieve for niche professional accountancy bodies who specialize in one area of accounting or accounting with related areas.

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):

At Foundation level mostly the course content is 'Accounting', 'Economics', 'Business Laws' and 'Quantitative aptitude' in most of the countries. 'Economics' is a different profession and 'accounting profession' is altogether different. Therefore, Micro and Macro Economics do not improve competence in the core subject of accounting profession.

Further, it would be preferable to have four levels the learning system: Foundation, Inter, Final and Expertise. This is because "Expertise" cannot be achieved in 3 years of learning at Foundation, Inter and Final Level and qualifying as a professional.

The core competencies in any profession are knowledge, skills and attitudes. The ED focuses much on knowledge and skill than attitude.

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 comments below

Detailed comments (if any):

The Exposure Draft proposes change in language from 'well-reasoned' to 'informed' conclusions and to remove 'make decisions' in IES 2, 3, and 4.

The term 'conclusion' is intended whereas, the term 'decision' means to stand firmly behind it. Though 'conclusions' are important than 'decisions', a professional has to make 'decisions' and not mere 'conclusions'. The term 'conclusions' is relevant for tax laws and some other statutes and not for 'accounting' professions.

Further, the new term 'setting metrics and targets' in Appendix-A says it reflects the feedback on new ways to measure data, including sustainability metrics, as well financial and performance metrics. Explanation may be added on how the metrics are set and how to systematically set goals and metrics in Accounting Profession?

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: Agree, with comments below

Detailed comments (if any):

Adoption and implementation of the proposed / revised IES 2, IES 3 and IES 4 may indeed pose a few challenges for ICAI. Potential challenges could include:

1) Technical Competence Enhancement:

- Ensuring aspiring professional accountants develop the required technical competence by the end of Initial Professional Development (IPD) can be demanding.
- Balancing practical skills, theoretical knowledge, and real-world application is crucial.

2) Integration of Sustainability Concepts:

- Embedding sustainability "from analysis to reporting to assurance" requires alignment with existing curriculum.
- Integrating concepts like systems thinking, value chains, and scenario analysis may necessitate curriculum adjustments.

3) Multi-Disciplinary Collaboration:

- Emphasizing working with experts and in multi-disciplinary teams may require fostering collaboration across disciplines.
- Coordinating efforts among professionals from diverse backgrounds can be challenging.

4) Professional Skepticism / ICT Skills:

- Addressing the revised learning outcomes related to professional skepticism and information and communications technologies (ICT) demands targeted training.
- Ensuring accountants are well-versed in digital tools and maintain a critical mindset is essential.

If organizations put student learning first, resolutely, the organizations will always be relevant and comprehensive. However, to put students first, organizations must take care of the people curating their learning experiences so that they can be their best selves for the students. An important part of educating students is modelling the type of behaviours we would like to see in them. This is why respect, diversity, equity and open-mindedness should prevail throughout the school ecosystem, at all levels. The Education Standards differ among developed countries and developing countries. Literacy level, intellectuality, concentration, economic viability and many more factors differentiates developed countries from

developing countries. Therefore organizations / Countries who have bottlenecks in implementing international standards must be supported adequately by IFAC to bring up their standard to international level.

In summary, while the proposed changes enhance sustainability education, organizations must navigate these challenges effectively to prepare future accountants.

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):

This title refers to the distinction between technical or cognitive competence versus non-technical or affective competence, which is now a clearly recognised distinction in professional education. There is more logic and less repetition between the coverage of each individual standard. The Standards are more consistent, using broader competences which allows a greater flexibility of approach for syllabus developers to meet diverse local and stakeholder needs, while still promoting the core skills and competence that all professional and aspiring accountants need to acquire.

In education, the concept of standards includes both the description of what is to be learned and taught (the curriculum) and the results of assessments.

Educational assessments measure the extent to which learners have acquired knowledge, skills and understanding in a particular field, together with their ability to apply what they have learned. The outcome of an assessment may be reported as a mark or grade, or simply as pass or fail. When the outcome of an assessment is pass or fail, for example with a driving test, a pass result indicates that the learner has reached the minimum standard required to be regarded as competent, but it does not indicate whether or not he has excelled as a driver.

Therefore, the International Education standards must put the standards to the test 'whether a passed student has the capability to excel in the field?'. There must be a system to rank the organizations that meet the International Education Standards.

