

SUSTAINABILITY EDUCATION FOR ASPIRING AND PROFESSIONAL ACCOUNTANTS – BACKGROUND INFORMATION

IFAC and the International Education Standards

1. IFAC is responsible for the maintenance of the International Education Standards (IESs) in the public interest. The IESs establish requirements for (a) entry to professional accounting education programs, (b) initial professional development of aspiring professional accountants, and (c) continuing professional development of professional accountants.
2. The IESs, and accompanying implementation support material and application guidance, are developed for use by IFAC member bodies and other stakeholders, including education providers, employers, regulators, and the public sector.
3. Projects to consider revisions to the IESs are initiated and executed by IFAC staff and the International Panel on Accountancy Education (IPAE). The IPAE is not an independent standard setting board, and standards revisions are not independent of the accountancy profession. The IESs are authoritative standards and future standards revisions will be subject to due process. The IFAC Board is responsible for the monitoring of this due process in accordance with approved criteria, and the final endorsement of standards revision¹.

Overview of the Sustainability Project

4. The IPAE has initiated the Sustainability Reporting Project (SRP). The SRP is driven by the overall focus on professional competence and the evolution of the technical competence, professional skills, professional values, ethics and attitudes and practical experience, needed by professional accountants to enable them to perform a role as part of sustainability-related reporting, and related assurance services.
5. The SRP responds to the significant shift in stakeholder demands for relevant and reliable, decision-useful sustainability-related reporting, and assurance. Premised on obtaining sufficient evidence through information gathering activities, the primary SRP objectives are:
 - (i) critically assess whether the IESs effectively support professional accountants in competently implementing sustainability reporting standards and conducting sustainability related assurance services,
 - (ii) evaluate whether IES revision is supported by the evidence obtained, and

¹ Standards revision includes revising extant standards or issuing new standards.



- (iii) establish whether other publications such as non-authoritative guidance, thought leadership or published Panel observations should be developed and issued.
- 6. The SRP encompasses the competencies needed to address business models, processes, controls, and measurement underpinning sustainability related disclosure requirements. For example, potential IES revisions are not limited to learning outcomes on reporting, as corporate reporting is the output. The potential breadth of impact on accountancy education is illustrated in the initial four focus areas described in paragraph 10.
- 7. Sustainability is broad conceptually and in its application. To provide focus that will support meaningful stakeholder impact, the SRP uses IFRS S1 and S2 as the baseline against which skills and competencies will be evaluated. This approach is not a purposeful exclusion of other existing and new sustainability frameworks (e.g., Global Reporting Initiative, European Sustainability Reporting Standards); rather, the approach will provide a focus consistent with IFAC’s ISSB support (and consistent with IFAC support for high-quality, globally recognized standard setting bodies including IAASB, IESBA, and IPSASB). Sustainability related skills and competencies are framework agnostic.
- 8. The SRP is being led by the Sustainability Working Group (SWG), which consists of qualified individuals from the IPAE, IFAC and other organizations.

Information gathering framework

- 9. The SRP will follow a systematic process of identifying the skills and core competencies most aligned with sustainability-related reporting and identifying additional competence areas or learning outcomes that may be required. In other words, “what hasn’t changed” and “what’s new.” The SWG believes this approach will stimulate input centered around the transferability and integration of aspiring and professional accountant’s skills and competencies between financial reporting and sustainability reporting. This approach is also purposefully not characterized as a gap analysis.
- 10. Four focus areas have been identified that will guide the discussions:

	Focus area	What hasn’t changed	What’s new
1	Business acumen	<p>We understand and evaluate changing business models.</p> <p>We understand regulatory, industry and other external factors in an entity’s operating environment.</p> <p>We evaluate the impact of strategic business decisions to assess the risk of material</p>	<p>A greater breadth and depth of understanding governance, strategy, and risk and whether its disclosure is a complete, neutral, and an accurate depiction of its <i>sustainability-related financial information</i>.</p> <p>Changing business models in the context of the global sustainability landscape, and the impact on an entity.</p>



	Focus area	What hasn't changed	What's new
		<p>misstatement to financial information and reporting.</p> <p>We are often involved in developing or evaluating an entity's response to risk.</p>	<p>Rationale for business decisions that either support or are contrary to sustainability-related financial information.</p> <p>Sustainability-related risks and opportunities.</p> <p>Sustainability-related financial and non-financial data and information will inform the decision making of internal (management) and external (investors) users.</p>
2	Behavioral competence	<p>Our existing behavioral competence includes:</p> <ul style="list-style-type: none"> • Analytical thinking • Resilience, flexibility, and agility • Curiosity and life-long learning • Intellectual agility • Collaborative working • Professional judgement and professional skepticism 	<p>Intellectual curiosity, critical thinking, agility, and life-long learning to effectively respond to the new opportunities presented by sustainability-related reporting.</p> <p>Enhanced collaboration through understanding the scope, underlying methods used, judgments made, and conclusions reached by experts and specialists (e.g., engineers, scientists).</p> <p>Professional judgment and professional skepticism will be applied in the context of (i) sustainability-related disclosures including whether there are incomplete, omitted, or misleading disclosures, and (ii) whether underlying financial and non-financial data and information is relevant and reliable.</p>
3	Technical expertise	<p>We interpret reports that include non-financial data and information.</p> <p>We analyze data and information to support management decision making.</p> <p>We analyze the adequacy of systems, processes and controls for collecting, generating, storing, accessing, using or sharing data and information.</p>	<p>Knowledge, skills, practical experience, and competencies such as:</p> <ul style="list-style-type: none"> - the ability to understand, apply and evaluate new reporting standards (e.g., IFRS S1 and S2) - the ability to understand and apply assurance standards (e.g., ISAE 3000 or ISSA 5000) to assurance engagements on sustainability-related disclosures; - the ability to design, implement or evaluate processes and systems of internal control to produce reliable sustainability-related information. - Understanding different ways to measure, including science-based metrics



	Focus area	What hasn't changed	What's new
			- Understanding energy flows and emission sources
4	Ethical Behaviors	<p>We are expected to adhere to the fundamentals of the IESBA Code of Ethics, including professional competence and due care.</p> <p>We are required to attain and maintain professional knowledge and skill to deliver quality services based on current technical and professional standards.</p>	<p>Increased risk of management bias where there are new pressures to achieve disclosed long-term strategic commitments.</p> <p>Inadvertent or intentional greenwashing.</p>

11. Each of the focus areas can be viewed through the lenses of:
- i. initial professional development and continuing professional development.
 - ii. professional accountants in business (“preparers”) and professional accountants in public practice (“auditors”).

Questions from the Sustainability Working Group (SWG)

12. The SWG invites feedback on the following questions that are guided by each of the four focus areas:

- A. What existing knowledge, skills and behaviors of aspiring and professional accountants is most relevant to sustainability-related reporting and assurance, in the context of IFRS S1, S2 and proposed ISSA 5000? (“What hasn’t changed?”)
- B. What new knowledge, skills and behaviors need to be developed, or have more emphasis placed thereon, in aspiring and professional accountants to enable them to deliver quality sustainability-related reporting and assurance services, in the context of IFRS S1, S2 and proposed ISSA 5000? (“What’s new?”)
- C. Are there other focus areas that you think should be considered?
- D. What are the biggest challenges for aspiring and professional accountants to obtain the competencies needed to perform quality sustainability-related reporting and assurance services?



Other relevant literature

13. The below literature provides additional context to the work of IFAC, the IFRS Foundation and the IAASB on sustainability reporting. We encourage stakeholders to familiarize themselves with these documents prior to participation in our stakeholder outreach events.

- (i) [IFAC \(2023\). VIDEO: Sustainability & Education: What's new and What Hasn't Changed](#)
- (ii) [IFRS Foundation \(2023\). Ten things to know about the first ISSB Standards](#)
- (iii) [IFAC \(2021\). Enhancing Corporate Reporting: Sustainability Building Blocks](#)
- (iv) [IFAC \(2021\). IFAC's Vision for High Quality Assurance of Sustainability Information](#)
- (v) [IFRS Foundation \(2023\) Project Summary: IFRS Sustainability Disclosure Standards](#)