

Exposure Draft
April 2024
Comments due: July 24, 2024

International Education Standards (IESs)

Proposed Revisions to IES 2, 3, and 4 – Sustainability



This Exposure Draft was approved by the International Federation of Accountants® (IFAC®).

IFAC is the global organization for the accountancy profession. We serve the public interest by working with our member organizations to help ensure a skilled, knowledgeable, and ethical workforce of professional accountants around the world; by contributing to the development of sustainable private and public sector organizations; and by supporting strong international financial markets and economies. IFAC's membership comprises more than 180 professional accountancy organizations in over 135 jurisdictions, representing more than 3 million professional accountants in public practice, industry, government and education.

REQUEST FOR COMMENTS

The proposals in this Exposure Draft may be modified in light of comments received before being issued in final form. **Comments are requested by 24 July 2024.**

Use of Response Template

Respondents are asked to submit their comments electronically through the Response Template available on the IFAC website, using the “[Submit Comment](#)” button. The response template has been developed to facilitate responses to the questions in the Explanatory Memorandum. Use of the template will facilitate our automated collation of the responses.

Please note that first-time users must register. All comments will be considered a matter of public record and will ultimately be posted on the website.

This publication may be downloaded from the IFAC website: www.ifac.org. The approved text is published in the English language.

EXPLANATORY MEMORANDUM

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Introduction

1. This memorandum provides background to, and an explanation of, the Proposed Revisions to International Education Standards (“IESs”) 2, 3, and 4 – Sustainability. The IESs improve the quality of professional accounting education worldwide by prescribing requirements for:
 - Entry to professional accounting education programs;
 - Initial Professional Development (“IPD”) of aspiring professional accountants; and
 - Continuing development (“CPD”) of professional accountants.
2. IFAC is responsible for maintaining and promoting the IESs and overseeing the standards revisions process. IFAC is supported by the International Panel on Accountancy Education (“IPAE” or the “Panel”), who has a mandate to monitor and advise IFAC on developments relevant to accountancy education, including on the need for revisions to, or creation of new IESs. The Panel endorses the content of, and consultation process followed in the development of, new/revised IESs for recommendation to the IFAC Board. The IFAC Board provides oversight and final approval of new/revised IESs.

Background

Extant IESs

3. IES 2, 3, and 4¹ prescribe the learning outcomes that are to be achieved by aspiring professional accountants by the end of IPD. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area.

Information Gathering Activities

4. Recent years have seen a significant shift in demand from both internal and external stakeholders for sustainability-related information. Voluntary frameworks, like those issued by the Sustainability Accounting Standards Board, the Task Force of Climate-related Financial Disclosures, and the Global Reporting Initiative, have seen increased use by companies and organizations around the world². New international reporting³, assurance⁴, and ethical⁵ standards have been, or are in the process of being, developed and adopted. Likewise, numerous supranational and local jurisdictional sustainability requirements are being proposed or implemented.

¹ IES 2, *Initial Professional Development – Technical Competence (2021)*; IES 3, *Initial Professional Development – Professional Skills (2021)*; and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes (2021)*

² As noted in IFAC’s publication: [The State of Play: Sustainability Reporting and Assurance, 2019-2022 Trends & Analysis](#).

³ *International Financial Reporting Standard (IFRS) S1 General Sustainability-related Disclosures* and *IFRS S2 Climate-related Disclosures* were issued in June 2023. The International Public Sector Accounting Standards Board is working on a climate-related disclosure standard equivalent for the public sector.

⁴ The International Auditing and Assurance Standards Board (IAASB) aims to issue the final *International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements* by the end of 2024.

⁵ In January 2024, the International Ethics Standards Board for Accountants (IESBA) issued two exposure drafts for consultation, *International Ethics Standards for Sustainability Assurance (including International Independence Standards (IESSA) and Using the Work of an External Expert*.

5. The accountancy professional will play a key role in providing high quality, sustainability-related information and services. To help aspiring professional accountants prepare to meet these new demands, the Panel initiated the Sustainability Reporting Project (“SRP”) to consider whether any revisions to the existing IESs for IPD were needed. As a result, the following information gathering activities were undertaken:
- Stakeholder outreach engagement, including more than 70 discussions with preparers, auditors, investors, academics, sustainability professionals, regulators, and professional accountancy organizations around the world.
 - A global stakeholder survey was conducted. This was issued in Arabic, English, French, Portuguese, and Spanish, and received more than 340 responses from 80 countries.
 - An accountancy education literature review, [Educating Accountants for a Sustainable Future](#), was published in partnership with the International Association for Accounting Education & Research.

Findings from Information Gathering Activities

6. The findings obtained from the above activities are summarized as follows:
- A clear message from stakeholders that while much of the accountancy profession’s existing professional competences are transferable to new sustainability reporting and assurance work, there is a need to focus on sustainability in the IES to address market demand in a number of areas. This feedback was summarized in IFAC’s publication [Equipping Professional Accountants for Sustainability: What’s New and What Hasn’t Changed](#).
 - Support from the majority of these stakeholders for a range of standard setting development activities, including updates to the extant IESs for IPD and the development of non-authoritative guidance, to address the changing skillsets needed by professional accountants, both now and in the future.

Decision to Revise and Add New Learning Outcomes

7. Following a full discussion of the information gathering findings, the Panel concluded that the extant IESs did not sufficiently address the competence areas and learning outcomes needed in areas of sustainability for professional accountants to perform their roles competently, now and in the future. As a result, the Panel decided to proceed with a revision project that revises learning outcomes to incorporate sustainability in the extant IES 2, 3, and 4. The Panel may also consider issuing non-authoritative guidance in the future to support the SRP.

Public Interest Objective

8. The growing demand for high-quality, decision-useful sustainability disclosures from a wide range of stakeholders, including government, regulators, and the public, is impacting the professional competences and behaviors aspiring professional accountants need to perform their roles. Identifying the sustainability-related competencies needed by professional accountants serves the public interest by enabling the accounting profession to provide high quality services whether working as accountants in business, the public sector or public practice.

Significant matters

9. This section describes the significant matters considered and the resulting decisions that the Panel has taken to propose revisions and additional learning outcomes to the competence areas of extant IES 2, 3, and 4.

Integrated approach

10. The findings summarized in IFAC's publication, [*Equipping Professional Accountants for Sustainability: What We Have and What We Need*](#), stressed the importance of professional accountants being systems-thinkers, who recognize the connectivity of finance and sustainability. Sustainability is not a topic to be considered in isolation. Rather, the professional accountant should consider the impact of the global sustainability landscape on business models, value chains, and strategies, as well as on governance, risks, and opportunities.
11. With this in mind, the Panel concluded that drafting a new IES or competence area solely focused on sustainability would not be a suitable approach. Instead, it determined it was more appropriate to review the extant competence areas and learning outcomes within IES 2, 3, and 4 and integrate any updates.
12. Each extant competence area and its respective learning outcomes were reviewed individually across IES 2, 3, and 4. For each, the Panel considered the following:
 - Based upon the findings from the information gathering, is the competence area relevant to sustainability-related services that professional accountants will deliver?
 - If so, does the language of the extant learning outcomes need to be updated to incorporate relevant sustainability concepts? Where the current wording or terminology is already broad enough to incorporate sustainability concepts, then no changes were proposed. For example, learning outcomes (i) and (ii) in *IES 2 (b) Management accounting* include reference to budgeting. Budgeting processes are relevant to both financial and sustainability issues, as, for example, budgets can be set for monetary spend, as well as greenhouse gas emissions.
 - Where extant learning outcomes were viewed as not sufficiently addressing relevant sustainability concepts, amendments or new learning outcomes were proposed. In these cases, consideration was given to the use of the appropriate directive verb which describes the level of learning required.

Global baseline for IPD

13. International sustainability-related reporting, assurance, and ethical standards have developed rapidly in the past years. Readiness for adoption and implementation, however, is variable from jurisdiction to jurisdiction, with some more mature than others.
14. The IESs provide a global baseline of education for aspiring professional accountants. A key consideration in drafting these proposals is balancing the need to prepare aspiring professional accountants for new sustainability standards, and potential risk of overloading IPD requirements.
15. The proposals aim to provide balance, by setting out an appropriate minimum education standard at a global level based on demand for accountants to perform high quality, sustainability-related services. IFAC recognizes that some individual IFAC member organizations may wish to adopt (or may have already adopted) sustainability learning outcomes that go beyond these proposals.

New assurance competence area

16. Demand for sustainability assurance engagements is likely to grow, both to meet regulatory requirements, as well as to address investor needs. The accounting profession needs to make sure aspiring professional accountants receive adequate education to address this.
17. The extant IESs currently combine audit and assurance into one competence area. The extant learning outcomes are heavily weighted towards one specific type of assurance, the audit of financial statements. Out of the seven learning outcomes in the extant competence area, only one addresses general assurance principles.
18. The Panel discussed how to incorporate a greater focus on assurance. Audit is often viewed as a core subject for many accounting curriculums and forms a key area of practical experience for many aspiring professional accountants. Accordingly, the Panel determined the overall balance and proficiency should remain weighted towards the audit of financial statements. However, given the importance of assurance, its coverage should be expanded.
19. To do this, a new competence area has been created to separate out assurance from audit of the financial statements. It features four learning outcomes, which are based upon the language in IES 2(e) Audit (i), (ii), (iii), and (v), while using foundation levels of proficiency directive verbs.
20. This aims to ensure IPD programs cover sustainability assurance concepts at the appropriate and balanced level. It is anticipated that some jurisdictions may choose to teach sustainability assurance to a higher level during IPD, however, the Panel took the view that at this stage, this represented a more appropriate global baseline.

Business acumen and behavioral competencies

21. In addition to being able to provide high-quality sustainability-related reporting and assurance services, feedback from information gathering emphasized the need for further development of business acumen and behavioral competencies for sustainability. Professional accountants will need to be systems-thinkers, who consider the impact of the global sustainability landscape on business models, value chains, and strategies. They will need to be capable of recognizing connectivity of financial and sustainability risks and opportunities and provide management high-quality sustainability-related information to support informed decision-making. This will require professional accountants to collaborate and work in a multi-disciplinary fashion, while being curious and adaptive.
22. Addressing this feedback in the IESs is not straightforward. There is no single competence area or learning outcome which could address this individually. Much like the approach to integrate sustainability across the IESs, the Panel has sought to incorporate these competencies throughout relevant technical and professional skills competence areas, such as IES 2 (b) Management accounting, (c) Finance and financial management, (j) Business and organizational environment, and (l) Business strategy and management and IES 3 (a) Intellectual, (b) Interpersonal and communication, and (c) Personal.
23. Updates for new behaviors and professional skills were given careful consideration noting that learning outcomes must be capable of being assessed. For example, a learning outcome asking for a professional accountant 'to be adaptable' cannot easily be assessed. Therefore, the Panel has given careful consideration for how to translate an underlying concept like adaptability into an assessable learning outcome. For adaptability for example, IES 3 learning outcomes have been updated to include evaluating 'new data and information' and applying 'intellectual curiosity to

emerging ideas and practices’, both of which provide meaningful ways to demonstrate and assess adaptivity, without specifically using the term.

Informed conclusions

24. A number of extant learning outcomes across IES 2, 3, and 4 include language on reaching ‘well-reasoned conclusions’. The Panel discussed the appropriateness of the extant terminology. A ‘well-reasoned conclusion’ was viewed as an internal, logical thought process, supported by evidence. Given feedback on the importance of collaboration, working in multi-disciplinary teams, and taking a connected, systems-thinking approach to sustainability, the Panel decided this should be updated to ‘informed conclusions’. An informed conclusion in contrast, implies a greater focus on an individual seeking out reliable external sources and perspectives, and critically evaluating this information against their own knowledge.

Standard modernization

25. In addition to the above matters discussed, where appropriate, to increase the longevity of the updates, the Panel modernized language and terminology, for example, in relation to diversity, equity, and inclusion (IES 3 (b)(iii)) or reference to ‘facts and circumstances’ (IES 2(a)(i)). These modernization changes have been limited in scope and did not seek to update the standards for potential future projects outside the scope of the SRP, such as the use of artificial intelligence. Appendix A provides a detailed explanation of the rationale for all proposed learning outcome changes, including these modernization updates.

Proposed Way Forward and Effective Date

26. This exposure draft proposes revisions to IES 2, 3, and 4. IFAC staff, the Panel, and the Sustainability Reporting Project Working Group will analyze and deliberate on comments from respondents on this Exposure Draft with an aim of seeking IFAC Board approval of the proposed revisions at its November 2024 meeting.
27. As a result, the Panel has provisionally recommended that IES 2, 3, and 4 will be effective for implementation 19 months after final IFAC Board approval (approximately July 1st, 2026) to enable IFAC member organizations time to translate the standards and develop appropriate processes for their implementation. Earlier adoption would be permitted and encouraged. It is in the interests of IFAC member organizations and other interested stakeholders who use the IESs to release the standards as soon as they are approved to facilitate their implementation.

Proposed Conforming Amendments

28. The Exposure Draft for the proposed revisions to IES 6, Assessment of Professional Competence, includes a number of conforming amendments to IES 2, 3, and 4. For ease of reviewing the sustainability proposals, these have not been included in draft proposals set out in Appendices D and E. For details of the IES 6 conforming amendments, please refer to the separate IES 6 Exposure Draft.
29. The Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (“the Framework”), includes a quote from a learning outcome in IES 2: *An example of a learning outcome for the technical competence of a professional accountant working in a financial accounting role is to “prepare financial statements, including consolidated financial statements, in accordance with International Financial Reporting Standards (“IFRSs”) or other relevant standards”.* A conforming amendment is proposed to align it with the proposed

updates in IES 2 to: “*prepare financial statements, including consolidated financial statements, and sustainability disclosures, in accordance with International Financial Reporting Standards (“IFRSs”) or other relevant standards*”.

30. The following glossary terms are to be added to the revised Glossary of Terms for International Education Standards.

Scenario analysis – A process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty.

Value chain – The value chain is a reporting concept that is defined, described or otherwise specified in the applicable sustainability reporting framework.

Guide for Respondents

Request for Specific Comments

31. With reference to appendices A to E, please respond to the questions below:

Question 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.

Question 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 suggest.

Question 3. Do you support the proposal to create of a new competence area for assurance? Is the level of the proposed assurance competence area and learning outcomes at foundation level, appropriate for aspiring professional accountants? If not, please explain your reasons and indicate what changes you would suggest.

Question 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.

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

Request for General Comments

32. 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.

Appendix A: Proposed learning outcomes changes to IES 2, Initial Professional Development – Technical Competence

Proposal	Rationale
(a) Financial accounting, <u>disclosure</u> and reporting (Intermediate)	The title of this competence area has been updated to financial accounting, disclosure and reporting. This reflects the proposed updates to incorporate sustainability disclosures and reports into the learning outcomes.
(i) Apply accounting principles to transactions, <u>facts</u> , and <u>circumstances other events</u> .	Language updated to reflect the use of ‘facts and circumstances’ for consistency with international standards.
(ii) Apply International Financial Reporting Standards (IFRSs) ² or other relevant standards to transactions, <u>facts</u> , and <u>circumstances other events</u> . ² <u>IFRSs include IFRS Accounting Standards issued by the International Accounting Standards Board, as well as IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board.</u>	IFRSs include IFRS Accounting Standards issued by the International Accounting Standards Board, as well as IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board. These include IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures). Updated to reflect the use of ‘facts and circumstances’ for consistency with international standards.
(iii) Evaluate the appropriateness of accounting policies used to prepare financial statements.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that for clarity, it would be more appropriate to create a new separate sustainability disclosure and reporting which mirrors the learning outcome for financial statements.</i>
<u>(iv) Evaluate the appropriateness of policies used to prepare sustainability disclosures and reports.</u>	This proposed learning outcome covers policies used for preparing sustainability disclosures and reports and mirrors learning outcome (iii).
(iv) Prepare financial statements, including consolidated financial statements, <u>and sustainability disclosures</u> , in accordance with IFRSs or other relevant standards.	Adding in references to sustainability disclosures alongside financial statements provides clarity that the learning outcome should include relevant sustainability standards.
(vi) Interpret financial statements, <u>sustainability disclosures</u> , and <u>other related disclosures and reports</u> .	Adding in references to sustainability disclosures and other disclosures and reports alongside financial statements provides clarity that the learning outcome should include sustainability standards.

Proposal	Rationale
(vij) Interpret reports that include non-financial data and information.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(b) Management accounting (Intermediate)	
(i) Prepare data and information to support management decision making on topics including <u>setting metrics and targets</u> , planning and budgeting, cost management, quality control, performance measurement, and comparative analysis.	The addition of 'setting metrics and targets' reflects the feedback on new ways to measure data, including sustainability metrics, as well financial and performance metrics. This language also aligns with IFRS S1 and S2 terminology.
(ii) Apply <u>appropriate technology and techniques</u> to support management decision making, including product costing, variance analysis, inventory management, and budgeting and forecasting, <u>and value chain analysis</u> .	<p>Technology addition reflects feedback on importance of technology for analysis of new types of data.</p> <p>Value chain analysis was added to reflect feedback on the importance of sustainability considerations in management accounting and strategic decision making.</p> <p>Value chain has been added to the glossary as a conforming amendment. The definition proposed aligns with the proposals from IESBA for the International Ethics Standards for Sustainability Assurance.</p>
(iii) Apply appropriate quantitative techniques to analyze cost behavior and the drivers of costs.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(iv) Analyze data and information to <u>consider alternatives and enable support management to make informed decisions making</u> .	Reflects feedback on the need to incorporate sustainability considerations in management accounting and strategic decision making. Considering alternatives brings in non-financial considerations for decision making. Inclusion of informed is for consistency with other changes made throughout IES 2, 3, and 4 (refer to discussion on (e) Audit (v) below).
(v) Evaluate the performance of <u>an organization and its products and</u> business segments, <u>products, and services against metrics and targets</u> .	<p>The performance of an organization was added to reflect sustainability metrics are likely to be measured at this level, rather than at business segment level.</p> <p>Services have been added to the learning outcome, so the focus is no longer solely on products.</p> <p>The addition of 'metrics and targets' reflects the feedback on new ways to measure data, including sustainability metrics, as well financial and</p>

Proposal	Rationale
	performance metrics. This language also aligns with IFRS S1 and S2 terminology.
(c) Finance and financial management (Intermediate)	
(i) Compare the various sources of financing available to an organization, including bank financing, financial instruments, and bond, equity and treasury markets.	<i>This learning outcome was discussed by the Panel; no sustainability specific changes were proposed. Sources of finance would include green finance. The Panel felt it would not be appropriate to call out green financing specifically, as it would narrow the learning outcome.</i>
(ii) Analyze an organization’s cash flow and working capital requirements.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(iii) Analyze the current and <u>anticipated future financial performance and</u> position of an organization, using techniques including ratio analysis, trend analysis, <u>and</u> cash flow analysis, <u>and scenario analysis</u> .	Terminology has been updated to align to terminology in IFRS S1 and S2. ‘Scenario analysis’ was added to reflect feedback on its increased importance to support management decision making.
(iv) Evaluate the appropriateness of the components used to calculate an organization’s cost of capital.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(v) <u>Evaluate capital investment decisions, using Apply</u> capital budgeting techniques <u>and consideration of strategic factors in the evaluation of capital investment decisions</u> .	Reflects feedback on the importance of factoring in sustainability considerations as part of a capital investment decision making, alongside financial factors. Strategic factors could include financial, sustainability, and strategic considerations in capital investment decisions. It was not considered appropriate to specifically call out sustainability as there are other relevant strategic factors that may need to be considered.
(vi) Explain income, asset-based, and market valuation approaches used for investment decisions, business planning, and long-term financial management.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(d) Taxation (Intermediate)	
(i) Explain national taxation compliance and filing requirements.	No changes are suggested to the learning outcomes for taxation. Relevant sustainability aspects of taxation are viewed as being included in understanding national tax calculations, tax planning and in non-complex international transactions.
(ii) Prepare direct and indirect tax calculations for individuals and organizations.	
(iii) Analyze the taxation issues associated with non- complex international transactions.	

Proposal	Rationale
(iv) Explain the differences between tax planning, tax avoidance, and tax evasion.	
(e) Audit <u>and assurance</u> (Intermediate)	Audit and assurance are proposed to be split into two separate competence areas. This reflects feedback on the growing importance of sustainability assurance engagements, while maintaining audit as the primary focus of the competence area’s learning outcomes.
(i) Describe the <u>elements</u> , objectives, and phases involved in performing an audit of financial statements.	Proposed update for language consistency with (f)(i) below.
(ii) Apply International Standards on Auditing (<u>ISAs</u>) or other relevant auditing standards, laws, and regulations applicable to an audit of financial statements.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(iii) Assess the risks of material misstatement in the financial statements and consider the impact on the audit strategy.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(iv) Apply quantitative methods <u>and appropriate automated tools and techniques that are</u> used in audit engagements.	Reflects feedback on the importance of technology and aligns with IAASB terminology.
(v) Identify relevant audit evidence, including contradictory evidence, to <u>inform</u> judgments, <u>make decisions</u> , and <u>reach informed well-reasoned</u> conclusions.	<p>The proposed change in language from ‘well-reasoned’ to ‘informed’ conclusions and to remove ‘make decisions’ has been made throughout IES 2, 3, and 4.</p> <p>A ‘well-reasoned conclusion’ was viewed as an internal, logical thought process, supported by evidence. Given feedback on the importance of collaboration, working in multi-disciplinary teams, as well as taking a connected, systems-thinking approach to sustainability, the Panel decided this should be updated to ‘informed conclusions’. An informed conclusion in contrast, implies a greater focus on an individual seeking out reliable external sources and perspectives, and critically evaluating this information against their own knowledge.</p> <p>‘Make decisions’ was removed to remove potential redundancy, as making decisions is implied in forming judgments and reaching informed conclusions. This improves the clarity of the learning outcome.</p>
(vi) Conclude whether sufficient and appropriate audit evidence has been obtained.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>

Proposal	Rationale
(vii) Explain the key elements of assurance engagements and applicable standards that are relevant to such engagements.	Removed as no longer relevant to audit only competence area. See IES 2(f) Assurance (i).
(f) Assurance (Foundation)	
(i) Describe the elements, objectives, and phases involved in performing assurance engagements, including assurance of sustainability information.	A new competence area has been created to separate out assurance from audit of the financial statements. It features four learning outcomes, which are based upon the language in IES 2(e) Audit (i), (ii), (iii), and (v), while using foundation level directive verbs. The competence area is ranked as Foundation level to correctly represent this. Refer to paragraphs in the Explanatory Memo for further information.
(ii) Explain international standards on assurance ³ or other relevant assurance standards, laws, and regulations, including those applicable to assurance of sustainability information.	
³ International standards on assurance are those standards issued by the International Auditing and Assurance Standards Board included in the International Framework for Assurance Engagements.	
(iii) Describe the risks of material misstatement and consider the impact on an assurance engagement.	
(iv) Identify relevant assurance evidence, including contradictory evidence, to form judgments, and reach informed conclusions.	
(gf) Governance, risk management, and internal control (Intermediate)	As side from two minor language amendments to emphasize broader reporting, the learning outcomes in this technical competence area are viewed as covering relevant sustainability issues implicitly.
(i) Explain the principles of good governance, including the rights and responsibilities of owners, investors, and those charged with governance; and the role of stakeholders in governance, disclosure, and transparency requirements.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(ii) Analyze the components of an organization's governance framework.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(iii) Analyze an organization's risks and opportunities using a risk management framework.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(iv) Analyze the components of internal control related to external financial reporting.	Financial changed to external to emphasize broader reporting.

Proposal	Rationale
(v) Analyze the adequacy of systems, processes and controls for collecting, generating, storing, accessing, using, or sharing, <u>or reporting</u> data and information.	Amended to add reporting as a focus.
(hg) Business laws and regulations (Intermediate)	As side from one minor language amendments to emphasize broader reporting, the learning outcomes in this technical competence area are viewed as covering relevant sustainability issues implicitly.
(i) Explain the laws and regulations that govern the different forms of legal entities.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(ii) Explain the laws and regulations applicable to the environment in which professional accountants operate.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(iii) Apply data protection and privacy regulations when collecting, generating, storing, accessing, using, or sharing, <u>or reporting</u> data and information.	Amended to add reporting as a focus and to align with above (f)(v).
(ih) Information and communications technology (Intermediate)	
(i) Explain the impact of Information and Communications Technologies (ICT) developments on an organization’s environment and business model.	The learning outcomes in this technical competence area were viewed as covering relevant sustainability issues implicitly. No amendments are proposed to this competence area.
(ii) Explain how ICT supports data analysis and decision making.	
(iii) Explain how ICT supports the identification, reporting, and management of risk in an organization.	
(iv) Use ICT to analyze data and information.	
(v) Use ICT to enhance the efficiency and effectiveness of communication.	
(vi) Apply ICT to enhance the efficiency and effectiveness of an organization’s systems.	
(vii) Analyze the adequacy of ICT processes and controls.	
(viii) Identify improvements to ICT processes and controls.	
(i) Business and organizational environment (Intermediate)	

Proposal	Rationale
(i) Describe the context <u>environment</u> in which an organization operates, including the primary <u>political</u> , economic, <u>sociocultural</u> , <u>technological</u> , <u>environmental</u> , legal, and regulatory, political, technological, social, and cultural aspects.	Environmental has been added to explicitly consider environmental considerations, which are a key aspect of sustainability. This list has been updated to reflect the order and terminology of 'PESTEL' models frequently used in education. Regulation, has been retained for clarity.
(ii) <u>Describe an organization's business model, including its value chain.</u>	New learning outcome proposed to reflect feedback about the importance of understanding business models and value chains. Language aligns with language in IFRS S1 and S2.
(iii) Analyze aspects of the global environment that affect international trade and finance.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(iv) Identify the features of globalization, including the role of multinationals and emerging markets.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(kj) Economics (Foundation)	
(i) Describe the fundamental principles of microeconomics and macroeconomics.	Competence area is taught only to the foundation level, therefore the Panel did not view it as appropriate to add an additional sustainability learning outcome. No amendments were made to this competence area.
(ii) Describe the effect of changes in macroeconomic indicators on business activity.	
(iii) Explain the different types of market structures, including perfect competition, monopolistic competition, monopoly, and oligopoly.	
(lk) Business strategy and management (Intermediate)	
(i) Explain the various ways that organizations may be designed and structured.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(ii) Explain the purpose and importance of different types of functional and operational areas within organizations.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(iii) Analyze the external and internal factors that <u>may affect influence</u> the <u>business model</u> , <u>value chain</u> , and the strategy of an organization <u>using a systems-thinking approach</u> .	Reflects feedback about understanding the impact of sustainability factors (whether external or internal) on business models and strategy of an organization. It also builds on the initial understanding of value chains described under "Business and organizational environment" above. Language aligns with IFRS S1 and S2.

Proposal	Rationale
	Systems-thinking approach to reflect feedback about the importance in context of wider strategic decision-making.
(iv) Explain the processes that may be used to develop and implement the strategy of an organization.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(v) Explain how theories of organizational behavior may be used to enhance the performance of the individual, team, and the organization.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>

Appendix B: Proposed learning outcomes changes to IES 3, Initial Professional Development – Professional Skills

Proposal	Rationale
(a) Intellectual (Intermediate)	
(i) Evaluate data and information from a variety of sources and perspectives through research, <u>collaboration</u> , integration, and analysis.	Proposal reflects feedback about the importance of working with a wider range of disciplines, including specialists.
(ii) Identify when it is appropriate to consult with specialists.	Learning objective proposed to be moved from (iii) to (ii) to cascade learning objectives more logically.
(iii) Apply critical thinking skills to solve problems, <u>inform</u> judgments, <u>make decisions</u> , and reach <u>informed well-reasoned</u> conclusions.	<p>Learning objective proposed to be moved from (ii) to (iii) to cascade learning objectives more logically.</p> <p>The proposed change in language from ‘well-reasoned’ to ‘informed’ conclusions and to remove ‘make decisions’ has been made throughout IES 2, 3, and 4.</p> <p>A ‘well-reasoned conclusion’ was viewed as an internal, logical thought process, supported by evidence. Given feedback on the importance of collaboration, working in multi-disciplinary teams, as well as taking a connected, systems-thinking approach to sustainability, the Panel decided this should be updated to ‘informed conclusions’. An informed conclusion in contrast, implies a greater focus on an individual seeking out reliable external sources and perspectives, and critically evaluating this information against their own knowledge.</p> <p>‘Make decisions’ was removed to remove potential redundancy, as making decisions is implied in forming judgments and reaching informed conclusions. This improves the clarity of the learning outcome.</p>
(iv) Recommend solutions to unstructured, multi-faceted problems.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(v) <u>Evaluate Respond-effectively to</u> changing <u>facts and</u> circumstances <u>or new information</u> to solve problems, <u>inform</u> judgments, <u>make decisions</u> , and reach <u>informed well-reasoned</u> conclusions.	<p>These proposals reflect feedback about the importance of intellectual agility.</p> <p>Changes for ‘facts’, ‘informed’ and to remove ‘make decisions’ are consistent language changes discussed in IES 2 and 3 above.</p>

Proposal	Rationale
(b) Interpersonal and communication (Intermediate)	
(i) Demonstrate <u>effective communication</u> , collaboration, <u>and</u> cooperation <u>when working within multi-disciplinary teams. and teamwork when working towards organizational goals.</u>	Language proposed to be updated to emphasize communication and collaboration with multi-disciplinary teams. It reflects feedback about the increased importance of communication and collaboration. Language was also updated to improve clarity of the learning outcome by removing teamwork and working towards organizational goals, which are already implied in the learning outcome language.
(ii) <u>Develop Communicate</u> clearly and concisely <u>communications for specific audiences when presenting, discussing, and reporting in formal and informal situations.</u>	Language proposed to be updated to emphasize communication and a need to consider a wider range of audiences. It reflects feedback about the increased importance of communication.
(iii) <u>Apply key concepts of diversity, equity, and inclusion in communication, considering and respecting Demonstrate awareness of cultural and language and contextual differences in all communication.</u>	Diversity, equity, and inclusion (DEI) is particularly relevant to sustainability. This language reflects the broader understanding of the importance of DEI, while referencing the need for a local, contextual application.
(iv) Apply active listening and effective <u>questioning interviewing</u> techniques.	This language change broadens the learning outcome to include for example, prompting for artificial intelligence which aligns with feedback on the importance of technology in sustainability reporting and assurance.
(v) Apply negotiation skills to reach solutions and agreements.	Learning outcome removed as was viewed as too advanced for new professional accountants. Learning outcome (v) below focuses on consultative skills and their application to conflicts and problem solving is more relevant to the intermediate level.
(vi) Apply consultative skills to minimize or resolve conflict, solve problems, and maximize opportunities.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(vii) Present <u>informed views and</u> ideas <u>and to</u> influence others to provide support and commitment.	Language updated to 'informed views' consistently with other changes.
(c) Personal (Intermediate)	
(i) Demonstrate a commitment to lifelong learning.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(ii) Set high personal standards of performance and monitor through reflective activity and feedback from others.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>

Proposal	Rationale
(iii) Manage time and resources to achieve professional commitments.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(iv) Anticipate challenges and plan potential solutions.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(v) Apply <u>intellectual curiosity an open mind</u> to <u>emerging ideas and practices new opportunities</u> .	Reflects feedback on the importance of aspiring professional accountants to be adaptable, and open to new ideas.
(vi) Identify the potential impact of personal and organizational bias.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(d) Organizational (Intermediate)	
(i) Undertake assignments in accordance with established practices to meet prescribed deadlines.	No updates were proposed to this competence area as the extant learning outcomes were viewed as covering relevant sustainability issues implicitly.
(ii) Review own work and that of others to determine whether it complies with the organization's quality standards.	
(iii) Apply people management skills to motivate and develop others.	
(iv) Apply delegation skills to deliver assignments.	
(v) Apply leadership skills to influence others to work towards organizational goals.	

Appendix C: Proposed learning outcomes changes to IES 4, Initial Professional Development – Professional Values, Ethics, and Attitudes

In general, the learning outcomes in IES 4 area were viewed as covering relevant sustainability issues implicitly. Proposals to update international assurance standards and ethical codes for sustainability engagements will also strengthen the application to sustainability.

Proposal	Rationale
(a) Professional skepticism and professional judgment (Intermediate)	
(i) Apply an inquiring mind when collecting and assessing data and information <u>from a variety of sources and perspectives</u> .	<p>Proposal emphasizes the increasing importance of an inquiring mind/professional skepticism and judgment in light of the increasing likelihood of needing to use the work of experts and others from a wide range of disciplines.</p> <p>Language of ‘variety of sources and perspectives’ aligns with IES 3(a)(i).</p>
(ii) Apply techniques to reduce bias when solving problems, <u>in</u> forming judgments, <u>making decisions, and</u> reaching <u>informed well-reasoned</u> conclusions, <u>and communicating with stakeholders</u> .	<p>Language has been updated for consistency with other changes on ‘informed conclusions’ and removing “making decisions” in IES 2 and 3.</p> <p>The addition of ‘and communicating with stakeholders’ reflects feedback about the risks of ‘greenwashing’ in sustainability reporting. A professional accountant should always endeavor to reduce bias in communications, whether in formal reporting (e.g., sustainability disclosures) or other communication mediums.</p>
(iii) Apply critical thinking when identifying and evaluating alternatives to determine an appropriate course of action.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(b) Ethical principles (Intermediate)	
(i) Explain the <u>nature of ethics importance of relevant ethical requirements to all professional activities</u> .	<p>The concepts in the IESBA Code (or local equivalent) are already essential to implementing the learning outcomes in IES 4.</p> <p>This proposal elevates the importance of relevant ethical requirements, like the IESBA Code (or local equivalent) which aligns with feedback about the growing importance of ethical behavior for sustainability engagements.</p> <p>Referring to relevant ethical requirements ensures that any IESBA Code (or local equivalent) updates are assumed in the learning outcomes.</p>

Proposal	Rationale
<u>(ii) Apply relevant ethical requirements to all professional activities.</u>	Extant (vi) has been moved up as it reflects a more appropriate sequencing of learning outcomes. Language has been updated for consistency with IESBA Code terminology.
(ii) Explain the advantages and disadvantages of rules-based and principles-based approaches to ethics.	This learning outcome was viewed as no longer relevant, given the principles-based approach of the IESBA Code and general global movement away from rules-based codes.
(iii) Identify threats to compliance with the fundamental principles of ethics.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(iv) Evaluate the significance of threats to compliance with the fundamental principles of ethics and respond appropriately.	<i>The Panel debated and considered potential revisions to this learning outcome and concluded that a sustainability specific revision is not needed.</i>
(v) Apply fundamental principles of ethics when collecting, generating, storing, accessing, using, or -sharing, or reporting data and information.	This proposal emphasizes the importance of ethics when reporting, which aligns with feedback on greenwashing risks. Other consistent language changes have been made throughout IES 2 and 3.
(vi) Apply the relevant ethical requirements to professional behavior in compliance with standards³.	Extant (vi) has been moved up as it reflects a more appropriate sequencing of learning outcomes. Language has been updated for consistency with IESBA Code terminology.
Footnote 3: Standards include auditing standards, accounting standards, and other standards related to the work being performed by the professional accountant.	Removed as part of the updates to move extant (vi) to (ii) and update language.
Commitment to the public interest (Intermediate)	
(i) Explain the role and importance of ethics within the profession and in relation to the concept of social responsibility.	No updates were proposed to this competence area as the extant learning outcomes were viewed as covering relevant sustainability issues implicitly.
(ii) Explain the role and importance of ethics in relation to business and good governance.	
(iii) Analyze the interrelationship of ethics and law, including the relationship between laws, regulations, and the public interest.	
(iv) Analyze the consequences of unethical behavior to the individual, the profession, and the public.	

Appendix D: Proposed Amendments to IES 2, 3, and 4 – Marked Up Extant Extracts IES 2, Initial Professional Development – Technical Competence (202X)

Introduction

Scope of this Standard (Ref: Para. A1–A6)

1. This International Education Standard (IES) 2 prescribes the learning outcomes for technical competence that aspiring professional accountants are required to achieve by the end of Initial Professional Development (IPD). Technical competence is the ability to apply professional knowledge to perform a role to a defined standard.
2. This IES 2 is addressed to International Federation of Accountants (IFAC) member bodies organizations. IFAC member bodies organizations have responsibility for ensuring that IPD meets the requirements of this IES 2. In addition, this IES 2 may be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. This IES 2 specifies the competence areas and learning outcomes that describe the technical competence required of aspiring professional accountants by the end of IPD. IES 3, *Initial Professional Development – Professional Skills (202X)*, and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes (202X)*, specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.
4. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)* are set out in the International Education Standards *Glossary of Terms (202X)*.

Effective Date

5. IES 2 is effective from July 1, 2026.

Objective (Ref: Para. A7)

6. The objective of IES 2 is to establish the technical competence that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.

Requirements

Learning Outcomes for Technical Competence (Ref: Para. A8–A12)

7. IFAC member bodies organizations shall prescribe the learning outcomes for technical competence to be achieved by aspiring professional accountants by the end of IPD. These learning outcomes shall include those listed in Table A.

Table A: Learning Outcomes for Technical Competence

Competence Area (Level of Proficiency ¹)	Learning Outcomes
(a) Financial accounting, <u>disclosure</u> and reporting (Intermediate)	(i) Apply accounting principles to transactions, <u>facts</u> , and <u>circumstances other events</u> .
	(ii) Apply International Financial Reporting Standards (IFRSs) ² or other relevant standards to transactions, <u>facts</u> , and <u>circumstances other events</u> .
	(iii) Evaluate the appropriateness of accounting policies used to prepare financial statements.
	<u>(iv) Evaluate the appropriateness of policies used to prepare sustainability disclosures and reports.</u>
	(iv) Prepare financial statements, including consolidated financial statements, <u>and sustainability disclosures</u> , in accordance with IFRSs or other relevant standards.
	(vi) Interpret financial statements, <u>sustainability disclosures</u> , and <u>other related</u> disclosures <u>and reports</u> .
	(vii) Interpret reports that include non-financial data and information.
(b) Management accounting (Intermediate)	(i) Prepare data and information to support management decision making on topics including <u>setting metrics and targets</u> , planning and budgeting, cost management, quality control, performance measurement, and comparative analysis.
	(ii) Apply <u>appropriate technology and</u> techniques to support management decision making, including product costing, variance analysis, inventory management, <u>and</u> budgeting and forecasting, <u>and value chain analysis</u> .
	(iii) Apply appropriate quantitative techniques to analyze cost behavior and the drivers of costs.
	(iv) Analyze data and information to <u>consider alternatives and enable support</u> management <u>to make informed</u> decisions <u>making</u> .
	(v) Evaluate the performance of <u>an organization and its products and</u> business segments, <u>products, and services against metrics and targets</u> .

¹ The level of proficiency for a competence area to be achieved by the end of IPD (as outlined in Appendix 1).

² IFRSs include IFRS Accounting Standards issued by the International Accounting Standards Board, as well as IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board.

Competence Area (Level of Proficiency ¹)	Learning Outcomes
(c) Finance and financial management (Intermediate)	(i) Compare the various sources of financing available to an organization, including bank financing, financial instruments, and bond, equity and treasury markets.
	(ii) Analyze an organization's cash flow and working capital requirements.
	(iii) Analyze the current and <u>anticipated future</u> financial <u>performance and</u> position of an organization, using techniques including ratio analysis, trend analysis, <u>and</u> cash flow analysis, <u>and scenario analysis</u> .
	(iv) Evaluate the appropriateness of the components used to calculate an organization's cost of capital.
	(v) <u>Evaluate capital investment decisions, using Apply</u> capital budgeting techniques <u>and consideration of strategic factors in the evaluation of capital investment decisions</u> .
	(vi) Explain income, asset-based, and market valuation approaches used for investment decisions, business planning, and long-term financial management.
(d) Taxation (Intermediate)	(i) Explain national taxation compliance and filing requirements.
	(ii) Prepare direct and indirect tax calculations for individuals and organizations.
	(iii) Analyze the taxation issues associated with non- complex international transactions.
	(iv) Explain the differences between tax planning, tax avoidance, and tax evasion.

Competence Area (Level of Proficiency ¹)	Learning Outcomes
<p>(e) <u>Audit and assurance</u> (Intermediate)</p>	(i) Describe the <u>elements</u> , objectives, and phases involved in performing an audit of financial statements.
	(ii) Apply International Standards on Auditing (<u>ISAs</u>) or other relevant auditing standards, laws, and regulations applicable to an audit of financial statements.
	(iii) Assess the risks of material misstatement in the financial statements and consider the impact on the audit strategy.
	(iv) Apply quantitative methods <u>and appropriate automated tools and techniques that are</u> used in audit engagements.
	(v) Identify relevant audit evidence, including contradictory evidence, to <u>inform judgments, make decisions,</u> and reach <u>informed well-reasoned</u> conclusions.
	(vi) Conclude whether sufficient and appropriate audit evidence has been obtained.
	(vii) Explain the key elements of assurance engagements and applicable standards that are relevant to such engagements.
<p>(f) <u>Assurance</u> (Foundation)</p>	(i) <u>Describe the elements, objectives, and phases involved in performing assurance engagements, including assurance of sustainability information.</u>
	(ii) <u>Explain international standards on assurance³ or other relevant assurance standards, laws, and regulations, including those applicable to assurance of sustainability information.</u>
	(iii) <u>Describe the risks of material misstatement and consider the impact on an assurance engagement.</u>
	(iv) <u>Identify relevant assurance evidence, including contradictory evidence, to form judgments, and reach informed conclusions.</u>
<p>(g) Governance, risk management and internal control (Intermediate)</p>	(i) Explain the principles of good governance, including the rights and responsibilities of owners, investors, and those charged with governance; and the role of stakeholders in governance, disclosure, and transparency requirements.
	(ii) Analyze the components of an organization’s governance framework.
	(iii) Analyze an organization’s risks and opportunities using a risk management framework.
	(iv) Analyze the components of internal control related to <u>external financial</u> reporting.
	(v) Analyze the adequacy of systems, processes and controls for collecting, generating, storing, accessing, using, <u>or</u> sharing, <u>or reporting</u> data and information.

³ International standards on assurance are those standards issued by the International Auditing and Assurance Standards Board included in the International Framework for Assurance Engagements.

Competence Area (Level of Proficiency ¹)	Learning Outcomes
(hg) Business laws and regulations (Intermediate)	(i) Explain the laws and regulations that govern the different forms of legal entities. (ii) Explain the laws and regulations applicable to the environment in which professional accountants operate. (iii) Apply data protection and privacy regulations when collecting, generating, storing, accessing, using, or sharing, <u>or reporting</u> data and information.
(ih) Information and communications technologies (Intermediate)	(i) Explain the impact of Information and Communications Technologies (ICT) developments on an organization’s environment and business model. (ii) Explain how ICT supports data analysis and decision making. (iii) Explain how ICT supports the identification, reporting, and management of risk in an organization. (iv) Use ICT to analyze data and information. (v) Use ICT to enhance the efficiency and effectiveness of communication. (vi) Apply ICT to enhance the efficiency and effectiveness of an organization’s systems. (vii) Analyze the adequacy of ICT processes and controls. (viii) Identify improvements to ICT processes and controls.
(ii) Business and organizational environment (Intermediate)	(i) Describe the <u>context-environment</u> in which an organization operates, including the primary <u>political</u> , economic, <u>sociocultural</u> , <u>technological</u> , <u>environmental</u> , legal, <u>and</u> regulatory, political, technological, social, and cultural aspects. (ii) <u>Describe an organization’s business model, including its value chain.</u> (iii) Analyze aspects of the global environment that affect international trade and finance. (iv) Identify the features of globalization, including the role of multinationals and emerging markets.

Competence Area (Level of Proficiency ¹)	Learning Outcomes
(ki) Economics (Foundation)	(i) Describe the fundamental principles of microeconomics and macroeconomics. (ii) Describe the effect of changes in macroeconomic indicators on business activity. (iii) Explain the different types of market structures, including perfect competition, monopolistic competition, monopoly, and oligopoly.

(k) Business strategy and management (Intermediate)	(i) Explain the various ways that organizations may be designed and structured.
	(ii) Explain the purpose and importance of different types of functional and operational areas within organizations.
	(iii) Analyze the external and internal factors that <u>may affect influence</u> the <u>business model, value chain, and the</u> strategy of an organization <u>using a systems-thinking approach</u> .
	(iv) Explain the processes that may be used to develop and implement the strategy of an organization.
	(v) Explain how theories of organizational behavior may be used to enhance the performance of the individual, team, and the organization.

Review of Professional Accounting Education Programs (Ref: Para. A13–A14)

8. IFAC member bedies organizations shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in IES 2.

Assessment of Technical Competence (Ref: Para. A15–A16)

9. IFAC member bedies organizations shall establish appropriate assessment activities to assess the technical competence of aspiring professional accountants.

Explanatory Material

Scope of this Standard (Ref: Para. 1–4)

- A1. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD builds on general education and includes professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.
- A2. Internationally, there are significant legal and regulatory differences that determine the point of qualification (or licensing) of professional accountants. Each IFAC member body organization may define the appropriate relationship between the end of IPD and the point of qualification (or licensing) for its members.
- A3. The inclusion of technical competence in IPD lays the base for performing a role as a professional accountant. Further development of technical competence is a focus of Continuing Professional Development (CPD), which is covered in IES 7, *Continuing Professional Development* (2020).
- A4. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of: (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.

- A5. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within technical competence include financial accounting and reporting, taxation, and economics; competence areas within professional skills include intellectual and organizational; and competence areas within professional values, ethics, and attitudes include ethical principles as well as professional skepticism and professional judgment.
- A6. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or professional accounting education program.

Objective (Ref: Para. 6)

- A7 Establishing the technical competence that aspiring professional accountants need to develop and demonstrate, serves several purposes. It protects the public interest, enhances the quality of the work of professional accountants, and promotes the credibility of the accountancy profession.

Learning Outcomes for Technical Competence (Ref: Para. 7)

- A8. Table A lists the learning outcomes for technical competence to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the base to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner, ~~or~~ taxation specialist, ~~or a sustainability reporting specialist~~.
- A9. In the design of professional accounting education programs, the 11 competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also, the learning outcomes associated with one competence area may be achieved across more than one course or subject dedicated to that area. For example, the learning outcomes for financial accounting and reporting may be achieved across two or more financial accounting and reporting courses or subjects. The achievement of some learning outcomes may extend across several different courses or subjects, none of which may be devoted solely to that competence area. For example, the learning outcomes within information and communications technologies may be achieved through the integration of relevant material within courses that focus on management accounting, ~~audit~~, and/ or ~~auditing and~~ assurance. In addition, the sequence in which the competence areas are included in a professional accounting education program may differ from the sequence presented in Table A. For example, economics is listed towards the end of the list of competence areas in Table A but may be covered fairly early in a professional accounting education program.
- A10. There are many ways to describe and classify levels of proficiency. The description developed for purposes of the IES is provided in Appendix 1, Description of Levels of Proficiency.
- A11. In Table A, each competence area has been assigned a level of proficiency that aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated. Together, the learning outcomes and the level of proficiency of the competence area provide information to help IFAC member ~~bodies organizations~~ design their professional accounting education programs.
- A12. In professional accounting education programs, an IFAC member ~~body organization~~ may: (a) include additional competence areas; (b) increase the level of proficiency for some competence areas; or (c) develop additional learning outcomes that are not specified in IES 2. This may occur when an IFAC member ~~body organization~~ prepares aspiring professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant or an auditor).

Review of Professional Accounting Education Programs (Ref: Para. 8)

- A13. Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. Such programs may include formal education delivered through qualifications and courses offered by universities, other higher education providers, IFAC member [bodies organizations](#), and employers, as well as workplace training. The design of the professional accounting education programs may involve substantive input from stakeholders other than IFAC member [bodies organizations](#).
- A14. The requirement to review and update professional accounting education programs on a regular basis reflects the rapidly-changing and complex environment within which professional accountants operate. A typical review cycle may be three to five years, but it may be appropriate to undertake a more frequent review, for example to take account of changes in legislation, regulations, and standards relevant to professional accountants.

Assessment of Technical Competence (Ref: Para. 9)

- A15. IES 6, *Initial Professional Development – Assessment of Professional Competence* (2015), provides the principles that apply to the design of assessment activities used to assess the technical competence and other elements of professional competence.
- A16. Various assessment activities can be used to assess the technical competence of aspiring professional accountants. Appropriate assessment activities may include: (a) written examinations consisting of questions requiring short answers, (b) case studies, (c) written essays, (d) objective testing, (e) workplace assessments, and (f) the evaluation of prior learning leading to the awarding of exemptions from aspects of IPD.

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IES 3, Initial Professional Development – Professional Skills (202X)

Introduction

Scope of this Standard (Ref: Para. A1–A7)

1. International Education Standard (IES) 3 prescribes the learning outcomes for professional skills that aspiring professional accountants are required to achieve by the end of Initial Professional Development (IPD). Professional skills are the (a) intellectual, (b) interpersonal and communication, (c) personal, and (d) organizational skills that a professional accountant integrates with technical competence and professional values, ethics, and attitudes to demonstrate professional competence.
2. IES 3 is addressed to International Federation of Accountants (IFAC) member [bodies organizations](#). IFAC member [bodies organizations](#) have responsibility for ensuring that IPD meets the requirements of IES 3. In addition, IES 3 may be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. IES 3 specifies the competence areas and learning outcomes that describe the professional skills required of aspiring professional accountants by the end of IPD. IES 2, *Initial Professional Development – Technical Competence* (202X), and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes* (202X), specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.
4. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants* (2015) are set out in the International Education Standards *Glossary of Terms* (202X).

Effective Date

5. IES 3 is effective from July 1, 2026.

Objective (Ref: Para. A8)

6. The objective of IES 3 is to establish the professional skills that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.

Requirements

Learning Outcomes for Professional Skills (Ref: Para. A9–A14)

7. IFAC member bodies organizations shall prescribe the learning outcomes for professional skills to be achieved by aspiring professional accountants by the end of IPD. These learning outcomes shall include those listed in Table A.

Table A: Learning Outcomes for Professional Skills

Competence Area (Level of Proficiency ¹)	Learning Outcomes
(a) Intellectual (Intermediate)	(i) Evaluate data and information from a variety of sources and perspectives through research, <u>collaboration</u> , integration, and analysis.
	(ii) Identify when it is appropriate to consult with specialists.
	(iii) Apply critical thinking skills to solve problems, in form judgments, make decisions , and reach <u>informed-well-reasoned</u> conclusions.
	(iv) Recommend solutions to unstructured, multi-faceted problems.
	(v) Evaluate-Respond effectively to changing <u>facts and</u> circumstances or new information to solve problems, in form judgments, make decisions , and reach <u>informed-well-reasoned</u> conclusions.
(b) Interpersonal and communication (Intermediate)	(i) Demonstrate <u>effective communication</u> , collaboration, and cooperation <u>when working within multi-disciplinary teams and teamwork when working towards organizational goals</u> .
	(ii) Develop <u>Communicate</u> clearly and concisely <u>communications for specific audiences when presenting, discussing, and reporting in formal and informal situations</u> .
	(iii) <u>Apply key concepts of diversity, equity and inclusion in communication, considering and respecting</u> Demonstrate awareness of cultural and language and contextual differences in all communication .
	(iv) Apply active listening and effective <u>questioning interviewing</u> techniques.
	(v) Apply negotiation skills to reach solutions and agreements.
	(vi) Apply consultative skills to minimize or resolve conflict, solve problems, and maximize opportunities.

	(vii) Present informed views and ideas and to influence others to provide support and commitment.
c) Personal (Intermediate)	(i) Demonstrate a commitment to lifelong learning.
	(ii) Set high personal standards of performance and monitor through reflective activity and feedback from others.
	(iii) Manage time and resources to achieve professional commitments.
	(iv) Anticipate challenges and plan potential solutions.
	(v) Apply intellectual curiosity-an open mind to emerging ideas and practices-new opportunities .
	(vi) Identify the potential impact of personal and organizational bias.
d) Organizational (Intermediate)	(i) Undertake assignments in accordance with established practices to meet prescribed deadlines.
	(ii) Review own work and that of others to determine whether it complies with the organization's quality standards.
	(iii) Apply people management skills to motivate and develop others.
	(iv) Apply delegation skills to deliver assignments.
	(v) Apply leadership skills to influence others to work towards organizational goals.

Review of Professional Accounting Education Programs (Ref: Para. A15–A16)

8. IFAC member **bodies organizations** shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in IES 3.

Assessment of Professional Skills (Ref: Para. A17–A19)

9. IFAC member **bodies organizations** shall establish appropriate assessment activities to assess the professional skills of aspiring professional accountants.

Explanatory Material

Scope of this Standard (Ref: Para. 1–4)

- A1. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD builds on general education and includes professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.
- A2. Internationally, there are significant legal and regulatory differences that determine the point of qualification (or licensing) of professional accountants. Each IFAC member **body organization** may define the appropriate relationship between the end of IPD and the point of qualification (or licensing) for its members.

- A3. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A4. The inclusion of professional skills in IPD lays the base for performing a role as a professional accountant. Further development of professional skills is a focus of Continuing Professional Development (CPD), which is covered in IES 7, *Continuing Professional Development* (2020).
- A5. Within IES 3, professional skills are categorized into four competence areas:
- (a) *Intellectual* relates to the ability of a professional accountant to solve problems, make decisions, adapt to change, and exercise professional judgment;
 - (b) *Interpersonal and communication* relate to the ability of a professional accountant to work and interact effectively with others, including working in multi-disciplinary teams;
 - (c) *Personal* relates to the personal attitudes and behavior of a professional accountant; and
 - (d) *Organizational* relates to the ability of a professional accountant to work effectively with or within an organization to obtain the optimal results or outcomes from the people and resources available.
- A6. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within professional skills include intellectual and organizational; competence areas within technical competence include financial accounting and reporting, taxation, and economics; and competence areas within professional values, ethics, and attitudes include ethical principles as well as professional skepticism and professional judgment.
- A7. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or professional accounting education program.

Objective (Ref: Para. 6)

- A8. Establishing the professional skills that aspiring professional accountants need to develop and demonstrate by the end of IPD serves several purposes. It protects the public interest, enhances the quality of the work of professional accountants and promotes the credibility of the accountancy profession.

Learning Outcomes for Professional Skills (Ref: Para. 7)

- A9. Table A lists the learning outcomes for professional skills to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the base to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner, ~~or~~ a taxation specialist, or a sustainability reporting specialist.
- A10. In the design of professional accounting education programs, the four competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also, the learning outcomes associated with one competence area (for example, organizational) may be achieved across more than one course or subject. The achievement of some learning outcomes (for example, those within intellectual) may extend across several

different courses or subjects, none of which may be devoted solely to that competence area.

- A11. There are many ways to describe and classify levels of proficiency. The description developed by the IAESB is provided in Appendix 1, Description of Levels of Proficiency.
- A12. In Table A, each competence area has been assigned a level of proficiency that aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated. Together, the learning outcomes and the level of proficiency of the competence area provide information to help IFAC member bodies organizations design their professional accounting education programs.
- A13. In professional accounting education programs, an IFAC member body organization may: (a) include additional competence areas; (b) increase the level of proficiency for some competence areas; or (c) develop additional learning outcomes that are not specified in this IES. This may occur when an IFAC member body organization prepares aspiring professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant or an auditor).
- A14. IFAC member bodies organizations, educators, and other stakeholders are encouraged to identify the most appropriate approach to learning and development for professional skills, taking into consideration the national and cultural environment. An appropriate approach is likely to include a mixture of learning and development activities which combine structured learning programs and practical experience. For example, practical experience supervisors play an important role in helping aspiring professional accountants to develop professional skills within the workplace.

Review of Professional Accounting Education Programs (Ref: Para. 8)

- A15. Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. Such programs may include formal education delivered through qualifications and courses offered by universities, other higher education providers, IFAC member bodies organizations, and employers, as well as workplace training. The design of the professional accounting education programs may involve substantive input from stakeholders other than IFAC member bodies organizations.
- A16. The requirement to review and update professional accounting education programs on a regular basis reflects the rapidly-changing and complex environment within which professional accountants operate. A typical review cycle may be three to five years, but it may be appropriate to undertake a more frequent review, for example to take account of changes in legislation, regulations, and standards relevant to professional accountants.

Assessment of Professional Skills (Ref: Para. 9)

- A17. IES 6, *Initial Professional Development – Assessment of Professional Competence* (2015), provides the principles that apply to the design of assessment activities used to assess the professional skills and other elements of professional competence.

- A18. Various assessment activities can be used to assess the professional skills of aspiring professional accountants. Work-based simulations or group exercises are examples of activities that enable aspiring professional accountants to develop and demonstrate achievement of learning outcomes related to professional skills, within a professional accounting education program. Practical experience also enables aspiring professional accountants to participate in assessment activities to demonstrate their professional skills. Examples of such activities include: (a) keeping a diary, (b) participating in 360 degree assessments, (c) compiling portfolios of evidence of achievement of learning outcomes, or (d) being monitored by a practical experience supervisor
- A19. Assessment of professional skills in the workplace may require a different approach to that of written examinations in order to achieve high levels of reliability, validity, equity, transparency, and sufficiency. For example, assessment design may include:
- (a) Specification of learning outcomes that are clear and detailed in order to minimize ambiguity and increase the reliability and transparency of the assessment;
 - (b) Training of workplace assessors in order to achieve consistency between assessors and equity between aspiring professional accountants; and
 - (c) Creation of work-based simulations in order to provide sufficient, equitable, and reliable assessments of professional skills.

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IES 4, Initial Professional Development – Professional Values, Ethics, and Attitudes (202X)

Introduction

Scope of this Standard (Ref: Para. A2–A10)

1. International Education Standard (IES) 4 prescribes the learning outcomes that aspiring professional accountants are required to achieve by the end of Initial Professional Development (IPD) for professional values, ethics, and attitudes. Professional values, ethics, and attitudes are the characteristics that identify professional accountants as members of a profession. They include the principles of conduct (e.g., ethical principles) generally associated with and considered essential in defining the distinctive characteristics of professional behavior.
2. IES 4 is addressed to International Federation of Accountants (IFAC) member bodies organizations. IFAC member bodies organizations have responsibility for ensuring that IPD meets the requirements of IES 4. In addition, IES 4 may be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. Learning and development continue throughout the career of a professional accountant; professional values, ethics, and attitudes achieved during IPD are therefore also relevant to continuing professional development (CPD) as careers of professional accountants change, and professional accountants gain exposure to a wider range of ethical threats.
4. IES 4 integrates relevant ethical requirements into professional accounting education. These relevant ethical requirements ordinarily set out five fundamental principles of ethics¹¹ (integrity;

¹ The Fundamental Principles, *IESBA Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards)* – 2018~~22~~ Edition, Section 110.

objectivity; professional competence and due care; confidentiality; and professional behavior).

5. IES 4 specifies the competence areas and learning outcomes that describe the professional values, ethics, and attitudes required of aspiring professional accountants by the end of IPD. IES 2, *Initial Professional Development – Technical Competence (202X)*, and IES 3, *Initial Professional Development – Professional Skills (202X)*, specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.
6. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)* are set out in the *International Education Standards Glossary of Terms (202X)*. Additional terms from the pronouncements of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) are also included in the Explanatory Material.

Effective Date

7. IES 4 is effective from [July 1, 2026](#).

Objective (Ref: Para. A11)

8. The objective of this IES 4 is to establish the professional values, ethics, and attitudes that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.

Requirements

Framework of Professional Values, Ethics, and Attitudes (Ref: Para. A12–A14)

9. IFAC member [bodies organizations](#) shall provide, through professional accounting education programs, a framework of professional values, ethics, and attitudes for aspiring professional accountants to (a) apply professional skepticism and exercise professional judgment, and (b) act in an ethical manner that is in the public interest.

Relevant Ethical Requirements (Ref: Para. A15)

10. IFAC member [bodies organizations](#) shall integrate relevant ethical requirements throughout professional accounting education programs for aspiring professional accountants.

Learning Outcomes for Professional Values, Ethics, and Attitudes (Ref: Para. A16–A31)

11. IFAC member [bodies organizations](#) shall prescribe the learning outcomes for professional values, ethics, and attitudes to be achieved by aspiring professional accountants by the end of IPD. These learning outcomes shall include those listed in Table A.

Table A: Learning Outcomes for Professional Values, Ethics, and Attitudes

Competence Area (Level of Proficiency ²)	Learning Outcomes
(a) Professional skepticism and professional judgment (Intermediate)	(i) Apply an inquiring mind when collecting and assessing data and information <u>from a variety of sources and perspectives.</u>
	(ii) Apply techniques to reduce bias when solving problems, <u>informing judgments, making decisions, and reaching informed-well-reasoned conclusions, and communicating with stakeholders.</u>
	(iii) Apply critical thinking when identifying and evaluating alternatives to determine an appropriate course of action.
(b) Ethical principles (Intermediate)	(i) Explain the <u>nature of ethics importance of relevant ethical requirements to all professional activities.</u>
	<u>(ii) Apply relevant ethical requirements to all professional activities.</u>
	(ii) Explain the advantages and disadvantages of rules-based and principles-based approaches to ethics.
	(iii) Identify threats to compliance with the fundamental principles of ethics.
	(iv) Evaluate the significance of threats to compliance with the fundamental principles of ethics and respond appropriately.
	(v) Apply fundamental principles of ethics when collecting, generating, storing, accessing, using, <u>or sharing, or reporting</u> data and information.
	(vi) Apply the relevant ethical requirements to professional behavior in compliance with standards³.
(c) Commitment to the public interest (Intermediate)	(i) Explain the role and importance of ethics within the profession and in relation to the concept of social responsibility.
	(ii) Explain the role and importance of ethics in relation to business and good governance.
	(iii) Analyze the interrelationship of ethics and law, including the relationship between laws, regulations, and the public interest.
	(iv) Analyze the consequences of unethical behavior to the individual, the profession, and the public.

² The level of proficiency for a competence area identifies the level to be achieved by the end of IPD (as outlined in Appendix 1).

³ Standards include auditing standards, accounting standards, and other standards related to the work being performed by the professional accountant.

Review of Professional Accounting Education Programs (Ref: Para. A32–A33)

- 12. IFAC member bodies organizations shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in IES 4.

Reflective Activity (Ref: Para. A34–A38)

- 13. IFAC member bodies organizations shall design learning and development activities on professional values, ethics, and attitudes for aspiring professional accountants to include reflective activity that is formalized and documented.

Assessment of Professional Values, Ethics, and Attitudes (Ref: Para. A39–A42)

- 14. IFAC member bodies organizations shall establish appropriate assessment activities to assess the professional values, ethics, and attitudes of aspiring professional accountants.

Explanatory Material

References to Definitions Contained within IAASB and IESBA Pronouncements

- A1. This IES uses the following terms already defined within IAASB and IESBA pronouncements.

Table B: IAASB and IESBA Definitions Adopted in IES 4

Defined Term	Definition in IAASB and IESBA Pronouncements
Professional Skepticism (IAASB) ⁴	An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement, <u> due to error or fraud, </u> and a critical assessment of evidence.
Professional Judgment (IESBA) ⁵	Professional judgment involves the application of relevant training, professional knowledge, skills and experience commensurate with the facts and circumstances, <u> taking into account including </u> the nature and scope of the particular professional activities, and the interests and relationships involved.

Scope of this Standard (Ref: Para. 1–6)

- A2. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD builds on general education and includes professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.
- A3. Professional values, ethics, and attitudes are defined as the professional behavior and characteristics that identify professional accountants as members of a profession. These include the ethical principles generally associated with, and considered essential in, defining the distinctive characteristics of professional behavior.
- A4. Professional values, ethics, and attitudes include a commitment to (a) technical competence and professional skills, (b) ethical behavior (e.g., independence, objectivity, confidentiality,

⁴ Professional Skepticism (in the context of ISAE 3000 (Revised)) , Glossary of Terms, *IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements – 2022-18 Edition, Volume I.*

⁵ Glossary, IESBA Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards) – 2022 Edition.

and integrity), (c) professional manner (e.g., due care, timeliness, courteousness, respect, responsibility, and reliability), (d) pursuit of excellence (e.g., commitment to continual improvement and lifelong learning), and (e) social responsibility (e.g., awareness and consideration of the public interest).

- A5. Relevant ethical requirements⁶ are defined as those ethical requirements to which professional accountants are subject, which ordinarily comprise the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with any national requirements that are more restrictive.
- A6. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A7. Internationally, there are significant legal and regulatory differences that determine the point of qualification (or licensing) of professional accountants. Each IFAC member **body organization** may define the appropriate relationship between the end of IPD and the point of qualification (or licensing) for its members.
- A8. The inclusion of professional values, ethics, and attitudes in IPD lays the base for performing a role as a professional accountant. Further development of professional values, ethics, and attitudes is a focus of CPD that is covered in IES 7, *Continuing Professional Development* (2020).
- A9. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within professional values, ethics, and attitudes include ethical principles as well as professional skepticism and professional judgment; competence areas within technical competence include financial accounting and reporting, taxation, and economics; and competence areas within professional skills include intellectual and organizational.
- A10. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or a professional accounting education program.

Objective (Ref: Para. 8)

- A11. Establishing the professional values, ethics, and attitudes that aspiring professional accountants need to develop and demonstrate serves several purposes. It protects the public interest, enhances the quality of the work of professional accountants, and promotes the credibility of the accountancy profession.

Framework of Professional Values, Ethics, and Attitudes (Ref: Para. 9)

- A12. A framework of professional values, ethics, and attitudes may be established by the relevant ethical requirements, for example the conceptual framework approach set out in the IESBA Code.
- A13. Under relevant ethical requirements, professional accountants accept a responsibility to act in the public interest. Consequently, the actions of a professional accountant are not intended exclusively to satisfy the needs of an individual client or employer.

⁶ Glossary of Terms, IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements – 2018 Edition, Volume I.

A14. By establishing learning and development activities that cover professional values, ethics, and attitudes, IFAC member **bodies organizations** promote a commitment for the aspiring professional accountant to act in the public interest. Acting in the public interest includes: (a) developing an awareness and concern for impact on the public; (b) developing a sensitivity to social responsibilities; (c) lifelong learning; (d) a predisposition to quality, reliability, responsibility, timeliness, and courtesy; and (e) a respect for laws and regulations. Consequently, professional accountants contribute to confidence and trust in the functioning of markets and the economy in general.

Relevant Ethical Requirements (Ref: Para. 10)

A15. Within a professional accounting education program, professional values, ethics, and attitudes may initially be treated as a separate course or subject. However, as aspiring professional accountants progress, the integration of professional values, ethics, and attitudes with other courses or subjects, encourages the recognition and consideration of wider ethical implications.

Learning Outcomes for Professional Values, Ethics, and Attitudes (Ref: Para. 11)

Developing Learning Outcomes

A16. Table A lists the learning outcomes for professional values, ethics, and attitudes to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the base to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner, **or a taxation specialist, or a sustainability reporting specialist.**

A17. IAASB pronouncements govern audit, review, assurance, and related service engagements that are conducted in accordance with international standards. Although the term professional skepticism is defined specifically within the context of audit and assurance engagements, the attitudes, skills and behaviors that contribute to professional skepticism are relevant to all aspiring professional accountants, regardless of their future role as a professional accountant. As a result, IPD includes learning and development activities that address the skills, attitudes, and behaviors necessary for aspiring professional accountants to have the ability to apply professional skepticism. The skills, attitudes, and behaviors contributing to professional skepticism are further developed following IPD, through CPD.

A18. In the design of professional accounting education programs, the three competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also the learning outcomes associated with one competence area (for example, ethical principles) may be achieved across more than one course or subject. The achievement of some learning outcomes (for example, those within professional skepticism and professional judgment) may extend across several different courses or subjects, none of which may be devoted solely to that competence area. In addition, the sequence in which the competence areas are included in a professional accounting education program may differ from the sequence presented in Table A (for example, commitment to the public interest is listed towards the end of the list of competence areas in Table A, but may be covered fairly early in a professional accounting education program).

A19. There are many ways to describe and classify levels of proficiency. The description developed by the IAESB is provided in Appendix 1, Description of Levels of Proficiency.

A20. In Table A, each competence area has been assigned a level of proficiency that aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated. Together, the learning outcomes and the level of proficiency of the competence area provide information to help IFAC member **bodies organizations** design their professional accounting education programs.

- A21. In professional accounting education programs, an IFAC member body organization may: (a) include additional competence areas; (b) increase the level of proficiency for some competence areas; or (c) develop additional learning outcomes that are not specified in IES 4. This may occur when an IFAC member body organization prepares aspiring professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant or an auditor).

Selecting Learning and Development Activities

- A22. IFAC member bodies organizations, educators, and other stakeholders are encouraged to identify the most appropriate approach to learning and development for professional values, ethics, and attitudes, taking into consideration the national and cultural environment.
- A23. In determining the approach to achieving the learning outcomes, the mix of learning and development activities may include a combination of structured learning programs and practical experience. This combination may be organized to give aspiring professional accountants an adequate opportunity to experience the application of professional values, ethics, and attitudes in the workplace.
- A24. In establishing learning and development activities, IFAC member bodies organizations, educators, and other stakeholders may distinguish between (a) educating aspiring professional accountants about professional values, ethics, and attitudes, and (b) developing and maintaining an appropriate environment for ethical behavior. Development of professional values, ethics, and attitudes may be achieved through IPD, and continues throughout a career, forming part of CPD activities and lifelong learning.
- A25. IFAC member bodies organizations, educators, and other stakeholders may consider using participative approaches that can enhance the development of professional values, ethics, and attitudes. These may include but would not be restricted to:
- (a) Role playing;
 - (b) Discussion of selected readings and online materials;
 - (c) Analysis of case studies that involve business situations involving ethical threats;
 - (d) Discussion of disciplinary pronouncements and findings;
 - (e) Seminars using speakers with experience of corporate or professional decision making; and
 - (f) Use of online forums and discussion boards.
- A26. Participative approaches may lead aspiring professional accountants to a greater awareness of the ethical implications and potential conflicts for individuals and businesses that may arise from having to make complex management decisions.

Professional Skepticism and Professional Judgment

- A27. Professional development in the areas of professional skepticism and professional judgment is not always straightforward. Planning effective learning and development in these areas involves due care and may include learning methods in which mentoring, reflective activity, time, and practical experience play a key role.

Ethical Principles

- A28. Professional values, ethics, and attitudes apply to everything that professional accountants undertake in their professional capacity. Having (a) knowledge and understanding of ethical concepts, ethical theories, and the fundamental principles of professional ethics, and (b) the opportunity to practice their application in a non-workplace setting can help aspiring professional accountants to recognize and address ethical threats.
- A29. Learning and development for aspiring professional accountants on ethical principles and threats may address: (a) particular ethical threats likely to be faced by all professional accountants, (b) those ethical threats more likely to be encountered by professional accountants in their respective roles, and (c) key considerations in developing appropriate responses to such ethical threats.
- A30. The emphasis on ethical principles may be achieved by encouraging aspiring professional accountants to: (a) identify any apparent ethical implications and conflicts in their work or work environment, (b) form preliminary views on such occurrences, and (c) discuss them with their practical experience supervisors.
- A31. Ethical threats and potential dilemmas for aspiring professional accountants are likely to occur within the period of practical experience. Those responsible for designing and supervising practical experience programs may provide guidance to aspiring professional accountants about the need to consult employers, mentors, or supervisors within their work environment or an IFAC member [body organization](#), where there is doubt about the ethical aspects of a course of action or situation.

Review of Professional Accounting Education Programs (Ref: Para. 12)

- A32. Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. Such programs may include formal education delivered through qualifications and courses offered by universities, other higher education providers, IFAC member [bodies organizations](#), and employers, as well as workplace training. The design of professional accounting education programs offered during IPD may therefore involve substantive input from stakeholders other than IFAC member [bodies organizations](#).
- A33. The requirement to review and update professional accounting education programs on a regular basis reflects the rapidly-changing and complex environment within which professional accountants operate. A typical review cycle may be three to five years, but it may be appropriate to undertake a more frequent review, for example to take account of changes in legislation, regulations, and standards relevant to professional accountants.

Reflective Activity (Ref: Para. 13)

- A34. Reflective activity is the iterative process by which professional accountants, at all stages of their career, continue to develop their professional competence by reviewing their experiences (real or simulated) with a view to improving their future actions.
- A35. The most realistic experiences on which to reflect may occur in the workplace. Where this is not possible or appropriate, simulations of “real life” experiences, or consideration of relevant cases that are in the public domain may also offer suitable alternatives.
- A36. The documentation of reflective activity may include:
- (a) Records of learning;
 - (b) Reflective records;
 - (c) Personal development portfolios; or

(d) Critical incident diaries.

- A37. In providing guidance to aspiring professional accountants and professional accountants on the nature, format, and content of documentation to be maintained for reflective activity and the types of ethical situations to be documented, IFAC member bedies organizations may consider factors, for example confidentiality, legal, and regulatory requirements. For example, certain ethical situations could be sensitive and subject to legal or disciplinary actions and would therefore not be suitable for aspiring professional accountants to document and discuss.
- A38. IFAC member bedies organizations may also consider providing guidance on how to support reflective activity in practice for practical experience supervisors.

Assessment of Professional Values, Ethics, and Attitudes (Ref: Para. 14)

- A39. IES 6, *Initial Professional Development – Assessment of Professional Competence* (2015) provides the principles that apply to the design of assessment activities used to assess the professional values, ethics, and attitudes and other elements of professional competence.
- A40. Various assessment activities can be used to assess the professional values, ethics, and attitudes of aspiring professional accountants. Appropriate assessment activities may include: (a) written examinations consisting of questions requiring short answers, (b) case studies, (c) written essays, (d) objective testing, (e) workplace assessments, and (f) the recognition of prior learning.
- A41. In addition to written examinations, there are a number of other means by which assessment within a formal education environment may be carried out, including:
- (a) Creating repositories of case studies and requiring aspiring professional accountants to complete tests based on these case studies;
 - (b) Using a case analysis system that requires aspiring professional accountants to maintain journals and notes on particular public domain cases;
 - (c) Using objective testing of ethical aspects of professional accounting education programs; and
 - (d) Using case study group assignments and workshops to assess ethical analysis and decision-making.
- A42. Workplace assessment differs from, and in many respects is more difficult than, assessment within a formal education environment. The means for assessing the development of professional values, ethics, and attitudes in the workplace may include:
- (a) Discussion and facilitated resolution of ethical threats as they arise in the workplace; and
 - (b) Reviews of ethical decision-making combined with performance reviews and appraisals.

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Appendix E: Proposed Amendments to IES 2, 3, and 4 – Clean Extracts

IES 2, Initial Professional Development – Technical Competence (202X)

Introduction

Scope of this Standard (Ref: Para. A1–A6)

1. This International Education Standard (IES) 2 prescribes the learning outcomes for technical competence that aspiring professional accountants are required to achieve by the end of Initial Professional Development (IPD). Technical competence is the ability to apply professional knowledge to perform a role to a defined standard.
2. This IES 2 is addressed to International Federation of Accountants (IFAC) member organizations. IFAC member organizations have responsibility for ensuring that IPD meets the requirements of this IES 2. In addition, this IES 2 may be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. This IES 2 specifies the competence areas and learning outcomes that describe the technical competence required of aspiring professional accountants by the end of IPD. IES 3, *Initial Professional Development – Professional Skills (202X)*, and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes (202X)*, specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.
4. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)* are set out in the International Education Standards *Glossary of Terms (202X)*.

Effective Date

5. IES 2 is effective from July 1, 2026.

Objective (Ref: Para. A7)

6. The objective of IES 2 is to establish the technical competence that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.

Requirements

Learning Outcomes for Technical Competence (Ref: Para. A8–A12)

7. IFAC member organizations shall prescribe the learning outcomes for technical competence to be achieved by aspiring professional accountants by the end of IPD. These learning outcomes shall include those listed in Table A.

Table A: Learning Outcomes for Technical Competence

Competence Area (Level of Proficiency¹)	Learning Outcomes
(a) Financial accounting, disclosure and reporting (Intermediate)	(i) Apply accounting principles to transactions, facts, and circumstances.
	(ii) Apply International Financial Reporting Standards (IFRSs) ² or other relevant standards to transactions, facts, and circumstances.
	(iii) Evaluate the appropriateness of accounting policies used to prepare financial statements.
	(iv) Evaluate the appropriateness of policies used to prepare sustainability disclosures and reports.
	(v) Prepare financial statements, including consolidated financial statements, and sustainability disclosures, in accordance with IFRSs or other relevant standards.
	(vi) Interpret financial statements, sustainability disclosures, and other disclosures and reports.
	(vii) Interpret reports that include non-financial data and information.
(b) Management accounting (Intermediate)	(i) Prepare data and information to support management decision making on topics including setting metrics and targets, planning and budgeting, cost management, quality control, performance measurement, and comparative analysis.
	(ii) Apply appropriate technology and techniques to support management decision making, including product costing, variance analysis, inventory management, budgeting and forecasting, and value chain analysis
	(iii) Apply appropriate quantitative techniques to analyze cost behavior and the drivers of costs.
	(iv) Analyze data and information to consider alternatives and enable management to make informed decisions.
	(v) Evaluate the performance of an organization and its business segments, products, and services against metrics and targets.

¹ The level of proficiency for a competence area to be achieved by the end of IPD (as outlined in Appendix 1).

² IFRSs include IFRS Accounting Standards issued by the International Accounting Standards Board, as well as IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board.

Competence Area (Level of Proficiency¹)	Learning Outcomes
(c) Finance and financial management (Intermediate)	(i) Compare the various sources of financing available to an organization, including bank financing, financial instruments, and bond, equity and treasury markets.
	(ii) Analyze an organization’s cash flow and working capital requirements.
	(iii) Analyze the current and anticipated financial performance and position of an organization, using techniques including ratio analysis, trend analysis, cash flow analysis, and scenario analysis.
	(iv) Evaluate the appropriateness of the components used to calculate an organization’s cost of capital.
	(v) Evaluate capital investment decisions, using capital budgeting techniques and consideration of strategic factors.
	(vi) Explain income, asset-based, and market valuation approaches used for investment decisions, business planning, and long-term financial management.
(d) Taxation (Intermediate)	(i) Explain national taxation compliance and filing requirements.
	(ii) Prepare direct and indirect tax calculations for individuals and organizations.
	(iii) Analyze the taxation issues associated with non- complex international transactions.
	(iv) Explain the differences between tax planning, tax avoidance, and tax evasion.
(e) Audit (Intermediate)	(i) Describe the elements, objectives, and phases involved in performing an audit of financial statements.
	(ii) Apply International Standards on Auditing (ISAs) or other relevant auditing standards, laws, and regulations applicable to an audit of financial statements.
	(iii) Assess the risks of material misstatement in the financial statements and consider the impact on the audit strategy.
	(iv) Apply quantitative methods and appropriate automated tools and techniques used in audit engagements.
	(v) Identify relevant audit evidence, including contradictory evidence, to form judgments, and reach informed conclusions.
	(vi) Conclude whether sufficient and appropriate audit evidence has been obtained.
(f) Assurance (Foundation)	(i) Describe the elements, objectives, and phases involved in performing assurance engagements, including assurance of sustainability information.

	(ii) Explain international standards on assurance ³ or other relevant assurance standards, laws, and regulations, including those applicable to assurance of sustainability information.
	(iii) Describe the risks of material misstatement and consider the impact on an assurance engagement.
	(iv) Identify relevant assurance evidence, including contradictory evidence, to form judgments, and reach informed conclusions.
(g) Governance, risk management and internal control (Intermediate)	(i) Explain the principles of good governance, including the rights and responsibilities of owners, investors, and those charged with governance; and the role of stakeholders in governance, disclosure, and transparency requirements.
	(ii) Analyze the components of an organization’s governance framework.
	(iii) Analyze an organization’s risks and opportunities using a risk management framework.
	(iv) Analyze the components of internal control related to external reporting.
	(v) Analyze the adequacy of systems, processes and controls for collecting, generating, storing, accessing, using, sharing, or reporting data and information.
(h) Business laws and regulations (Intermediate)	(i) Explain the laws and regulations that govern the different forms of legal entities.
	(ii) Explain the laws and regulations applicable to the environment in which professional accountants operate.
	(iii) Apply data protection and privacy regulations when collecting, generating, storing, accessing, using, sharing, or reporting data and information.
(i) Information and communications technologies (Intermediate)	(i) Explain the impact of Information and Communications Technologies (ICT) developments on an organization’s environment and business model.
	(ii) Explain how ICT supports data analysis and decision making.
	(iii) Explain how ICT supports the identification, reporting, and management of risk in an organization.
	(iv) Use ICT to analyze data and information.

³ International standards on assurance are those standards issued by the International Auditing and Assurance Standards Board included in the International Framework for Assurance Engagements

	(v) Use ICT to enhance the efficiency and effectiveness of communication.
	(vi) Apply ICT to enhance the efficiency and effectiveness of an organization's systems.
	(vii) Analyze the adequacy of ICT processes and controls.
	(viii) Identify improvements to ICT processes and controls.
(j) Business and organizational environment (Intermediate)	(i) Describe the context in which an organization operates, including the primary political, economic, sociocultural, technological, environmental, legal, and regulatory aspects.
	(ii) Describe an organization's business model, including its value chain.
	(iii) Analyze aspects of the global environment that affect international trade and finance.
	(iv) Identify the features of globalization, including the role of multinationals and emerging markets.
(k) Economics (Foundation)	(i) Describe the fundamental principles of microeconomics and macroeconomics.
	(ii) Describe the effect of changes in macroeconomic indicators on business activity.
	(iii) Explain the different types of market structures, including perfect competition, monopolistic competition, monopoly, and oligopoly.
(l) Business strategy and management (Intermediate)	(i) Explain the various ways that organizations may be designed and structured.
	(ii) Explain the purpose and importance of different types of functional and operational areas within organizations.
	(iii) Analyze the external and internal factors that affect the business model, value chain, and the strategy of an organization using a systems-thinking approach.
	(iv) Explain the processes that may be used to develop and implement the strategy of an organization.
	(v) Explain how theories of organizational behavior may be used to enhance the performance of the individual, team, and the organization.

Review of Professional Accounting Education Programs (Ref: Para. A13–A14)

8. IFAC member organizations shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in IES 2.

Assessment of Technical Competence (Ref: Para. A15–A16)

9. IFAC member organizations shall establish appropriate assessment activities to assess the technical competence of aspiring professional accountants.

Explanatory Material

Scope of this Standard (Ref: Para. 1–4)

- A1. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD builds on general education and includes professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.
- A2. Internationally, there are significant legal and regulatory differences that determine the point of qualification (or licensing) of professional accountants. Each IFAC member organization may define the appropriate relationship between the end of IPD and the point of qualification (or licensing) for its members.
- A3. The inclusion of technical competence in IPD lays the base for performing a role as a professional accountant. Further development of technical competence is a focus of Continuing Professional Development (CPD), which is covered in IES 7, Continuing Professional Development (2020).
- A4. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of: (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A5. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within technical competence include financial accounting and reporting, taxation, and economics; competence areas within professional skills include intellectual and organizational; and competence areas within professional values, ethics, and attitudes include ethical principles as well as professional skepticism and professional judgment.
- A6. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or professional accounting education program.

Objective (Ref: Para. 6)

- A7. Establishing the technical competence that aspiring professional accountants need to develop and demonstrate, serves several purposes. It protects the public interest, enhances the quality of the work of professional accountants, and promotes the credibility of the accountancy profession.

Learning Outcomes for Technical Competence (Ref: Para. 7)

- A8. Table A lists the learning outcomes for technical competence to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the base to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner, taxation specialist, or a sustainability reporting specialist.
- A9. In the design of professional accounting education programs, the 11 competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also, the learning outcomes associated with one competence area may be achieved across more than

one course or subject dedicated to that area. For example, the learning outcomes for financial accounting and reporting may be achieved across two or more financial accounting and reporting courses or subjects. The achievement of some learning outcomes may extend across several different courses or subjects, none of which may be devoted solely to that competence area. For example, the learning outcomes within information and communications technologies may be achieved through the integration of relevant material within courses that focus on management accounting, audit, and/ or assurance. In addition, the sequence in which the competence areas are included in a professional accounting education program may differ from the sequence presented in Table A. For example, economics is listed towards the end of the list of competence areas in Table A but may be covered fairly early in a professional accounting education program.

- A10. There are many ways to describe and classify levels of proficiency. The description developed for purposes of the IES is provided in Appendix 1, Description of Levels of Proficiency.
- A11. In Table A, each competence area has been assigned a level of proficiency that aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated. Together, the learning outcomes and the level of proficiency of the competence area provide information to help IFAC member organizations design their professional accounting education programs.
- A12. In professional accounting education programs, an IFAC member organization may: (a) include additional competence areas; (b) increase the level of proficiency for some competence areas; or (c) develop additional learning outcomes that are not specified in IES 2. This may occur when an IFAC member organization prepares aspiring professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant or an auditor).

Review of Professional Accounting Education Programs (Ref: Para. 8)

- A13. Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. Such programs may include formal education delivered through qualifications and courses offered by universities, other higher education providers, IFAC member organizations, and employers, as well as workplace training. The design of the professional accounting education programs may involve substantive input from stakeholders other than IFAC member organizations.
- A14. The requirement to review and update professional accounting education programs on a regular basis reflects the rapidly-changing and complex environment within which professional accountants operate. A typical review cycle may be three to five years, but it may be appropriate to undertake a more frequent review, for example to take account of changes in legislation, regulations, and standards relevant to professional accountants.

Assessment of Technical Competence (Ref: Para. 9)

- A15. IES 6, Initial Professional Development – Assessment of Professional Competence (2015), provides the principles that apply to the design of assessment activities used to assess the technical competence and other elements of professional competence.
- A16. Various assessment activities can be used to assess the technical competence of aspiring professional accountants. Appropriate assessment activities may include: (a) written examinations consisting of questions requiring short answers, (b) case studies, (c) written essays, (d) objective testing, (e) workplace assessments, and (f) the evaluation of prior learning leading to the awarding of exemptions from aspects of IPD.

IES 3, Initial Professional Development – Professional Skills (202X)

Introduction

Scope of this Standard (Ref: Para. A1–A7)

1. International Education Standard (IES) 3 prescribes the learning outcomes for professional skills that aspiring professional accountants are required to achieve by the end of Initial Professional Development (IPD). Professional skills are the (a) intellectual, (b) interpersonal and communication, (c) personal, and (d) organizational skills that a professional accountant integrates with technical competence and professional values, ethics, and attitudes to demonstrate professional competence.
2. IES 3 is addressed to International Federation of Accountants (IFAC) member organizations. IFAC member organizations have responsibility for ensuring that IPD meets the requirements of IES 3. In addition, IES 3 may be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. IES 3 specifies the competence areas and learning outcomes that describe the professional skills required of aspiring professional accountants by the end of IPD. IES 2, *Initial Professional Development – Technical Competence* (202X), and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes* (202X), specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.
4. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants* (2015) are set out in the International Education Standards *Glossary of Terms* (202X).

Effective Date

5. IES 3 is effective from July 1, 2026.

Objective (Ref: Para. A8)

6. The objective of IES 3 is to establish the professional skills that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.

Requirements

Learning Outcomes for Professional Skills (Ref: Para. A9–A14)

7. IFAC member organizations shall prescribe the learning outcomes for professional skills to be achieved by aspiring professional accountants by the end of IPD. These learning outcomes shall include those listed in Table A.

Table A: Learning Outcomes for Professional Skills

Competence Area (Level of Proficiency ⁴¹)	Learning Outcomes
(a) Intellectual (Intermediate)	(i) Evaluate data and information from a variety of sources and perspectives through research, collaboration, integration, and analysis.

⁴ The level of proficiency for a competence area to be achieved by the end of IPD (as outlined in Appendix 1).

	(ii) Identify when it is appropriate to consult with specialists.
	(iii) Apply critical thinking skills to solve problems, form judgments, and reach informed conclusions.
	(iv) Recommend solutions to unstructured, multi-faceted problems.
	(v) Evaluate changing facts and circumstances to solve problems, form judgments, and reach informed conclusions.
(b) Interpersonal and communication (Intermediate)	(i) Demonstrate effective communication, collaboration, and cooperation when working within multi-disciplinary teams.
	(ii) Develop clear and concise communications for specific audiences.
	(iii) Apply key concepts of diversity, equity and inclusion in communication, considering and respecting language and contextual differences.
	(iv) Apply active listening and effective questioning techniques.
	(v) Apply consultative skills to minimize or resolve conflict, solve problems, and maximize opportunities.
	(vi) Present informed views and ideas to influence others to provide support and commitment.
(c) Personal (Intermediate)	(i) Demonstrate a commitment to lifelong learning.
	(ii) Set high personal standards of performance and monitor through reflective activity and feedback from others.
	(iii) Manage time and resources to achieve professional commitments.
	(iv) Anticipate challenges and plan potential solutions.
	(v) Apply intellectual curiosity to emerging ideas and practices.
	(vi) Identify the potential impact of personal and organizational bias.
(d) Organizational (Intermediate)	(i) Undertake assignments in accordance with established practices to meet prescribed deadlines.
	(ii) Review own work and that of others to determine whether it complies with the organization's quality standards.
	(iii) Apply people management skills to motivate and develop others.
	(iv) Apply delegation skills to deliver assignments.
	(v) Apply leadership skills to influence others to work towards organizational goals.

Review of Professional Accounting Education Programs (Ref: Para. A15–A16)

8. IFAC member organizations shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in IES 3.

Assessment of Professional Skills (Ref: Para. A17–A19)

9. IFAC member organizations shall establish appropriate assessment activities to assess the professional skills of aspiring professional accountants.

Explanatory Material

Scope of this Standard (Ref: Para. 1–4)

- A1. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD builds on general education and includes professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.
- A2. Internationally, there are significant legal and regulatory differences that determine the point of qualification (or licensing) of professional accountants. Each IFAC member organization may define the appropriate relationship between the end of IPD and the point of qualification (or licensing) for its members.
- A3. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A4. The inclusion of professional skills in IPD lays the base for performing a role as a professional accountant. Further development of professional skills is a focus of Continuing Professional Development (CPD), which is covered in IES 7, *Continuing Professional Development (2020)*.
- A5. Within IES 3, professional skills are categorized into four competence areas:
 - (a) *Intellectual* relates to the ability of a professional accountant to solve problems, make decisions, adapt to change, and exercise professional judgment;
 - (b) *Interpersonal and communication* relate to the ability of a professional accountant to work and interact effectively with others, including working in multi-disciplinary teams;
 - (c) *Personal* relates to the personal attitudes and behavior of a professional accountant; and
 - (d) *Organizational* relates to the ability of a professional accountant to work effectively with or within an organization to obtain the optimal results or outcomes from the people and resources available.
- A6. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within professional skills include intellectual and organizational; competence areas within technical competence include financial accounting and reporting, taxation, and economics; and competence areas within professional values, ethics, and attitudes include ethical principles as well as professional skepticism and professional judgment.
- A7. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or professional accounting education program.

Objective (Ref: Para. 6)

- A8. Establishing the professional skills that aspiring professional accountants need to develop and demonstrate by the end of IPD serves several purposes. It protects the public interest, enhances the quality of the work of professional accountants and promotes the credibility of the accountancy profession.

Learning Outcomes for Professional Skills (Ref: Para. 7)

- A9. Table A lists the learning outcomes for professional skills to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the base to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner, a taxation specialist, or a sustainability reporting specialist.
- A10. In the design of professional accounting education programs, the four competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also, the learning outcomes associated with one competence area (for example, organizational) may be achieved across more than one course or subject. The achievement of some learning outcomes (for example, those within intellectual) may extend across several different courses or subjects, none of which may be devoted solely to that competence area.
- A11. There are many ways to describe and classify levels of proficiency. The description developed by the IAESB is provided in Appendix 1, Description of Levels of Proficiency.
- A12. In Table A, each competence area has been assigned a level of proficiency that aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated. Together, the learning outcomes and the level of proficiency of the competence area provide information to help IFAC member organizations design their professional accounting education programs.
- A13. In professional accounting education programs, an IFAC member organization may: (a) include additional competence areas; (b) increase the level of proficiency for some competence areas; or (c) develop additional learning outcomes that are not specified in this IES. This may occur when an IFAC member organization prepares aspiring professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant or an auditor).
- A14. IFAC member organizations, educators, and other stakeholders are encouraged to identify the most appropriate approach to learning and development for professional skills, taking into consideration the national and cultural environment. An appropriate approach is likely to include a mixture of learning and development activities which combine structured learning programs and practical experience. For example, practical experience supervisors play an important role in helping aspiring professional accountants to develop professional skills within the workplace.

Review of Professional Accounting Education Programs (Ref: Para. 8)

- A15. Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. Such programs may include formal education delivered through qualifications and courses offered by universities, other higher education providers, IFAC member organizations, and employers, as well as workplace training. The design of the professional accounting education programs may involve substantive input from stakeholders other than IFAC member organizations.
- A16. The requirement to review and update professional accounting education programs on a regular basis reflects the rapidly-changing and complex environment within which professional

accountants operate. A typical review cycle may be three to five years, but it may be appropriate to undertake a more frequent review, for example to take account of changes in legislation, regulations, and standards relevant to professional accountants.

Assessment of Professional Skills (Ref: Para. 9)

A17. IES 6, *Initial Professional Development – Assessment of Professional Competence* (2015), provides the principles that apply to the design of assessment activities used to assess the professional skills and other elements of professional competence.

A18. Various assessment activities can be used to assess the professional skills of aspiring professional accountants. Work-based simulations or group exercises are examples of activities that enable aspiring professional accountants to develop and demonstrate achievement of learning outcomes related to professional skills, within a professional accounting education program. Practical experience also enables aspiring professional accountants to participate in assessment activities to demonstrate their professional skills. Examples of such activities include: (a) keeping a diary, (b) participating in 360 degree assessments, (c) compiling portfolios of evidence of achievement of learning outcomes, or (d) being monitored by a practical experience supervisor.

A19. Assessment of professional skills in the workplace may require a different approach to that of written examinations in order to achieve high levels of reliability, validity, equity, transparency, and sufficiency. For example, assessment design may include:

- (a) Specification of learning outcomes that are clear and detailed in order to minimize ambiguity and increase the reliability and transparency of the assessment;
- (b) Training of workplace assessors in order to achieve consistency between assessors and equity between aspiring professional accountants; and
- (c) Creation of work-based simulations in order to provide sufficient, equitable, and reliable assessments of professional skills.

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IES 4, Initial Professional Development – Professional Values, Ethics, and Attitudes (202X)

Introduction

Scope of this Standard (Ref: Para. A2–A10)

1. International Education Standard (IES) 4 prescribes the learning outcomes that aspiring professional accountants are required to achieve by the end of Initial Professional Development (IPD) for professional values, ethics, and attitudes. Professional values, ethics, and attitudes are the characteristics that identify professional accountants as members of a profession. They include the principles of conduct (e.g., ethical principles) generally associated with and considered essential in defining the distinctive characteristics of professional behavior.
2. IES 4 is addressed to International Federation of Accountants (IFAC) member organizations. IFAC member organizations have responsibility for ensuring that IPD meets the requirements of IES 4. In addition, IES 4 may be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. Learning and development continue throughout the career of a professional accountant; professional values, ethics, and attitudes achieved during IPD are therefore also relevant to continuing professional development (CPD) as careers of professional accountants change, and professional accountants gain exposure to a wider range of ethical threats.
4. IES 4 integrates relevant ethical requirements into professional accounting education. These relevant ethical requirements ordinarily set out five fundamental principles of ethics¹¹ (integrity; objectivity; professional competence and due care; confidentiality; and professional behavior).
5. IES 4 specifies the competence areas and learning outcomes that describe the professional values, ethics, and attitudes required of aspiring professional accountants by the end of IPD. IES 2, *Initial Professional Development – Technical Competence (202X)*, and IES 3, *Initial Professional Development – Professional Skills (202X)*, specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.
6. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants (2015)* are set out in the *International Education Standards Glossary of Terms (202X)*. Additional

Effective Date

7. IES 4 is effective from July 1, 2026.

Objective (Ref: Para. A11)

8. The objective of this IES 4 is to establish the professional values, ethics, and attitudes that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.

Requirements

Framework of Professional Values, Ethics, and Attitudes (Ref: Para. A12–A14)

9. IFAC member organizations shall provide, through professional accounting education programs,

¹ The Fundamental Principles, *IESBA Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards) – 2022 Edition*, Section 110.

a framework of professional values, ethics, and attitudes for aspiring professional accountants to (a) apply professional skepticism and exercise professional judgment, and (b) act in an ethical manner that is in the public interest.

Relevant Ethical Requirements (Ref: Para. A15)

- 10. IFAC member organizations shall integrate relevant ethical requirements throughout professional accounting education programs for aspiring professional accountants.

Learning Outcomes for Professional Values, Ethics, and Attitudes (Ref: Para. A16–A31)

- 11. IFAC member organizations shall prescribe the learning outcomes for professional values, ethics, and attitudes to be achieved by aspiring professional accountants by the end of IPD. These learning outcomes shall include those listed in Table A.

Table A: Learning Outcomes for Professional Values, Ethics, and Attitudes

Competence Area (Level of Proficiency ²)	Learning Outcomes
(a) Professional skepticism and professional judgment (Intermediate)	(i) Apply an inquiring mind when collecting and assessing data and information from a variety of sources and perspectives.
	(ii) Apply techniques to reduce bias when solving problems, forming judgments, reaching informed conclusions, and communicating with stakeholders.
	(iii) Apply critical thinking when identifying and evaluating alternatives to determine an appropriate course of action.
(b) Ethical principles (Intermediate)	(i) Explain the importance of relevant ethical requirements to all professional activities.
	(ii) Apply relevant ethical requirements to all professional activities.
	(iii) Identify threats to compliance with the fundamental principles of ethics.
	(iv) Evaluate the significance of threats to compliance with the fundamental principles of ethics and respond appropriately.
	(v) Apply fundamental principles of ethics when collecting, generating, storing, accessing, using, sharing, or reporting data and information.
(c) Commitment to the public interest (Intermediate)	(i) Explain the role and importance of ethics within the profession and in relation to the concept of social responsibility.
	(ii) Explain the role and importance of ethics in relation to business and good governance.
	(iii) Analyze the interrelationship of ethics and law, including the relationship between laws, regulations, and the public interest.
	(iv) Analyze the consequences of unethical behavior to the individual, the profession, and the public.

² The level of proficiency for a competence area identifies the level to be achieved by the end of IPD (as outlined in Appendix 1).

Review of Professional Accounting Education Programs (Ref: Para. A32–A33)

12. IFAC member organizations shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in IES 4.

Reflective Activity (Ref: Para. A34–A38)

13. IFAC member organizations shall design learning and development activities on professional values, ethics, and attitudes for aspiring professional accountants to include reflective activity that is formalized and documented.

Assessment of Professional Values, Ethics, and Attitudes (Ref: Para. A39–A42)

14. IFAC member organizations shall establish appropriate assessment activities to assess the professional values, ethics, and attitudes of aspiring professional accountants.

Explanatory Material

References to Definitions Contained within IAASB and IESBA Pronouncements

- A1. This IES uses the following terms already defined within IAASB and IESBA pronouncements.

Table B: IAASB and IESBA Definitions Adopted in IES 4

Defined Term	Definition in IAASB and IESBA Pronouncements
Professional Skepticism (IAASB) ⁴	An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement, and a critical assessment of evidence.
Professional Judgment (IESBA) ⁵	Professional judgment involves the application of relevant training, professional knowledge, skills and experience commensurate with the facts and circumstances, taking into account the nature and scope of the particular professional activities, and the interests and relationships involved.

Scope of this Standard (Ref: Para. 1–6)

- A2. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD builds on general education and includes professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can demonstrate the professional competence required for their chosen roles in the accountancy profession.
- A3. Professional values, ethics, and attitudes are defined as the professional behavior and characteristics that identify professional accountants as members of a profession. These include the ethical principles generally associated with, and considered essential in, defining the distinctive characteristics of professional behavior.
- A4. Professional values, ethics, and attitudes include a commitment to (a) technical competence and professional skills, (b) ethical behavior (e.g., independence, objectivity, confidentiality, and integrity), (c) professional manner (e.g., due care, timeliness, courteousness, respect,

⁴ Professional Skepticism (in the context of ISAE 3000 (Revised)), Glossary of Terms, *IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements – 2022 Edition, Volume I*.

⁵ Glossary, *IESBA Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards) – 2022 Edition*.

responsibility, and reliability), (d) pursuit of excellence (e.g., commitment to continual improvement and lifelong learning), and (e) social responsibility (e.g., awareness and consideration of the public interest).

- A5. Relevant ethical requirements⁶ are defined as those ethical requirements to which professional accountants are subject, which ordinarily comprise the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with any national requirements that are more restrictive.
- A6. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A7. Internationally, there are significant legal and regulatory differences that determine the point of qualification (or licensing) of professional accountants. Each IFAC member organization may define the appropriate relationship between the end of IPD and the point of qualification (or licensing) for its members.
- A8. The inclusion of professional values, ethics, and attitudes in IPD lays the base for performing a role as a professional accountant. Further development of professional values, ethics, and attitudes is a focus of CPD that is covered in IES 7, *Continuing Professional Development* (2020).
- A9. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within professional values, ethics, and attitudes include ethical principles as well as professional skepticism and professional judgment; competence areas within technical competence include financial accounting and reporting, taxation, and economics; and competence areas within professional skills include intellectual and organizational.
- A10. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or a professional accounting education program.

Objective (Ref: Para. 8)

- A11. Establishing the professional values, ethics, and attitudes that aspiring professional accountants need to develop and demonstrate serves several purposes. It protects the public interest, enhances the quality of the work of professional accountants, and promotes the credibility of the accountancy profession.

Framework of Professional Values, Ethics, and Attitudes (Ref: Para. 9)

- A12. A framework of professional values, ethics, and attitudes may be established by the relevant ethical requirements, for example the conceptual framework approach set out in the IESBA Code.
- A13. Under relevant ethical requirements, professional accountants accept a responsibility to act in the public interest. Consequently, the actions of a professional accountant are not intended exclusively to satisfy the needs of an individual client or employer.
- A14. By establishing learning and development activities that cover professional values, ethics, and attitudes, IFAC member organizations promote a commitment for the aspiring

⁶ Glossary of Terms, IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements – 2018 Edition, Volume I.

professional accountant to act in the public interest. Acting in the public interest includes: (a) developing an awareness and concern for impact on the public; (b) developing a sensitivity to social responsibilities; (c) lifelong learning; (d) a predisposition to quality, reliability, responsibility, timeliness, and courtesy; and (e) a respect for laws and regulations. Consequently, professional accountants contribute to confidence and trust in the functioning of markets and the economy in general.

Relevant Ethical Requirements (Ref: Para. 10)

A15. Within a professional accounting education program, professional values, ethics, and attitudes may initially be treated as a separate course or subject. However, as aspiring professional accountants progress, the integration of professional values, ethics, and attitudes with other courses or subjects, encourages the recognition and consideration of wider ethical implications.

Learning Outcomes for Professional Values, Ethics, and Attitudes (Ref: Para. 11)

Developing Learning Outcomes

A16. Table A lists the learning outcomes for professional values, ethics, and attitudes to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the base to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner, a taxation specialist, or a sustainability reporting specialist.

A17. IAASB pronouncements govern audit, review, assurance, and related service engagements that are conducted in accordance with international standards. Although the term professional skepticism is defined specifically within the context of audit and assurance engagements, the attitudes, skills and behaviors that contribute to professional skepticism are relevant to all aspiring professional accountants, regardless of their future role as a professional accountant. As a result, IPD includes learning and development activities that address the skills, attitudes, and behaviors necessary for aspiring professional accountants to have the ability to apply professional skepticism. The skills, attitudes, and behaviors contributing to professional skepticism are further developed following IPD, through CPD.

A18. In the design of professional accounting education programs, the three competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also the learning outcomes associated with one competence area (for example, ethical principles) may be achieved across more than one course or subject. The achievement of some learning outcomes (for example, those within professional skepticism and professional judgment) may extend across several different courses or subjects, none of which may be devoted solely to that competence area. In addition, the sequence in which the competence areas are included in a professional accounting education program may differ from the sequence presented in Table A (for example, commitment to the public interest is listed towards the end of the list of competence areas in Table A, but may be covered fairly early in a professional accounting education program).

A19. There are many ways to describe and classify levels of proficiency. The description developed by the IAESB is provided in Appendix 1, Description of Levels of Proficiency.

A20. In Table A, each competence area has been assigned a level of proficiency that aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the context in which the relevant learning outcomes are expected to be demonstrated. Together, the learning outcomes and the level of proficiency of the competence area provide information to help IFAC member organizations design their professional accounting education programs.

A21. In professional accounting education programs, an IFAC member organization may: (a) include additional competence areas; (b) increase the level of proficiency for some

competence areas; or (c) develop additional learning outcomes that are not specified in IES 4. This may occur when an IFAC member organization prepares aspiring professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant or an auditor).

Selecting Learning and Development Activities

- A22. IFAC member organizations, educators, and other stakeholders are encouraged to identify the most appropriate approach to learning and development for professional values, ethics, and attitudes, taking into consideration the national and cultural environment.
- A23. In determining the approach to achieving the learning outcomes, the mix of learning and development activities may include a combination of structured learning programs and practical experience. This combination may be organized to give aspiring professional accountants an adequate opportunity to experience the application of professional values, ethics, and attitudes in the workplace.
- A24. In establishing learning and development activities, IFAC member organizations, educators, and other stakeholders may distinguish between (a) educating aspiring professional accountants about professional values, ethics, and attitudes, and (b) developing and maintaining an appropriate environment for ethical behavior. Development of professional values, ethics, and attitudes may be achieved through IPD, and continues throughout a career, forming part of CPD activities and lifelong learning.
- A25. IFAC member organizations, educators, and other stakeholders may consider using participative approaches that can enhance the development of professional values, ethics, and attitudes. These may include but would not be restricted to:
 - (a) Role playing;
 - (b) Discussion of selected readings and online materials;
 - (c) Analysis of case studies that involve business situations involving ethical threats;
 - (d) Discussion of disciplinary pronouncements and findings;
 - (e) Seminars using speakers with experience of corporate or professional decision making; and
 - (f) Use of online forums and discussion boards.
- A26. Participative approaches may lead aspiring professional accountants to a greater awareness of the ethical implications and potential conflicts for individuals and businesses that may arise from having to make complex management decisions.

Professional Skepticism and Professional Judgment

- A27. Professional development in the areas of professional skepticism and professional judgment is not always straightforward. Planning effective learning and development in these areas involves due care and may include learning methods in which mentoring, reflective activity, time, and practical experience play a key role.

Ethical Principles

- A28. Professional values, ethics, and attitudes apply to everything that professional accountants undertake in their professional capacity. Having (a) knowledge and understanding of ethical concepts, ethical theories, and the fundamental principles of professional ethics, and (b) the opportunity to practice their application in a non-workplace setting can help aspiring professional accountants to recognize and address ethical threats.
- A29. Learning and development for aspiring professional accountants on ethical principles and threats may address: (a) particular ethical threats likely to be faced by all professional accountants, (b) those ethical threats more likely to be encountered by professional

accountants in their respective roles, and (c) key considerations in developing appropriate responses to such ethical threats.

- A30. The emphasis on ethical principles may be achieved by encouraging aspiring professional accountants to: (a) identify any apparent ethical implications and conflicts in their work or work environment, (b) form preliminary views on such occurrences, and (c) discuss them with their practical experience supervisors.
- A31. Ethical threats and potential dilemmas for aspiring professional accountants are likely to occur within the period of practical experience. Those responsible for designing and supervising practical experience programs may provide guidance to aspiring professional accountants about the need to consult employers, mentors, or supervisors within their work environment or an IFAC member organization, where there is doubt about the ethical aspects of a course of action or situation.

Review of Professional Accounting Education Programs (Ref: Para. 12)

- A32. Professional accounting education programs are designed to support aspiring professional accountants to develop the appropriate professional competence by the end of IPD. Such programs may include formal education delivered through qualifications and courses offered by universities, other higher education providers, IFAC member organizations, and employers, as well as workplace training. The design of professional accounting education programs offered during IPD may therefore involve substantive input from stakeholders other than IFAC member organizations.
- A33. The requirement to review and update professional accounting education programs on a regular basis reflects the rapidly-changing and complex environment within which professional accountants operate. A typical review cycle may be three to five years, but it may be appropriate to undertake a more frequent review, for example to take account of changes in legislation, regulations, and standards relevant to professional accountants.

Reflective Activity (Ref: Para. 13)

- A34. Reflective activity is the iterative process by which professional accountants, at all stages of their career, continue to develop their professional competence by reviewing their experiences (real or simulated) with a view to improving their future actions.
- A35. The most realistic experiences on which to reflect may occur in the workplace. Where this is not possible or appropriate, simulations of “real life” experiences, or consideration of relevant cases that are in the public domain may also offer suitable alternatives.
- A36. The documentation of reflective activity may include:
- (a) Records of learning;
 - (b) Reflective records;
 - (c) Personal development portfolios; or
 - (d) Critical incident diaries.
- A37. In providing guidance to aspiring professional accountants and professional accountants on the nature, format, and content of documentation to be maintained for reflective activity and the types of ethical situations to be documented, IFAC member organizations may consider factors, for example confidentiality, legal, and regulatory requirements. For example, certain ethical situations could be sensitive and subject to legal or disciplinary actions and would therefore not be suitable for aspiring professional accountants to document and discuss.
- A38. IFAC member organizations may also consider providing guidance on how to support reflective activity in practice for practical experience supervisors.

Assessment of Professional Values, Ethics, and Attitudes (Ref: Para. 14)

- A39. IES 6, Initial Professional Development – Assessment of Professional Competence (2015) provides the principles that apply to the design of assessment activities used to assess the professional values, ethics, and attitudes and other elements of professional competence.
- A40. Various assessment activities can be used to assess the professional values, ethics, and attitudes of aspiring professional accountants. Appropriate assessment activities may include: (a) written examinations consisting of questions requiring short answers, (b) case studies, (c) written essays, (d) objective testing, (e) workplace assessments, and (f) the recognition of prior learning.
- A41. In addition to written examinations, there are a number of other means by which assessment within a formal education environment may be carried out, including:
- (a) Creating repositories of case studies and requiring aspiring professional accountants to complete tests based on these case studies;
 - (b) Using a case analysis system that requires aspiring professional accountants to maintain journals and notes on particular public domain cases;
 - (c) Using objective testing of ethical aspects of professional accounting
 - (d) education programs; and
 - (e) Using case study group assignments and workshops to assess ethical analysis and decision-making.
- A42. Workplace assessment differs from, and in many respects is more difficult than, assessment within a formal education environment. The means for assessing the development of professional values, ethics, and attitudes in the workplace may include:
- (a) Discussion and facilitated resolution of ethical threats as they arise in the workplace; and
 - (b) Reviews of ethical decision-making combined with performance reviews and appraisals.

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