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Sustainability Ethics in Accounting Education: Integrating ESG Integrity, Assurance Mindsets, and Professional Values in the Post-Standards Era

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Abstract
Sustainability reporting and assurance have rapidly shifted from a largely voluntary corporate practice to a standard-setting, regulatory, and investor-relevant domain. This transition elevates the ethical stakes for accountants: sustainability information is increasingly used in capital allocation, risk pricing, and stakeholder accountability, creating new incentives for misrepresentation, selective disclosure, and "ethical fading." Accounting education therefore must evolve from treating sustainability as an elective topic toward embedding sustainability ethics as a core professional competence—covering integrity, objectivity, due care, skepticism, evidence, governance, and independence across sustainability reporting and assurance engagements. This conceptual research article synthesizes interdisciplinary ethics scholarship and accounting education research to propose an integrated Sustainability Ethics Competency Model (SECM) and a curriculum architecture aligned with emerging global standards and expectations. The article draws on developments including IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2, effective for annual reporting periods beginning on or after 1 January 2024) (IFRS), the International Ethics Standards Board for Accountants' (IESBA) sustainability assurance ethics standards and related revisions (with stated effective dates from December 2026 and certain provisions from July 2028) (Ethics Board), and IFAC's embedding of sustainability within International Education Standards revisions (announced March 2025) (IFAC). A pedagogical roadmap is presented using case-based learning, moral reasoning exercises, assurance simulations, and assessment rubrics that evaluate ethical judgment under sustainability-specific dilemmas (e.g., double materiality tensions, value-chain evidence limits, and governance pressures). The paper concludes with implementation guidance for faculty, accreditation implications, and a future research agenda.

Key word: sustainability ethics; accounting education; ESG; assurance; professional skepticism; IFRS S1; IFRS S2; IESBA; curriculum design; integrity

Introduction

Sustainability has become inseparable from corporate performance narratives. Stakeholders increasingly demand credible disclosures on climate risk, human capital, biodiversity impacts, and governance practices, and these disclosures are progressively shaped by standards and assurance expectations. For the accounting profession, this marks a profound ethical expansion: accountants are no longer responsible only for faithful representation of financial outcomes, but also for the trustworthiness of sustainability-related information used by investors and society.

Two forces intensify the ethical relevance. First, sustainability metrics often carry higher estimation uncertainty than traditional financial measures (e.g., Scope 3 emissions, scenario analyses, biodiversity impacts), making them vulnerable to bias and manipulation. Second, sustainability disclosures can be closely tied to reputational benefits and financing outcomes, increasing incentives for greenwashing and selective transparency. Under such conditions, purely technical instruction (standards, KPIs, calculations) is insufficient; learners must develop ethical sensitivity, moral reasoning, and professional courage to resist organizational pressure.

Recent global developments amplify this imperative. IFRS S1 and IFRS S2 are effective for annual reporting periods beginning on or after 1 January 2024 (IFRS), meaning graduates are entering workplaces where sustainability reporting systems are being built, audited, and challenged. Alongside reporting, the ethics and independence foundation for sustainability assurance is also formalizing: IESBA's 2025 Handbook introduces sustainability assurance ethics standards and sets out effective dates (December 2026; selected independence provisions from July 2028) (Ethics Board). On the education side, IFAC announced revisions to International Education Standards to embed sustainability across professional training (IFAC). These signals collectively imply that sustainability ethics is becoming a baseline professional expectation, not a niche specialty.

Purpose of the study. This article develops a structured ethics-centered framework for sustainability in accounting education and translates it into a practical curriculum roadmap.

Research questions.

1. What distinct ethical risks emerge in sustainability reporting and assurance compared with traditional financial reporting?
2. Which competencies should accounting programs target to prepare graduates for sustainability-related ethical dilemmas?
3. What teaching and assessment methods best develop sustainability ethics competence?

Contribution. The paper contributes (i) a competency model (SECM) tailored to sustainability dilemmas, (ii) a mapped curriculum architecture (modules, learning outcomes, assessments), and (iii) a future research agenda for empirical validation.

2. Background and Context: Why Sustainability Ethics Is Different

Ethics instruction has long been part of accounting education, frequently focused on financial reporting integrity, independence, conflicts of interest, and corporate governance. Sustainability introduces additional complexity:

2.1 Materiality and stakeholder tensions

Sustainability frameworks may involve differing notions of materiality (e.g., investor-focused vs. impact-focused). Even when a reporting regime emphasizes investor decision usefulness, external stakeholders often interpret sustainability claims as broader moral commitments. This creates ethical tension when disclosures meet technical requirements but still mislead through omission or narrative framing.

2.2 Evidence limitations across the value chain

Sustainability metrics frequently depend on third-party data, estimates, and value-chain assumptions. This can weaken verifiability and make assurance harder. Ethical risks include overclaiming certainty, under-disclosing limitations, or "scope shopping" (choosing boundaries that minimize negative impacts).

2.3 Incentive structures and greenwashing pressure

Sustainability performance is often linked to executive compensation, debt covenants, or financing access. This can intensify management pressure on preparers and assurors, and can normalize ethically questionable adjustments ("everyone does it") or selective presentation ("highlight the good stories").

2.4 Standardization momentum

The emergence of global standards and assurance expectations increases the demand for competent professionals. IFRS S1/S2 create structured disclosure requirements (IFRS), while IESBA's sustainability assurance ethics standards formalize professional conduct expectations for assurance engagements (Ethics Board). Education systems must therefore prepare students not only to "comply," but to uphold ethical principles under ambiguity and pressure.

3. Literature Review

This section integrates four streams: (i) accounting ethics education, (ii) sustainability reporting ethics, (iii) professional skepticism and judgment, and (iv) responsible management education initiatives.

3.1 Accounting ethics education

Prior research suggests ethics learning is strengthened by active methods—case analysis, role play, dilemma discussions, and reflective writing—rather than lecture-only formats. Ethics education is most effective when integrated across courses (financial accounting, audit, tax) instead of isolated in a single module.

3.2 Ethics in sustainability reporting and ESG

Sustainability reporting ethics research highlights greenwashing, selective disclosure, impression management, and "decoupling" (symbolic compliance without substantive performance). The ethical challenge often lies not in outright falsification but in strategic ambiguity: technically correct claims that create misleading impressions.

3.3 Professional skepticism, assurance, and independence

Audit education emphasizes skepticism, evidence evaluation, independence, and public interest orientation. Sustainability assurance extends these demands into new subject matter and data ecosystems. Developments by the international ethics standard setter signal increasing formalization of sustainability assurance ethics and independence expectations (Ethics Board).

3.4 Responsible management education and accreditation influences

Globally, sustainability has also been promoted through responsible management education movements. The UN-supported Principles for Responsible Management Education (PRME) aims to raise sustainability's profile in business education and mobilizes institutions through shared principles (UN PRME). Meanwhile, accreditation standards in business education increasingly emphasize societal impact and responsible leadership, shaping program incentives (e.g., AACSB's outcomes orientation). (AACSB)

Synthesis gap. Existing literature often treats "sustainability content" and "ethics education" separately. Accounting programs need a single integrated framework that explicitly links sustainability reporting/assurance realities with ethics competencies and assessable learning outcomes.

4. Theoretical Foundation

This paper adopts a multi-theory lens to explain why sustainability ethics requires specific pedagogical responses:

1. **Rest's Four-Component Model** (moral sensitivity, moral judgment, moral motivation, moral character): helps structure competencies for recognizing sustainability dilemmas, reasoning through them, prioritizing ethics over incentives, and acting under pressure.
2. **Stakeholder theory:** explains why sustainability claims affect multiple stakeholder groups and why "minimum compliance" can still be ethically insufficient.
3. **Legitimacy theory:** accounts for impression management incentives and symbolic reporting behaviors.
4. **Bounded ethicality and ethical fading:** clarifies how time pressure, complexity, and goal framing can cause students/professionals to overlook ethical dimensions, especially when sustainability metrics are uncertain.

5. Methodology

This article is a **conceptual research** study supported by structured synthesis. The methodology includes:

1. **Document-informed framing:** aligning educational implications with recent developments in sustainability reporting and assurance ethics (e.g., IFRS S1/S2 effective dates (IFRS); IESBA sustainability assurance ethics effective dates (Ethics Board); IFAC education standards update announcement (IFAC)).
2. **Integrative literature synthesis:** mapping ethics pedagogy findings onto sustainability reporting risk characteristics (materiality tension, value-chain evidence limits, incentive pressures).
3. **Design science orientation:** producing an actionable artifact (SECM model + curriculum blueprint) intended for later empirical evaluation.

Proposed future empirical design (for validation). A mixed-methods approach can test SECM effectiveness: pre-/post-measures of moral reasoning (scenario-based), rubric-graded case performance, and focus groups with students/instructors.

6. Findings: Ethical Risk Map for Sustainability Accounting

A curriculum should begin with a clear map of recurring ethical risk patterns. Table 1 offers a practical taxonomy that educators can convert into cases and assessments.

Table 1. Sustainability ethics risk map (illustrative)

Risk pattern	Example in practice	Ethical principles at stake	Learning emphasis
Selective disclosure / impression management	Reporting only favorable KPIs while omitting material negatives	Integrity, transparency	Completeness tests, narrative scrutiny
Boundary manipulation	Narrow operational boundaries to minimize emissions	Objectivity, fairness	Scope reasoning, boundary justification
Estimation bias	Over-optimistic climate scenario assumptions	Due care, professional judgment	Bias identification, sensitivity analysis
Conflicts of interest	Assurance provider also sells ESG consulting	Independence, public interest	Safeguards, independence evaluation
Weak evidence reliance	Unverified supplier data used as "facts"	Competence, skepticism	Evidence hierarchy, disclosure of limitations
Goal displacement	Treating sustainability reporting as PR	Integrity, accountability	Purpose of reporting, stakeholder impact

7. Proposed Sustainability Ethics Competency Model (SECM)

The Sustainability Ethics Competency Model translates ethical demands into teachable and assessable competencies.

Figure 1. Sustainability Ethics Competency Model (SECM) — Conceptual framework

Inputs (Standards & Context)
- ├— Sustainability reporting standards & metrics (e.g., IFRS S1/S2)*
- ├— Assurance expectations & ethics requirements (e.g., IESBA sustainability assurance ethics)*
- ├— Organizational incentives & governance pressures
- └— Data uncertainty & value-chain complexity

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Core Ethics Capabilities (SECM)

1) Ethical Sensitivity (spotting dilemmas; stakeholder impact)

2) Ethical Reasoning (materiality, trade-offs, principles-based judgment)
3) Professional Skepticism (evidence evaluation; bias detection)
4) Independence & Conflict Management (safeguards; role clarity)
5) Transparency & Communication (limits, assumptions, uncertainty)
6) Moral Courage & Accountability (acting under pressure; escalation)

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Outputs (Observable Performance)
├— High-quality sustainability disclosures
├— Credible assurance judgments
├— Reduced greenwashing risk
└— Public-interest professional identity

*IFRS S1/S2 effective for annual reporting periods beginning on or after 1 January 2024 (IFRS); IESBA sustainability assurance ethics effective dates from December 2026 (and some provisions July 2028) (Ethics Board).

Interpretation. SECM emphasizes that sustainability ethics competence is not merely knowing "what is right," but being able to defend judgments with evidence logic, communicate uncertainty honestly, and maintain independence in evolving assurance markets.

8. Curriculum Architecture: An 8-Module Blueprint
This section provides a program-ready structure. Each module includes learning outcomes and suggested assessments.

Module 1: Foundations of Sustainability and the Accountant's Public Interest Role
Focus: Why sustainability information matters; how it affects decisions; accountants as trust providers.
Learning outcomes: Students can explain sustainability reporting purpose, stakeholder consequences, and ethical responsibilities.
Assessment: Short reflective essay: "Public interest conflicts in sustainability reporting."

Module 2: Ethics Principles Applied to ESG Information
Focus: Integrity, objectivity, competence, due care, confidentiality, professional behavior—applied to sustainability cases.
Learning outcomes: Students can map dilemmas to ethical principles and propose defensible actions.
Assessment: Scenario quiz with justification paragraphs.

Module 3: Materiality, Stakeholders, and Moral Reasoning
Focus: Materiality tensions, stakeholder impacts, and reasoning under uncertainty.
Learning outcomes: Students can justify disclosure decisions and discuss who is harmed by omission.
Assessment: Case: "Is this climate risk material?" (graded with rubric).

Module 4: Data, Estimation, and Ethical Transparency
Focus: Measurement uncertainty; estimation bias; boundary setting; value-chain data ethics.
Learning outcomes: Students can identify bias, document assumptions, and recommend transparent disclosure language.
Assessment: Mini-project: build an assumptions register + sensitivity notes.

Module 5: Greenwashing, Impression Management, and Narrative Ethics
Focus: Misleading storytelling, selective KPIs, "net-zero" claim ethics.
Learning outcomes: Students can audit a sustainability report narrative for misleading signals.
Assessment: "Red flag" annotation of a mock sustainability report.

Module 6: Sustainability Assurance Ethics and Independence
Focus: Independence threats, conflicts of interest, safeguards, and assurance roles.
Learning outcomes: Students can analyze an assurance engagement for independence risks and propose safeguards.
Assessment: Role-play negotiation: client pressure vs assurance scope and integrity.
(IESBA's sustainability assurance ethics and independence standards provide key context for this module (Ethics Board).)

Module 7: Governance, Controls, and Ethical Culture for Sustainability Reporting
Focus: Board oversight, internal controls over sustainability reporting, whistleblowing, escalation paths.
Learning outcomes: Students design a basic control framework and escalation protocol.
Assessment: Group presentation: "Sustainability reporting control blueprint."

Module 8: Capstone Simulation (Integrated Case + Assurance Mini-Engagement)
Focus: End-to-end sustainability ethics under realism: limited data, time pressure, stakeholder scrutiny.
Learning outcomes: Students demonstrate SECM capabilities in a complex scenario.
Assessment: Capstone dossier (workpapers + ethics memo + disclosure recommendations).

9. Teaching Strategies That Work

To make sustainability ethics "stick," the pedagogy must mimic the ambiguity and pressure of practice.

9.1 Dilemma-centered case method

Design cases where technical answers are insufficient. Example prompts:

- Management wants to exclude supplier emissions due to "unreliable data." What should be disclosed, and how?
- Marketing drafts a "carbon neutral" claim that is technically defensible but potentially misleading—how should accountants respond?

9.2 Structured moral reasoning templates

Use a repeatable worksheet:

1. Identify stakeholders harmed/benefited
2. Identify principles at stake
3. List feasible actions
4. Evaluate consequences and duties
5. Decide + justify + plan communication

9.3 Assurance simulations and evidence hierarchies

Students should practice "what evidence would convince you?" under real constraints. This builds skepticism and due care—core ethical behaviors, not just technical steps.

9.4 Reflective practice and identity formation

Reflection helps students internalize the public interest identity (e.g., "What would I do if my manager pressures me?"). This is crucial for moral motivation and courage.

10. Assessment Framework: Measuring Sustainability Ethics Competence

Ethics outcomes must be assessed, not only taught.

10.1 Rubric aligned to SECM

A 4-level rubric can evaluate:

- Ethical sensitivity (recognizes dilemma signals)
- Reasoning quality (principled, stakeholder-aware, coherent)
- Evidence skepticism (identifies weak evidence, requests corroboration)
- Independence handling (detects threats, proposes safeguards)
- Transparency quality (communicates assumptions/limits honestly)
- Actionability (realistic escalation and documentation)

10.2 Authentic assessment artifacts

Require students to submit:

- An "ethics memo" addressed to the audit committee
- An assumptions register and limitation disclosures
- A safeguard plan for independence threats

These artifacts mirror real professional documentation expectations.

11. Discussion and Implications

11.1 Implications for accounting programs

Programs should shift from "one ethics chapter" to embedded ethics across financial accounting, audit, and sustainability topics. IFAC's move to embed sustainability into International Education Standards reinforces the direction of travel for professional training systems (IFAC).

11.2 Implications for regulators, professional bodies, and firms

The ethical quality of sustainability reporting will depend heavily on preparer competence and assurance integrity. Formal ethics standards for sustainability assurance, including explicit

effective dates, indicate that the profession expects consistent ethical practice globally (Ethics Board).

11.3 Implications for responsible management education

Initiatives like PRME emphasize sustainability in management education and provide an ecosystem for curriculum transformation (UN PRME). Accounting programs can leverage PRME principles to align ethics, sustainability, and societal impact goals.

12. Conclusion

Sustainability ethics in accounting education is no longer optional: it is central to maintaining trust in markets and in organizations' social license to operate. With sustainability disclosure standards effective from 2024 (IFRS) and sustainability assurance ethics standards with stated effective timelines (Ethics Board), accounting graduates must be prepared to make principled decisions under uncertainty, incentive pressure, and stakeholder scrutiny. This paper proposed the Sustainability Ethics Competency Model (SECM) and an 8-module curriculum blueprint designed to produce observable ethical performance—not just ethical awareness. Future empirical studies should test learning outcomes across institutions, compare pedagogical methods, and examine how sustainability ethics competence predicts workplace behavior.

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