



An Roinn Fiontar,  
Trádála agus Fostaíochta  
Department of Enterprise,  
Trade and Employment

# Public Consultation on Member State Option to Introduce Independent Assurance Service Providers (IASPs)

Pursuant to Article 34 of Directive 2013/34/EU as inserted by Directive  
2022/2464/EU (CSRD)

Response Template

As set out in the consultation paper, the Department of Enterprise, Trade and Employment is specifically seeking views on the Member State option to introduce a new category of independent assurance services provider pursuant to Directive 2022/2464/EU ('CSRD').

Respondents can comment generally on this Member State option at the end of the template and express any views specific to this option should they wish.

Please include your response in the space underneath the relevant option, to set out/ explain your views. Completing the template will assist with achieving a consistent approach in responses returned and facilitate collation of responses.

When responding please indicate whether you are providing views as an individual or representing the views of an organisation.

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Respondents are requested to return their completed templates by email to [CSRD@enterprise.gov.ie](mailto:CSRD@enterprise.gov.ie) by the closing date of **Friday, 19 July 2024**.

Submissions should be sent by email to [CSRD@enterprise.gov.ie](mailto:CSRD@enterprise.gov.ie)

Please write '**response to public consultation on option to adopt Independent Assurance Services Provider**' in the subject line of the email.

Directive 2022/2464/EU ('CSRD') amends Directive 2013/34/EU ('Accounting Directive') by inserting a new paragraph 4 into Article 34. Paragraph 4 provides the following:

4. Member States may allow an independent assurance services provider established in their territory to express the opinion referred to in point (aa) of the second subparagraph of paragraph 1, provided that such independent assurance services provider is subject to requirements that are equivalent to those set out in Directive 2006/43/EC of the European Parliament and of the Council as regards the assurance of sustainability reporting as defined in point 22 of Article 2 of that Directive, in particular the requirements on:

- (a) training and examination, ensuring that independent assurance services providers acquire the necessary expertise concerning sustainability reporting and the assurance

of sustainability reporting; (Carbon TRACC note: - the assurance, verification or attestation of sustainability reports must be carried out in a manner that is fully transparent, relevant, accurate, complete and consistent in order that the entire sustainability system can be demonstrably seen to be authentic and credible. For Sustainability reporting to be appropriately assured the – assurance work must be carried out by assurers that are competent and who can demonstrate their ability to examine and assess emissions data and that the reporting entity has implemented sustainability practices in accordance with – ESRS specifications

(b) continuing education; (Carbon TRACC note: -this needs to be evidenced and assurers need to be able, by virtue of continuing education, specific to environmental, social and governance matters, rather than to exclusively financial matters)

(c) quality assurance systems; (CarbonTRACC suggest that QA/QC is a requirement of assures and this can be strengthened by assures seeking independent accreditation to ISO 14065 and ISO 17029 – which accreditation is bestowed by the Irish National Accreditation Board following detailed and robust examination of Assurance Providers)

(d) professional ethics, independence, objectivity, confidentiality and professional secrecy; (Carbon TRACC note: -ISO 14064-3 GHG Validation & Verification Standard specifies how assurers are to demonstrate their audit standards by adherence to the five principles of as specified in ISO 14064-3:2019, *Greenhouse gases — Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions*, ISO 14065:2020, *Greenhouse gases — Requirements for greenhouse gas validation and verification bodies*, ISO 14066:2023 *on competence requirements for validation teams and verification teams* and ISO 17029:2019, *Conformity Assessment - General principles and requirements for validation and verification bodies for use in accreditation or other forms of recognition.*)

(e) appointment and dismissal; (CarbonTRACC note; The four ISO Standards all detail specific requirements on this topic.)

(f) investigations and sanctions; (CarbonTRACC note; The four ISO Standards all detail specific requirements on this topic.

(g) the organization of the work of the independent assurance services provider, in particular in terms of sufficient resources and personnel and the maintenance of client account records and files; (CarbonTRACC note; The four ISO Standards all detail specific requirements on this topic.

(h) reporting irregularities. (CarbonTRACC note; The four ISO Standards all detail specific requirements on this topic.

**Question 1 – Do you support the proposal that Ireland adopts the Member State option to introduce, accredit, regulate, and monitor a new service provider – called an Independent Assurance Services Provider – to give an assurance opinion on sustainability reporting? Please give reasons for your preference.**

At CarbonTRACC Ltd we have been assuring Greenhouse Gas emissions statement through our technologists having been trained and accredited to ISO 14064-3:2019 (Greenhouse gases Part 3: Specification with guidance for the verification and validation of greenhouse gas statements) from the Canadian Standards Authority (CSA). We have also trained auditors from all the major financial services organisation in Europe, Asia, Africa and the America. We have trained all of the major audit/accountancy firms on these ISO audit Standards, including IFRS internationally.

We note that ISO 14064-1 is mentioned at 14 requirements of Delegated Regulation, COMMISSION DELEGATED REGULATION (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards. We feel this supports our contention that these ISO Standards will imbue any Irish Assurance Provider scheme with enhanced and recognised credibility, and as we know the most important aspect of assurance is credibility.

We would welcome the possibility to have CarbonTRACC Ltd recognised as an assurance provider and would like to highlight the strong standards that exist for Greenhouse Gase verification to both limited and reasonable assurance through ISO 14064-3; ISO 14066, ISO 14065 and ISO 17029. CSRD references International Standards provided by ISO 16064 suite of standards, which is building in expertise to cover sector specific guidance.

**Question 2 – Do you voluntarily obtain the services of a person, other than a statutory auditor, for an assurance opinion on sustainability reporting? Please give reasons for your preference.**

At CarbonTRACC has successfully provided assurance services to a variety of clients in various scenarios, such as EU Commission assessment of industrial low carbon schemes where we assessed on behalf of local Government agencies for the Commission on low carbon grant applications; we have verified sustainability assertions for voluntary reporting bodies and internal stakeholder or shareholder requirements for third party assurance, we have assured the sustainability/GHG reports of the major law firms in London. CarbonTRACC bring the principles of Transparency, Relevance, Complete, Accuracy, Completeness and Consistency to ensure that only high-quality information is available within the business and to those outside the business. These principles have been used for assurance (verification) purposes within the energy and other highly emitting sectors since 2006 following the ISO 14064 suite of Standards.

**Question 3 – Do you have any views on how and by whom Independent Assurance Services Providers established in Ireland should be accredited, supervised, and monitored?**

A recognised body, such as the Irish National Accreditation Board (an emanation of the Irish State) already has an oversight and accreditation role in Ireland and have in our experience operated a strictly professional and principles-based programme oversight and adhered always to the maintenance of high integrity in schemes they oversee on behalf of the State.

CarbonTRACC consider that ongoing training and examination in GHG and sustainability validation and verification techniques is a pre-requisite to ensure the integrity of an Irish managed assurance scheme. We believe ROI statutory auditors (as defined by 2006/43/EC) do not possess the training, education or experience in sustainability or climate change reporting or its assurance. "Stat Auditors" merely must have been appropriately authorised by a Recognised Accountancy Body (RAB). RABs themselves most probably do not possess no training, education or experience in sustainability or climate change reporting or its assurance.

**Question 4 – Do you have any views on the capacity of Independent Assurance Services Providers to comply with equivalent requirements to those set out in the Directive 2006/43/EC ('Audit Directive')?**

CarbonTRACC believes that an emanation of the State (for example INAB) if appointed as the overseeing organisation in Ireland, can – with established and independent credibility, stringently assure the accreditation of sufficient Independent Assurance Services Providers which will have the technical capacity to deliver the professional service demanded by this important task.

An Irish firm has trained over 1,500 assurance professionals in all continents since 2009 (CarbonTRACC's personnel) therefore we have the requisite experience in Ireland to be appropriately qualified and experienced in this field.

**Question 5 – Do you have any views on how Ireland (being the host Member State) should supervise the assurance of sustainability reporting carried out by Independent Assurance Services Providers established in another Member State?**

The requirements should accommodate SMEs to excel within the Assurance Industry, recognise experience, training and certification of staff.

Apply IASP oversight/accreditation rules using the established good practice skills and experience at the pre-existing INAB organisation who demonstrably possess the skills and experience to assure the quality and integrity of the CSRD assurance landscape in Ireland.

**Question 6 – If you fall within scope of the CSRD, would you be likely to use an Independent Assurance Services Provider (other than a statutory auditor) for your sustainability assurance? Please give reasons for your preference.**

Technical sector specific experience is required especially at this early stage when Green House Gas inventories are being established and baselined as each year will be built upon good foundations. A financial auditor may or may not have that experience or skills – for example to be able to exercise due care and judgement in accordance with the risk attributed to the task performed and the confidence placed by clients and intended users having the necessary competence to undertake the assurance assignment. There is a significant risk that Statutory Auditors will not possess the training, education or experience in sustainability or climate change reporting or its assurance. Statutory Auditors merely must have been appropriately authorised by a Recognised Accountancy Body (RAB). RABs also possess no training, education or experience in sustainability or climate change reporting or its assurance.

**Question 7 – Do you have any views on whether the introduction of a new sector for assurance on sustainability would benefit or harm Irish business and employment or the Irish economy?**

We believe, if organised from a principles-based perspective from the outset, that Irish businesses covered under CSRD would benefit from a new sector for Assurance.

In sustainability the only relevant metric which the population at large will focus on is credibility in our reporting. A well organised assurance scheme with oversight from an independent organisation under the oversight of the state itself will ensure Ireland is seen as a pre-eminent practitioner and respector of authentic sustainability reporting.

**Please include your views on any other issues that you might see as relevant to Article 34(4) and (5).**

Member States shall designate one or more competent authorities for the purposes of the Directive. The competent authorities shall be organised in such a manner that conflicts of interests are avoided. The ISO Standards mentioned above have detailed prescriptions on identifying conflicts of interest and we commend these standards as the best practice in assurance work internationally.

#### **Additional commentary from CarbonTRACC.**

A recent EDHEC Business School -Risk Climate Impact report underscores the urgent need for decision-makers to implement aggressive policies to mitigate climate change and prevent significant losses in global stock values, which could exceed 50%. This report highlights how physical climate damage and transition (to a low carbon economy) costs can materially impact stock values. It is equally pertinent for regulators such as DETE, offering insights into how declining values of climate-sensitive assets held by

key financial institutions could jeopardize financial stability. The extent of these economic losses hinge on the rigor of emissions-cutting and management policies (and state – sponsored oversight through DETE or INAB will be mission-critical). In scenarios with minimal action, over 40% of global equity value is at risk, with potential losses soaring beyond 50% as we approach climate tipping points. The study concludes that "prompt and robust" measures are imperative to limit losses to below 10%. This report is a further corroboration that Ireland needs a robustly controlled assurance programme.

**THANK YOU FOR YOUR RESPONSES**