



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 by the closing date of **Friday, 19 July 2024**.

Submissions should be sent by email to 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;
- (b) continuing education;
- (c) quality assurance systems;
- (d) professional ethics, independence, objectivity, confidentiality and professional secrecy;
- (e) appointment and dismissal;
- (f) investigations and sanctions;
- (g) the organisation 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; and
- (h) reporting irregularities.

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.

Yes, we strongly support the proposal for introducing, accrediting, regulating, and monitoring Independent Assurance Service Providers (IASPs) in Ireland. Climate Matters Ltd is uniquely positioned to apply for recognition as an IASP due to our extensive experience in providing third-party verification and assurance services.

At Climate Matters Ltd, we have a proven track record of assuring Greenhouse Gas (GHG) emissions statements for hundreds of companies and assets. Our technologists are trained and accredited by the Canadian Standards Authority (CSA) and adhere to the International Standards Organisation ISO 14064-3:2019 (Greenhouse gases – Part 3: Specification with guidance for the verification and validation of greenhouse gas statements). This accreditation underscores our commitment to delivering rigorous and reliable sustainability assurance services.

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.

From our perspective as an assurance provider, Climate Matters Ltd offers assurance services driven by diverse client needs, including voluntary reporting bodies and internal stakeholder

requirements. Our mission is to ensure that sustainability information is relevant, complete, accurate, consistent, and transparent, aligning with ISO 14064-3.

Our clients choose Climate Matters Ltd for our specialist insights, access to the latest emissions factors, and experienced technologists in energy, transport, real estate, and communications sectors. We support the clear separation and independence provided by IASPs, as mandated under ISO 14064-3.

It should be noted that currently companies are reporting to voluntary platforms, which generally allow the third party to support and provide feedback to improve a statement or assertion. However, under mandatory schemes, ISO 14064-3 determines the verification opinion can be Unmodified Opinion, Modified Opinion or Adverse Opinion. There is a clear separation between consulting and assurance under ISO 14064-3. Hence, we support separation and independence through IASPs.

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?

We recommend that IASPs be accredited, supervised, and monitored by a recognized body such as the Irish National Accreditation Board (INAB). INAB's independent and established framework makes it a suitable candidate for this role.

Climate Matters Ltd suggests employing ISO/IEC 17029:2019 standards for validating and verifying bodies, ensuring a fair and rigorous accreditation process that accommodates both SMEs and large global companies.

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')?

While Climate Matters Ltd cannot directly comment on auditing, we emphasize that sustainability metrics differ significantly from financial records. We advocate for requirements focusing on expertise, risk management, materiality assessment, and the recognition of experience, training, and certification of staff.

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?

We propose utilizing the equivalent network for INAB within Europe for supervising IASPs established in other Member States. For complex assurance engagements, site visits by experienced personnel may be necessary, which could require an in-country presence or a partner approach. We have encountered higher instances of under-reporting of GHG emissions when site visits were not conducted.

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.

Although Climate Matters Ltd is technically outside the scope of CSRD as an SME, we recognize the rapid evolution of sustainability reporting requirements. We frequently receive requests for sustainability information from investors, banks, grant-aided bodies, insurers, and clients. The need for technical expertise and robust systems is critical to ensure reliable statements.

Our sector-specific experience is vital for establishing and baselining GHG inventories, providing a solid foundation for future reporting. An auditor may lack the necessary experience or tools in this emerging field.

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 that introducing a new sector for sustainability assurance, if managed well, would benefit Irish businesses like Climate Matters Ltd. Innovation and technology are key to handling large volumes of information across various formats.

Our **ASSURE™** Platform has been developed to be aligned with the GHG Protocol and ISO 14064-1 and the verification process is carried out to ISO 14064-3. This allows us to carry this out at speed and at scale when driven by experienced technologists.

ASSURE™ is **cross platform** and **technology agnostic** to accept all file types, connect to client's existing data collection platforms using APIs.

Our **UTIL™**-app applies **Machine Learning** and **AI** to compare utility invoice evidence against the client's assertion. Our **EVI™**-app will assure evidence on the ground is consistent with that presented, using **Augmented Reality** and **Optical Character Recognition**.

Within the Irish economy, circa 70 facilities within the EU emissions trading scheme have required GHG Assurance and with CSRD, this opportunity expands to 1000s+ companies, which may have 100,000+ assets. It is important that green-washing cannot occur within the Irish context and globally.

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

Climate Matters Ltd is committed to maintaining high standards of assurance, leveraging our technological advancements and sector expertise to support the evolving needs of sustainability reporting. We look forward to contributing to the development and implementation of effective IASP frameworks in Ireland.

THANK YOU FOR YOUR RESPONSES