



**Minister Dara Calleary TD,
Minister of State for Trade Promotion, Digital and Company Regulation,
Department of Enterprise, Trade and Employment,
23 Kildare Street,
Dublin 2**

9 March 2023

Submitted by e-mail – CSR@enterprise.gov.ie

Dear Minister Calleary,

Re: Public Consultation on the Corporate Sustainability Reporting Directive

CPA Ireland welcomes the opportunity to engage in the public consultation on the Corporate Sustainability Reporting Directive.

CPA Ireland recognises that the market and demand for high quality sustainability information is rapidly growing and considers that the development of global, harmonized standards will be essential to its success. As this market evolves there is a need to ensure that there is robust and coordinated regulation of the sector.



CPA Ireland is active in the provision of information and support to its members and students in this area. The [CPA Sustainability Hub](#) has been established to support the development of the audit and accounting profession in the area of sustainability and CPA Ireland's education syllabus, "[Ready to Face the Future of Accounting](#)" provides the profession with the building blocks to drive responsible and ethical action around sustainability reporting.

Please find below CPA Ireland's response to the consultation. We look forward to engaging further on the transposition of this Directive and the development of a proportionate sustainability reporting framework.

Yours sincerely,

A handwritten signature in black ink that reads 'Emer Kelly'.

Emer Kelly

Quality Assurance Manager



Appendix I – CPA Ireland Response

Consultation by the Department of Enterprise, Trade and Employment on Member State Options under the Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability Reporting

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 1 – Amendments to Directive 2013/34/EU the Accounting Directive		
Article 1 Scope (Amended) <i>New point 3 last subparagraph (New)</i>		
<p>Member States <u>may</u> choose not to apply the coordination measures referred to in the first subparagraph of this paragraph to the undertakings listed in points (2) to (23) of Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council.</p>	<p>The new requirements for sustainability reporting under the directive apply to large companies and large public-interest entities and listed SMEs.</p> <p>This option allows Member States to exclude certain undertakings on a case-by-case basis. The list of undertakings relevant to Ireland’s</p>	<p>CPA Ireland does not consider that it is appropriate to choose not to apply the coordination measures referred to in the first subparagraph of this paragraph to the undertakings listed in points (2) to (23) of Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council to Credit Unions and Friendly Societies.</p> <p>CPA Ireland considers that it serves the public interest to provide for a level playing field in the provision of sustainability information to the wider public and community.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
	transposition in Article 2 ¹ are central banks; post office institutions; the Strategic Banking Corporation of Ireland, credit unions and friendly societies.	
Article 19a – Sustainability Reporting (New) <i>Point 3 last subparagraph (New)</i>		
<p>Member States <u>may</u> allow information relating to impending developments or matters in the course of negotiation to be omitted in exceptional cases where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, acting within the competences assigned to them</p>	<p>The new Article 19a on Sustainability Reporting replaces the existing Article 19a. Article 19a sets out substantially enhanced requirements for sustainability reporting by undertakings in scope of the Directive. The information to be reported should be clearly identifiable within the undertaking's management</p>	<p>CPA Ireland considers that it would be appropriate to take this State option. There may be rare circumstances where it may be appropriate for an entity to omit certain information due to the sensitive nature of the information. This should take place in limited circumstances and be duly justified. In such cases it would be essential that entities doing so clearly outline the exemptions taken and the reasons for same.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking, provided that such omission does not prevent a fair and balanced understanding of the undertaking's development, performance and position, and the impact of its activity.</p>	<p>report (ie the directors' report). This option allows Member States to permit undertakings to exclude commercially sensitive information from the sustainability reporting under certain circumstances.</p>	
<p><i>Point 9 subparagraph three (New)</i></p>		
<p>The Member State by whose national law the exempted subsidiary undertaking is governed <u>may</u> require that the consolidated management report or, where applicable, the consolidated sustainability report, of the parent</p>	<p>Point 9 sets out exemptions from sustainability reporting for subsidiary undertakings where a parent in the EU includes information on the subsidiary in the consolidated management report drawn up under Article 29 and 29a or, if the parent is in a</p>	<p>CPA Ireland considers that it would be appropriate to take this State option to ensure the provision of information that is readily accessible.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>undertaking is published in a language that that Member State accepts, and that any necessary translation into such language is provided. Any translation that has not been certified shall include a statement to that effect.</p>	<p>third country equivalent consolidated sustainability report. Member States have the option to require that the consolidated management/sustainability report is published in an accepted language.</p>	
<p>Article 29a. – Consolidated Sustainability Reporting (New) <i>Point 3 last subparagraph (New)</i></p>		
<p>Member States <u>may</u> allow information relating to impending developments or matters in the course of negotiation to be omitted in exceptional cases where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, acting within the</p>	<p>The new Article 29a on Consolidated Sustainability Reporting replaces the existing Article 29a. Article 29a, similar to Article 19a, sets out substantially enhanced requirements for consolidated sustainability reporting by undertakings in scope of the Directive. The information to be reported</p>	<p>CPA considers that this option should be taken. In doing so entities should clearly disclose that they have availed of the exemption.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>competences assigned to them by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the group, provided that such omission does not prevent a fair and balanced understanding of the group's development, performance, and position, and the impact of its activity.</p>	<p>should be clearly identifiable within the group management (directors) report. This option allows Member States to permit undertakings to exclude commercially sensitive information from the sustainability reporting under certain circumstances.</p>	
<p><i>Point 8 subparagraph (New)</i></p>		
<p>The Member State by whose national law the exempted parent undertaking is governed <u>may</u> require that the consolidated management</p>	<p>As in Article 19a, Member States have the option to require that the consolidated management/sustainability report is published in an accepted</p>	<p>In the furtherance of the objective to provide easily accessible information, CPA Ireland considers that it would be appropriate to take this State option.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>report or, where applicable, the consolidated sustainability report of the parent undertaking is published in a language that that Member State accepts, and that any necessary translation into such language is provided. Any translation that has not been certified shall include a statement to that effect.</p>	<p>language.</p>	
<p>Article 30 General Publication (Amended) <i>Point 1 subparagraph 2 (New)</i></p>		
<p>Member States <u>may</u> require undertakings subject to Articles 19a and 29a to make the management report available to the public on their website, free of charge. Where an</p>	<p>Article 30 of the Accounting Directive sets out the publication requirements for annual financial statements and management reports (i.e. the directors' report). As a general rule, the</p>	<p>CPA Ireland considers that it would be appropriate to take this State option. The management report should be available to the public on their website, free of charge, to safeguard transparency, ensuring that sustainability information is easily and readily available to a wide audience.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>undertaking does not have a website, Member States <u>may</u> require it to make a written copy of its management report available upon request.</p>	<p>management report must be filed with the Companies Registration Office.</p> <p>This option allows Member States to require undertakings in scope of the requirements for sustainability reporting to publish the management report on their website or make a copy available upon request.</p>	
<p><i>Point 1 subparagraph 4 (Existing)</i></p>		
<p>Member States <u>may</u>, however exempt undertakings from the obligation to publish the management report where a copy of all or part of any such report can be easily obtained upon request at a price not exceeding its administrative cost.</p>	<p>As stated above as a general rule, the management report must be filed with the Companies Registration Office. Member States may exempt undertakings from this requirement provided the report can be readily obtained from the undertaking at a price not</p>	<p>CPA Ireland does not consider that it is necessary to take this option.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
	<p>exceeding its administrative cost.</p> <p>This option is not new and was not taken in the transposition of Directive 2013/34/EU but it is repeated here for completeness.</p>	
<p>Article 34.3 General Requirement Auditing (Amended) <i>Point 3 (New)</i></p>		
<p>Member States <u>may</u> allow a statutory auditor or an audit firm other than the one(s) carrying out the statutory audit of financial statements to express the opinion referred to in point (aa) of the second subparagraph of paragraph 1.</p>	<p>Article 34 of the Accounting Directive sets out the general requirement for the statutory audit of financial statements of undertakings. It is amended to provide for the assurance (audit) of sustainability reporting by undertakings.</p>	<p>CPA Ireland considers that it is appropriate to take this State option. We do not consider that it is necessary for the statutory auditor and the auditor who is engaged to express an opinion on compliance with sustainability reporting to be one and the same. It will be essential that entities have choice and flexibility in this regard, to ensure that the auditors engaged are the most appropriate for the engagement, in terms of competence and effectiveness etc.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
(i.e. the opinion on the compliance with sustainability reporting)	This option allows Member States to permit undertakings to engage separate statutory auditors/audit firms to carry out the statutory audit of financial statements and the assurance of the sustainability reporting.	<p>In choosing separate auditors for these functions, it will be essential to ensure that the sustainability auditor appointment is subject to the same appointment framework in terms of professional ethics, independence, objectivity, confidentiality, and professional secrecy.</p> <p>Critical to the separate processes will be the establishment of standards and mechanisms that provide for the co-operation and co-ordination between the two appointments.</p>
<i>Points 4 and 5 Independent Assurance Services Provider (New)</i>		
Member States <u>may</u> 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	This option allows Member States to introduce a new category of Independent Assurance Services Provider (IASP) to provide for the assurance of sustainability reporting by undertakings. IASPs must be subject to equivalent requirements to statutory	<p>CPA Ireland believes that it is appropriate to take this State option.</p> <p>However, CPA Ireland considers that it is essential that any new category of IASPs be subject to equivalent requirements to those applied to statutory auditors in respect of approval, training, education, licensing, quality assurance and investigation and sanctions.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>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:</p> <p>(a) training and examination, ensuring that independent assurance services providers acquire the necessary expertise concerning sustainability reporting and the assurance of sustainability reporting;</p> <p>(b) continuing education;</p>	<p>auditors in respect of this assurance work including in respect of training, education, quality assurance and investigations and sanctions. In due course Member States that exercise the option to introduce IASPs must also exercise the option to permit separate statutory auditors/audit firms to carry out the audit of financial statements and assurance of sustainability reporting. Member states that exercise the option to introduce IASPs must also in due course provide for home/host model of oversight of IASPs with other Member States.</p>	<p>Such providers must also be subject to the same standards in terms of the performance of their functions in the areas of assurance, reporting and ethical and independence standards.</p> <p>In terms of the accounting profession, at this point in time, we believe that it would be appropriate to extend the category beyond statutory auditors to include individuals who are members of Prescribed Accountancy Bodies (PABs), given that the PABs already have in place well established functions relating to training, education, licensing, quality assurance and investigation and sanctions.</p> <p>In extending the category to IASPs, CPA Ireland considers that it will be important to ensure that such providers have a framework of professional ethics, independence, objectivity, confidentiality and professional secrecy that is equivalent to that of statutory auditors and the model of oversight is equivalent to the oversight of statutory auditors.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>(c) quality assurance systems;</p> <p>(d) professional ethics, independence, objectivity, confidentiality and professional secrecy;</p> <p>(e) appointment and dismissal;</p> <p>(f) investigations and sanctions;</p> <p>(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</p> <p>(h) reporting irregularities.</p>		<p>It will also be important to ensure that all those performing sustainability assurance engagements are doing so in accordance with a common set of assurance and reporting standards, which may be best served by supervision of all service providers, including statutory auditors and IASP's by one oversight authority.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>Member States shall ensure that, where an independent assurance services provider expresses the opinion referred to in point (aa) of the second subparagraph of paragraph 1 of this Article, that opinion is prepared in accordance with Articles 26a, 27a and 28a of Directive 2006/43/EC and that, where applicable, the audit committee, or a dedicated committee, reviews and monitors the independence of the independent assurance services provider in accordance with point (e) of Article 39(6) of Directive 2006/43/EC.</p> <p>Member States shall ensure</p>		



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>that independent assurance services providers accredited before 1 January 2024 for the assurance of sustainability reporting, in accordance with Regulation (EC) No 765/2008, are not subject to the training and examination requirements referred to in point (a) of the first subparagraph of this paragraph.</p> <p>Member States shall ensure that independent assurance services providers that on 1 January 2024 are undergoing the accreditation process in accordance with the relevant national requirements are not subject to the training and examination requirements</p>		



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>referred to in point (a) of the first subparagraph as regards the assurance of sustainability reporting, provided they complete that process by 1 January 2026.</p> <p>Member States shall ensure that the independent assurance services providers referred to in the third and fourth subparagraphs acquire the necessary knowledge in sustainability reporting and the assurance of sustainability reporting via the continuing education requirement referred to in point (b) of the first subparagraph.</p> <p>If a Member State, pursuant to</p>		



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<p>the first subparagraph, decides to allow an independent assurance services provider to express the opinion referred to in point (aa) of the second subparagraph of paragraph 1, it shall also allow a statutory auditor other than the one(s) carrying out the statutory audit of financial statements to do so, as provided for in paragraph 3.</p> <p>5. From 6 January 2027, a Member State that has made use of the option provided for in paragraph 4 (the “host Member State”) shall allow independent assurance services provider established in a Member State other than the</p>		



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>host Member State (the “home Member State”) to carry out the assurance of sustainability reporting.</p> <p>The home Member State shall be responsible for the supervision of the independent assurance services providers established in its territory, unless the host Member State decides to supervise the assurance of sustainability reporting carried out by independent assurance services providers in its territory.</p> <p>If the host Member State decides to supervise the assurance of sustainability reporting carried out in its</p>		



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>territory by independent assurance services providers registered in another Member State, the host Member State shall:</p> <p>(a) not impose more stringent requirements or liability on such independent assurance services providers than those required for assurance of sustainability reporting by the national laws for the independent assurance services providers or auditors established in that host Member State; and</p> <p>(b) inform other Member States about its decision to supervise the assurance of</p>		



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>sustainability reporting carried out by independent assurance services providers established in other Member States.</p>		
<p>Article 40a Sustainability Reports concerning third-country undertakings (New) <i>Point 1 last subparagraph (new)</i></p>		
<p>Member States <u>may</u> require subsidiary undertakings or branches referred to in the first and third subparagraphs to send them information about the net turnover generated in their territory and in the Union by the third-country undertakings.</p>	<p>This is a new Article 40a inserted into the Accounting Directive on sustainability reports concerning third country undertakings. This option underpins the requirement for sustainability reports by large subsidiaries and branches operating in the EU (turnover > €40 million) of non-EU companies (turnover in the EU > €150 million). It permits Member States to require subsidiary undertakings and branches to send information</p>	<p>CPA Ireland considers that this option should be taken to underpin transparency and ease of accessibility of information.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
	about net turnover generated in the Member State and in the EU.	
Article 3 Amendments to Directive 2006/43/EC the Audit Directive		
Article 12 Combination of practical training and theoretical instruction (replaced)		
<i>Point 1 (existing)</i>		
<p>1. Member States <u>may</u> provide that periods of theoretical instruction in the subjects referred to in Article 8(1) and (2) shall count towards the periods of professional activity referred to in Article 11, provided that such instruction is attested by an examination recognised by the Member State. Such instruction shall not last less than one year, nor may it reduce the period of professional activity by more</p>	<p>This Article and option allows Member States to permit that periods of study can count towards professional activity periods required in Article 11 which governs qualifications through long term practical experience of statutory auditors. There is no substantive change to this option and it is not concerned with sustainability reporting but it is amended to take account of new cross-references in Article 8 arising from the amending Directive. It</p>	<p>CPA Ireland considers that this option should be taken, to provide for flexibility and the avoidance of unnecessary barriers to entry in what is an emerging and evolving framework.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>than four years.</p> <p>2. The period of professional activity and practical training shall not be shorter than the course of theoretical instruction together with the practical training required under the first subparagraph of Article 10(1).’;</p>	<p>was not exercised in the transpositions of Directive 2006/43/EC and Directive 2014/56/EU however it is repeated here for completeness.</p>	
<p>Article 26a Assurance Standards for sustainability reporting (New) <i>Point 2 (New)</i></p>		
<p>2. Member States <u>may</u> apply national assurance standards, procedures or requirements as long as the Commission has not adopted an assurance standard covering the same subject matter.</p> <p>Member States shall</p>	<p>Article 26a is a new article inserted into the Audit Directive which sets out the requirement for the audit of sustainability reporting to be done in accordance with assurance standards which will be developed by the EU Commission.</p> <p>This option permits Member</p>	<p>CPA Ireland does not consider that it is necessary to take up this option.</p> <p>We support the harmonization of standards globally and it is our view that the State should adopt a framework of international assurance standards, to provide for consistency and comparability internationally, given the international nature of the entities operating in Ireland.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>communicate the national assurance standards, procedures or requirements to the Commission at least three months before their entry into force.</p>	<p>States to apply national standards in the event that the Commission has not adopted a standard on the same subject matter.</p>	<p>We do not think it would be appropriate for a State the size of Ireland to adopt national standards in this area</p>
<p>Article 28a Assurance Report on sustainability reporting (New) <i>Point 5 (New)</i></p>		
<p>5. Member States <u>may</u> require that, where the same statutory auditor carries out the statutory audit of annual financial statements and the assurance of sustainability reporting, the assurance report on sustainability reporting may be included as a separate section of the audit report.</p>	<p>Article 28a is a new article inserted into the Audit Directive which sets out the requirements for the assurance report by statutory auditors/audit firms of sustainability reporting to be done in accordance with assurance standards which will be developed by the EU Commission (or any national standard if relevant).</p> <p>This option permits Member</p>	<p>CPA Ireland consider that it is appropriate to take this State option to allow for flexibility in the provision of the reports.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
	States to provide that where the same statutory auditor/audit firm carries out the statutory audit of the financial statements and the assurance of sustainability reporting, the assurance report may be included as a separate section of the audit report.	
<p>Article 29 Quality Assurance Systems (Amendment)</p> <p><i>Point 2a (New)</i></p>		
2a. Member States <u>may</u> exempt, until 31 December 2025, persons who carry out quality assurance reviews relating to the assurance of sustainability reporting from the requirement to have relevant experience in sustainability reporting and in the assurance of sustainability	The amendments to Article 29, which governs quality assurance systems for statutory audit, allow where applicable for quality assurance of sustainability reporting.	CPA Ireland considers that it is appropriate to take this State option, to allow for appropriate training and building of competence in this area.



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
reporting or in other sustainability-related services.’;	This option permits Member States to allow for a transition period for persons carrying out quality assurance reviews on sustainability reporting by exempting them until the end of 2025 from the requirement to have relevant experience in sustainability reporting or the assurance of same.	
Article 30 Systems of Investigations and Sanctions (Amended) <i>Point 2 second subparagraph (existing)</i>		
Member States <u>may</u> decide not to lay down rules for administrative sanctions for infringements which are already subject to national criminal law. In that event,	The amendments to Article 30, which governs systems of investigations and sanctions for breaches of statutory audit rules, allow for the extension of investigation and sanctions	CPA Ireland does not consider it necessary to take this option. There currently exists a well established system of investigations and sanctions for breaches of statutory audit rules and it makes sense that this would be



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
<p>they shall communicate to the Commission the relevant criminal law provisions.’;</p>	<p>systems to assurance of sustainability reporting.</p> <p>This option is not amended directly and allows Member States not to provide for an administrative sanction regime where criminal law already applies. It was not exercised in the transposition of Directive 2014/56/EU.</p>	<p>extended to the provision of sustainability reporting, as this is a more efficient and effective manner in which to process infringements.</p>
<p>Article 39 Audit Committee (Amended) <i>Paragraph 4a (New)</i></p>		
<p>Member States <u>may</u> allow the functions assigned to the audit committee relating to sustainability reporting and relating to the assurance of sustainability reporting to be performed by the</p>	<p>The amendments to Article 39, which governs the rules for Audit Committees of public interest entities, allow for the extension of certain audit committee functions to include assurance of sustainability reporting. This</p>	<p>CPA Ireland considers that this option should not be taken. We consider that the sustainability reporting and assurance should be embedded and integrated with all aspects of a business and its activities and therefore its consideration sits most appropriately with the audit committee and not with a separate body.</p>



Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
administrative or supervisory body as a whole or by a dedicated body established by the administrative or supervisory body.	option permits Member States to allow these functions to be assigned to the board of directors of the public-interest for example or another dedicated body established by the public interest entity. It is similar to an option at Article 39(4) which applies to statutory audit. This option was not exercised in the transposition of Directive 2014/56/EU.	



Please provide any further views you have in relation to the transposition and development of future policy in this area.

CPA Ireland considers that the requirement to obtain 8 months sustainability experience for new entrants is a significant barrier to entry to the profession. It is not considered that this level of experience is currently achievable in the market. It is considered that a flexible approach, to the achievement of experience may be necessary, given the evolving nature of sustainability reporting, particularly in the earlier years of implementation.

The future success of the provision of high- quality sustainability information to the market is dependent on a robust framework and a level playing field. Accordingly, we believe it is essential that as standards are developed that we achieve as far as possible global harmonization of standards in reporting, assurance and ethics for this emerging sector as well as a common oversight regime