Deloitte.

Deloitte Ireland LLP
Deloitte & Touche House
29 Earlsfort Terrace
Dublin 2
D02 AY28
Ireland

Tel: +353 (1) 417 2200
Fax: +353 (1) 417 2300
Deloitte.ie

9 March 2023

Department of Enterprise, Trade and Employment
Company Law- Accounting & Audit Policy Unit
CSRD@enterprise.gov.ie

Public Consultation on the Corporate Sustainability Reporting Directive
Member State Options in the transposition of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

Deloitte Ireland LLP ("Deloitte", "we") is pleased to provide comments and observations on the Department of Enterprise, Trade and Employment("DETE") consultation paper as titled above. We have set out our responses to the specific matters on which views are sought in **Appendix I**.

We welcome the Irish transposition of the Corporate Sustainability Reporting Directive ("CSRD"), and we strongly support the objectives of the CSRD, to strengthen the quality and consistency of corporate sustainability reporting.

We note the significant number of Member State options available for transposition of CSRD, which is helpful flexibility for a Member State however we would like to raise concern that this could potentially lead to a lack of harmonisation across the EU. Lack of harmonisation could create unintended consequences. Drawing on our experience with the EU Audit Directive, differing rules regarding mandatory public interest entity ("PIE") audit rotation has proved particularly challenging in a group audit scenario where there may be PIEs in multiple jurisdictions with differing rotation rules. A similar scenario could arise in the context of the sustainability reporting engagement.

Since the issuance of CSRD at an EU level, we are already beginning to see a significant impact locally, in terms of discussions with impacted entities considering the practical considerations. The timeline for implementation of CSRD is short which is likely to prove challenging for many entities. Integrating the CSRD requirements appropriately will require careful planning and significant collaboration across a business, in terms of implementing the appropriate processes, controls and governance frameworks to prepare for both the reporting and longer-term impact. The scope of entities who will be required to comply with CSRD is significant, and we would have concern that some businesses may not yet realise the true extent of what is required. For listed entities who already have some form of reporting on sustainability (such as TCFD reporting) and have developed related reporting structures, we suspect this will likely be a manageable uplift in reporting, but for entities who do not already have significant financial reporting requirements, this will have a seismic impact. We would strongly support any measures that can be taken by DETE to raise further attention to the significance of CSRD with Irish businesses.

Deloitte.

Regarding the mandatory assurance, as we note in our detailed comments in Appendix I, we support the option to allow for a statutory auditor or audit firm, who is not the auditor of the statutory financial statements to provide the required assurance. We believe that it is in the public interest to ensure there is an appropriate level of choice and competition within the Irish market.

We also accept the proposals to allow for the establishment of independent assurance service providers (IASPs) in Ireland but have flagged concerns on the fact that no such framework or infrastructure currently exists in Ireland for IASPs. As noted, CSRD requires that IASPs must be subject to the equivalent requirements as that currently apply to auditors. It is very unclear on how the operation of IASPs would be supervised and to which supervisory authority would the remit of this supervision fall. Likewise, the proposed infrastructure to monitor training and award accreditation to IASPS is very unclear. We believe that the establishment of a framework is in the public interest and is needed to enhance the credibility of the assurance provided by IASPs but would have concern that this process which will undoubtedly require significant investment and time to implement, will not be in place by the first effective date of reporting specified in CSRD.

We have also raised attention in the detailed commentary to the consideration of whether the current rules pertaining to confidentiality and professional secrecy as set out in Part 27, Chapter 11 of the Companies Act 2014 will require amendment for the sustainability assurance reporting given the possibility of multiple parties now being involved.

Please note that we have also contributed to the submission made by our professional body, Chartered Accountants Ireland on this consultation who have made detailed comments regarding the education and training requirements. However, we would like to raise concern in respect to one of the practical training requirements of CSRD. The second subparagraph of Article 10(1) Directive 2006/43/EC, added by Article 3(6) of the CSRD, provides that (outside of the transitional arrangements), at least eight months of practical training shall be '*on the assurance of annual and consolidated sustainability reporting or on other sustainability-related services'* for the statutory auditor or the trainee to also be approved to carry out the assurance of sustainability reporting. This will need to form a mandatory part of the current three years minimum practical training required by audit trainees. As an audit practice with a large number of audit trainees, we do not believe this would be practical/possible given the current requirement in Schedule 19(4) to Companies Act 2014 that a substantial part of their practical training (i.e., forty-six weeks) must be in 'statutory audit work' as defined. In addition, obtaining this experience in the early years of CSRD implementation will be particularly challenging.

Thank you for your consideration of the points outlined in this letter. If you have any further questions or would like to discuss this matter further, please contact Glenn Gillard by email at ggillard@deloitte.ie.

Yours faithfully

Glenn Gillard
Risk & Reputation Leader
For and on behalf of
Deloitte Ireland LLP

Deloitte.

Appendix I

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) *New point 3 last subparagraph (New)*		
Member States may 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.	The new requirements for sustainability reporting under the directive apply to large companies and large public-interest entities and listed SMEs. This option allows Member States to exclude certain undertakings on a case-by-case basis. The list of undertakings relevant to Ireland's transposition in Article 2: central banks; post office institutions; the Strategic Banking Corporation of Ireland, credit unions and friendly societies.	In recognition of the climate change action objectives set for CSRD being to enhance the disclosure by companies on climate and environmental data, we do not see any specific reason(s) to exclude such entities. Compliance and application of the requirements for these entities may be difficult and would require significant transposition guidance, however if such entities meet the criteria within CSRD, consistent application across the corporate sector would be in the interest of the public and align to public policy.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 19a – Sustainability Reporting (New) *Point 3 last subparagraph (New)*		
Member States may 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 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.	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 report (i.e., the directors' report). This option allows Member States to permit undertakings to exclude commercially sensitive information from the sustainability reporting under certain circumstances.	Yes, we would support the adoption of this Member State option. We already have previous precedence established in the Accounting Directive for the exclusion of commercially sensitive information by issuers, which Ireland has taken in the past. We support the fact that the Directive provides a balanced approach and limits the use of this exemption to cases where a disclosure would be seriously prejudicial to the commercial position of a company and sets out a safeguard by requiring a duly justified board opinion.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Point 9 subparagraph three (New)		
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 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.	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 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.	We believe that this would be a very onerous task to be imposed on issuers. Ireland has availed of the option in relation to the Accounting Directive to allow an Irish subsidiary to avail of an exemption from consolidation of accounts and can file the financial statements of its parent, which do not have to be retranslated into an accepted language. So, by taking this option, it would be inconsistent with this approach/established precedent. Therefore, we would not support adoption of this Member State option However, we do consider it important that the consolidated management/sustainability report would be readily transferable if required by a relevant stakeholder of an entity. This could potentially be noted in the relevant transposition guidance.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 29a. – Consolidated Sustainability Reporting (New) *Point 3 last subparagraph (New*		
Member States may 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 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.	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 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.	Yes, we would support the adoption of this Member State option. We already have previous precedence established in the Accounting Directive for the exclusion of commercially sensitive information by issuers, which Ireland has taken in the past. We support the fact that the Directive provides a balanced approach and limits the use of this exemption to cases where a disclosure would be seriously prejudicial to the commercial position of a company and sets out a safeguard by requiring a duly justified board opinion.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Point 8 subparagraph (New)		
The Member State by whose national law the exempted parent undertaking is governed <u>may</u> require that the consolidated management 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.	As in Article 19a, Member States have the option to require that the consolidated management/sustainability report is published in an accepted language.	We believe that this would be a very onerous task to be imposed on issuers. Ireland has availed of the option in relation to the Accounting Directive to allow an Irish subsidiary to avail of an exemption from consolidation of accounts and can file the financial statements of its parent, which do not have to be retranslated into an accepted language. So, by taking this option, it would be inconsistent with this approach/established precedent. Therefore, we would not support adoption of this Member State option

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 30 General Publication (Amended) *Point 1 subparagraph 2 (New)*		
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 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.	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 management report must be filed with the Companies Registration Office. 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.	In the interest of transparency and public interest, we would support the adoption of this Member State option. As public interest entities ("PIEs") are already obliged to publish the management report on the website, we recognise that this would be an additional task/obligation placed on non-PIEs who meet the criteria. However, as this information is required to be filed with the CRO anyway, publishing on the entity website should not be a huge uplift. Where an entity does not have a website, we would agree that a copy should be available upon request.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Point 1 subparagraph 4 (Existing)		
Member States may, 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.	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 exceeding its administrative cost. This option is not new and was not taken in the transposition of Directive 2013/34/EU, but it is repeated here for completeness.	Our views are set out above.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 34.3 General Requirement Auditing (Amended) *Point 3 (New)*		
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. (i.e., the opinion on the compliance with sustainability reporting)	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. 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.	Yes, we would strongly support the adoption of this Member State option. It is in the public interest that there is an appropriate level of choice in the market. Given the level of specialist expertise required to conduct such engagements, availability of suitable skilled resources will be a challenge in the initial years of implementation. Therefore, limiting options in an environment where scarce resources will be a challenge would not be in the public interest and would also impact the competitiveness of the sector. To enhance the credibility of the assurance provided, we do believe that it will be critically important that the assurance practitioner, where this is an IASP, is subject to the equivalent requirements to auditors in terms of quality assurance and accreditation etc. We would also like to raise attention here to the comments we have included in the final commentary section further below. This relates to consideration of whether a change is required to the rules on confidentiality and professional secrecy set out in Part 27, Chapter 11 of the Companies Act 2014 to enable the exchange of relevant information, and how this would work between the statutory financial statement auditor and the IASP.

Deloitte.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
		Additionally, we would also like to raise attention to the ongoing development of the International Sustainability Standards Board ("ISSB") IFRS S1 and IFRS S2. Based on the current draft there is no indication whether these climate and sustainability disclosure requirements will be subject to mandatory assurance. Additionally, there is no indication of where these will be required to be disclosed in the annual report. As a result, there may be overlap between the work performed by the statutory auditor and the assurance practitioner, whereby the statutory auditor may be required to review the IFRS S1 and IFRS S2 disclosures in any case.
Points 4 and 5 Independent Assurance Services Provider (New)		
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	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 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	We do agree that this Member State option should be adopted but only to provide the DETE sufficient flexibility to implement such plans in the near future. The Directive requires, as noted, that IASPs must be subject to the equivalent requirements to auditors, in terms of an approved framework of training, accreditation, professional ethics, quality assurance, authorisation, supervision etc. No such framework or infrastructure exists currently in Ireland for such assurance providers. We believe that establishment of this framework is in the public interest but would have concern that this process which will undoubtedly require significant investment and time to implement, will not be in place by the effective date specified in the Directive.

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	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.	

(h) reporting irregularities. 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. Member States shall ensure 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. 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 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. 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. If a Member State, pursuant to 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. 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 host Member State (the "home Member State") to carry out the assurance of sustainability reporting. 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. If the host Member State decides to supervise the assurance of sustainability reporting carried out in its territory by independent assurance services providers registered in another Member State, the host Member State shall: (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 (b) inform other Member States about its decision to supervise the assurance of sustainability reporting carried out by independent assurance services providers established in other Member States.		

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 40a Sustainability Reports concerning third-country undertakings (New) *Point 1 last subparagraph (new)*		
Member States may 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.	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 about net turnover generated in the Member State and in the EU.	It is not currently clear how this option would work practically in terms of collection of this relevant information. If this option is adopted, we believe further guidance would be necessary to explain how this should operate and how issues such as local privacy laws in respective territories would be dealt with.

Deloitte.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 3 Amendments to Directive 2006/43/EC the Audit Directive		
Article 12 Combination of practical training and theoretical instruction (replaced) *Point 1 (existing)*		
1. Member States may 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 than four years.	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 was not exercised in the transpositions of Directive 2006/43/EC and Directive 2014/56/EU however it is repeated here for completeness.	We would divert to the views expressed by our professional accountancy body, Chartered Accountants Ireland on this matter/area, whom we are aware are submitting a response to this consultation and to which we have contributed.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 26a Assurance Standards for sustainability reporting (New) *Point 2 (New)*		
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).';		
2. Member States may apply national assurance standards, procedures or requirements as long as the Commission has not adopted an assurance standard covering the same subject matter. Member States shall communicate the national assurance standards, procedures or requirements to the Commission at least three months before their entry into force.	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. This option permits Member States to apply national standards in the event that the Commission has not adopted a standard on the same subject matter.	Yes, we support the adoption of this Member State option given the impending reporting start date in 2025. There are no such standards at an EU level currently and without the appropriate standards, no assurance can be provided. If this option is taken, this will enable the Irish Audit Regulator IAASA to set standards or apply those of the IAASB.

Deloitte.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 28a Assurance Report on sustainability reporting (New) *Point 5 (New)*		
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.	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). This option permits Member 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.	No, we would not support the adoption of this Member State option. We do not believe that it would be appropriate to combine the sustainability assurance reporting with the audit report on the statutory financial statements. We have set out our concerns below: • If the reporting is combined, this could create a perception that the sustainability assurance forms part of the statutory audit work and potentially worsen the audit expectation gap. • From a user perspective, we believe that a separate assurance report will be more meaningful to the readers if issued on a standalone basis. • In the initial period, the audit report is providing reasonable assurance whereas the sustainability report is providing limited assurance. It would be very difficult to explain this difference in a succinct way in a single report which may cause significant confusion for the reader of the report.

Deloitte.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 29 Quality Assurance Systems (Amendment) *Point 2a (New)*		
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 reporting or in other sustainability-related services.';	The amendments to Article 29, which governs quality assurance systems for statutory audit, allow where applicable for quality assurance of sustainability reporting. 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.	Yes, we support the adoption of this Member State option. Implementation of the Directive will be a significant undertaking and the availability of the expertise required for these sustainability assurance engagements will be challenging initially. It will take time by all involved to train and ensure that the practitioners involved have the right skillset and expertise required.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 30 Systems of Investigations and Sanctions (Amended) *Point 2 second subparagraph (existing)*		
Member States may decide not to lay down rules for administrative sanctions for infringements which are already subject to national criminal law. In that event, they shall communicate to the Commission the relevant criminal law provisions.';	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 systems to assurance of sustainability reporting. 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.	Yes, we support the adoption of this Member State option. This is consistent with the approach taken by Ireland in transposition of Article 30 Directive 2006/43/EC regarding statutory audit.

Deloitte.

Member State Option	Background Information	Do you consider that Ireland should exercise this option? Please provide reasons for your answer.
Article 39 Audit Committee (Amended) *Paragraph 4a (New)*		
Member States may 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 administrative or supervisory body as a whole or by a dedicated body established by the administrative or supervisory body.	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 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.	Whilst we support the adoption of this Member State option to enable some flexibility for entities to develop appropriate governance practices, we believe the role of the Audit Committee is fundamental for sustainability reporting. In practice, we are currently seeing different forms of governance approaches emerging, with many businesses establishing sub-committees to deal with the various sustainability requirements. However, in the context of the final Annual Report within which this sustainability disclosure will be made, this oversight ultimately falls within the governance remit of the Audit Committee where one has been established.

Deloitte.

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

We have included below some additional matters that we would like to raise, but we do recognise that the response/outcome will depend on future developments and discussions between Member States and with the Commission:

- Based on discussion with impacted entities to date, determining whether an entity falls into the scope of CSRD can be challenging, particularly in a group scenario. For example, it is difficult to determine how joint ventures and equity investments are to be incorporated into the headcount numbers and threshold calculations. Further transposition guidance would be very helpful in this regard.

- Further guidance would be welcomed in respect to the appropriate arrangement/agreement that is required where the practitioner performing the statutory audit of the financial statements is different to the sustainability assurance provider. The current rules regarding confidentiality and professional secrecy are set out in Part 27, Chapter 11 of the Companies Act 2014. Clarity would be welcomed on whether the exchange of relevant information would be permitted and/or required, how "relevant" information would be defined in the context of a sustainability reporting engagement, the legal framework under which it could be given and finally how liability would be managed. Drawing on relevant experience we have had with Solvency II engagements for insurance entities- whilst it is permitted in legislation that the Solvency II practitioner does not have to be the statutory auditor, in practice it tends to be the statutory auditor who would perform the work, given the complexities that can arise, so relevant transposition guidance will be necessary to deal with the fundamental matters that might arise.

- In respect of non-EU issuers who are listed on EU regulated markets, who use voluntary and globally recognized sustainability standards, or sustainability reporting standards adopted by a third country, it is unclear if such issuers would be able to benefit from a transitional period which would allow them to continue using these standards.

- The Member State option to allow the signature of the statutory auditor carrying out assurance on an entity's sustainability reporting to not be disclosed in certain circumstances (new Article 28a of the Statutory Audit Directive) has not been included in the consultation. We recognise that this situation is unlikely to arise, however it is not clear from the consultation paper if this Member State option was considered or not.