



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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|-------------------|------------------|
| Name(s): | Phil Walker |
| Organisation: | EcoMerit Limited |
| Email address: | phil@ecomerit.ie |
| Telephone number: | 051 428739 |

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. If sustainability reporting is to be credible, it will be necessary to regulate the people who produce these reports (in the same way as applies to company financial reporting).

It makes sense for Ireland to have in place its own arrangements for this. National control, done well, should be simpler and more cost effective than a centralised system.

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.

No. We have no requirement at the moment, given that we have in-house expertise.

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 would suggest that the qualification for IASPs should be kept as simple and manageable as possible. Overall, the same rules should apply to accounting and non-accounting IASPs.

Recognising and requiring a relevant professional qualification as meeting core requirements of an IASP would be a sensible place to start. Chartered Engineers and Chartered Accountants are required to operate within equivalent frameworks of professional standards.

INAB would be an obvious choice for the qualifying authority. A mix of professional qualification and demonstrated experience should form the core requirement. Qualification, supervision and monitoring need to be kept as simple as practically possible, in order to keep qualification costs down (and hence the extra on-cost to the ultimate clients).

The qualification of an IASP should also be based on the person, without also requiring a qualification process for the organisation that person works for.

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')?

Sustainability is not a financial accounting discipline and in itself, the directive is not directly relevant. Equivalent requirements dealing with professional skills, integrity, objectivity etc. are necessary and appropriate. Environmental auditors, energy auditors, and chartered engineers already operate under similar requirements. These qualifications, and their associated professional operating standards, could be adopted or adapted.

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?

A mutual recognition approach would probably be simplest and most practical.

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.

We don't fall within this scope.

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?

Sustainability is critical to the future of Irish society and the economy, including business and employment. Good assurance has its role to play in this, and done well, it can bring major benefits.

Noting that any additional bureaucratic requirement is an extra burden on businesses, it is essential to make the requirement simple to meet, in a cost-effective manner, whilst delivering the intended benefits.

A key criterion should be the incorporation of clear metrics on the delivery of sustainability; for example, the impact on greenhouse gas emissions.

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

None.

THANK YOU FOR YOUR RESPONSES