



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;
- (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 fully support the proposal that Ireland adopts the Member State option to introduce, accredit, regulate, and monitor Independent Assurance Services Providers.

The range of companies providing assurance in the market seems to be reducing. Where there have been multiple non-financial audit firms providing this service, the market is narrowing and subject matter expert led firms like ERM CVS are now mainly competing with the Big 4 accounting firms. This change is being driven by the Corporate Sustainability Reporting Directive.

It is important that IASPs are permitted, as without, the increasing number of organizations now required to report will be left without sufficient choice in provider and the 'Big 4 accounting firms' may not have sufficient resource to service the market adequately.

It is also very important to note that the distance and difference between ESG (Environment, Social, and Governance) assurance and financial assurance (formerly conducted as a bolt-on to financial audits) is widening, and this should be taken into account, as competency to deliver is an increasing challenge.

Leveraging the existing Accreditation infrastructure makes sense, and we recognise that the EU is a tremendous supporter of the Accreditation infrastructure in many industries.

Under Accreditation providers would be independently assessed to ensure they are working at an equivalent competency level, which will enhance consistency in the industry.

We would ask, so long as IASPs are accredited, why wouldn't they be acceptable?

**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.**

n/a - We are an assurance provider.

**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?**

As per our response in question 1, we believe adoption, of the existing ISO Accreditation framework as a mechanism to manage competency of IASPs makes sense. The ISO accreditation infrastructure is used to manage quality within many major sectors such as aerospace, pharmaceuticals, manufacturing, laboratories, etc and could easily be deployed to manage IASPs. Accreditation bodies carry out regular surveillance audits of accredited providers, meaning the quality and consistency of their work is reliable.

**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')?**

We perceive that the issue is not the 'capacity of the Independent Assurance Service Providers' but in fact more a question of the 'capacity' of the major accounting firms to deliver the service to a market rapidly increasing in size. In our view, having IASPs would serve the market needs well, as it would provide greater capacity within the market as a whole.

If the question relates to the quality, or competency of IASPs, then we would not consider this a concern, so long as they are accredited by a national accreditation body.

**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 understand that Member states will each determine whether IASPs are accepted, and that IASPs will require accreditation. It is essential that the accreditation gained by an IASP is accepted across the board in all EU countries that accept IASPs (i.e. the nation should not insist on Accreditation specifically with their National Accreditation Body, as if all EU Member states accepting IASPs did require the assurer to hold accreditation with the National Accreditation Body, an IASP working across the UE would be required to gain multiple duplicate accreditations, which would be impractical, and make it practically impossible for the assurer to operate.

**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.**

n/a – we are a provider of assurance services. However, a number of our clients have expressed that they hope that we will be able to provide the service to them as an IASP.

**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 sustainability assurance is of growing importance within many business sectors, and we therefore perceive that the introduction of a new sector for assurance on sustainability would benefit the Irish economy.

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

Noting that there is a range of professionals / types of organization capable of undertaking non-financial report assurance in selecting the right assurance provider companies should be able to consider knowledge, competency and experience of potential providers across 2 dimensions.

While the requirements of the first dimension (understanding of audit/assurance principles) is firmly encompassed within Article 34 (through directly amending Directive 2013/34/EU ('Accounting Directive') the second dimension, "Subject Matter Knowledge" is less clearly considered.

As currently published, the ESRS are less uniform than financial reporting standards – in many cases they are less prescriptive and cover a range of topics from GHG emissions and safety to supply chain management and human rights. The importance of understanding these sustainability topics in context are therefore vital in bringing professional judgement to bear – not only on the sustainability reporting risks and content, but on the detail i.e. not just seeing a number but understanding the real-world implications (impact/opportunities) for that number. This deep sustainability domain expertise is something that potential IASP (such as ERM CVS) can bring in abundance to the market.

This sustainability domain knowledge also plays out in other ways such as sectoral knowledge (i.e. unlike key financial performance disclosures sustainability performance metrics such as GHG and safety vary considerably between sectors – for example these are very different for O&G compared to a retail chain). Furthermore the breadth of companies required to meet CSRD requirements means many will not currently utilise one of the Big 4 accountancies and therefore coverage and cultural fit (i.e. is the chosen assessor able to meet client needs in practical terms? Are clients comfortable in seeing themselves getting along with the assurance team in what can be challenging and deadline dependant process) need to be considered.

**THANK YOU FOR YOUR RESPONSES**