



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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|-------------------|--|
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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 support this proposal. Greater competition in the field of sustainability assurance can only be a positive for Irish business for the following reasons:

Cost Competitiveness: Increased competition among providers will ensure that pricing remains competitive.

Deeper Industry Expertise: This will allow the development of specialist providers offering assurance services specific to various industries.

Innovation and Quality Improvement: Competition drives innovation and encourages providers to improve their methodologies and quality of service, leading to more reliable and insightful sustainability reports.

Increased Accessibility for SMEs: A competitive market can make assurance services more affordable and accessible for small and medium-sized enterprises, enabling them to participate in sustainability initiatives.

Enhanced Transparency and Trust: With more providers, there will be diverse perspectives and approaches, enhancing the overall transparency and trustworthiness of sustainability reporting.

Encouragement of Best Practices: Competition can promote the adoption of best practices across the industry as providers strive to differentiate themselves and demonstrate their value to clients.

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.

Yes, we voluntarily obtain the services of organisations, other than statutory auditors, for assurance opinions on sustainability reporting when there is a business need for assurance on specific topics.

Industry-Specific Knowledge: The organisations we contract generally possess deep industry-specific knowledge and are recognised as leaders in their fields. For instance, in the shipping industry, classification societies provide assurance on various operational aspects to ensure compliance with international and EU standards on emissions and environmental regulations.

Expertise and Recognition: These organisations are uniquely positioned to provide assurance due to their expertise and established reputation. Ship classification societies, for example, are non-governmental organisations that set and maintain technical standards for the construction and operation of ships and offshore structures. They certify that vessel construction complies with relevant standards and conduct regular surveys to ensure ongoing compliance.

Tailored Assurance Services: By engaging specialised organisations, we can obtain assurance services tailored to our specific industry needs, ensuring that our operations adhere to the highest standards.

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?

While we've no views on the manner of regulation / accreditation of alternative assurance providers we would support the development of common principles across the EU and recognition across jurisdictions on an equivalence basis.

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')?

The service providers are professional organisations, as such once the appropriate controls and procedures are in place, there should not be significant issues in achieving compliance with the regulations.

These organisations are similarly structured to any auditor/ consultants practice in nature.

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?

While we've no views on the manner of regulation / accreditation of alternative assurance providers we would support the development of common principles across the EU and recognition across jurisdictions on an equivalence basis.

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 expect to use our statutory auditor for the initial years of our sustainability reporting. However, as practices evolve and develop, it would be beneficial to have the option to use independent assurance services providers (other than a statutory auditor) for the reasons set out above.

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?

The introduction of a new sector for assurance on sustainability would benefit Irish business and employment, as well as the broader Irish economy, in several ways:

Economic Growth: The establishment of a new sector will create business opportunities and stimulate economic growth. It will attract investments in sustainability-related services and technologies, fostering innovation and competitiveness in the Irish market.

Job Creation: The development of a sustainability assurance sector will generate new employment opportunities across various skill levels, from technical experts to support staff, contributing positively to the labour market.

Enhanced Business Competitiveness: Access to specialised sustainability assurance services will help Irish businesses improve their sustainability practices. This can enhance their competitiveness in international markets, where sustainability credentials are increasingly valued.

Reputation and Trust: A robust assurance framework will strengthen the reputation of Irish businesses as leaders in sustainability. This can build trust with stakeholders, including investors, customers, and regulatory bodies, ultimately benefiting the economy.

Compliance and Risk Management: Having specialised assurance providers can help businesses better navigate and comply with evolving sustainability regulations and standards, reducing risks and potential liabilities.

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

N/a

THANK YOU FOR YOUR RESPONSES