



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.

Name(s):	Marc Boissonnet
Organisation:	TIC Council
Email address:	Mboissonnet@tic-council.org
Telephone number:	+33 6 17 42 39 65

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.

[TIC Council](#), the global representative of the independent testing, inspection and certification (TIC) sector, wishes to propose the inclusion of the Independent Assurance Service Providers (IASP) in the national transposition of CSRD in Ireland.

Sustainability audit firms as TIC companies count on their personnel’s **proven expertise and technical capacity** to verify all sustainability claims through laboratory controls, calculations, on-site visits and other specialised services. Particularly, the TIC sector has longstanding experience in offering services related to sustainability, such as supply chain due diligence, energy efficiency, CO₂ emission controls, and circular economy.

Moreover, independent providers are **accredited according to ISO/IEC 17029**. This ensures that they have the technical expertise for the validation and verification of sustainability disclosures. The accreditation of sustainability assurance service providers is a guarantee of their high professionalism and independence.

Sustainability reporting requires the auditor to assess a wide range of factors, and must consider impacts of reputational risks, supply chain risk, regulatory risks which are not normally captured by financial audits and involve qualitative judgement which moves away from the traditional approach accountants are accustomed to. By allowing non-financial auditors carry out the assurance, it is made sure that the Sustainability Reporting is **independent** from the Financial

Reporting, if companies decide to, adding another layer of trust in the process and avoiding a potential conflict of interest.

Many countries in the world have **already opened the market** for these independent sustainability audit firms in parallel to the financial audit firms, recognising non-accounting practitioners as reliable and independent as accounting practitioners. This is the case of France, Spain, Romania, or Hungary in the EU. Outside of Europe, India, the United States, China, Philippines, or Singapore in their recent proposals for sustainability reporting, allowed other companies, besides statutory auditors, to deliver assurance services.

On these grounds, we call on Ireland to trust independent sustainability audit firms for the provision of sustainability reporting assurance services under CSRD as they can provide experience, competitiveness, and best practices to complement the work that auditors do on financial reporting. We believe that it would have a positive impact for the quality and the competitiveness of the assurance market in Ireland that will benefit all the undertakings, in particular SMEs.

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.

TIC Companies are the ones who provide these **independent services** in parallel of the services of the financial auditors in the financial reporting. For CSRD-assurance, many TIC Companies have already gotten the external assurance from another independent provider.

Having an independent auditor work in parallel to the statutory auditor can be positive for the independence of the assessment. There is a risk that in the assurance process, if the same auditor does both reports, the amount of work and time invested in each report is not equal. We have a risk that statutory auditors focus on the financial part of the reporting (as they have always done) and not so much in the sustainability information.

Besides, IASPs (Independent Assurance Service Providers), like certification bodies bring an important **environmental expertise that will help assessing** the environment-related disclosures. They already offer a wide range of services related to sustainability reporting, such as CO₂ emissions verification, energy efficiency audits and certifications or supply chain management. IASPs already have the knowledge on the sustainability reporting assurance that statutory auditors as of today lack.

As a last point, counting on two different auditors for the two different reports stresses the independence of the reporting, since assurance of the sustainability reporting will not be influenced by the outcome of the financial assessment. This can prevent companies from potential conflicts of interest and will add another layer to the trust in the whole process.

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?

The accreditation and functioning of the Conformity Assessment Bodies (CABs) for a wide range of services is already regulated by Regulation (EU) 765/2008. This Regulation mandates that

each Member State must appoint a National Accreditation Body to manage the accreditation and the surveillance of CABs. CABs must obtain an accreditation for each activity they want to offer and are under these grounds inspected and accredited. This ensures the professionalism, the capacity and the independence of the CABs for the services they offer. In this case, it should be INAB the one mandated to accredit the Irish to perform the sustainability reporting and organise the periodic audits to check the Irish CABs are fit for the purpose through the years.

In its national transposition of CSRD, France has mandated that IASPs will have to get an accreditation from the traditional French National Accreditation Body (COFRAC).

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')?

Globally and in Ireland, TIC companies have a strong history in providing voluntary and regulatory assurance of Sustainability Reports using either AA 1000, ISAE 3000, or ISAE 3410 against a variety of schemes and protocols such as the global reporting initiative (GRI), SASB, and industry specific schemes and are also consulted on ISSA 5000. They will be accredited to deliver both limited and reasonable assurance and under the most important sustainability standards such as ISO/IEC 17029 or ISO/IEC 17065.

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 recommend INAB to supervise the assurance of sustainability reporting carried out by independent assurance service providers established in another country. INAB will get as necessary the support of IAF (International Accreditation Forum) and EA (European Accreditation).

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.

- 1- More independency.
- 2- More environmental expertise that will benefit to improve the environmental policies.
- 3- More competitiveness providing better prices and quality.

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 Independent Assurance Services Provider is a good option, especially for SMEs. IASPs, in contrast with traditional auditors, have a cost structure that adapts better to the needs of smaller companies that must or want to comply with CSRD requirements. If we limit the choice in the assurance market for companies, those smaller ones may suffer from a lack of options and the subsequent high prices. CSRD reporting will bring a competitive advantage to companies

that comply with it, many SMEs can be interested in getting independent assessment for their voluntary reporting, and IASPs are a good option for this. The more companies report on their sustainability impacts, risks and opportunities, the more resilient and competitive overall the Irish economy will be.

Allowing IASPs in Ireland will increase the competitiveness of the assurance market in Ireland, avoiding potential oligopolies with traditional auditing companies. It will be beneficial for all companies, that will enjoy lower prices, and especially SMEs that will want to comply with CSRD requirements for competitiveness reasons.

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

Not opening the assurance service to IASPs will reinforce the oligopoly of the audit firms. It will have a negative impact on prices and quality of service, especially for SMEs.

THANK YOU FOR YOUR RESPONSES