

Independent assurance service providers under CSRD: suggestions towards a level playing field for all

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Introduction

TIC Council welcomes the proposal for the Corporate Sustainability Reporting Directive (CSRD) which has the potential to accelerate responsible change and create transparency across all sectors by standardising the disclosure, reporting, and assurance of sustainability metrics.

The involvement of independent assurance services providers in the verification process adds an additional layer of control to ensure trust, transparency, and validity of claims.

In this context, we would like to make a recommendation aiming to level the playing field among all potential independent assurance services providers interested in performing external sustainability assurance of reported information.

Thereby, we aim at safeguarding the intention of the proposal to offer companies a broader choice of assurance service providers (see rationale in recital 54 of the Proposal). This approach has been successfully implemented across the EU for GHG declarations (EU-ETS for example), as well as other environmental and social metrics.

Fair Access to Market for Independent Assurance Services Providers

We are concerned that the conditions foreseen for independent assurance services providers, other than statutory auditors, could create inconsistent and unfair competition (see Article 10, point b, amending article 34). The unfair competition can be caused because:

- The decision to allow the accreditation of independent assurance providers will be left to each EU Member State, potentially resulting in an inconsistent approach throughout EU.
- Independent assurance services providers shall be specifically accredited for this scope of verification and validation of sustainability metrics, whilst statutory audit firms will not undergo a similar procedure.
- Establishing new accreditation programmes by accreditation bodies according to the CSRD would require significant process and time. It is indicative that typically accreditation bodies revise their programmes once a year.
- On the contrary, statutory auditors with some changes to the Accounting Directives will be authorised to offer this service immediately without waiting for the accreditation programmes to be developed by accreditation bodies.

Overall, we foresee a clear competitive disadvantage as independent assurance services will be able to start providing this service under different conditions and probably significantly later than statutory auditors.

Independent assurance services providers could lose the first year of the CSRD's implementation as they wait for the accreditation body to authorise them. This would lead to loss of business opportunity and delayed access to the market. This

is particularly true if the Directive's implementation starts in January, considering that normally the publication of sustainability information takes place in March each year.

As such, the foreseen accreditation condition is counterproductive to the intention of the proposal and would certainly not create equal entry opportunities to all potential independent assurance services providers.

Ensuring the competence of all assurance services providers

To overcome the problem described above, we recommend to the European Parliament and Council to integrate in the CSRD the use of international standards and assurance systems already in place to ensure the competence of all independent assurance services providers.

In particular, we recommend that the European Parliament and Council amend the proposal (recital 54, amendment to article 2 point 20, amendment to article 34 new paragraph 3) in a way that would enable all potential independent assurance services providers to start offering their services in an equal footing.

Furthermore, we recommend the using of "ISO 17029: Conformity assessment – General principles and requirements for validation and verification bodies". This standard provides general principles and requirements for the competence and consistent operation of impartiality. Since it is already applicable to other sectors, it should allow accreditation bodies to assess conformity assessment bodies accordingly, thus creating an equal footing for all independent assurance services providers

International Alignment through a single standard

Sustainability is a global endeavour that requires cooperation on an international scale. The current lack of a single standard system for disclosure leads to the use of a combination of frameworks which can be complex and inefficient.

Therefore, we recommend using a single standard for reporting under the CSRD. We recommend using the Global Reporting Initiative as it is the most comprehensive and easily applicable. Moreover, it is the most popular sustainability reporting framework by the TIC sector's clients in the EU.

In this context, we welcome the cooperation between the European Financial Reporting Group (EFRAG) and the GRI to improve the reporting standards. This could simplify their adoption and provide clarity to all stakeholders. As such, it will contribute to improving comparability of sustainability performance which will help consumers and investors decision-making to be truly synchronised in creating a better world.

- In this context, we urge the European Parliament and Council to introduce a provision for a single standard for CSRD purposes in the EU, according to the EU Standardization Regulation.
- Maintain the cooperation between EFRAG and GRI regarding CSRD's reporting standards.

TIC sector's contribution to the matter

The Testing, Inspection and Certification sector has significant expertise to act as trustworthy independent assurance service providers. Our members have the technical and human expertise to conduct such services, as we have been systematically verifying claims regarding sustainability both for products and services. Our services include measuring, quantifying and verifying our client's impact and transition towards sustainability. For instance:

- The TIC sector also helps manufacturers assess the compliance of their products with all forms of legislation including energy, resource efficiency, traceability, social compliance, and safety. It also helps them translate complicated requirements into simple and understandable labels.
- The TIC sector provides services that help businesses identify carbon and environmental hotspots throughout processes and value chains. These include a product's life cycle impact, ecodesign and carbon foot printing assessments, auditing for energy, and environmental management throughout the supply chain.
- The TIC sector is currently the trusted source for independent and impartial verification of energy sector globally, with its activities ranging from oil, gas, hydrogen and electricity verifications.

Contact person: [Efthymia Ntivi](#)

TIC Council is a global association representing over 90 international independent third-party testing, inspection, certification and verification organisations. Testing, Inspection and Certification (TIC) companies cater to a diverse range of industry sectors and a variety of standards and legislation. The industry represents an estimated one million employees across the world with annual sales of approximately USD 200 billion. For further information please see the [Report on the TIC sector](#).