

Bucharest, May 12<sup>th</sup>, 2022

**To:**

**EUROPEAN COMMISSION  
Ms. Mairead McGuinness  
Commissioner, Financial services, financial stability, and Capital Markets  
Union**

**Topic: Corporate Sustainability Reporting Directive (CSRD)**

Dear Ms. Mairead McGuinness,

We are writing in view of providing our feedback on the proposed Corporate Sustainability Reporting Directive (CSRD) in the context of the current dialogue negotiations. It has come to our understanding that the European Parliament is proposing to prohibit the statutory auditor of financial statements from providing assurance over sustainability reporting for its own statutory audit clients.

In our view, the European Commission's initial proposal for the CSRD (published in April 2021) would allow reporting entities a broader choice of assurance service provider. In the first version of CSRD, the statutory auditor could perform the assurance over the sustainability reporting, allowing member states the option, in their local endorsement process of the EU Directive, of also enabling independent assurance services providers to perform assurance engagements on sustainability reporting.

We believe that a potential prohibition on the statutory auditor carrying out sustainability assurance would limit the choices available for reporting entities in finding the most appropriate assurance providers. It is expected that the sustainability assurance provider (like the statutory auditor) will be required to understand the internal control system of the reporting entity, its operations, and its environment. Under the scenario whereby there would be a different assurance provider than the statutory auditor, this type of work would therefore be performed twice and would hence involve duplication, with an impact on the fees paid and resources required by the reporting entity in managing this flow. In addition, there are many correlations between financial reporting and sustainability reporting. This is because risks to sustainability necessarily generate financial risks, and vice versa.

Such a requirement could also put third country issuers and their group auditor in direct conflict with local legislation requiring the statutory auditor of the financial statement to provide assurance over sustainability information. For example, the US proposals include a requirement for climate-related information to be included in the financial statement and ICFR audit. We recommend that the EU should adopt a regime which is consistent with international common practice and leave companies the ability to choose the provider which is most suitable for their needs.

In the ongoing triologue negotiations on the CSRD, we invite the EU co-legislators to carefully consider the matters highlighted in this letter and also take into account the significant momentum building up behind international cooperation on enhancing sustainability reporting.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Ionuț Simion', is positioned above the printed name.

**Ionuț Simion**  
**President**  
**The American Chamber of Commerce in**  
**Romania**