

ESG – CHALLENGES AND TOOLS FOR INTERNAL AUDIT



The Institute of
Internal Auditors
Netherlands

Colophon

ESG - Challenges and tools for internal audit

Client

IIA Netherlands

Working group

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Foreword

The IIA, as the professional association of internal auditors, tries to provide tools to interpret new developments and risks and to pay attention to those effectively in audit activities. To this end, the Risk in Focus (RiF), for example, is published annually, outlining the most important risks for organisations. Further guidance is provided for these risks. Climate change is one such strategic risk.

To that end, in 2021 IIA Netherlands released a report on [Climate Change and Environmental Risk](#). The report describes climate change challenges and guidance for the internal audit function (IAF). Already then, it was said that this area is still developing. In order to share experiences with each other, a specific Professional Practice Group 'Climate Change / Sustainability' was set up within the IIA.

It was from that group that the initiative was taken to revisit and broaden the 2021 study. [Risk in Focus 2025](#) shows this risk has actually become and will become more important. At the same time, many experiences have been gained, often in the broader context of ESG and the reporting required from CRSD. This makes it an appropriate moment again to look at how the IAF can properly support the organisation on this theme.

Once again, this report offers a range of guidance. Especially since twelve organisations were willing to share their experiences in the second part of the report. This provides an overview of good practices to be used as a model for the IAF to choose a role that best fits the strategy and nature of the organisation and to fulfill that role efficiently and effectively.

We thank Thon, Peter, Els, Margot and Fred as well as the respondents, the organisations willing to share their good practices and all others who contributed to the creation of this research report.

Frans Eusman, *president IIA Netherlands*

Key findings | SURVEY RESULTS

92%

of respondents
follow CSRD

Key risk areas are climate change (E), own workforce (S)
and business conduct and ethics (G)

> 30%

As drivers, social responsibility and compliance are most important -
however, differences between organisations are large

97%

of respondents
completed the DMA

± 90%

translates impact, risks and
opportunities into business
strategy, goals and KPIs

37%

of respondents believe
internal control has significant
room for improvement

Models

39% have a
proprietary model for
the internal control of
ESG objectives

72% uses
CSRD as
framework for
external reports

COSO (50%)
is the mostly
used
framework

33%

of IAFs spend
more than 1 FTE
on ESG activities

> 83%

discusses ESG aspects
with AC, Executive Board
and lower management

IAFs offer a range of services:

78% conduct
audits on the
reliability of
the reporting

60% provide
advice on
management and
internal control

50% perform
audits on ESG (risk)
management and
the DMA process

23%

includes ESG
in all audits

± 70%

Conducts (also) specific
audits on ESG

6%

of IAFs cooperate with
the external auditor in the
external assurance process

KSFs for auditing ESG risks are:

78% a defined
ESG strategy

67% support
of the board

56% expert
knowledge of the IAF

Key findings | RECOMMENDATIONS FROM GOOD PRACTICES

Strategy and development of the IAF

- Review strategy and align with existing ESG and sustainability initiatives.
- Start with a small, multidisciplinary team, on a topic known and important to the organisation, and build knowledge from the investigations conducted.
- Get involved early on as an IAF. Internal control and risk management can then be assessed and improved where necessary.
- Ensure proper alignment of the role and approach of the IAF with the maturity of the 1st and 2nd lines of the organisation.
- Do not view sustainability as a separate project, but as an integral part of daily business operations and thus audits.

Services of the IAF

- Don't just think about accountability, but rather steering and (operational) control. This is where you can make a difference.
- Emphasize a limited number of strategic KPIs, from a practical point of view, as well as for relevance.
- Focus on the strategic and material subjects and start with the basic measures (governance, policies and procedures and data).
- Focus primarily on value creation for the business. Compliance is a precondition and does not equate to success and value creation for the organisation.
- Use external (industry) benchmarks and standards to measure and compare performance.

Audit plan, methods and techniques

- Link the (annual) audit plan to strategic ESG and sustainability goals.
- Include sustainability (ESG risk analyses) systematically in audit preparation.
- Address sustainability top down and broadly, from various perspectives, such as from strategy, finance and laws and regulations.

- Perform thematic audits and integrate sustainability into regular (process) audits as much as possible.
- Review available and potentially mandatory models, discuss choices with stakeholders, and explicitly document choices to avoid inconsistencies and misinterpretations.

Alignment with the organisation

- Ensure formal alignment with stakeholders to achieve relevant and focused audits.
- Ensure clear division of roles and communication between departments. Make this part of a governance audit.
- Ensure a holistic approach and avoid duplication of effort through collaboration and coordination with all involved departments and the external auditor.
- Understand stakeholder expectations so that you can provide clear added value and also set limits on the role of the IAF.

Building knowledge

- Gather colleagues with an intrinsic motivation for (the audit of) sustainability in a knowledge circle.
- As an IAF, determine the minimum knowledge required. Secure the knowledge through internal build-up and/or external hiring.
- Stand with your feet in the clay to understand the impact and what is happening. Use available data, think out-of-the-box, involve 1st and 2nd line experts, listen to stakeholders and be creative. Organize innovation sessions to arrive at an innovative and impactful audit approach.
- Don't apply your own view of the world but understand how management is acting. It is about risk appetite, informed decision-making and good governance, and not necessarily about saving the world.

Contents

Key findings	4
Survey results	4
Recommendations	5
1. Introduction	7
Background and purpose	7
Research question	7
Research design	8
Response	8
Reading guide	9
2. The challenges	10
Laws and regulations	10
ESG Risks	12
3. The answers: measures taken	13
Drivers: the why	13
Measures - PDCA and Level of Control	13
Models and standards frameworks	15
4. Double materiality analysis	17
5. Role of IAF: The What	19
Preparation	19
Time spent	20
Services provided/activities performed	20
Stakeholders	21
6. Role IAF: The How	22
Method of performing	22
Collaboration with external accountant	22
Knowledge and skills	23
Key success factors	24
7. Good Practices	25
Appendix 1: Survey	50

1. Introduction

Background and purpose

In 2021, IIA Netherlands released a report on [Climate Change and Environmental Risk](#). The report provided information on climate change challenges and on resources and techniques to address these challenges as an internal audit function (IAF). The report was well received by the IIA community.

Since then, a lot happened. In the past three years, organisations and IAFs gained a lot of experience, new legislation was issued, and new frameworks have been developed. This was a reason for IIA Netherlands to update the aforementioned study. The results of the updated study (conducted 2024 - 2025) are presented in this publication.

Risk in Focus 2025 shows that “Climate change, biodiversity and environmental sustainability” is seen as an important risk for an organisation. And will become increasingly important towards 2028. The time commitment of an IAF today is still relatively limited; it is expected to increase towards 2028.

We see that Climate Change and Environmental Risk is not addressed separately but it is part of the ‘ESG’ (Environmental, Social and Governance) risks. ESG topics are approached integrally, in both legislation and implementation within the organisation. After all, many of these topics are often connected in one way or another. This was a reason to broaden the scope of this study from Climate Change (primarily ‘E’) to ESG.

As made explicit in the Corporate Sustainability Reporting Directive (CSRD), the double materiality assessment is a crucial component within the management of ESG, which is closely related to Enterprise Risk Management (ERM). We therefore pay special attention to it.

Admittedly, [research by Forvis Mazars](#) (May 2025) shows that the majority of large, listed companies have voluntarily published a fully CSRD-compliant report, but [research by Nextens](#) (March 2025) among financial managers indicated that many companies in the Netherlands are not yet ready to implement CSRD. More than a third say they are ready, 22 percent are not yet ready, the rest (43%) are not yet sure of the extent to which they can comply with the European directive. The percentages differ when looking at company size and sector. This report may also be helpful in this regard.

Research question

The study focused on three questions:

1. To what extent do organisations have to deal with ESG-related issues?
2. What are organisations doing to address (the risks and opportunities of) ESG-related issues?
3. What does this mean for the role of the IAF?

By answering these questions, the aim is to support the IAF in discussing the opportunities and threats of ESG issues within its organisation and in auditing these.

Research design

The research consisted of two steps: the survey and the in-depth interviews focused on good practices. The questionnaire from the 2021 survey was used as a basis and supplemented for the broadening of Climate Change to ESG. The questionnaire consisted of five sections (see [Appendix 1](#)):

1. Organisation and Strategy
2. Double materiality assessment
3. Organisation's (re)action on ESG risks
4. Models/frameworks used
5. Role of the IAF.

The survey was sent out to all heads of Internal Audit in the Netherlands. In the survey, a number of IAFs indicated their willingness to share their experiences. To this end, 12 in-depth interviews were held in total, resulting in 12 “good practices” with a concrete description of the role and working method of the IAF in question.

Response

Of the 200 heads of IAFs in the Netherlands contacted we received 25 responses (2021: 63). This is unfortunately a low response rate, which means that the results only give a general picture, a selection bias must be taken into account, and no firm conclusions can be drawn.

As expected, the respondents mainly work for larger organisations: slightly more than half work at organisations with between 1,000 and 10,000 employees, and nearly one third represent more than 10,000 employees.

The majority of IAFs (84%) are relatively small. 36% have 1-5 employees and 48% have 6-25 employees.

The small audit functions, up to 26 employees, are spread across all sectors, 77% of which are in the for-profit sector. Audit functions larger than 26 employees, are all in the profit sector, 75% of which are in the financial sector.

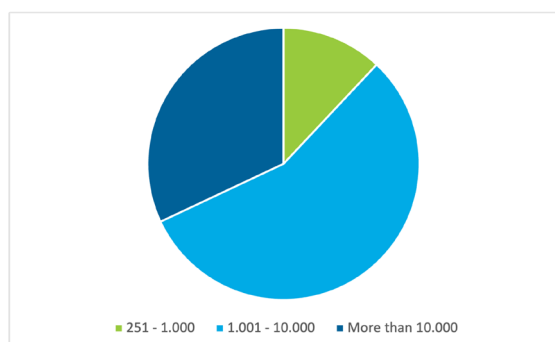


Figure 1: Size of the organisation

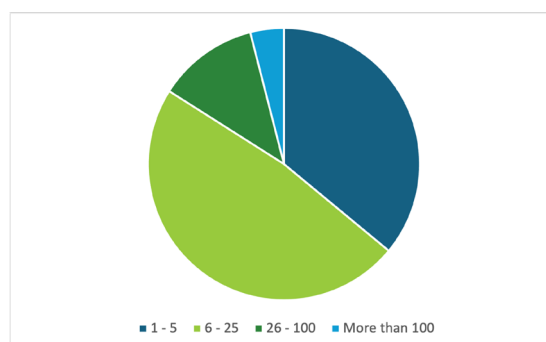







Figure 2: Size of IAF

Reading guide

Chapters 2 through 6 describe the results of the survey, supplemented by some literature review. This literature can be accessed directly via hyperlinks. Successively the following are discussed:

-  (2) The setting, which addresses the challenges of the organisations with respect to ESG issues
-  (3) The responses, the actions taken by the organisation to meet the challenge
-  (4) The double materiality analysis, the organisations' experiences in conducting this analysis
-  (5) The role of the IAF - the 'what', which addresses what the IAF does in terms of time commitment, activities and products
-  (6) The role of the IAF - the 'how', which describes how to implement and obtain knowledge, as well as key success factors for a successful role in this area.

Chapter 7 describes the good practices.

2. The challenges

First, the study examined the extent to which organisations are confronted with ESG laws and risks they face with respect to ESG.

Laws and regulations

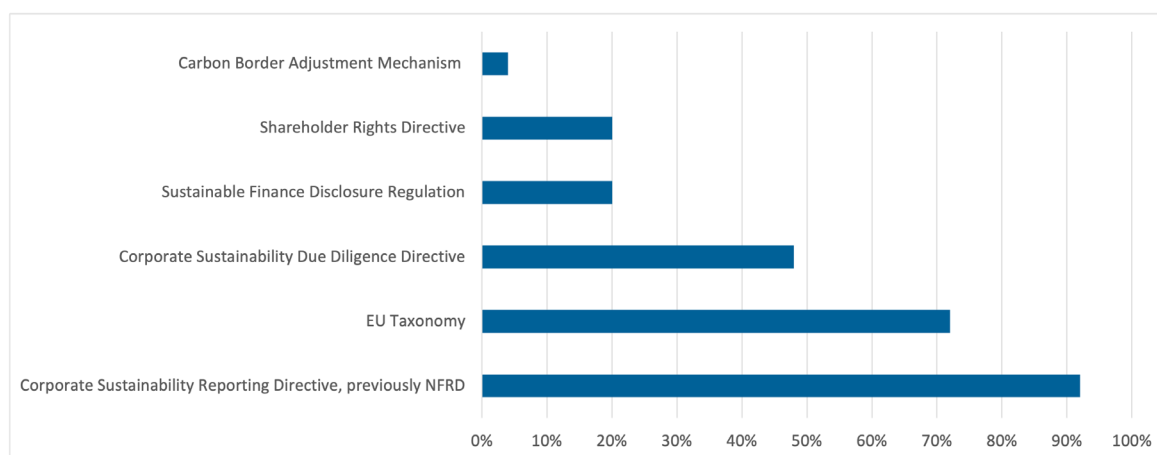


Figure 3: Relevante wet- en regelgeving

As Figure 3 shows, the most relevant legislation in this context is the CSRD, the EU Taxonomy and Corporate Sustainability Due Diligence Directive (CSDDD). This legislation is mentioned by all sectors. The remaining legislation applies to the for-profit sector, with the Sustainable Finance Disclosure Regulation specifically for the Finance sector and the Carbon Border Adjustment Mechanism for the Non-finance.

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

In November 2022, the European Union adopted the CSRD. The CSRD will apply from fiscal year 2024 to companies that were already covered by the Non-Financial Reporting Directive. Organisations will be required to report on their impact on environmental, social and governance aspects. The reporting guidelines on these aspects are laid down in 12 [Sustainability Reporting Standards \(ESRS\)](#).

Incidentally, the Netherlands has not yet transposed CSRD into Dutch laws and regulations. [NBA, the Association of Securities Issuing Companies \(VEUO\) and employers' organisation VNO-NCW have warned](#) of legal problems due to the late implementation of the European sustainability guideline CSRD. They fear that retroactive implementation of the law will create bottlenecks and called on the House of Representatives in early 2025 not to apply this retroactivity and to apply the implementation law only from the 2025 fiscal year.



The fact that organisations are taking the CSRD seriously is evidenced by [research conducted by Forvis Mazars](#) (May 2025): 72 of the 84 surveyed reports of large, listed companies (from wave 1) voluntarily published a fully CSRD-compliant report. Other organisations can learn from this.

In the public sector, despite not being covered by these guidelines, there are voluntary initiatives, such as the [Handreiking duurzaamheidsrapportage decentrale overheden](#).

The Ministry of Economic Affairs has commissioned the [2024 CSRD Best Practices Report](#) to compile five so-called best practices and ten other practical examples of applying the CSRD in the 2023 annual reports. This report is primarily intended to help drafters implementing, but it is also useful for internal auditors to take note of.

CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE (CSDDD)

Also in July 2024, the CSDDD came into force. This directive requires companies to investigate the impact on human rights and the environment in the value chain:

-  Upstream: activities and relationships that take place before own organisation's activities such as suppliers of raw materials
-  Downstream: activities and relationships that take place after own organisation's activities such as sales and delivery of products.

EU TAXONOMY

The EU taxonomy is effective as of July 2020. This is a classification system for determining whether an activity is sustainable or not. The EU taxonomy is one of the standards to be used within the CSRD reporting framework.

DEVELOPMENTS

At the end of February 2025, the [European Commission initiated a simplification](#) of the sustainability regulations (CSRD, CSDDD, EU taxonomy). ECIIA issued a [factsheet](#) outlining the changes. That so-called Omnibus package should reduce regulatory pressure and stimulate the competitiveness of European companies while maintaining the objectives of the Green Deal. The focus of regulation will now be on large companies in particular because they have a greater impact on the climate, people and the environment. The main changes are:




CSRD	<ul style="list-style-type: none"> about 80% of companies that would have to report under the CSRD no longer have to do so because of new volume criteria postponement until 2028 for companies that have to comply with the CSRD by 2026 or 2027 simplification of the ESRS voluntary reporting standard CSRD for smaller companies auditor's report remains with limited assurance (reasonable assurance over time no longer applies).
CSDDD	<ul style="list-style-type: none"> narrowing the definition of stakeholder concept to 'directly' affected employees and their representatives.
EU taxonomy	<ul style="list-style-type: none"> obligation is limited to the largest companies reporting of activities that partly comply with EU taxonomy is possible simplification of the tables adjustment of limit values for activities not subject to reporting.

In short, the European Commission is proposing a substantial reduction in requirements. However, the Commission is not lowering the ultimate ESG targets and continues to support the sustainability agenda, both in terms of reducing impact and managing risk. Reporting is a means of making progress on goals visible. As [Wim Bartels](#) (March 2025) points out, now going back to the core may mean for the IAF that perhaps less attention needs to be paid to the reliability of reporting, but that the conversation about sustainability, impact and internal control of goals remains just as important. That seems to be confirmed by a [#WeAreEurope survey](#) showing that many organisations are satisfied with the current CSRD.



ESG Risks

The survey examined the ESG risks faced by the organisations in 2024 and those they expect to face in 2027. The question was based on the CSRD’s 12 ESRS reporting standards.

The largest five risks are a combination of E, S and G, with three S risks included. For both E, S and G, one risk is most frequently mentioned for now as well as for 2027:

-  E: Climate change
-  S: Own workforce
-  G: Business conduct and ethics.

The three most frequently mentioned risks are cited as the highest risk by all sectors. Within sectors, we see some differences:

-  Resource use and circular economy (2024: 80%) and Consumers and end users (2024: 60%) are mentioned as high risks in the Non-profit sector
-  Workers in the value chain is mentioned as high risk in the Profit Non-finance sector (2024: 64%).

The top five expected risks in 2027 are identical to those in 2024. Thus, respondents do not expect any changes in ESG risks for their organisations in the short term. This is not entirely in line with [Risk in focus 2025](#) in which risks related to climate change, biodiversity and sustainability are expected to become more important.

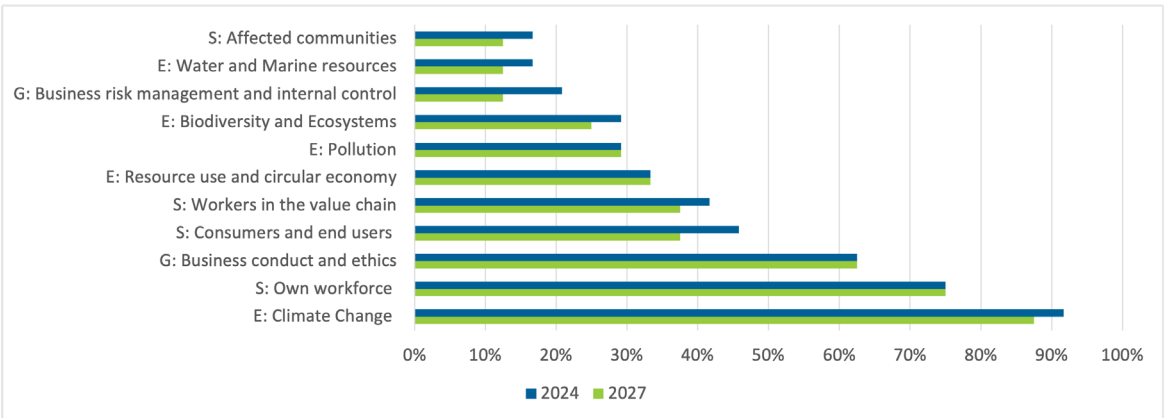


Figure 4: Most important risks

3. The answers: measures taken

After the challenges in Chapter 2, this chapter looks at how organisations are facing them. It looks successively at the why (the strategic drivers with regard to ESG), the measures taken and the tools used by the organisation.

Drivers: the why

Organisations can have different drivers in response to ESG developments:

- Compliance with laws and regulations
- Opportunities for change
- Threats and concerns about adverse consequences
- Feeling social responsibility and acting on ESG risks.

To this end, they were asked to allocate 100% in proportion to the importance of these drivers to the organisation.

Across all sectors, compliance with laws and regulations (32%) and feeling a social responsibility (35%) are the most important 'whys'. This is similar to the 2021 survey. Back then, however, the difference between compliance (30%) and social responsibility (46%) was greater.

The increase in compliance can be explained by the introduction of various ESG legislation

(such as CSRD).

The majority of organisations are driven by all four drivers, which differ per sector:

- Compliance is particularly important for the Profit Finance and Nonprofit sectors
- Social responsibility and Threats are the main drivers for Profit Non-finance sector.

Incidentally, there are major differences in the drivers between organisations within the same sector. This implies that the drivers are not only dependent on the sector. As an auditor, it is important to learn about the organisation's drivers and strategy. [The IIA tool 'Assessing Sustainability Readiness'](#) offers a practical aid for this.

Measures - PDCA and Level of Control

For the question of how the organisations address impacts, risks and opportunities related to ESG, the four phases of the PDCA cycle were examined.

In the PLAN phase organisations address the impact, risks and opportunities in the double materiality analysis (97%) and in business operations by including them in their business strategy (83%), objectives (90%) and KPIs (92%).

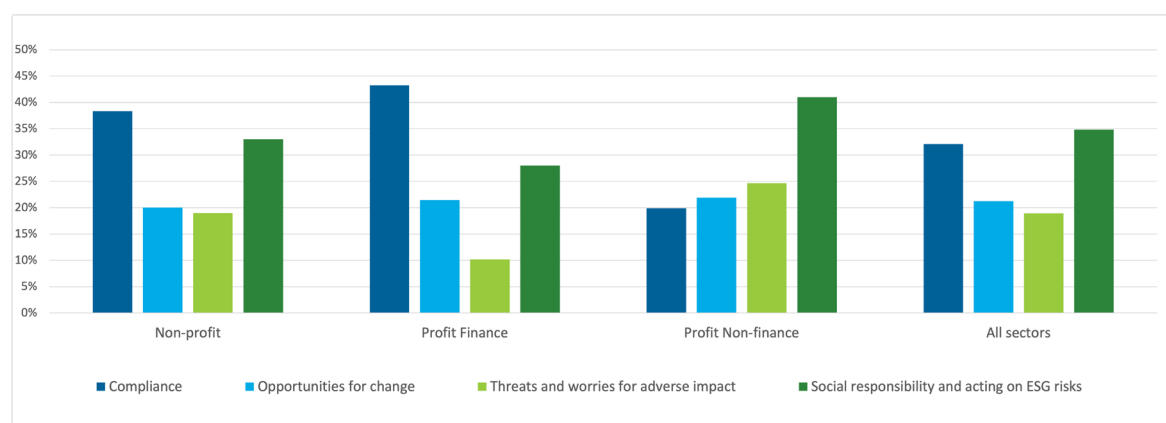


Figure 5: Why organisations are addressing ESG risks (average)

In the DO phase, risks are mainly incorporated into the risk register. Also responsibilities for responding to risks are assigned. Establishing a risk appetite appears to score relatively low. In the CHECK phase, the focus is on monitoring the KPIs and objectives set in the PLAN phase. The actual monitoring of the occurrence of risks takes place to a lesser extent, which can possibly be explained by the low score of the risk appetite in the DO phase.

In the ACT phase, organisations adjust the measures and goals, for E in particular. All respondents do so; for S and G, however, only just over 5% do so. This is in line with the DO and PLAN phases, in which there is also less attention for S and G than for E.

[Research by KPMG](#) shows that a growing number of companies are linking sustainability goals to executive compensation, see also [Accountancy Vanmorgen](#) and [Governance-web](#). May 2024 already revealed that large companies in the Netherlands give top executives bonuses for social, environmental and responsible governance performance. New

research, among 375 listed companies from 15 countries, shows that sustainability is playing an increasingly important role worldwide in board remuneration structures. Among Dutch companies, the percentage of companies using the objectives (88%) remains the same, but the number of linked topics has increased sharply.

- 🌐 In the Netherlands, 88% of the 25 companies surveyed apply this policy, which is higher than the global average of 78%.
- 🌐 The number of sustainability topics linked has increased. Especially long-term goals are becoming more important.
- 🌐 The most common sustainability goals focus on climate change, specifically greenhouse gas emissions, and the workforce of companies, with an emphasis on female leadership and injury rates.

The level of internal control of ESG risks still has room for improvement for the majority of organisations, and thus is not yet structural and systematic (see Figure 6).

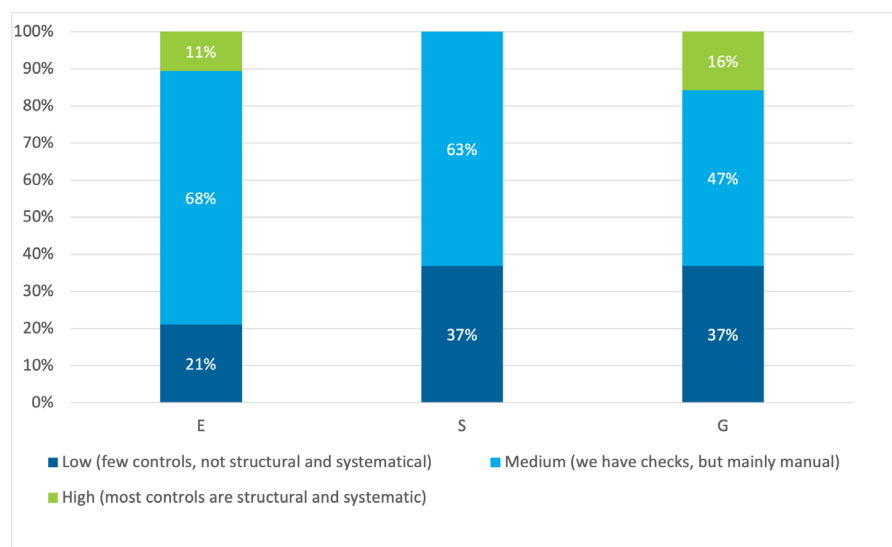


Figure 6: Level of control of ESG risks

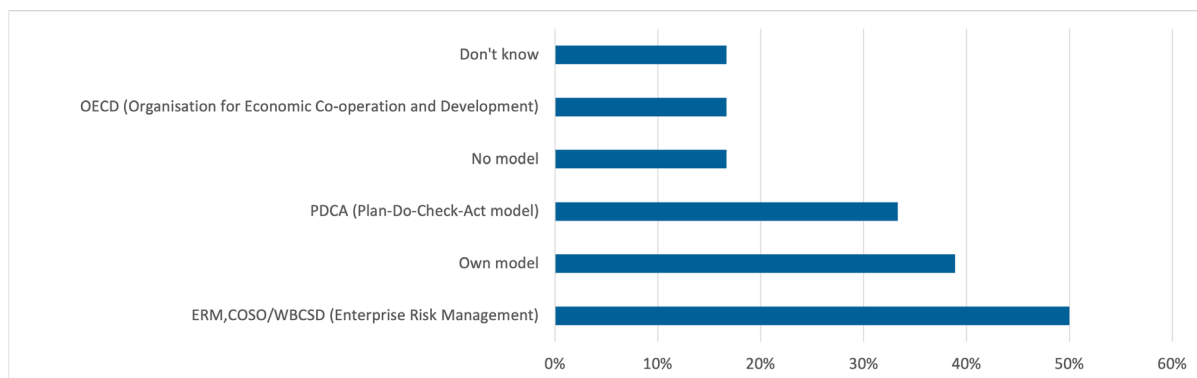


Figure 7: Models used for risk management

The level of control varies by aspect and sector:

- 🌐 A high degree of control is present in the Profit Finance sector (of the E and G), and in the Profit Non-finance sector (for G)
- 🌐 For the S, control is low or medium, in the Profit sector about 75% medium, in the Nonprofit sector 75% low.

Models and standards frameworks

Various frameworks or models can be used to manage ESG objectives and associated risks, for (a) internal control, or risk management, and for (b) external reporting. These can be used by the IAF as the (basis for the) evaluation criteria to be used in ESG audits.

MODELS FOR INTERNAL CONTROL

The main conclusions (Figure 7) are:

- 🌐 Almost everyone (83%) uses a framework, as would be expected
- 🌐 Multiple frameworks are used side by side by the organisations
- 🌐 Frameworks are used for E, S and G. Only a single indicates using a framework separately for the E
- 🌐 39% have their own framework; this is much more than in 2021 (16%)
- 🌐 The most widely used models are COSO-ERM and PDCA, but no framework has been very widely adopted.

It should be noted that COSO made its generic IC model specific for sustainability reporting in its report [Achieving Effective Internal control over Sustainability Reporting \(ICSR\)](#). Also [IIA Spain recently published comprehensive guidance](#) on the use of the COSO ICSR as a tool for establishing, maintaining and testing an effective ICSR system, including a concrete description of the roles of board, management, internal control and internal audit.



Figure 8: Models used for external reporting

MODELS FOR EXTERNAL REPORTING

To report on ESG objectives and results, mainly the CSRD and the EU taxonomy are used. This seems logical since the majority of organisations want to be compliant with the CSRD and EU taxonomy. As appears on other points (Figure 8), in line with the conclusions for the management models:

- Multiple frameworks are used by the organisations side by side.
- Frameworks are generally used for E, S and G together. Five organisations use a framework only for the E. These include frameworks that have a strong focus on the E, such as IFRS, TCFD and SBTi.

Compared to the 2021 survey, we see a shift toward the use of frameworks that are mandatory by laws and regulations. For example, the CSRD and IFRS 1 and 2 came into effect after 2021.

4.4. Double materiality analysis

The double materiality analysis (DMA) is one of the key components of the CSRD. It identifies reportable material impacts, risks and opportunities. And is thus the starting point for reporting based on the [ESRS](#).

These material components are determined from two perspectives:

- 🌐 *Financial materiality (outside-in):* the impact of external developments/ changes on one's own organisation. Think of climate change, ESG laws and regulations. This is a financial risk for organisations.
- 🌐 *Impact materiality (inside-out):* the impact of one's own organisation on the external environment (on people and the environment). Think of CO₂ emissions by the organisation, working conditions in the chain. This has to do with the social responsibility of organisations towards various stakeholders.

The DMA is a challenge for many organisations:

- 🌐 *Complexity of the concept*
The double materiality requires a broader view than traditional ESG reporting processes, because in addition to the two perspectives, for example, the entire value chain must be considered.
- 🌐 *Stakeholder engagement*
To properly assess impact materiality, various internal and external stakeholders must be consulted. This takes time, requires structure and can lead to divergent views.
- 🌐 *Lack of clarity*
Although EFRAG issued [guidance](#) in 2024 on how a DMA should be carried out, in practice there are still various differences in interpretation, which has led to various approaches and elaborations.

🌐 *Data and information*

Collecting reliable, relevant ESG data is difficult, especially when it comes to impact in the value chain or non-financial aspects that have not been systematically tracked before.

🌐 *Coordination between departments*

ESG reporting requires collaboration between different functions such as sustainability, finance, compliance, HR, procurement and other departments - which often still operate in silos.





DMA and Enterprise Risk Management

It is important to properly align the DMA and “regular Enterprise Risk Management” (ERM) and integrate them where possible. This prevents duplication of efforts but also strengthens governance by obtaining one coherent and unambiguous set of risks (and opportunities) and thus embedding sustainability risks in risk management and in the organisation's strategy. Specifically, this alignment and integration can be shaped as follows:

- 🌐 ESG risks coming out of the DMA are included in the ERM risk register
- 🌐 Impact materiality can lead to strategic risks in the ERM, especially if stakeholders such as shareholders and regulators attach importance to them
- 🌐 Financial materiality aligns with pre-existing risk categories in ERM such as operational, reputational and financial risk
- 🌐 Risk owners should integrate DMA materiality aspects into their monitoring and management measures.

Several organisations have produced guidance on how to conduct the analysis. In addition to the aforementioned EFRAG guideline (see p 17), also the NBA has prepared [a step-by-step plan](#) to achieve a double materiality analysis.

Implementation consists of:

-  Defining the steps to be taken
-  Consulting stakeholders
-  Draw up a short list of ESG topics
-  Including outcomes of the DMA in the sustainability report.

The survey shows (Figure 9), that about 50% of the organisations are experienced and have completed all the steps of the DMA. Only a few organisations still have no experience. The larger the organisation, the more experienced they are in implementing the DMA. This may be due to the order of implementation of CRSD, in which larger organisations have to meet the obligations first, but it may also be due to the capacity required for the DMA.

The role of the IAF in the DMA is discussed in more detail in the following chapters.

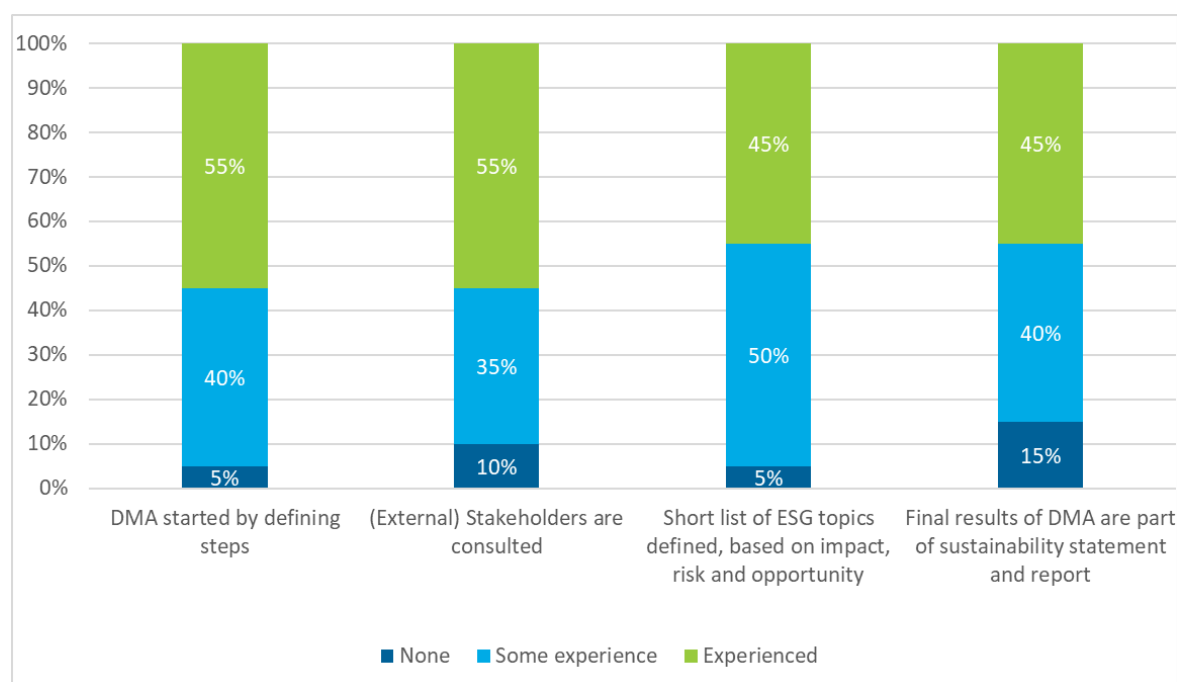


Figure 9: Experience with DMA

5. Role of the IAF: The What

In this chapter, we look at the role of the IAF. [In a blog, Wim Bartels called](#) in 2023 the internal auditors the Liaison Troops for Sustainability, and also indicated that they made themselves heard very little at that time: “they have an essential task: to make sure that those reports do not remain nice and empty words, but that they are translated into processes and controls aligned with the strategy. By auditing, by keeping the board on its toes, by exposing where objectives will not be achieved. And of course, by helping to set up solutions for that.” This and the next chapter try to provide the guidance for that.

In doing so, we look first at the ‘what’. The ‘how’ is elaborated in Chapter 6. By ‘what’ we mean the activities of the IAF in the field of ESG: the time spent, the services delivered and activities carried out, and the stakeholders with whom this is discussed.

Preparation

In preparation for auditing ESG, IAFs have worked out the following in particular:

- The short- and long-term goals
- The expertise needed
- How to obtain that expertise.

Other aspects, which seem to be less often explicitly worked out in advance, are the procedures and methods to use. This may be because ESG audits are conducted in accordance with the organisation’s existing methodology.

The majority pick up preparation for auditing ESG as a whole, rather than by aspect (E, S or G).

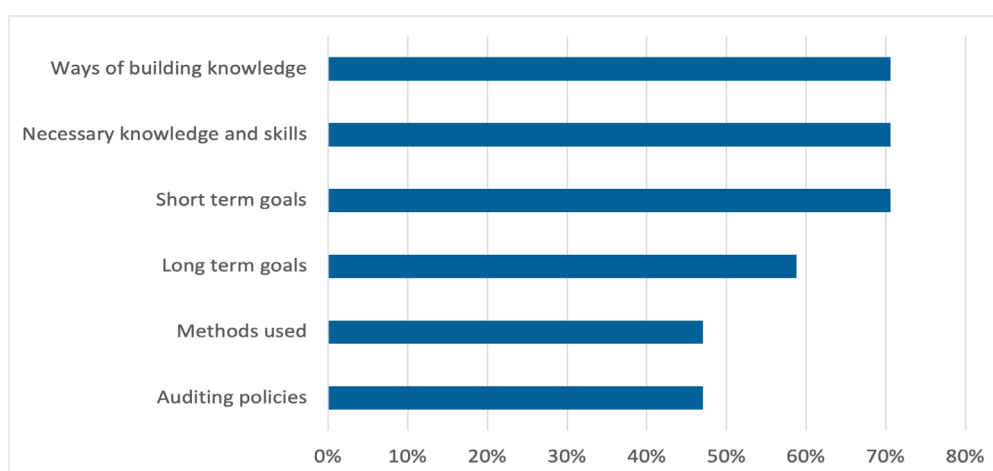


Figure 10: Preparation for auditing ESG

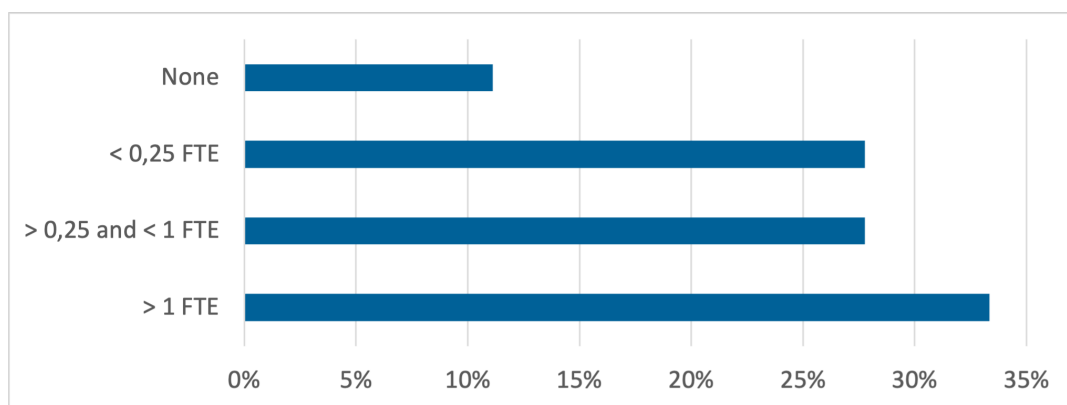


Figure 11: Time spent on ESG in FTEs

Time spent

Figure 11 shows that the IAF's time commitment (in FTE) varies widely. As might be expected, it depends on the size of the IAF and the organisation. On average, time spent on ESG increases with the size of the IAF and the size of the organisation. At the larger organisations, more than half of the IAFs spend more than 1 FTE on ESG topics. Among smaller organisations (1-10K), a more diverse picture exists. The majority spends between 0.25 and 1 FTE on ESG topics, a few less, a few more.

It is notable that two IAFs do not yet spend time on ESG topics. These organisations do expect to spend time on ESG topics in the future.

In terms of focus of work, the time spent on G is higher than for E and S. This is probably because G belongs to the traditional fields of work of the IAF. The expectation of the respondents is that in 2027 slightly more time will be spent on G, and substantially more time on E and S. In terms of time allocation, this means concretely from less than 5% to between 5 and 10%.

Services provided/activities performed

IAFs offer a wide range of ESG activities; this includes both assurance and advice, but by some also participation in a project group or in the organisation's DMA.

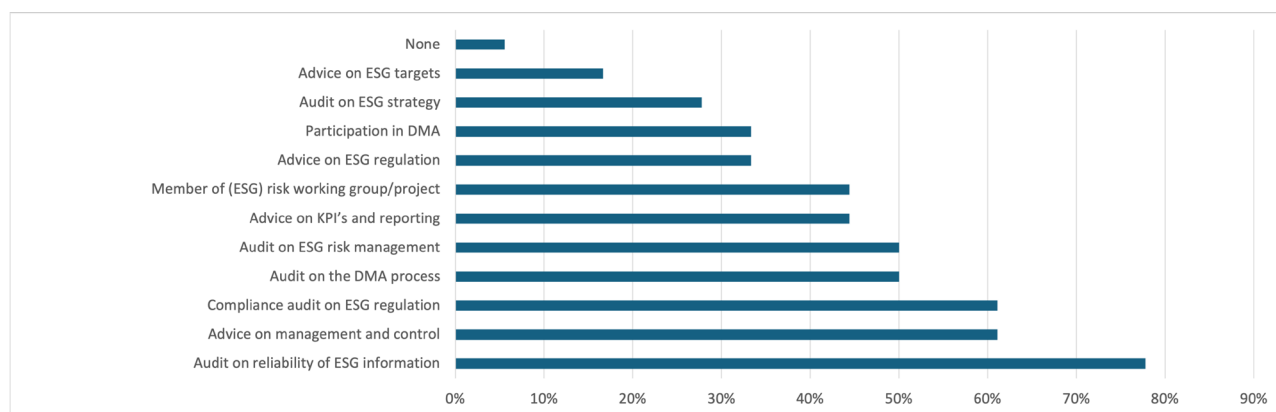


Figure 12: Audit activities performed on ESG risks

Overall, it can be said that more attention is paid to assurance than to advice. As far as assurance is concerned, about three-quarters focus on the reliability of information, 60% on compliance and 50% (also) on (risk) management and the DMA process. Advice, in line with the expertise of the IAF, is mainly given in the area of internal control; slightly less often on the desired KPIs and reporting method or the applicable legislation. A single IAF also provides advice on the organisation's goals.

Compared to the 2021 survey, much more attention is given to assurance and advice.

The study also looked at the nature of the activities in each of the areas E, S and G. A quite diverse picture applies to both E, S and G; clearly there is no uniform view of what the IAF should or should not do: four organisations (almost) only provide advice, two have a strong focus on assurance. Often there is a combination of advice and audit but in quite different proportions.

As also pointed out by KPMG in its [Climate Letter 2025](#), the various areas of assurance are closely related and it is important not to see CSRD as a 'compliance exercise'. CSRD is not just about reporting, but ultimately about gaining insight into the realisation of organisations' ambitions. Ultimately, regulation is a means, not the end. The goal is to make an impact with one's own ESG strategy and gain uniform insight into companies' ESG performance.

Stakeholders

In terms of the stakeholders with whom the IAF discusses ESG impacts, risks and opportunities, there are hardly any differences between E, S and G.

These are discussed by almost all with the Audit Committee, Executive Board and lower management. Just under 30% of respondents discuss them with the entire Supervisory Board and just under 40% with GRC or Sustainability Committee.

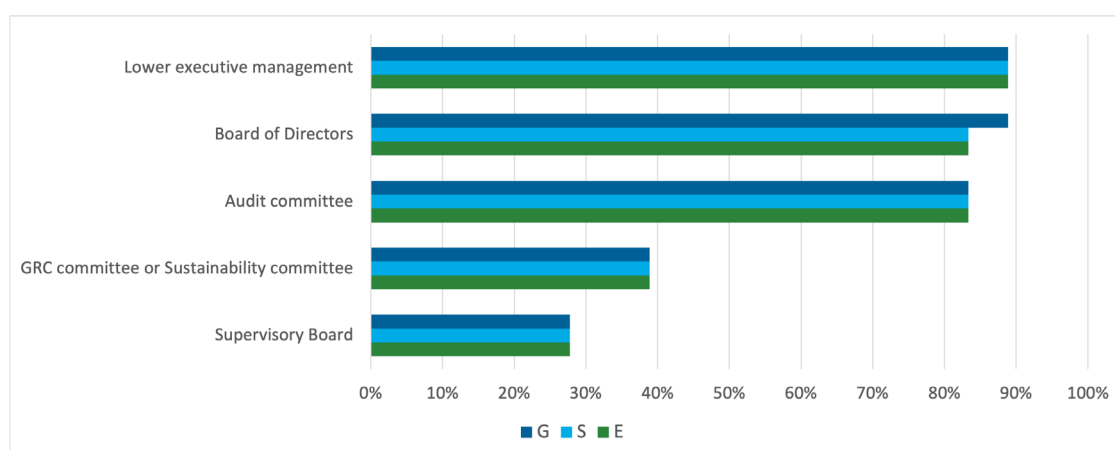


Figure 13: Stakeholders with whom ESG impact, risks and opportunities are discussed

6. Role IAF: The How

Having looked in the previous chapter at ‘what’ the IAF does and can do, here we address the question of ‘how’ one does or can do it: the method of auditing, the collaboration with the external accountant, the acquisition of knowledge, as well as the critical success factors for a successful role in this area.

Method of performing

The survey asked how audit activities are conducted. This gives a diverse picture: most respondents examine ESG as a specific audit and as part of some audits. A small number of IAFs (about 23%) include E and S in all audits. This is clearly more (for S) than in the previous survey, when this was only the case for less than 10%. More IAFs, about half, do so for G.

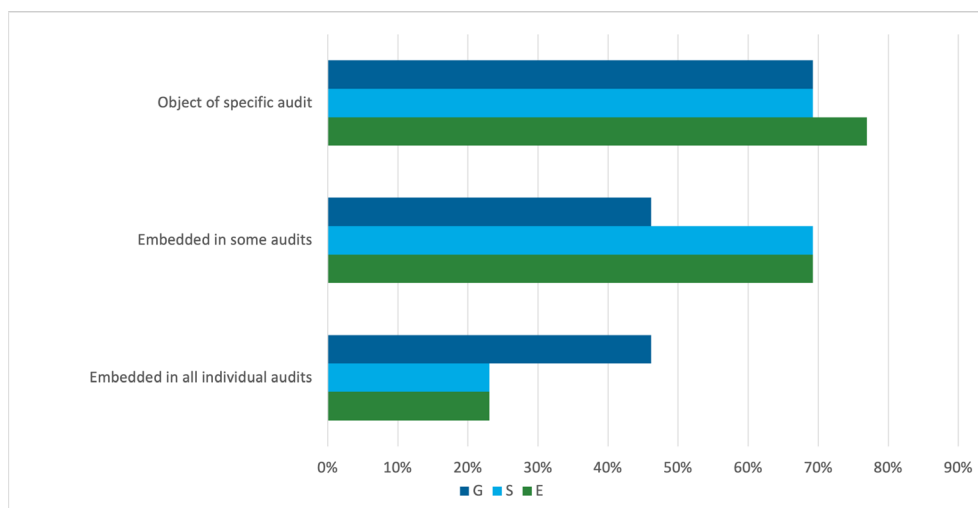


Figure 14: Method of performing audits.

Collaboration with external accountant

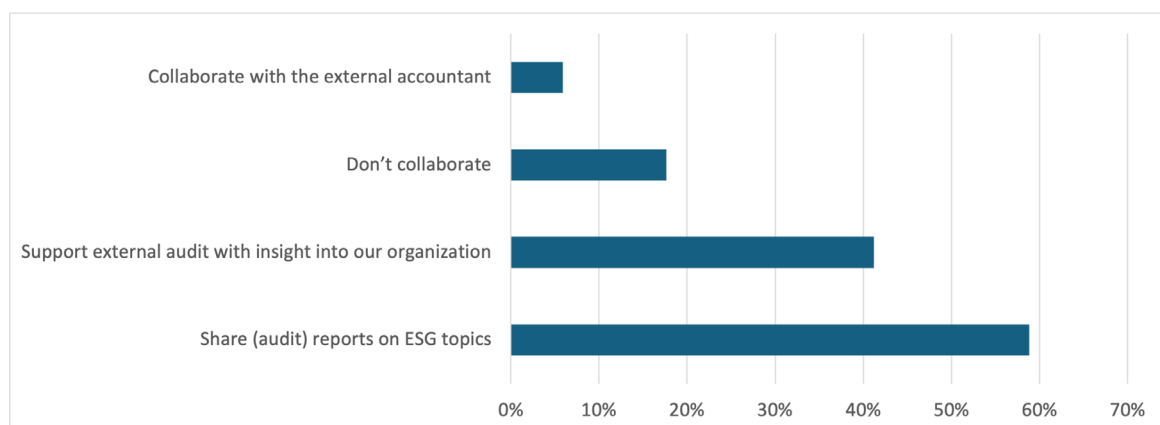


Figure 15: Collaboration with the external accountant

Collaboration with the external accountant is relatively limited:

- A small group (18%), from the Profit Finance and Nonprofit sectors, do not collaborate. This is down from 2021 when it was 38%.
- Support mainly involves making information available. A slight majority does so through the provision of audit reports on ESG issues (59%). Interestingly, this is only done by the two for-profit sectors. In addition, 41% make information available by providing insight into the organisation.
- Only a few (6%) cooperate in the process of external assurance. This may be due to the limited use of internal support by the external accountant and a possible conscious choice of having a complementary scope.

- One of the respondents from the nonprofit sector indicated that “the external auditor coaches the IAF in preparing the fit/gap analysis for the CSRD (as long as it is not yet mandatory).”

Knowledge and skills

To play its role well, each IAF uses training. In line with the level of development, this is especially true for E and S.

Two other important sources are the hiring of expertise and the use of guest auditors with expertise on a specific topic. Depending on the topic, this is done by 25% to 40% of IAFs.

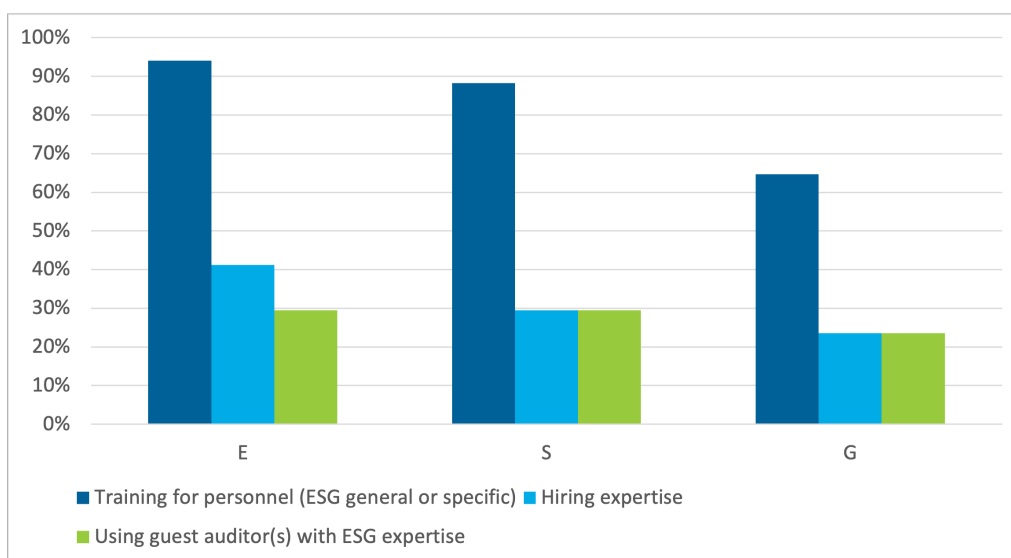


Figure 16: Getting the knowledge and skills

Key success factors

Before this, we focused on the knowledge and skills required of auditors for auditing ESG risks. When asked about the factors that determine the successful auditing of ESG risks, even stronger the emphasis appears to be on the importance given to it by the organisation. As in 2021, most CAEs see the formulated strategy (78%) and management support (67%) as the most important success factors. However, the relative importance of both was just the opposite in 2021.

Expertise within the IAF (56%) does score stronger than in 2021 (then 24%). Finally, standards useful to the organisation (44%) and support from the AC (33%) play a role, similar to but just higher than the numbers from 2021 (35% and 20%). Interestingly, budget is hardly seen as a key success factor, as are generally accepted standards.

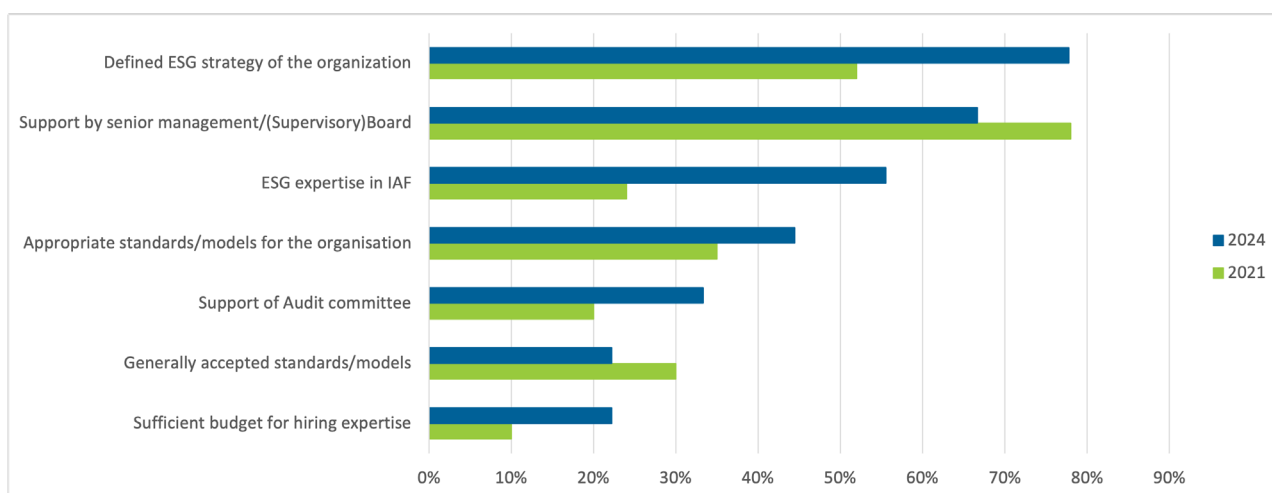


Figure 17: Key success factors 2024 vs. 2021

7. Good practices

To give the auditor concrete examples and guidelines, this chapter describes twelve good practices, from IAFs that have extensive experience in auditing ESG.

Each of the good practices briefly describes how the organisation deals with ESG and sustainability, followed by a description of what the IAF does and in what way. Finally, several tips are provided.

With this selection of good practices, we cover many of the possible activities by the IAF, for the various sectors.

Activities IAF	CSRD project	DMA	Audit (reporting) NFI	Audit (risk) management
Profit - Financial sector	1. ABN AMRO 7. ING	9. Mollie	2. Achmea 7. ING	1. ABN AMRO 2. Achmea 7. ING
Profit - Non-financial sector	5. ANWB 6. Heineken 10. PostNL	8. KPN 10. PostNL 11. Randstad	4. Alliander 8. KPN 11. Randstad	4. Alliander 6. Heineken 10. PostNL 11. Randstad
Non-Profit sector		12. UvA	3. ADR	3. ADR 2. UvA



CASE 1 ABN AMRO

In [the 2021 IIA study](#), Group Audit of ABN AMRO was also included as Good Practice. Many of the activities listed then are still being carried out successfully. Below is a brief summary, supplemented by new developments.

Organisation/positioning

ABN AMRO is a provider of financial services and advice ranging from loans, mortgages to savings, payments and investment decisions. The bank uses its expertise to support customers in financial decisions - whether buying a home, starting a business or making investments. ABN AMRO has more than 21,000 employees (FTEs), most of whom - over 86% - are based in the Netherlands. The bank has 5 million customers and 365,000 business customers. In 2024, the bank realised an operating profit of 8,861 million euros and a net profit of 2,403 million euros.

ESG has been incorporated into the bank's strategy. Developments in sustainability offer opportunities: after all, supporting clients with advice and financing solutions in this area also benefits ABN AMRO. However, there are also challenges: sustainability regulations, the bank's climate strategy commitments and social pressure expose ABN AMRO to a wide range of reputational and legal risks if expectations are not met. As ABN AMRO - like other banks - grows in its (ESG) activities, it must also consider external regulations (such as the CSRD). ABN AMRO pursues a strategy whereby it wants to support its

customers during the necessary transition to a 'net zero' economy in 2050. Future legal and financial consequences are conceivable

if customers underperform on sustainability criteria. ABN AMRO actively manages sustainability risks by including this type of risk in its risk management, particularly in its credit risk management.

Having already started using CSRD in the annual report in 2023, ABN AMRO delivered an annual report in accordance with CSRD for the first time in 2025 ([ABN AMRO annual report 2024](#)).

Activities of the IAF

ABN AMRO Group Audit provides the organisation with independent, risk-based, objective assurance, insights and prospects to support the achievement of ABN AMRO's objectives. Group Audit consists of 143 FTEs, with local teams in France, Germany, Belgium and the US. The structure of Group Audit reflects the organisation with audit teams per business line.

There are assurance circles for certain overarching themes, including Sustainability. These serve as a knowledge center but also provide assurance on that particular theme. A circle with participants from all audit teams meets once a month, in addition to a twice-weekly half-hour update. A circle defines the deliverables, such as work programs, knowledge sessions, awareness programs, training courses, but also second readers of sustainability aspects in audit reports. Recently, a group of ambassadors was formed who receive additional training and support in their own audit team on sustainability audit aspects.

This makes Group Audit an expert conversation partner for management in the area of sustainability.

The sustainability experts are in the 1st and 2nd line.

Sustainability is defined as a risk type, fully integrated into the risk taxonomy and risk management of the bank, which is therefore also reported by Corporate Sustainability Risk.

Group Audit uses an integrated audit approach, where sustainability is included in every audit, from either an objective or risk perspective. This is completed during the planning and orientation phase of the audit, based on a mandatory section in the Planning & Orientation which must be prepared at the beginning of the audit. A number of specific sustainability audits are also conducted annually.

Group Audit provides insight and assurance to the Executive Board by including the most important findings from the various audits and account management discussions in a quarterly report ('management letter'). Themes such as ESG risk management, integration of sustainability into business processes and data quality are regularly included.

Group Audit conducted a CSRD readiness assessment for the annual report for 2023 and 2024, which was greatly appreciated by the organisation. It also examined whether external GRC tooling was used effectively in the reporting process.

The (limited) assurance activities on the "CSRD sustainability statements" in the integrated annual report were performed entirely by the external accountant. This choice was made to avoid overlapping between the activities of the external and internal auditor. Group Audit does have an advisory role in the external disclosure committee (sub-committee of the Executive Board) from the broad view and knowledge that IAF has of the entire organisation.

Advice for other IAFs

- 🌈 Make sure there is a clear link of the audit plan to the strategic goals of the organisation. If the organisation has formulated sustainability goals, this gives the internal auditor a good reference.
- 🌈 Include sustainability as an integral part of your audit approach; pay sufficient attention to this in the preparations for the audit (analysis of ESG risks).
- 🌈 Create a "knowledge circle" for a larger IAF and gather people with an intrinsic motivation and enthusiasm to audit the sustainability topic.

CASE 2 Achmea

Organisation/positioning

Achmea is a broad financial services provider with brands such as Centraal Beheer, Interpolis and Zilveren Kruis. Achmea has approximately 18,000 FTEs, more than 14,000 of whom work in the Netherlands.

With the vision “Sustainable Living, Together.” Achmea gives substance to its approach for sustainability. This strategy is aligned with the environmental, social and governance (ESG) pillars. In four social domains – Bringing healthcare closer – Income for today and tomorrow – Smart mobility – Carefree living & working – Achmea wants to be distinctive in terms of five Sustainable Development Goals: SDG 3 (Good health and well-being), SDG 8 (Decent work and economic growth), SDG 10 (Reduce inequality), SDG 11 (Sustainable cities and communities) and SDG 13 (Climate action).

Starting in 2021, Achmea is accelerating ambitions and achievements in the area of sustainability, such as reducing CO₂ emissions and tightening its phosphate investment policy. This is reflected in rising ESG scores from external rating agencies.

The 2024 annual report was the first to be reported in accordance with the CSRD. This involved a reassessment of the material themes, with input from relevant internal and external stakeholders based on the value chain.

Activities of the IAF

The IAF consists of approximately sixty auditors, with different (audit) backgrounds. The IAF has an expertise team, consisting of several auditors within the department

with affinity and knowledge in the field of sustainability. They follow relevant training courses in this area and provide knowledge exchange by organizing masterclasses and support to other auditors on sustainability aspects within the audits.

Periodic consultation takes place with the sustainability director, business managers, the divisions, the 2nd line and with the external contractor to ensure that the IAF stays abreast of sustainability developments and responds to relevant risks and internal management issues. The IAF also participates in the trade table sustainability laws and regulations to involve developments from the 1st and 2nd line in its work.

The IAF uses the following approach for the Sustainability theme:

Sustainability Risk Analysis: The IAF updates the sustainability risk analysis annually. The risks include the achievement of sustainability goals in a changing environment, compliance with sustainability laws and regulations and financial risks regarding ESG events.

Sustainability Audit Plan: As of 2025, the IAF will draw up a specific Sustainability Audit Plan as part of the annual audit plan. This plan contains eight audits, including on (the internal control of) sustainable investment policy, creation of quantitative CSRD data and social & greenwashing in Achmea’s communications.

Audit into the creation of quantitative CSRD data

In 2025, the IAF will conduct an audit of the creation of quantitative CSRD data in the Annual Report, such as CO₂ emissions from investments, financings and insurances. The purpose of the audit is to provide assurance on these topics. The standards framework for this focuses on data requirements, controls on input data, creation process, outputs and soft controls, among other things.

Audit social and greenwashing

In 2025, the IAF will conduct an audit of social & greenwashing, i.e., the internal control of the inherent risk of misleading sustainability claims in all forms of communication. In preparation for this, the IAF will be involved from the 2nd line and organize an innovation session with experts within the IAF. The experience gained can be used by the IAF in its approach to 'regular' audits. In doing so, the IAF strives for continuous improvement.

Integration of Sustainability in regular audits:

In addition to specific sustainability audits, the IAF integrates aspects of sustainability in regular audits, such as on insurance-related and financial risks in the event of damage caused by storms or flooding, the ORSA process, product development process and procurement process.

Sustainability Reports: In addition to the audits mentioned before, the IAF reports on sustainability in quarterly and annual reports to the Executive Board and to the Audit & Risk Committee.

Advice for other IAFs

- 🌈 Address sustainability top down and broad from various perspectives, e.g., strategy, financial, legal and regulatory.
- 🌈 Establish a clear structure (audit plan and risk analysis) and formal coordination within the organisation to achieve a focused and supported audit approach and integration within governance.
- 🌈 Perform thematic audits, such as on the internal control of ESG management/accountability information, internal management and monitoring of ESG commitments made, the safeguarding of ESG legislation within the organisation, performance management on ESG objectives, and the previously mentioned audit on social and greenwashing. In addition, integrate sustainability as much as possible into regular (process) audits.
- 🌈 Make a deep dive and get your feet wet to understand what is happening and what the impact is in order to deliver added value. Use available data, think outside the box, involve first and second line experts, listen to stakeholders, be creative, and organize innovation sessions with the audit team to develop an innovative and impactful audit approach and use the experience gained in performing "regular" audits.



CASE 3 ADR

Activities of the IAF

The Auditdienst Rijk (ADR) is the independent internal auditor of the central government and the Audit Authority in the Netherlands for the European Commission. Based on a legal basis and commissioned by the ministries, the ADR performs various forms of services: the certification of annual reports, reviews of the management of major projects, risk-based and requested services, and assignments for the European Union.

Sustainability on the strategic agenda

Since 2021, sustainability has been included as a theme in ADR's strategic audit agenda. In the recalibration for the period 2025-2028, this theme remained as important as ever. In the first years, the audits focused mainly on the CO₂-Prestatieladder, but since 2024 a clear broadening and deepening is visible. The demand for sustainability audits has increased, resulting in a diverse research portfolio.

They achieved this by freeing up specific capacity and establishing a sustainability theme group. This theme group is deliberately composed of colleagues from both operational audit and financial audit. It was also decided to focus on the entire PDCA cycle concerning sustainability, i.e. management, control and reporting.

This multidisciplinary and broad focus allowed the ADR to expand its knowledge, enlarge its network and therefore create and answer more research questions.

Reporting research as an entry point

The focus in 2024 was on reporting reviews, in part because ADR is known within central

government for its expertise in this area. Reviews focused, among other things, on pre-assurance of ministerial sustainability reports. These were primarily intended to signal opportunities for improvement, with the goal of strengthening the quality of the report. In this context, the ADR has developed a growth model for sustainability reports: start with a report with which you try to inspire stakeholders (publicity report), build this up to a report according to standards such as the GRI and finally consider assurance on the report.

The ADR also used data analysis to conduct a government-wide inventory of the state of sustainability reporting. This mapped out how and with what depth ministries report on sustainability.

Broadening to management and control

Although the initial focus was on reporting, the ADR recognized the importance of a broader approach. To encourage clients to have management and control examined as well, 2024 proactive review proposals were made.

The combination of continuing to prod demand and expanding knowledge and networking through the reporting studies led to interesting studies in the area of management and control. For example, CO₂-Prestatieladder reviews have now been extended to the majority of ministries.

In addition, the ADR examines how sustainability is secured in administrative decision-making and how sustainability objectives can be embedded in the line management of a ministry. The shift from reporting reviews alone to the full management cycle (management, control, response) was made possible in part because of the trust built up in the ADR as an expert partner in the field of sustainability.

Substantive depth and thinking model

In the aforementioned government-wide study of sustainability reporting, the ADR also examined the extent to which the government

- although not (yet) subject to CSRD - reports on the themes from the European Sustainability Reporting Standards (ESRS). This revealed that there is already a great deal of sustainability information available within the national government, albeit spread across various reports and with varying depth. Most ministries focus mainly on their policy-related sustainability themes.

The results of this study were shared through the regular audit reports. This led to positive reactions from various audit committees of ministries, with the future of sustainability reporting in the central government in particular attracting attention.

Based on this study, the ADR is working on the development of a discussion model for sustainability reporting in the national government. An important starting point in this is that information value increases through comparability, both between ministries and with the private sector. For this reason, the model aligns as much as possible with existing frameworks and systems, such as the ESRS, SDGs, indicators for Broad Welfare, and the budget and accountability cycle of the national government.

Collaboration and ‘accelerators’

Another interesting development has been a partnership with the Algemene Rekenkamer, the accounting department of the municipality of The Hague and the NBA. Together, ten “accelerators” were defined which can help government organisations integrate sustainability into existing processes. This [visualization](#) has since proved to be useful tool in the [dialogue](#) with ministries on sustainable management and response.

Advice for other IAFs

- 🌐 Think big, start small: Look at where the audit function can concretely add value to the sustainability goals of the organisation.
- 🌐 Assemble a multidisciplinary team: Combine knowledge from different audit disciplines and build knowledge from conducting investigations.
- 🌐 Build on existing work: Start with a known topic and expand on it. This often creates spin-off in the form of new questions and follow-up investigations.
- 🌐 Evaluate and learn: Regularly review whether you are doing the right things and whether you are being effective. Also consider the pace of the organisation and don’t get too far ahead of the troops.
- 🌐 Focus on the entire PDCA cycle: Reporting is important, but it is precisely on direction of management and control that the audit function can make a difference.
- 🌐 Stay curious and have fun: Sustainability is a dynamic and partly unexplored field in which learning and discovery are central.



CASE 4 Alliander

Organisation/positioning

Alliander is one of the leading grid operators in the Netherlands, with annual revenues of about 3 billion euros, in which different companies operate. Network operator Liander manages the daily energy distribution across all networks. Qirion focuses on the development of sustainable technologies and intelligent energy infrastructures.

Alliander has almost 10,000 employees; 1,500 new employees joined the company last year, in part to support the energy transition.

With over 5.9 million connections, subsidiary Liander has 2.7 million customers. As a grid manager, it provides the connection and transportation of gas and electricity in the provinces of Gelderland and North Holland and in large parts of Flevoland, Friesland and South Holland. As a broad network operator, Liander has owned the gas and electricity networks since 1 July 2008 and also performs the maintenance, expansion and innovation of these networks itself.

Alliander has a long history in the field of sustainability and the associated external reporting, which has also yielded awards such as [the Sijthoff and Kristal prizes in 2022](#). For years, Alliander has had a process in place to efficiently collect non-financial data (KPIs) from Alliander's various organisational units. Because it is an organisation of Public Interest, it has also been CSRD-obligated since 2024 ([Alliander Annual Report 2024](#)).

Activities of the IAF

Alliander's Internal Audit Function (IAF) consists of 9 employees, including financial auditors, IT auditors and operational auditors. The IAF is responsible for conducting audits to ensure the effectiveness of internal controls and processes and is independently positioned with a direct line to the Management and Supervisory Boards.

Due to its importance to Alliander, the IAF has been auditing the subject of safety from various perspectives (such as governance, incident reports) for many years. In addition, where possible in reviews such as purchasing, relevant sustainability aspects such as CO₂ are examined. In the future, the IAF will focus more on those sustainability themes in particular that contribute to the realisation of Alliander's strategy.

The IAF supports the external auditor in its (limited) assurance work by retrieving relevant data and performing and sharing analyses of texts and KPIs, such as Safety of Own Workforce (S1), Circularity (E5) and Workers in the value chain (S2). This includes looking at the underlying processes and systems, for example, HR processes and personnel registration systems. Safety is one of Alliander's top priorities, given the nature of Alliander's work (gas, electricity), which is why IAF devotes the necessary time to it. This also plays a role in the procurement process, for example, where it is important that the materials meet certain safety standards. Procurement of recycled products is also considered.


In preparation for the CSRD, a change management audit was conducted in 2022 for the relevant IT systems involved in the CSRD reporting process. Possibly this would also help with a future system-centric approach.


In 2024, the IAF actively participated in the introduction and elaboration of the CSRD in the organisation. Among other things, it was


a sounding board member of the steering committee.


It is expected that the supporting role of the IAF in CSRD accountability will decrease and the review of the CSRD part in the annual report will be left entirely to the external auditor.

Advice for other IAFs

 **Clarity in roles within the steering committee:** Develop a clear guideline regarding the responsibilities of the audit function within different steering committees, such as within the CSRD project. This can help strike a balance between active participation in projects and maintaining an independent role.

 **Proactive Approach in Sustainability:** Conduct topic-oriented audits that focus on the organisation's sustainability strategy such as reducing carbon emissions. Focus on relevant processes and topics that can support a systemic audit approach (such as tests of ITGCs). Include the legally required (upcoming) reporting guidelines.

 **Reporting guidelines:** Know your place as an IAF and encourage that responsibilities are at the right place, i.e. within Alliander there is strong support on the 1st line regarding delivery of non-financial data (KPIs). Thereby, owners of KPIs are responsible for the quality of the KPIs, directors actively sign for the KPI value. When major changes occur, data analysts perform an analytical review.

 **Training, knowledge and knowledge sharing:** As an IAF, determine the minimum knowledge required to perform CSRD audits. This knowledge may include regulations and guidelines, such as the ESRS (CSRD), as well as technical topics such as assessing greenhouse gas (GHG) emissions and the underlying details and sources. Ensure that the right knowledge is present within the IAF function, through internal build-up or external hiring. In addition, ensure active knowledge sharing within the IAF team so that accumulated expertise is widely available.



CASE 5 ANWB

Organisation/positioning

The ANWB is an organisation with 5.3 million members that represents their interests in the areas of mobility, vacations and leisure with a unique mix of influencing and service activities. In 2023 a new activity was started: ANWB Energie in which dynamic energy contracts are offered. ANWB employs approximately 4,300 FTEs. For several years, the organisation has included in its mission statement that it strives to enable everyone to be carefree on the road in a sustainable society.

In 2023, with the establishment of a dedicated project and external support ANWB began preparations to implement the CSRD. The 2023 and 2024 annual reports ([ANWB Annual Reports](#)) already contain various elements of the CSRD. ANWB has chosen to assign responsibility for quantitative data to Finance and the qualitative outcomes ('narratives') to the sustainability department.

Now with the Omnibus, there is a revision of the planning in the organisation, whereby ANWB will have to report on 2027 for the first time. The expectation is that the project will continue, also in 2025 perhaps with a smaller scope.

Activities of the IAF

The IAF within ANWB has existed for some time with 4 certified auditors (RE, AA, RO, CIA). When necessary, specific expertise is hired. The IAF plays an important role in ensuring the quality and effectiveness of processes within the organisation, by risk-based selection and execution of audit studies on a diversity of topics from strategic to operational and compliance related. These are mainly assurance related, but the demand for advice assignments is increasing. The role of the IAF during critical projects is also appreciated, as a result of which potential risks are reported earlier and can be followed up.

In 2023, the topic of sustainability and preparation for CSRD was put on the audit agenda for the first time in the form of a review of the initial preparations for the new reporting requirements. There is good cooperation with the Finance Department, with regular use of the IAF as a sounding board.

After that, the IAF was involved in the project at a later stage including a review of the project's setup, structure, and management, with a focus on deliverables, reporting requirements, and governance structure. IAF also looked specifically at ANWB Retail from an advisory role at the selection and quality of the process and system setup for relevant ESRS data points.

The external auditor also monitors the project and provides feedback on specific aspects of the project, such as the double materiality analysis.

Advice for other IAFs

- 🌐 When introducing sustainability reporting, it is important to have a clear division of roles and good lines of communication between different departments. For example, make this part of a governance audit.
- 🌐 The IAF can provide more added value if it is involved at an early stage in critical projects such as the CSRD. Subjects such as process controls and risk management can then be reviewed in a timely manner and improved where necessary.
- 🌐 Good cooperation between IAF and Finance, but also with the external accountant, is essential. Especially when sustainability strategies formulated by the line are further developed into objectives, KPIs and reports.



CASE 6 Heineken

Organisation/positioning

Heineken NV is a Dutch multinational beer and beverage company operating in over 190 countries. It employs approximately 85,000 people. Heineken owns 300 beer brands. With a total beer volume of more than 240 million hectoliters (2024), Heineken is among the world's largest brewers.

Sustainability is an important strategic topic for Heineken: 'Brew a Better World Strategy 2030' (BaBW), which includes a focus on reducing CO₂ emissions, limiting energy and water consumption, diversity in senior management and a strong focus on responsible alcohol consumption.

Before the introduction of the CSRD, Heineken already reported on the results and progress of the BaBW strategy in its annual report. In 2025, the first CSRD-compliant report for 2024 was released ([Heineken - Annual report 2024](#))

Activities of the IAF

The IAF consists of a mix of 50 auditors and other professionals and is spread across 4 locations (Singapore, Mexico, Amsterdam and Krakow). The IAF has its own data analysis team. The team is diverse, with 23 different nationalities and a male-female split of 42/58%. The focus on collaboration, diversity and continuous development within the audit team is considered a key success factor for the success of Heineken's sustainability initiatives.

The IAF has long been involved in the review of the sustainability sections in the annual report. About 4-5 employees worked with the external auditor, with the aim of providing limited

assurance on the sustainability non-financial information. Much attention was paid to the quality of the 25 BaBW KPIs: all KPI passports (of the various functions) were reviewed for consistency in scope and timeline; in particular, it was checked whether the definitions were measurable.




With the advent of the CSRD, the involvement in sustainability topics has changed. The number of metrics and narratives in the annual report has increased significantly (about 1,000), but the business has grown in experience and knowledge to the point where it could work independently with the external auditor. With the external auditor change in 2024, it was decided to leave the assurance part entirely to the external auditor. In doing so, the IAF shifted its focus to more strategic sustainability themes.

The second line (P&CI) is responsible for defining and implementing the required controls in the various processes, which is translated into the so-called KPI passports. Finance coordinates the entire non-financial reporting process; the various functions (such as Supply Chain, People, Commerce) are responsible for implementation. The external auditor is ultimately responsible for the assurance. The aim is to eventually move from limited assurance to reasonable assurance.

Because of this shift and strengthening of responsibilities, the IAF as an independent assurance provider, can focus more on process reviews, assessing whether the realisation of the strategy is adequately guaranteed in processes, controls and systems. In addition, reviews are being conducted on various strategic sustainability themes. For example, the Governance set-up of the CSRD/non financial reporting, as well as consistency of the scope of the KPI passports of the various functions and with the scoping of non-financial reporting. The CO₂ reduction program is also on the agenda.

It is expected that two to three sustainability audits will be conducted before the end of 2025. In terms of the audit plan, the IAF distinguishes between fundamental audits (standard process reviews) and topical audits. The latter is determined by the current state of affairs. CSRD was a topical audit, but is now, after implementation of the BaBW strategy, part of the first group, in which each audit examines whether the realisation of the strategy is sufficiently guaranteed in processes, controls and systems. This is done, for example, for Carbon Scope 1-2 and Social Pillar (topic by topic), using the same approach as for other KPIs.

Advice for other IAFs

-  Match the role and approach of the IAF to the maturity of the organisation. Consider the first and second line. Lower maturity organisations may require more of a hands-on support approach, while in more mature organisations the focus may be on more independent assurance reviews.
-  Understand stakeholder expectations so that you can set clear boundaries for the role of internal audit in discussions and reporting.
-  Consider choosing some strategic KPIs relevant to the future of the organisation, assessing them and sharing the outcomes with the Board to increase attention to sustainability.



CASE 7 ING

Organisation/positioning

ING is a leading European bank headquartered in Amsterdam, serving over 40 million customers across 100 countries with retail and wholesale banking services. Sustainability is one of the two overarching strategic priorities for the bank. ING aims to play a leading role in accelerating the transition to a low-carbon economy by financing the changes needed and helping to drive down emissions to meet the global goal of net zero by 2050. ING issued their first CSRD disclosures about 2024 in the annual report.

Activities of the IAF

The ING Internal Audit (IA) function is a global organisation with teams in many countries. It comprises around 410 auditors, performing audits in all countries where the bank operates. In response to growing regulatory expectations and the relevance of sustainability for the bank, IA established a dedicated ESG Audit Team in January 2022.

The team includes four ESG specialists and a global network of ESG Champions, auditors located in different countries, acting as ESG ambassadors in their teams.

The ESG Audit Team acts as IA's center of ESG audit expertise. It developed a structured approach to auditing ESG risks, including a dedicated *ESG audit universe*, a standard *audit approach* to ensure sufficient coverage, and *global guidance* for audits with ESG relevance.

Audit Universe: structures ING's ESG audit work around four pillars:

1. Sustainable Business – Auditing sustainable

product criteria and ESG integration in retail and wholesale banking, e.g. lending and investment products. These engagements build on relevant regulation, market standards and internal policies/guidelines for specific products/services and anti-greenwashing instructions.

2. ESG Risk Management - Reviewing risk frameworks, governance, and implementation of ESG risk management. These engagements consider ECB-, EBA-, NGFS-frameworks, and COSO-ERM next to internal ESG Risk Policy and instructions.
3. ESG Reporting - Assessing the readiness or the quality of disclosures, in line with regulation like CSRD, EU Taxonomy or the ESRS.
4. Sustainability Strategy & Targets - Auditing strategic goals like ING net-zero commitments and sector-specific decarbonization targets, in line with voluntary frameworks like the Science Based Targets initiative (SBTi), Net-Zero Banking Alliance (NZBA).

Audit approach, Collaboration and Integration:

The level of assurance provided is tailored on the maturity of the topic. For emerging areas, the team provides limited assurance or non-assurance audit engagements to review and improve control design. A notable example is the CSRD readiness review of 2024, encompassing CSRD program management and governance and the double materiality assessment process.

The ESG Audit Team holds periodical meetings with key first and second line stakeholders to keep up with developments in regulation, markets and organisation. Similarly, stakeholders are informed about the results of recent engagements and the audit planning. Additionally, the team attends ESG-related committee meetings to maintain business monitoring.

Global audit guidance is issued for key ESG topics and embedded in the audit tools, to

facilitate integration of ESG controls in regular (non-ESG) audits. This guidance complements the audit universe. It is particularly relevant for audits in areas like procurement, lending, investment or HR. In these domains, it helps auditors to integrate material ESG-related risks and controls not being the primary focus of the audit.

The team coordinates ESG trainings for other auditors in the bank, including webinars and dedicated sustainability training as part of the on-boarding program.

ING initiated in 2021 a virtual ESG Audit Forum, where over 30 financial institutions from different continents meet annually exchanging insights and practices to audit ESG.

Advice for other IAFs

- 🌐 Integrate ESG into audit planning by embedding it into your risk assessment methodology and ensuring ESG is reflected in the audit universe. Assign responsibilities to auditors with relevant knowledge and build ESG capabilities through training and collaboration.
- 🌐 Focus on material and strategic ESG topics using tools like double materiality assessments, ESG public commitments or ESG risk heatmaps. Start by auditing foundational controls, like ESG governance structures, and integrating ESG into policies and procedures, before moving to advanced topics.
- 🌐 Stay informed on ESG developments through regulatory monitoring (e.g. ECB, EBA), participation in ESG-related committees/working groups, and regular engagement with first and second line stakeholders.

🌐 Collaborate across the three lines and with external peers to strengthen ESG assurance. Work closely with Sustainability and Risk teams to align on ESG definitions, data sources, and control expectations. Externally, learn from audit approaches of peers.

🌐 Start doing audits on ESG, be part of the journey, early audits shape the control environment and drive improvements. Early integration of ESG into audit practices and engagements not only adds value but also positions Internal Audit as a strategic partner in the ESG journey.



CASE 8 KPN

Organisation/positioning

Koninklijke KPN N.V. provides telecommunications and ICT services, offering consumers fixed and mobile telephony, Internet and television. For business customers, KPN provides complete telecommunications and ICT solutions. In 2025, KPN published its first CSRD-compliant annual report for 2024 ([KPN Jaarverslag 2024](#)).

Activities of the IAF

KPN's IAF, consisting of about 15 people, four of whom now work on CCE risks, focuses on various aspects of risk management and control, including sustainability. One of the department's objectives is to improve internal control systems and further develop risk and control frameworks. In addition, the department performs assignments that may include sustainability topics, including the annual report.

Developments since 2021

Since 2021, IAF's focus on sustainability has been further strengthened by the integration of sustainability KPIs into the KPN Internal Control System (KICS). The IAF plays an important role in ensuring the reliability of sustainability reporting.

An important activity in this context is the assessment and substantiation of sustainability claims in the annual report. Last year, in close cooperation with External Reporting and the external auditor, a review was conducted on the completeness of answering reporting requirements as imposed by the CSRD.

Subsequently, in coordination with the external auditor on draft versions of the report, approximately 800 claims were identified last year. The CSRD increased the number of claims by a factor of 1.6 over 2021. In addition, the number of pages on sustainability (CSRD) increased by a factor of 2.5. Nevertheless, it can be said that the density of claims has decreased; there is more text and comparatively fewer claims. This is partly caused by mandatory justification and descriptive text which are not necessarily claims. Anticipating the increase in IAF work due to the CSRD implementation, the number of auditors at CCE was increased to 5 by 2024.

Our goal is to further compress the 2025 text using GenAI. For each claim (related to metrics or narratives), IA requests substantiating evidence from the compiler of the text, which is then tested. This may lead to modification of the claim. In addition, completeness is assessed, looking at what is not mentioned but would be expected given the objectives and previous reports. This ensures that the annual report is balanced. The IAF has a coaching role within the organisation in the design of the annual report. The IAF and external auditor identify claims that are discussed and agreed upon. Here KPN has additional claims compared to the scope of the external auditor; these are particularly focused on the future or reputation risk.

An important innovation is the use of self-developed tooling and data analysis to improve the efficiency of the IAF's work. For example, the IAF is experimenting with tooling to analyze texts for sentiment and degree of objectivity. This risk-focused approach aims to reduce the number of claims and increase the reliability of the annual report.

In addition to this intensive cooperation (including agreeing claims, sharing evidence, consultation with the business), the external

auditor also performs its own work each year, including work on Scope 1 and Scope 2 of the CO₂ emissions, and provides a reasonable degree of assurance on these.

In 2024, the IAF provided feedback on the DMA process and outcomes. The most important outcome was the “Impacts, Risks and Opportunities” (IROs) of the material ESG topics, as these determined the scope of the annual report. In addition, we invested significantly in Risk & Control frameworks for key KPIs and workflows to provide evidence documentation for text claims. Existing GRC tools are being adapted where possible.

Currently, except for CO₂ emissions, the external auditor provides limited assurance on the KPIs. The work of the IAF includes ensuring that key KPIs are identified in the organisation, including associated Risk & Control frameworks. The development of these frameworks and integration of the checks & balances in the first line is a task that Risk Management takes up.

Advice for other IAFs

- 🌐 Focus on DMA and IROs: Take the double materiality analysis (DMA), including the determination of IROs as the basis for accountability with associated controls and audit activities.
- 🌐 Use Data Analytics and Other IT Tools: Use data analysis methods and IT tools to increase the efficiency and quality of audits. Tools such as sentiment analysis and AI-driven applications can help analyze texts and identify risks.
- 🌐 Limit the scope: As an IAF, emphasize that the organisation is limited to the essential KPIs only. This helps ensure the relevance of the annual report and avoids adding unnecessary information that could cloud the annual report. Keep it factual and to the point to actually add value for stakeholders.



CASE 9 Mollie

Organisation/positioning

Mollie Payments is a company that was founded 20 years ago to help small and medium-sized businesses handle online payments. Although the focus has shifted a bit more towards larger companies, the customer portfolio continues to consist mainly of small and medium enterprises. In the Netherlands and Belgium, Mollie is a major player with more than 200,000 customers, which is still growing monthly. The organisation has expanded its activities to other countries such as Belgium, France, Germany, the United Kingdom and Italy. Mollie is supervised by the DNB (EU) and FCA (UK). Mollie's main product is online payment processing, offering nearly 40 different payment methods. In addition, Mollie also offers flexible business financing for e-commerce and in-person payments through terminals in physical stores.

Activities of the IAF

The team consists of highly trained professionals with significant work experience, and reports to Mollie's Management Board and Audit & Risk Committee. The role of internal audit within Mollie is important in ensuring the quality of processes and procedures. It does both assurance assignments (80-90%), and advisory (10-20%); advisory especially when implementing new processes and/or systems. Internal audit has been involved in assessing the organisation's sustainability transition. During the Double Materiality Assessment (DMA) process, internal audit worked with external consultants to better understand the methodology and implementation. This led to valuable insights, but also challenges, such as further securing more knowledge about sustainability and the impact of risk management.

The assessment of the DMA (with the support of KPMG) by the IAF resulted in the necessary findings, including those regarding the DMA methodology followed by Mollie. Given the severity of the findings, the IAF decided to discontinue the audit work and convert the assignment to an advisory assignment. KPMG then advised the business on how to shape the DMA. Then the Omnibus package was announced and Mollie decided to pause the CSRD implementation and voluntarily move to a lighter form of ESG reporting.

Advice for other IAFs

The following lessons learned were gained during the review of the DMA:

- 🌐 Importance of external expertise: Engaging external experts can be crucial to avoid blind spots and to take advantage of specialized knowledge. This has helped internal audit ask the right questions and use the right methodologies.
- 🌐 Identify risks early: Performing a thorough risk analysis at the beginning of an audit is essential, including on topics such as ESG and CSRD. This helps to identify potential problems early and provide a better basis for the audit.
- 🌐 Communication and cooperation: Good communication with other departments and external parties is necessary to ensure that everyone is on the same page and to avoid misunderstandings. This applies especially for cooperation with external consultants, who can sometimes operate independently without sufficient coordination with the IAF.
- 🌐 Documentation and methodology: It is important that the business properly documents and follows the methodology it uses for certain projects and topics in advance to avoid inconsistencies and misinterpretations. Especially with new topics such as the DMA and other aspects of ESG or CSRD. This also helps with reporting to the board and other stakeholders.



CASE 10 PostNL

Organisation/positioning

PostNL operates on multiple fronts within mail and parcel delivery, with a strong focus on digitalization, sustainability and efficiency. At PostNL, operational management and the realisation of ESG goals largely coincide, think of the relationship between emissions due to logistical movement and the dependance of people in the execution of postal services. PostNL issued its [first CSRD-compliant annual report in February 2025](#), over 2024.

Activities of the IAF

PostNL Audit & Security ('A&S') operates under the responsibility of the Audit Committee and the Board of Directors and consists of 3 disciplines with approximately 55 employees, of which 13 are engaged in internal audits, 5 in Risk Management & Internal Control (including compliance) and 37 in Security & Integrity. The A&S department thus performs 2nd and 3rd line tasks. A system has been set up to ensure the independence of the internal audit. The IAF works closely with the external accountant for external validation in cases involving topics that lie within the responsibility of A&S, such as the internal control management self-assessment process and fraud risk procedures. The IAF has dropped financial audit work for the external accountant and has invested a great deal of the capacity in building up ESG audits.

Each of these disciplines contributes to sustainability by taking into account the

environmental impact and social responsibilities. Internal Audit (IA) assists in assessing governance and reporting on organisational sustainability initiatives and performance (see, for example, review on the DMA, hard-close on interim ESG KPIs, and CSRD implementation project audits).

In recent years, PostNL has invested a lot in sustainability and ESG audits. Examples are:


ESG Domain: theme-oriented work: The IAF has started theme-oriented work to better manage the sustainability and environmental and human rights impact of the operational business processes. ESG has been integrated into operational control bringing together various disciplines such as Operations, Group HR and Procurement & Services. The IAF has freed up capacity in this first year of CSRD to support the implementation and build-up of ESG controls and requirements from CSRD and CSDDD (think health & safety audits at Operations, third party risk management audits in the logistics chain and the assessment of the environmental aspects of the sorting centers and means of transport).

Role IA at CSRD: Governance and Control: The IAF played a QA role in the implementation of the CSRD in terms of strategy, control, reporting and in relation to the business and governance of the program. For example, it was assessed whether deliverables of the program (such as a hard-close on the reliability of relevant KPIs and metrics) were in line with goals and definitions set in advance by PostNL. Definitions from the ESRS were compared with prior reporting under GRI (with reasonable assurance).


Role IA and Risk Management in Relation to DMA: IA and Risk Management have been working closely with the CSRD project organisation to support the DMA and the Enterprise Risk Management (ERM) processes


to be streamlined. During the DMA and the determination of IROs by the CSRD Steering Committee, an overview was made of topics to be considered for the DMA update 2025. RMIC has provided an integrated DMA/ERM approach, bringing together the risk assessments for the DMA, the ERM process and Environment and Social salience assessments. The business owners participate in the risk assessments. RMIC has assessed whether and how these DMA/ERM results can be integrated into internal control. The IAF reviews the integrated DMA/ERM process and translation to internal control. The outputs of the risk analyses are inputs to the audit plans, which promotes a holistic approach of risk management and audit work.

information and experiences. Sharing lessons and experiences among teams, such as using internal audits for feedback and improvement, helps foster a culture of continuous improvement. The IAF has an important role in assessing this process of continuous improvement.

 Sustainability is about operational control: The IAF must understand and be able to audit this to add value to the organisation. Assurance in the financial statement audit lies primarily with the external auditor, leaving room for other types of audits, such as operational (quality), IT compliance and ESG/Sustainability audits. All these internal audit topics will come together in the Risk Management Declaration (RCO) from 2025.

Advice for other IAFs

 Integrating Sustainability into Core Processes: Sustainability should not be seen as a separate project, but as an integral part of daily operations. Operational control and ESG i.c.w. quality management is an extension of each other. It is crucial that sustainability is embedded in all operational processes so that the impact of the operation on the environment and human rights is continuously monitored and improved. This ensures that sustainability remains a priority within the organisation. This is where the IAF can make a very valuable contribution to making this happen. the effectiveness of the implementation of sustainability within the organisation.

 Proactive Approach and Flexibility: Organisations should be proactive in their approach to sustainability and adapt to changing regulations and societal expectations. To this end, the IAF conducted a capability assessment based on the CSRD experiences in the first year of implementation. It is important to remain flexible and willing to revise and improve processes based on new

CASE 11 Randstad

Organisation/positioning

Randstad is the global leader in the HR services industry. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands. They provide outsourcing, staffing, consulting and workforce solutions within 39 markets like in the areas of engineering, accounting and finance, healthcare, human resources, IT, legal, life sciences, manufacturing and logistics, office and administration and sales and marketing. Around 41,400 employees and 24 billion revenue (2024). On an average weekly basis around 570,000 people are working via Randstad.

In 2025, Randstad published [their first CSRD report 2024](#).

Activities of the IAF

The Internal Audit consists of 26 FTE, still growing (expect to have a staff of 40 people by the end of 2025). Internal Audit also fulfills the roles of Enterprise Risk Management facilitation, Internal Governance & Policies, Management Key Control Framework, including control self assessments and Fraud & Forensic investigations.

The function was reorganised as per Jan 1st, 2024 from a federated function to a globally managed team through 4 hubs.

ESG is already top of mind for some years, where the focus changes depending on the developments in the space of ESG. The changes can be caused by management stepping up on certain topics lowering the need for audit activities or focus. At the same time a reorganisation within the company, a change in one of the markets or a change of

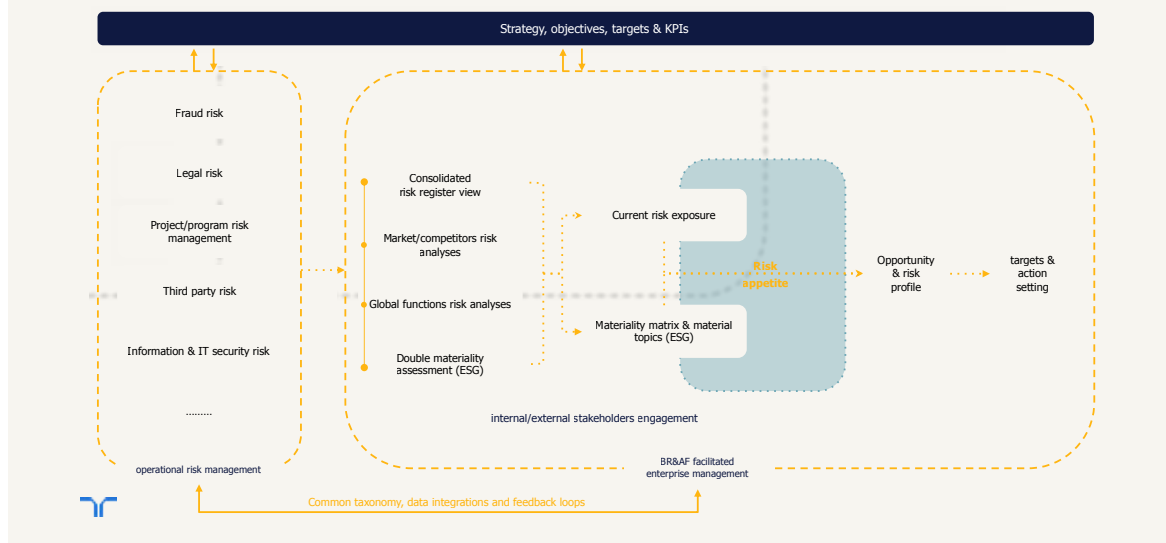
key staff could lead to increased attention to specific topics. As the IAF applies a risk-based approach they focus their attention to where the most value can be created. This is combined with advising/ collaborating to the extent possible without impeding their independence and supporting management in making next steps on ESG. With a lot of attention on CSRD in general, the focus for 2025 is not so much on CSRD compliance but rather on material ESG topics on their strategic inclusion and goal setting. E.g. engaging on conversation regarding enabling ESG not because of ESG but on business rationale and with that strengthens the strategic and business DNA link.

Multiple nonfinancial (NF) topics are in the top risk profile of Randstad. This includes, amongst others, Labor Law, Health & Safety and Data Protection. This continuously translates into the audit plans where multiple NF topics are addressed. For example, Audits on NF data completeness & accuracy as well as audits on the business logic over NF topics (e.g. integration of policies, goals, objectives, KPIs and targets on NF). Furthermore, IAF is involved as an independent sparring partner in NF process such as DMA-IRO. In their non audit role, they are also engaged in the strategy to operations (and vice versa) topics on non NF.

Also, the ‘ Statement on Risk Management (VOR)’ adds some considerations for IAF. With the introduction of the VOR, Financial, ESG, and operational risk are being drawn even closer together. In the past, management might have been able to get away with addressing issues in “splendid isolation.” That situation is changing, and integration will be increasingly necessary to prevent duplication of work and potential inconsistencies.

The IAF is working on evaluating how effective DMA-IRO integrates into RM practices.

enterprise risk management building on and leveraging from ORM - DM - IRO



It is clear that there is an overlap, and with that leverage to be gained, in ERM, ORM and DMA-IRO. ORM and ERM activities and insights can enrich the DMA-IRO process and vice versa. In addition to that, and in line with the VOR, ORM is an important source as well as dependent on the same two processes. By integrating ORM, ERM and DMA-IRO through a common risk universe and risk appetite richer, and with that, consistent and relevant perspective on relevant topics, risks and steps forward can be derived.

Advice for other IAFs

- 🌐 Be aware not (only) to be focused on CSRD as a compliance topic and with that as ESRS driven initiatives. Compliance does not equal success and value creation for the organisation and should not be considered as the driving force for any risk & audit department.
- 🌐 Ensure not to be judgmental. E.g. the political developments internationally have an implication for ED&I policies and operations. For auditors it is important to understand these developments primarily in terms of how management responds to it rather than applying their 'own' view of the world. In the end it is about risk appetite, informed decision making and good governance and not necessarily about saving the world, something for auditors to keep in mind.



CASE 12 UvA

Organisation/positioning

Sustainability is an integral part of the university's mission, and there is broad support for initiatives from within the organisation itself, including students and employees. There is collaboration between different departments (such as HR, finance and legal affairs) to integrate sustainability into the organisation. There is an open dialogue about the responsibilities and impact of the university.

It is important that every student comes into contact with sustainability, for example through targeted modules or courses. This creates awareness and encourages students to actively contribute to sustainability. At a central level within the university, a professor of International Law and Sustainability has been appointed with an extensive research program focused on creating impact through the university's primary mission.

Activities of the IAF

The internal audit function reports directly to the Executive Board (College van Bestuur (CvB)). Audit findings are presented to the Executive Board and the Supervisory Board. The university has a governance structure that is broadly comparable to the business community, i.e., CvB with final responsibility, with a Supervisory Board above it, and limited right of consent of the Works Council and Student Council.

The UvA's IAF noted in the regular Planning & Control cycle that evaluation of the progress and effectiveness of measures to achieve

sustainability goals was not well embedded. Based on its responsibility to oversee a proper second line, Internal Audit (IA) took on the task of contributing to an "emancipation" of this topic in the management cycle.

After the approval of the "white paper" containing the UvA sustainability goals in 2021, IA noted that the goals were primarily focused on the E of ESG and that reporting of these goals was done summarily and in non-measurable terms, with little factual substantiation. IA then acted - with the approval of the Executive Board - as a "booster" of a more solid form of reporting, helping the organisation to look at the sustainability goals in a more integral, rigorous and concrete way. At the UvA, the Finance department was previously primarily involved in this theme; IA has also involved the HR, Legal Affairs and Facilities departments.


The UvA has realised in its sustainability strategy that it is important to look not only at internal goals, but also at external standards and expectations. This has led to the realisation that, although not mandatory, it is necessary to conduct a DMA. This analysis helps the university understand which sustainability topics are material both internally (relating to the organisation itself) and externally (the impact on society and the environment). To this end, IA organised a workshop (moderated by an external consultant) with representation from different disciplines (both E, S and G - related) from the university, in which an inventory of material themes was done, as a start of a rudimentary DMA (without a comprehensive stakeholder analysis).

In addition to the E-themes, different S-themes were also identified (the university is a large and staff-intensive organisation). This helps


the university not only to answer external stakeholders, but also to take further steps towards achieving its own sustainability goals.

IA has acted primarily as a guide to the new sustainability terrain in this process. The future must show whether this field exploration will continue. IA is not going to perform this guide function permanently; it is now up to the second line.


Advice for other IAFs

 Tie in with internal ambitions: Begin sustainability within the IAF with the goals already established within the organisation. This ensures that you are not starting from scratch but building on existing initiatives. It is important to look at what has already been done and what is needed. Especially in situations where external regulations do not prescribe how to report in a binding way and there is intrinsic motivation to pursue sustainability actions and show that.

Example: The UvA took the existing white paper as the basis for its sustainability strategy, to which the IAF was able to connect.

 Use external benchmarks: Use external benchmarks and standards to report sustainability performance. This helps to collect objective data and compare this with other organisations.

Example: The IAF has looked at what other universities have done in sustainability reporting, to learn from industry best practices. This applies especially to the DMA, which obviously won't be substantially different for each university. Without the sharp compass of binding regulations, what peers do is a good reference.

 Cooperation and communication: Ensure cooperation between different departments and encourage open communication and ownership of sustainability. This creates support and makes it possible to jointly achieve goals within timelines.

Example: By involving HR, legal and financial, real estate and facilities staff in the workshop on sustainability, a broad base of support was created, and the importance and scope of sustainability became more widely embedded in the organisation.

Appendix 1: Survey

Demographics

1. What is the size of your organisation/legal entity (where your IAF is working for) (by average number of employees)?
2. What is the size of your internal audit function (by average number of employees)?
3. In which sector do you operate?

The setting of your organisation

4. Which ESG legislations apply to your organisation (as from) this year (2024)?
5. Please select the 5 currently highest ESG risks (if any) out of the ESRS-list for your organisation. If a double materiality assessment (DMA) is available, we suggest to use the most recent DMA. (select maximum 5 that apply)
6. Please select the 5 in 2027 expected to be the highest ESG risks (if any) out of the ESRS-list for your organisation.
7. What are the main drivers of the strategy of your organisation in response to ESG risks? (100% to be divided).

Double Materiality Assessment

8. What experience (score by none, some, experienced) does your organisation have with the (double) materiality assessments (DMA)?
9. This question is divided in four parts (A-D): plan - do - check - act (scored by E, S, G)
- 9A. PLAN: How is your organisation (as a whole) addressing ESG impacts, risks and opportunities? (select all that apply)
- 9B. DO: How is your organisation (as a whole) addressing ESG impacts, risks and opportunities? (select all that apply)
- 9C. CHECK: How is your organisation (as a whole) addressing ESG impacts, risks and opportunities? (select all that apply)
- 9D. ACT: How is your organisation (as a whole) addressing ESG impacts, risks and opportunities? (select all that apply)

The response of your organisation

10. How would you classify your organisation's level of controls around ESG matters? (Score by Unclear/unaware, Low, Medium or High)

The frameworks used

11. What management framework(s) does your organisation use to manage ESG objectives and risks? (select all that apply, score by: E, S, G, overall)
12. What reporting framework(s) does your organisation use (or is planning to use) to report on ESG objectives and risks? (select all that apply, score by: E, S, G, overall)

Your role as IAF

13. What elements did your IAF develop in preparation for ESG auditing? (select all that apply, score by: E, S, G, overall)
14. How many (estimated in FTE (36 hours/week) of your IAF team is occupied with ESG matters this year?
15. How much of the current work (2024) of your IAF team is related to E, S and/or G risk, or with ESG in general? (Note: if you are addressing ESG in audits together, please divide these efforts over E, S and G)
16. How much of your IAF team's work will you expect to be dedicated to E, S and/or G matters after three years (in 2027)? (Note: if you are addressing ESG in audits together, please divide these efforts over E, S and G)
17. What kind of activities with regard to ESG-risks are you performing? (select all that apply)
- 18A. What part (in % - adding up to 100%) of the ENVIRONMENTAL-related activities in your Internal Audit plan (2024) is dedicated to the following IAF's four types of service?
- 18B. What part (in % - adding up to 100%) of the SOCIAL-related activities in your Internal Audit plan (2024) is dedicated to the following IAF's four types of service?
- 18C. What part (in % - adding up to 100%) of the GOVERNANCE-related activities in your Internal Audit plan (2024) is dedicated to the following IAF's four types of service?
19. With which of your stakeholders did you discuss ESG impacts, risks and opportunities? (select all that apply, score by: E, S, G).
20. If applicable, in what way are you performing audits with regards to ESG-risks? (select all that apply) In our audits E, S and/or G matters ...
21. In what way does your IAF cooperate with the external auditor (4th line) on ESG matters? (select all that apply)
22. What are you doing as IAF to get sufficient knowledge about ESG risk to fulfil your role? (select all that apply) To get sufficiently informed we do ...
23. What do you see/experience as the most important critical factors for success in auditing ESG-risks in your organisation? (select maximum 3 that apply)

Follow Up

24. Would you be willing to share your good practices or advice with other IAF's?



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