

ESG Audit SIG



The role of auditors in the sustainability assurance: Challenges

Chairs:

DAIVA DĒDINIENĒ, Audifina, Lithuania

Sustainability expert | Sustainability Team Lead

ALEKSANDRA DYREK, Taxpoint, Poland

Compliance & ESG Expert

Independent legal & accounting firms



Audifina, UAB
Sustainability expert
Sustainability Team
Lead

LAVA
Independent
Board Member

EFRAG DRCF
Expert

 Tel.: +370 612 78433

 E-mail daiva.dedinienė@audifina.lt

The role of auditors in sustainability assurance. Challenges



- Uncertainty. Lack of knowledge
 - Omnibus



- Expectations from auditors
 - Lack of expertise



- It's a team, not just one person.
 - Sustainability process roadmap

Uncertainty. Lack of knowledge



Swan lake ballet

Lack of knowledge. **Challenges**

- Internal and external trainings
- Complexity of legislation (Taxonomy regulation, principle based ESRS, no sector-specific standards)
- Transposition of CSRD across EU
- Guidelines on Double materiality assessment
- Upstream and downstream value chain mapping

Transposition of CSRD (2025-01-31)

Current Stage:

3

No Consultation Held

7

Implementing Legislation Introduced

20

Implementing Legislation Approved

27 EU Member States and 3 EEA EFTA Countries

Source: *Ropes & Gray CSRD Transposition Tracker*





THE OTHER WAY

THIS WAY

THAT WAY

OMNIBUS REGULATION

2025-02-26 – the end of sustainability?!

„Stop the clock“ adopted

531 IN FAVOUR 69 AGAINST

17 ABSTAINED

an unprecedented vote on 03/04/2025, which will undoubtedly go down in history:

- CSRD is postponed for 2 years
- CSDDD -1 year

In order to speed up the adoption of the measures, Parliament agreed on Tuesday (04.01) to deal with the case under the urgent procedure.

Follow-up

the directive was published in OJ 16/04/2025



Sustainability report assurance

- Investors trust
- Correct DMA process
- PAT are in place
- Control and KPIs management sufficient
- Transparency
- No place for „Green washing“



**It's a team, not just
one person.**

Sustainability Assurance Team – **experts of...**

- Procedures of auditing
- DMA process
- ESRS and sector specific ESG standards
- Company business, sector and their value chain
- GHG emissions calculation
- Sustainability reporting

Step by step – a learning process

- Readiness check for a limited assurance
- Internal sustainability database (vs Excel)
- From yearly to monthly reporting (for major/material KPIs)
- Quarterly soft audit (internal)
- Reporting on sustainability to Top management and Board
- Limited assurance on Sustainability report

Sustainability process roadmap



Towards limited assurance

- Reporting manual – KPIs
- Data collection framework / Data base
- Embed it in the business
- Measurement and Understanding / Starting position
- Transparency
- Evidence
- Patience
- Team-up

Assurance process: **challenges**

- DMA
- Availability of data
- Reliable data collection
- Estimates and assumptions
- Compliant reporting
- Timing of reporting
- Maturity of the ESG reporting process (manual vs automated)

Assurance process: how to get ready



Step by step – a learning process

- Readiness check for a limited assurance
- Internal sustainability database (vs Excel)
- From yearly to monthly reporting (for major/material KPIs)
- Quarterly soft audit (internal)
- Reporting on sustainability to Top management and Board
- Limited assurance on Sustainability report

Assurance process – How can a process look like?

- Validate DMA, DRs, DPs and KPIs level
- Understand the processes & internal controls – entity specific KPIs
- Understand the eligibility & alignment for the EU Taxonomy
- Review selection of DPs
- Review template sustainability report for compliance with ESRS
- Review final KPIs
- Review final Sustainability report



 +370 5 212 73 65

 info@audifina.lt

 [company/audifina/](https://www.linkedin.com/company/audifina/)

 www.audifina.lt/en/

 Juozapavičiaus st. 6, Vilnius

 Kęstučio st. 38, Kaunas

Sustainability – challenges for reporting entities

Aleksandra Dyrek-Orlando

Compliance and ESG Expert
Partner at Taxpoint Legal

Uncertainty

Scope of data

- complexity of regulations and the broad scope of data to gather, analyse and report
- Taxonomy – a separate branch of knowledge
- difficulties in collecting reliable, verifiable non-financial data

Limited knowledge

- lack of in-house sustainability or ESG professionals in many organizations
- external experts (not many) also struggling to understand the provisions correctly

Subjectivity

- unclear regulations leading to doubts in understanding the scope and subject matter of the disclosures
- materiality assessments or determination of the value chain relying on judgement, leading to inconsistencies

Expectations

High demands

a wide range of data to gather across departments, under tight timeline

sources not providing verifiable and consistent information (Scope 3 emissions, data provided by third parties in value chain)

complex and unclear standards to be met

Key challenge

delivering accurate, auditable sustainability disclosures with limited time, resources and data certainty

Lack of expertise

Understanding the value chain

Identifying impacts, risks, and opportunities across full value chain with strategic insight and operational experience

Double materiality analysis

The ability to assess both financial and environmental / social relevance – grounded in sector-specific business knowledge

Deep knowledge and professional judgement required for sustainability reporting

Legal and regulatory knowledge

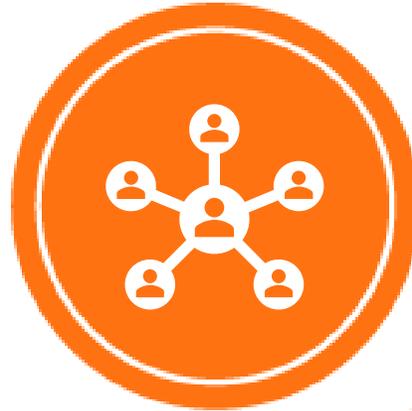
Familiarity with environmental law, EU directives and compliance mechanisms

Technology and industry practices

Knowing current best practices in technology matters (e.g. with respect of decarbonization)

It's a team, not just one person

Effective sustainability reporting requires a **cross-functional team** – finance, legal, operations, HR, environmental experts must work together



No single person can cover all areas of sustainability – **diverse knowledge and collaboration** essential for credible, compliant reporting

Timeline

„Stop the clock” for 2025 sustainability reporting

- the Omnibus I directive postpones the reporting obligation for certain companies
- more time to prepare high-quality sustainability disclosures
- national implementation required – timelines and details may vary across EU Members States

Use the time wisely

- stay alert for legislative updates
- build sustainability teams, systems and reporting readiness



Thank you for your attention



Aleksandra Dyrek-Orlando

Compliance and ESG Expert
Partner at Taxpoint Legal

Tel.: +48 531 797 300

E-mail: aleksandra.dyrek@taxpoint.pl

Future SIGs

Next SIG Festival: register online

- **ESG**
 - Monday, 16th June 2025, at 10:00 UK/ 11:00 CET
 - Tuesday, 24 June 2025, at 13:00 UK/ 14:00 CET