Course Title: Environmental, Social & Governance (ESG) Auditing & Assurance

- **Duration:** 5 Days (approximately 35-40 instructional hours)
- **Course Goal:** To provide auditors, assurance providers, and governance professionals with the knowledge, frameworks, and practical methodologies to effectively plan, conduct, and report on ESG audits and assurance engagements, enabling them to provide credible assurance over an organization's ESG data, processes, and reporting.
- **Core Focus:** Mastering the skills to audit the complex and often non-financial data of ESG, understanding key reporting frameworks, and providing value-added assurance that meets stakeholder expectations.

Learning Objectives:

Upon successful completion of this workshop, participants will be able to:

- **Understand** the key drivers and strategic importance of ESG for modern organizations.
- **Define** the components of each pillar: Environmental, Social, and Governance.
- **Navigate** the complex landscape of major ESG reporting frameworks and standards (e.g., GRI, SASB, TCFD, IFRS S1/S2).
- **Apply** a risk-based audit approach to the ESG universe, including conducting an ESG risk and materiality assessment.
- **Develop** a comprehensive ESG audit program with clear objectives and procedures.
- **Design** and execute audit procedures to test the reliability of non-financial ESG data and metrics.
- **Assess** the design and effectiveness of internal controls over ESG processes and data collection.
- **Evaluate** an organization's governance structures for overseeing ESG risks and opportunities.
- **Identify** and assess the risk of "greenwashing" in corporate reporting.
- **Understand** the different levels of assurance (limited vs. reasonable) and their application to ESG reporting.
- **Craft** clear and impactful ESG assurance reports and internal audit findings.

Target Audience:

- Internal Auditors and Senior Internal Auditors.
- External Auditors and Assurance Professionals.
- Sustainability and CSR Managers.
- Risk Management and Compliance Professionals.
- Finance and Investor Relations professionals involved in ESG reporting.
- Board members, especially those on Audit or Sustainability committees.

Prerequisites:

- A strong understanding of fundamental auditing or assurance principles.
- Familiarity with risk assessment and internal controls concepts.
- An interest in sustainability and corporate responsibility.

Teaching Methodology:

This is a highly interactive and case-based workshop. The methodology includes:

- **Interactive Lectures & Framework Deconstruction:** Breaking down complex ESG standards and assurance concepts.
- **Case Study-Based:** A central case study of a fictional company developing its ESG program and preparing for assurance will be used throughout the week.
- **Hands-on Workshops:** The core of the course. Participants will actively work on materiality assessments, developing audit programs, and designing tests for ESG data.
- **Report Analysis:** Deconstructing real-world corporate sustainability reports and assurance statements.
- **Group Discussions & Debates:** Exploring the challenges and nuances of auditing non-financial information.
- **Action Planning:** Developing a practical roadmap for building an ESG audit capability.

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Materials Provided:

- Comprehensive digital or printed workbook with key concepts, frameworks, audit methodologies, and best practices.
- An "ESG Auditor's Toolkit" with templates for a Materiality Assessment, an ESG Risk & Control Matrix, and an ESG Audit Program.
- A detailed case study with supporting documents (e.g., draft sustainability report, policy documents, data spreadsheets).
- Publicly available summaries of key ESG frameworks (GRI, SASB, TCFD, IFRS S1/S2).
- Certificate of Completion.

Detailed Day-by-Day Curriculum

Day 1: The ESG Universe & Strategic Foundations

- **Module 1: Why ESG Matters: The Strategic Context (Approx. 2 hours)**
    - Welcome, introductions, and course objectives.
    - Defining ESG: Environmental, Social, and Governance.
    - The key drivers of the ESG movement: Investors, regulators, customers, employees, and risk management.
    - The link between strong ESG performance and long-term financial value.
    - The auditor's critical role in enhancing the credibility of ESG information.
- **Module 2: Deconstructing the ESG Pillars (Approx. 3 hours)**
    - **Environmental:** Climate change (GHG emissions), water, waste, biodiversity, circular economy.
    - **Social:** Human rights, labor practices, diversity, equity & inclusion (DEI), health & safety, community impact, data privacy.
    - **Governance:** Board oversight, executive compensation, business ethics, shareholder rights, risk management.
    - **Activity:** "ESG in the News" – Discussing recent headlines and linking them to specific E, S, and G factors.
- **Module 3: The "Alphabet Soup": Navigating ESG Frameworks & Standards (Approx. 2.5 hours)**
    - Understanding the difference between frameworks and standards.
    - Overview of the key players:
        - **GRI Standards:** The global standard for impact reporting.
        - **SASB Standards:** Industry-specific, financially material standards.
        - **TCFD:** Task Force on Climate-related Financial Disclosures.
        - The new **IFRS S1 & S2** standards and the move towards a global baseline.
    - **Workshop:** Participants use the SASB Materiality Map to identify key ESG topics for a specific industry in the case study.
    - **End of Day 1 Recap & Q&A.**

Day 2: Planning the ESG Audit & Materiality

- **Module 4: The ESG Assurance & Audit Process (Approx. 2 hours)**
    - Differentiating between an internal ESG audit and an external assurance engagement.
    - Understanding levels of assurance: Limited vs. Reasonable.
    - The key phases of an ESG audit: Planning -> Risk Assessment -> Fieldwork -> Reporting.
- **Module 5: Scoping the ESG Audit & The Materiality Assessment (Approx. 3.5 hours)**
    - The concept of **Double Materiality**: Financial materiality and impact materiality.
    - A practical process for conducting a materiality assessment:
        1. Identifying potential ESG topics.
        2. Gathering stakeholder input.
        3. Assessing the significance of impacts.

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4. Prioritizing topics in a materiality matrix.
    - Using the materiality assessment to define the scope of the ESG audit.
    - **Intensive Workshop:** Participants work in groups to create a materiality matrix for the case study organization, justifying their topic placement.

- **Module 6: The ESG Risk Assessment & Control Framework (Approx. 2 hours)**
    - Identifying ESG-related risks (e.g., regulatory, reputational, operational, financial).
    - Understanding internal controls over ESG processes (the "first and second lines").
    - Developing an ESG Risk & Control Matrix.
    - **End of Day 2 Recap & Q&A.**

Day 3: Auditing the "E" – Environmental Data & Processes

- **Module 7: Introduction to Auditing Environmental Data (Approx. 2 hours)**
    - The unique challenges of auditing non-financial, often estimated, environmental data.
    - The importance of understanding the data source, calculation methodology, and assumptions.
- **Module 8: Auditing Greenhouse Gas (GHG) Emissions (Scope 1, 2 & 3) (Approx. 3 hours)**
    - Understanding the GHG Protocol.
    - Audit procedures for **Scope 1** (direct emissions) and **Scope 2** (indirect from electricity) data.
    - The significant challenge of auditing **Scope 3** (value chain) emissions.
    - Testing the data collection, calculation, and reporting process.
    - **Evidence Lab:** Participants review a sample GHG inventory spreadsheet to identify potential errors and control weaknesses.
- **Module 9: Auditing Other Environmental Metrics (Approx. 2.5 hours)**
    - Developing audit approaches for:
        - **Water Management:** Water withdrawal, consumption, and discharge data.
        - **Waste Management:** Waste generation, recycling rates.
        - **Circular Economy & Environmental Compliance.**
    - **Workshop:** Participants design a set of audit procedures to test a specific environmental claim made in the case study's draft sustainability report.
    - **End of Day 3 Recap & Q&A.**

Day 4: Auditing the "S" and "G" – Social & Governance Pillars

- **Module 10: Auditing Social Metrics & Human Capital (Approx. 3 hours)**
    - The challenge of auditing qualitative and sensitive social data.
    - Audit procedures for:
        - **Diversity, Equity & Inclusion (DEI):** Testing HR data and assessing the effectiveness of DEI programs.
        - **Health & Safety:** Reviewing incident data, safety processes, and culture.
        - **Supply Chain Labor Standards:** Auditing supplier codes of conduct and social audit reports.
        - **Data Privacy & Customer Welfare.**
- **Module 11: Auditing the "G" – Governance Effectiveness (Approx. 2.5 hours)**
    - (Builds upon the "Auditing Corporate Governance" course concepts).
    - Assessing **Board oversight** of ESG risks and opportunities.
    - Reviewing the link between executive compensation and ESG performance.
    - Auditing the organization's business ethics and anti-corruption programs.
    - Evaluating the effectiveness of stakeholder engagement processes.

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    - **Case Study Workshop:** Participants review the case study's governance structure and identify key areas to audit for ESG oversight.

- **Module 12: Identifying & Auditing "Greenwashing" (Approx. 2 hours)**
    - What is greenwashing? (Misleading claims about environmental or social performance).
    - Types of greenwashing.
    - The auditor's role in detecting and reporting on greenwashing risk.
    - Analyzing corporate communications for vague, unsubstantiated, or irrelevant claims.
    - **Activity:** "Spot the Greenwash" – Participants analyze real-world advertisements and sustainability reports to identify potential greenwashing.
    - **End of Day 4 Recap & Q&A.**

Day 5: ESG Reporting, Assurance & Your Action Plan

- **Module 13: The ESG Assurance Engagement (Approx. 2.5 hours)**
    - Understanding assurance standards (e.g., ISAE 3000, ATT 101).
    - The process of an external assurance engagement.
    - How internal audit can prepare the organization for and support external assurance.
    - Deconstructing an external ESG assurance report.
- **Module 14: Reporting ESG Audit Findings (Approx. 2.5 hours)**
    - Writing impactful internal audit reports on ESG topics for the Audit Committee and management.
    - Clearly communicating data reliability issues, control weaknesses, and strategic risks.
    - Crafting recommendations that are practical and drive improvement in ESG management.
    - **Workshop:** Participants draft a 5C audit finding for a key ESG issue identified in the case study.
- **Module 15: Capstone: Developing an ESG Audit Plan (Approx. 2 hours)**
    - **Capstone Workshop:** Participants work in groups to develop a high-level, risk-based internal audit plan for the ESG program of the case study organization.
    - The plan will include: Scope, objectives, key risks, and high-level audit approaches for each of the E, S, and G pillars.
- **Module 16: The Future of ESG & Your Action Plan (Approx. 1 hour)**
    - The evolving regulatory landscape (e.g., CSRD in Europe) and its impact on assurance.
    - The increasing integration of ESG and financial reporting.
    - **Action Planning:** Participants create a personal action plan to build ESG audit competency within their team or organization.
    - Course Review, Final Q&A, and closing.

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