European Audit Committee Leadership Network

tapestry NETWORKS

EACLN SUMMARY OF THEMES

AI in finance, responding to geopolitics, experiences with CSRD, and audit committee leadership

September 2025

On July 17-18, 2025, the European Audit Committee Leadership Network met in Frankfurt for the following sessions:

- **Using AI in finance and fraud risk management** with Tom de Kuijper, Managing Partner Assurance, EY Netherlands; Andreas Muzzu, Financial Accounting Advisory Services Partner, EY Germany; and David Thibodeaux, Global Assurance, AI Go-to-Market Leader, EY Germany; and Sally Trivino, Forensic & Integrity Services Partner, EY Germany
- **Boardroom responses to geopolitical volatility and uncertainty** (members only)
- **Learning from initial experience with CSRD** with Jeanne Boillet, Global GCSP Council – Assurance Lead, EY and Hilary Eastman, CEO & Founder, Confluence Advisory Limited
- **Good practices for audit committee leadership** (members only)

For a list of meeting participants, see Appendix 1 (page 9).

This *Summary of Themes*[1] provides an overview of the following discussions:

EY Shape the future with confidence

Using AI in finance and fraud risk management

The speed at which AI has added capabilities has fuelled demand for its use in companies, sometimes creating inflated expectations. But members say that they are implementing AI in a measured way, especially in finance. The discussion focused on distinguishing hype from live applications.

Members were joined by EY's Tom de Kuijper, Andreas Muzzu, David Thibodeaux, and Sally Trivino. They presented demonstrations ranging from automated reporting to language analysis to audit tools. Key themes included:

- **Using public-facing foundation models in finance is very risky.** *"Can you use open GenAI apps in finance? The clear answer is no,"* said Mr. Muzzu. The risks—hallucinations, data leaks, and lack of control—are too high. *"If you make a mistake in finance, it has a big impact,"* one member noted. Public AI models may also retain and reuse submitted data. *"It might inadvertently pop up somewhere else,"* added Ms. Trivino. Enterprise platforms—such as Microsoft's Copilot—offer more protection by keeping data within the organization. But members agreed that the most secure option is deploying a foundation model in a tightly controlled, ringfenced environment. *"Employees want to use ChatGPT,"* said Mr. de Kuijper. *"Offer a safe alternative to stop them turning to unsecured tools—ideally a custom, proprietary system within your IT perimeter."*
- **Training internal AI models requires sustained effort.** *"How certain can you be that you're buying tech that's future-proof?"* asked Ms. Trivino. *"For the next few years, you won't be able to. Stay flexible with your choices."* Members discussed practical choices around internal AI tools, whether built on public foundation models like ChatGPT or through bespoke training. *"One disadvantage of bringing AI fully in-house is that it's limited to your environment,"* said one. Ms. Trivino noted that even when a wholly internal model continues to learn from company data, limited training data can reduce prediction ability and accuracy. Continuous monitoring and model updates are essential – e.g. for regulatory changes and other current events. Ms. Trivino added, *"Feeding it your documents alone won't be sufficient. It will quickly become outdated."*
- **Introduce AI into finance through carefully controlled, high value applications.** Members questioned how new AI tools compare to older solutions given risks such as data leaks and hallucinations. Mr. Muzzu acknowledged the concern, emphasizing that the finance function is not a good place for risky experiments. Generative AI in finance should only be deployed against pressing problems, and with tight controls around it. *"Invoice processing is still one of the most manual and time-consuming tasks in a company,"* he explained. Invoices can be easily and accurately analyzed using generative AI, he said; what is more, *"These tools do not need rules—they need instructions. You do not code anymore. You do not need IT teams to program logic. You use natural language."* This shift

enables a level of efficiency older systems could not achieve. *"With legacy tech, automation topped out around 60%. This is how we get to 95%."*

- **AI can help companies stay ahead of fraud but it can also aid fraudsters.** Ms. Trivino demonstrated an agentic AI tool aimed at fraud detection. Using publicly available documentation from a high-profile case, it generated synthetic data, analyzed language patterns, and flagged terms as potentially incriminating—offering scored reasoning designed to hold up under legal scrutiny. *"A few months ago, this would have taken thousands of lawyer hours,"* Ms. Trivino said. But she also demonstrated how someone could use AI to commit internal fraud—especially if they know what the AI flags as suspicious, such as repeated invoice amounts or transactions exceeding certain thresholds, by prompting it to generate transactions that appear compliant and evade detection. One member asked, *"What's the counteraction?"* Ms. Trivino stressed the need to update controls. *"If an agent is checking for duplicate invoices, that control must also monitor the agent itself. It's a shift from just checking the data to also checking the AI."*

- **Training and education are essential at every level.** Without training, technological advancements are unlikely to deliver results. *"Is everyone required to be trained?"* asked a member. *"How do you organize it? It's a lot of training."* Another responded, *"Upskilling everyone is absolutely necessary. If you don't, you'll end up with just one person who knows what they're doing—and for everyone else, it's a black box."*

Boardroom responses to geopolitical volatility and uncertainty

"Geopolitics was always on the agenda but we are giving it a lot more focus and time these days," said a member. In this session, audit chairs discussed how their boards are responding to rapidly changing political economies. Several themes emerged:

- **Boards expect sustained geopolitical volatility.** *"Our base case is that conditions continue to get worse, with volatility around the trend line,"* said a member. Members described a geopolitical environment marked by unpredictability. *"The unplannable is the new reality,"* said one. They emphasized the need for resilient and flexible strategies. One audit chair expects that a new trade environment is here to stay: *"The board looked at Trump's first term and tariffs put in place then are still there. We're viewing this as long term."* Another advised, *"The key is to act according to your own long-term plan. Don't just think about the short term."*

- **Corporate intelligence requires diverse and up-to-date perspectives.** Being well informed can be difficult for any board. *"We've learned the value of gathering diverse inputs—no one has a complete view, so we connect with different experts across the world,"* said one member. Another noted that industry bodies can be useful: *"You need to remember* *that they may have a specific slant, but generally, they're well informed and offer access to senior-level insights and networks."* A member noted that an expert needs up-to-the-minute, highly local context, which can fade quickly when an expert has not recently been present in a region: *"Some voices we expect to be well-informed can be surprisingly out of date. You can get caught up in what someone is saying, as it's fascinating—but in such a rapidly evolving world, you have to constantly ask: is the thinking still current?"*

- **Operating norms are evolving to improve both foresight and agility.** Members noted examples of how their board structures and advisory mechanisms are evolving to meet the moment. Good practices included:
    - **Creating space for open board–CEO dialogue.** To foster alignment and surface concerns early, one member noted that, *"We've adapted board meetings to always kick off with just the board and the CEO. It's an open session that lasts as long as needed before we move to the formal agenda."*
    - **Expanding external advisory councils.** One board revamped its CEO advisory council by bringing in seasoned US technology industry leaders. *"We beefed up the council to include a few senior leaders—people who still have presence in Washington—who help us anticipate where things may be heading,"* said a member.
    - **Meeting more regularly.** In response to trade tensions and other disruptive events, some boards have introduced regular check-ins to stay informed and responsive. *"When Trump's tariffs discussions began, we started holding weekly crisis meetings—just like we did during COVID,"* one member said. *"These happen in addition to our regular sessions with geopolitical experts. We find the weekly cadence is essential right now."*
- **Effective board oversight requires empathy.** Spencer Stuart's latest *Measure of Leadership* survey found that fewer than 25% of CEOs feel their boards are providing the support they need. *"This is an incredibly stressful time for the management team,"* said a member. *"While the board must be critical when necessary, we also need to recognize what members of the c-suite are going through and show empathy."* Another agreed: *"How can the board help sustain our executive team's resilience, energy, and perseverance? Are we ensuring they take proper holidays and time to rest and recover? This isn't going away anytime soon; we need to help them build the muscles to thrive in this new normal."*

"How can the board help sustain our executive team's resilience, energy, and perseverance?"

—EACLN member

Learning from initial experience with CSRD

Even though the Corporate Sustainability Reporting Directive (CSRD) transition from voluntary to mandatory reporting is not yet fully transposed into national law across all 27 EU member states, many large European companies have already aligned with the requirements and embraced CSRD's elevated standards for quality and transparency of sustainability reporting.

Members were joined by EY partner Jeanne Boillet, and Hilary Eastman, CEO of Confluence Advisory, to discuss experiences and lessons learned:

- **Ensure sustainability disclosures are in context and consistent.** Compliance is not the only goal of reporting. Ms. Eastman and Ms. Boillet both emphasized the importance of internal alignment of the disclosures with the company's strategy and urged audit committees to push for this. This can help everyone better understand the implications of the company's sustainability practices, avoid perceptions of greenwashing, and reduce the need for greenhushing.
- **Finding the right level of detail requires disciplined judgment.** As large global companies work through the first rounds of sustainability reporting, members noted the challenge of determining what to include and how much detail to provide. Too little risks penalties and lost investment opportunities; too much can obscure key insights, overburden stakeholders, and waste time and effort; both can lead to reputational damage. *"We struggled to connect three things—integrating the sustainability section into the rest of the report, meeting all the compliance requirements, and keeping it readable,"* said a member. *"We're trying to tell a factual story about where the company is going, but that can get lost in tables."* The group discussed good practices for making judgments about the disclosures:
  - **Use a sustainability reporting framework.** Ms. Boillet shared a practical decision-making framework for audit committees and management teams: *"There are three questions to ask: Is it material? Is it useful for decision-making? Is it reliable and verifiable? If you cannot answer all three, it's likely to get lost in translation,"* she said.
  - **Check for alignment between financial and sustainability narratives.** *"I've had a lot of conversations with investors about climate risk and financial statements,"* Ms. Eastman said. *"Every time I look at a company's annual report, I look at both the sustainability information and the financial statements—because the story has to link up."* In practice, she finds that the financial disclosures usually tell a clearer, more coherent narrative than the sustainability section: *"Oftentimes, companies are better at describing their business in the financial statements than they are in the narrative parts of the annual report."*
  - **Focus sustainability disclosures on what truly matters.** *"Concentrate on the really relevant topics and stick to them—be confident with your investors,"* said a member. Ms. Eastman agreed: *"It's easier said than done, but companies should be brave about not reporting things just because they've always been doing it or it's been asked for by someone. If it's not material to your business, ask whether it belongs there at all."* She

acknowledged the pressure to maintain legacy disclosures or broad commitments, like net-zero targets. But she warned that seeking credit for actions that lack substance or failing to deliver on public promises can backfire. Instead, companies should be transparent about what is changing and why, framing those decisions as part of a long-term investment in the business: *"A short-term dip in returns is far better than the risk in the long run of doing nothing."*

- **The finance team should drive the quality of sustainability data.** *"The finance team are the experts in data quality, processes, and controls—they're the ones who know how to do this,"* said a member. Another said that their company had shifted responsibility for sustainability data from the sustainability team to finance two years ago: *"It was one of the best decisions we've made."* When a member asked what this division looks like in practice, others clarified that the sustainability team still defines what data is needed, but finance is responsible for how it is collected, validated, and reported. As one put it, *"The finance team don't own the content, but they drive the quality."*
- **Transition plans must be embedded, not just announced.** Ms. Boillet warned that many companies still treat transition plans—how the company will shift toward a low-carbon business model or toward other sustainability goals—as stand-alone narratives, disconnected from financial and strategic reporting. *"For me, transition plans often remain incomplete,"* she said. *"Boards must challenge management on how they will deliver—otherwise, it's just wishful thinking."* She urged audit committees to push for clearer links to capital expenditure, operational expenditure, and emissions targets. *"It's tough to embed in financial forecasts, but that's where the discipline lies. Too often, I find the answers too weak."* Once a company articulates a concrete, integrated plan, she added, the reporting becomes easier—and more credible.
- **Assurance has its challenges.** Ms. Boillet recommended limited assurance as a good place for most companies to start, since assurance of sustainability reporting is still immature. She encouraged robust assurance planning: understanding what will be covered, where the information will come from, reflecting on other firms' practices, being clear about timing and controls. This will help avoid late surprises: *"If you don't communicate and contextualize, people will be surprised when questions and comments come at the end of the year. We need to over-communicate and provide clarity on scope and process from the start," she* said.

Good practices for audit committee leadership

Audit committee effectiveness starts well before a meeting begins. In this members-only session, audit chairs shared how they lead and sustain high-performing and focused committees. They highlighted several good practices:

- **Thorough preparation.** This includes ongoing conversations with key colleagues—such as the CFO, head of internal audit, accounting leads, and external auditors—to stay ahead of issues. Staying in touch with fellow committee members is also important, with one member recommending even closer coordination during major events such as audit tenders. *“My motto is ‘avoid surprises,’”* said one audit chair. Members agreed that committee papers are generally strong, even if sometimes longer than ideal, but timeliness is often an issue. One recalled that when she became audit chair, papers often arrived during the meeting: *“I pushed for change, and now they come three days in advance.”*
- **Diverse experiences and backgrounds bring value to the audit committee**. Members emphasized the value of perspectives beyond finance. *“Mixed competencies and capabilities give you different approaches to the same issues,”* said one. Another noted that a variety of backgrounds helps to build confidence in decision-making: *“We discuss things from every angle, so when we land on a solution, we feel good about it.”* One audit chair highlighted the benefit of technology expertise: *“We really wanted someone who could help with the data and tech piece—bringing in an IT expert has added a new layer of insight.”*
- **The chair needs to bring out the right balance of voices.** *“Engaging everybody is not so easy,”* said one audit chair. Committee members can fall into the habit of over-relying on the chair. *“The chair tends to lead the discussion, and others may just add a few comments. I had one-on-one conversations with members and asked them directly to reengage, to ask questions. And I told them, if they don’t, I’ll ask them questions.”* Chairs also need to manage stronger personalities. One said, *“I asked one member not to always be the first to speak. She understood. It’s not just about encouraging quieter voices—it’s about actively making space for them.”*
- **Use evaluations to drive improvement.** *“We do annual evaluations—it’s a checkbox process, but we discuss it extensively,”* said one member. *“It shapes our workplan, helps*

Bring strategic and authentic insight to audit committee papers

In large organizations, where authors change frequently, papers can become overly templated and disconnected from current priorities. *“I encourage those preparing papers for the audit committee to have a good understanding of the level the audit committee operates at,”* she said. This can come from ensuring clarity on the committee’s focus, reviewing past feedback, and speaking with experienced colleagues. She noted that papers often feel indistinguishable across authors and urged them to bring their own perspective: *“The audit committee is a living committee that flows with the time and reacts to different people.”*

define training needs, and drives continuous improvement." One chair added individual peer feedback to the process: *"Everyone is encouraged to write what they think their colleagues could do more or less of—and the chair then follows up with one-on-one conversations. It works well."* Another emphasized the value of management's perspectives, including the CEO's and CFO's: *"Since involving them, we've gained better insights and uncovered issues we were not aware of—things that have made us stop and think."*

- **Strong relationships help audit chairs manage scope and stay ahead of issues.** Trust with the CFO is important. *"I don't need to know everything,"* said one audit chair. *"But it must be clear what I do need to know—and I need to know it early."* He added, *"I need to be able to pick up the phone in the morning and hear, 'We might not cover this later, but here's what's happening.'"* The same principle applies to the external auditor. A member said, *"They do not need to share every detail or rounding error, but I need to trust that I will hear what matters, when it matters."*

Build relationships with the auditor early

"I see the audit committee as an ally to the external auditor," said Ms. Boillet. *"You need to build trust in the relationship from the beginning—waiting until there's a crisis is too late. Being able to trust and talk straight with each other is absolutely crucial."*

Appendix 1: Participants

The following members participated in all or part of the meeting:

Jeremy Anderson, UBS

Werner Brandt, Siemens

Christine Catasta, Erste Group Bank

Liz Doherty, Novartis and Philips

Margarete Haase, ING

Monika Kircher, RWE

Dagmar Kollmann, Deutsche Telekom

Anja Morawietz, BioNTech

Gordon Orr, Meituan

Mariella Röhm-Kottmann, Zalando

Darrell Thomas, British American Tobacco

Maria van der Hoeven, TotalEnergies

Frank Witter, Deutsche Bank and Traton

The following members participated virtually in part of the meeting:

Alison Carnwath, EG Group, UK and ASDA

Anne Drinkwater, Equinor (ACLN member)

Karen Gavan, Swiss Re

John Maltby, Nordea

Anne-Françoise Nesmes, Compass Group

Dessi Temperley, CocaCola Europacific

Jim Turley, Citigroup (ACLN member)

EY was represented by the following in all or part of the meeting:

Jeanne Boillet, Global GCSP Council – Assurance Lead

Marie-Laure Delarue, Global Vice Chair, Assurance

The following Tapestry Networks representatives participated in all or part of the meeting:

Beverley Bahlmann, Executive Director

Jonathan Day, Chief Executive

Laura Koski, Project and Event Manager

Todd Schwartz, Executive Director

Hannah Skilton, Associate

Endnotes

[1] *Summary of Themes* reflects the network's use of a modified version of the Chatham House Rule whereby names of members and their company affiliations are a matter of public record, but comments are not attributed to individuals or corporations. Quotations in italics are drawn directly from members and guests in connection with the meeting but may be edited for clarity.