

ESG and Internal Audit: Key Leadership Considerations

Top 10 Questions Board and Audit Committees Need to Ask About ESG

The Board's role in ESG is to oversee the implementation of the ESG program. As such, they should be aware of progress toward ESG goals, ESG-related implementation issues and emerging risks and opportunities.

A key piece of the equation is how the Board interweaves ESG into the company's larger strategy, inclusive of identifying key issues over the short, medium and long terms.

The Audit Committee maintains responsibility for the governance of the ESG program. This includes gathering relevant ESG data and instituting the ESG process and control architecture. An audit plan that holistically integrates the review of disclosures and associated data, testing of controls and verification of calculations for material, ESG topics should be top-of-mind for the Audit Committee.

Additionally, the Audit Committee should ensure that the Board has the right mix of ESG skills to properly evaluate risks, opportunities and key metrics.



Here are 10 of the top questions for the Board and Audit Committee to consider for ESG:

- 1 How is the Committee monitoring progress toward the quantitative and qualitative goals that have been set in public?
- 2 What data governance processes are in place to ensure data received from internal and external partners can be confidently used?
- 3 What measures are being taken to ensure calculated values are utilizing inputs and formulas in line with the stated objectives of the company?
- 4 Is the disclosed data properly annotated to denote the different sources of raw data and any assumptions or transformations made during the calculation process?
- 5 In the absence of jurisdictional regulation or proposed guidance, what is the decision-making process for areas that require assumption or proxy?
- 6 What is the process to review new public disclosures and progress made towards existing ones?
- 7 Are disclosures being made via channels that enable straightforward access for external stakeholders and minimize rote questioning of the Sustainability Team?
- 8 Can qualitative claims be backed up by processes, procedures and corresponding evidence?
- 9 Have qualitative statements been independently evaluated for potential greenwashing or green bleaching?
- 10 How is the Committee evaluating the practices of its audit and assurance professionals?

About Schneider Downs ESG Consulting

With our industry expertise and extensive knowledge of the risk advisory landscape, the Schneider Downs team can help your organization develop an ESG program, comply with ESG regulatory requirements and evaluate ESG risks and opportunities within the context of your ESG strategy.

For more information, please visit www.schneiderdowns.com/esg or contact us at contactsd@schneiderdown.com.



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