

# The Value of Internal Audit in the ESG Space

## What are the Key Roles Internal Audit Plays in ESG?

The role of the audit practitioner is to provide a company's key stakeholders with an objective assessment of ESG. This includes ESG governance, processes and procedures and data to support espoused objectives. An auditor's assessment helps to strengthen the claims made by the company in the eyes of others in the ESG community, including investors, ratings agencies and underwriters.

Pragmatically speaking, internal audit can help with the following:

1. Prepare the sustainability team, management and the board for limited and reasonable assurance of GHG emissions and other key ESG data points via a readiness assessment.
2. Verify that processes and controls exist and that they are audit ready.
3. Review public-facing disclosures for potential areas of concern to be addressed.

A practitioner's evaluation helps to add a layer of credibility to a company's publicly reported data and statements. Some of the primary drivers for internal audit's involvement in ESG evaluations include:



Pre-readiness assessments before limited and reasonable assurance engagements helps to expedite engagements with third-party providers.



Data validation for publicly disclosed ESG metrics mitigates potential greenwashing claims.



Review of a company's qualitative disclosures verifies alignment with the selected ESG framework and other jurisdictional regulations.



Testing of implemented controls substantiates risk management measures.

Evaluation of the entirety of the ESG program helps to benchmark against best industry practices.



Ensure that ESG considerations are incorporated into the enterprise risk management process.



Understand the degree to which technology has been integrated with the sourcing, cleansing, calculation and reporting of data.



Evaluate how publicly disclosed data and statements might be scrutinized by external parties.



### 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](http://www.schneiderdowns.com/esg) or contact us at [contactsd@schneiderdown.com](mailto:contactsd@schneiderdown.com).



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