

# ESG Ethics, Governance and Assurance

*Embedding accountability, oversight and providing confidence with MI*

Environment, Society and Governance (ESG) issues are now central to the way we do business and to a sustainable future. Directors need to articulate the purpose of their organisation and evidence that they have embedded the interests of an increasing range of stakeholders with clear, practical and measurable actions. As leaders in governance, risk management and assurance we ensure directors have forums for discussion, information for decisions and confidence that what they report publicly is occurring within their organisations. We focus on:

**Purpose:** articulating clearly the strategic vision and objectives for the organisation embedding ESG as a central plank

**Personalisation:** authentically working out what is most important, aligned to the business model – not “greenwashing”

**Prioritisation:** creating an ambitious plan that focusses on the most material or significant priorities

**Pragmatic plans and actions:** defining actions with appropriate oversight and governance across the lines of defence

**Participation:** engagement across the organisation through clear and candid communications

**Periodic review:** monitoring and assurance to ensure information is accurate, fair and balanced and to underpin external reporting

## How we work with you

We listen to your priorities and your purpose, whilst forming a view on the external factors impacting your organisation.

We combine first-hand in-house experience in risk management, governance and assurance with our partners’ ESG credentials.

We work with experts with many years of experience in climate change, the environment and community issues tailored to your organisation.

We roll our sleeves up and support you to deliver on your promises to your stakeholders, facing into your challenges in this evolving area.

## Collaborating for success

We partner with boutique specialists in sustainability and ESG consultancy to make it simple for large companies to operate as sustainable and responsible businesses. We combine our governance, risk management and assurance experience with their strategy definition and implementation expertise to create a proposition that is unique in the market. We focus on the Board and directors to partner you as you seek clarity on requirements and confidence that they are being implemented.

# Our network's Ethics and ESG experience

## Defining terms of reference to underpin Board oversight

A high growth financial services company recognised that to move to the next stage of development a formalised approach to ESG aligned with their responsible business objectives was required. The Board and executives agreed to establish new working practices with appropriate committees established, underpin by MI, risk indicators and formal reporting. We worked with the directors to define the requirements for the governance structure, to assess where MI was missing or weak, and to develop pragmatic actions to enable the directors to have confidence that they would be able to meet the new regulatory reporting requirements within the necessary timeframe.

## Placing ethics and conduct at the heart of strategic decisions

Our client was a well known consumer and business brand that frequently found themselves responding to questions over their conduct and ethical treatment of customers, particularly vulnerable customers. The company had a critical infrastructure role to play with widely diverse stakeholder views and expectations, as well as regulatory obligations. We evaluated the existing information flow and the monitoring and assurance of their core business with respect to culture and behaviours. We advised on new forums for executive and board discussions and a case study approach to bring real ethical issues and questions to life. A new behavioural assurance framework created connectivity between HR, the business and the HSE functions and enabled the directors to confidently make statements that they were treating their customers, suppliers and staff appropriately and with respect.

## Creating an integrated assurance plan

Directors need to have confidence that risks are managed, activities operate in line with the appetite for risk and controls are effective. There are a range of assurance providers that might be relied upon across the second and third line, but these have often been primarily focussed on financial outcomes and measures. We developed an integrated or combined assurance plan to focus effort proportionately across all risks, particularly the emerging risks associated with products developed to combat climate change, the impact of culture and behaviours across the organisation, the need to evidence safety and safeguarding at the heart of all operations and measures now disclosed in support of their sustainable business plan. This involved assessing the strength of the core controls, particularly where they were automated, identifying key risk indicators to provide early warning, evaluating the maturity of the second line and scoping third line internal audit reviews focused on the prioritised risks.

## Integrating ESG risk indicators within the enterprise-wide risk framework

Our client had a mature and developed risk framework incorporating a range of metrics and ratios, many underpinned by regulatory requirements. The risk officer was focussed on evidencing that the risk indicators remained on range as new products and services were developed and launched through appropriate actions. At the same time there was an increasing need to evidence that the organisation lives up to its responsible business goals and ambitions. We worked through the prioritised environmental and societal measures to articulate the risk appetite and determine early warning indicators and risk indicators that were integrated within the broader risk reporting.