

# ESG Assurance Readiness and Control Services

Driven by Environmental, Social and Governance (“ESG”) commitments made by organizations, sustainability and ESG disclosures are increasingly important for today’s society and stakeholders. A myriad of established and proposed requirements and guidance coming from regulators including the U.S. Securities and Exchange Commission that relate to disclosures across a range of ESG topics continue to bring ESG risks to the forefront.

Organizations are expected to disclose key useful information about their sustainability goals and metrics that measure their performance and progress. This requires the disclosure of relevant and reliable sustainability information in accordance with a complex and rapidly evolving mix of standards, frameworks, and regulations.

## — BENEFITS AND OUTCOMES

The benefits and outcomes from our work can include any or all the following:

- Independent assessment of ESG risks, process and controls
- Documentation and testing of ESG controls
- Identification of ESG control Gaps and remediation recommendations
- Recommendations to enhance/change to ESG disclosures
- Recommendations to leverage technology in the ESG process
- Reduced risk of regulatory concerns

Regardless of where your organization is on the ESG maturity continuum, it is important to ensure proper focus and control over key ESG information. Moreover, with the enhanced focus by internal and external stakeholders on ESG activities, it is important to an organization’s overall business performance that ESG risks and opportunities are accurately identified, addressed, and reported.

## How FTI Consulting Can Help

Our services range from performing initial assessments of ESG risks and opportunities to detailed documentation and/or testing of ESG controls, as well as providing assurance over ESG disclosures and controls. Our team of ESG Subject Matter Experts (SMEs) are knowledgeable in key ESG-related guidance and requirements such as the Task Force on Climate-related Financial Disclosures (“TCFD”), International Sustainability Standards Board (“ISSB”), International Accounting Standards Board (“IASB”), and Sustainability Accounting Standards Board (“SASB”). Together with our Governance, Internal Audit and Controls (“GIAC”) team our SMEs help organizations maintain proper focus on material ESG risks and opportunities.

## Our Methodology

Our methodology is driven by lessons learned from the transparency provided by Sarbanes-Oxley (“SOX”) compliance programs. This process also takes into account the March 2023 COSO “Achieving Effective Internal Control Over Sustainability Reporting” (“ICSR”): Building Trust and Confidence through the COSO Internal Control—*Integrated Framework Supplemental Guidance*. Embedded in this process is the application of five key components of the 2013 COSO internal control framework, which are further expanded upon in the ICSR Supplemental Guidance. This includes a focus on the following:

- **Control Environment:** Examining both the board and management’s efforts to provide ethical oversight and control consciousness of ESG risks and opportunities
- **Risk Assessment:** Aligning changing ESG risks and opportunities to organizational objectives with a focus on internal and external stakeholder requirements
- **Control Activities:** Creating and developing policies, procedures and controls to manage ESG risks and opportunities
- **Information and Communication:** Establishing verification processes that allow for accumulation and communication of reliable ESG data and metrics
- **Monitoring:** Establishing processes to regularly monitor ESG-related risks, opportunities and related disclosures
- Creating a scoping and materiality assessment of risks and mapping them to key processes
- Identifying, documenting and testing Information Technology General Controls (“ITGC”) and Business Process (“BP”) controls surrounding key processes
- Remediating control gaps
- Monitoring and evaluating results including providing assurance to senior management and the board

Generally, we execute our work in the following phases:



## Tools

Some of the tools used in this process include:

- ESG risk and opportunities diagnostic questionnaire
- ESG maturity level analysis tool
- Entity level control matrix
- ESG materiality level analysis
- Scoping and risk assessment tool
- Sample industry- and ESG-specific Risk and Control Matrixes (“RCM”) of BP controls and ITGCs

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09252024 | VN03768-v01