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ESG embedding: are you ready?

Brussels, November 2022 – Board of Directors need to work closer with Risk Managers and Internal Auditors to be able to meet the sustainability challenges facing corporations. If not, there is an increased risk of not meeting legal obligations and market expectations.

“Risk Managers and Internal Auditors are needed for their expertise when it comes to anticipating the effect of double materiality. The two professions can also help the Board in the dialogue with relevant stakeholders. Companies should first assess their level of maturity in terms of overall approach to sustainability”, highlighted Béatrice Richez-Baum, Director General, ecoDa.

EFRAG has just delivered the first set of draft standards for European sustainability reporting (ESRS) to the European Commission. The standards underline the urgency for European corporations to meet the sustainability challenge. At board level, more in-depth knowledge of sustainability issues in the business operation becomes imperative.

“As a prerequisite, risk management and internal audit must support the Board and senior management so that strategy, risk management, policies, governance and culture fulfill the requirements and expectations. In turn, the Board and the C-Suite must give internal audit and risk management the means to do this”, added Pascale Vandenbussche, Secretary General, ECIIA.

While new developments regarding enhanced European legislation on corporate sustainability (including EFRAG’s ESRS standards) are emerging, ecoDa representing board members, FERMA representing risk managers and ECIIA for internal auditors describe in a joint paper, why cooperation between the three roles is needed.

“A corporate culture that embraces enterprise-wide risk management is a fundamental factor in determining how organisations approach and deal with sustainability. Managing sustainability requires a mature risk management function and processes. And, with our maturity matrix in the paper we guide organisations to gain a better sense of their sustainability journey.”, Typhaine Beaupérin, FERMA CEO.

Embedding sustainability into the business operation require the Board of Directors, the Risk Management and the Internal Audit to cooperate. Risk managers and internal auditors must develop a clear understanding regarding how they must support the Board, and deliver.



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ABOUT

ECIIA

The ECIIA is the voice of internal audit in Europe. Our role is to enhance corporate governance through the promotion of the professional practice of internal auditing.

Our members comprise 34 national institutes of internal auditing from countries that fall within the wider European region, representing 48 000 members. The ECIIA mission is to further the development of good Corporate Governance and Internal Audit at the European level, through knowledge sharing, developing key relationships, and impacting the regulatory environment, by dealing with the European Union, its Parliament and any other European regulators and associations representing key stakeholders.

ECODA

The European Confederation of Directors Associations (ecoDa) is a not-for-profit association founded in December 2004 under the laws of Belgium. Through its 20 national institutes of directors (the main national institutes existing in Europe), ecoDa represents approximately 55,000 board directors from across the EU. ecoDa's member organizations represent board directors from the largest public companies to the smallest private firms, both listed and unlisted.

FERMA

We bring together 22 risk management associations in 21 European countries, representing nearly 4800 risk managers active in a wide range of business sectors from major industrial and commercial companies to financial institutions and local government bodies. We provide the means of coordinating risk management and optimising the impact of these associations at a European level.

