

# Sustainability - Role of Auditors

Abdulqader Obaid Ali

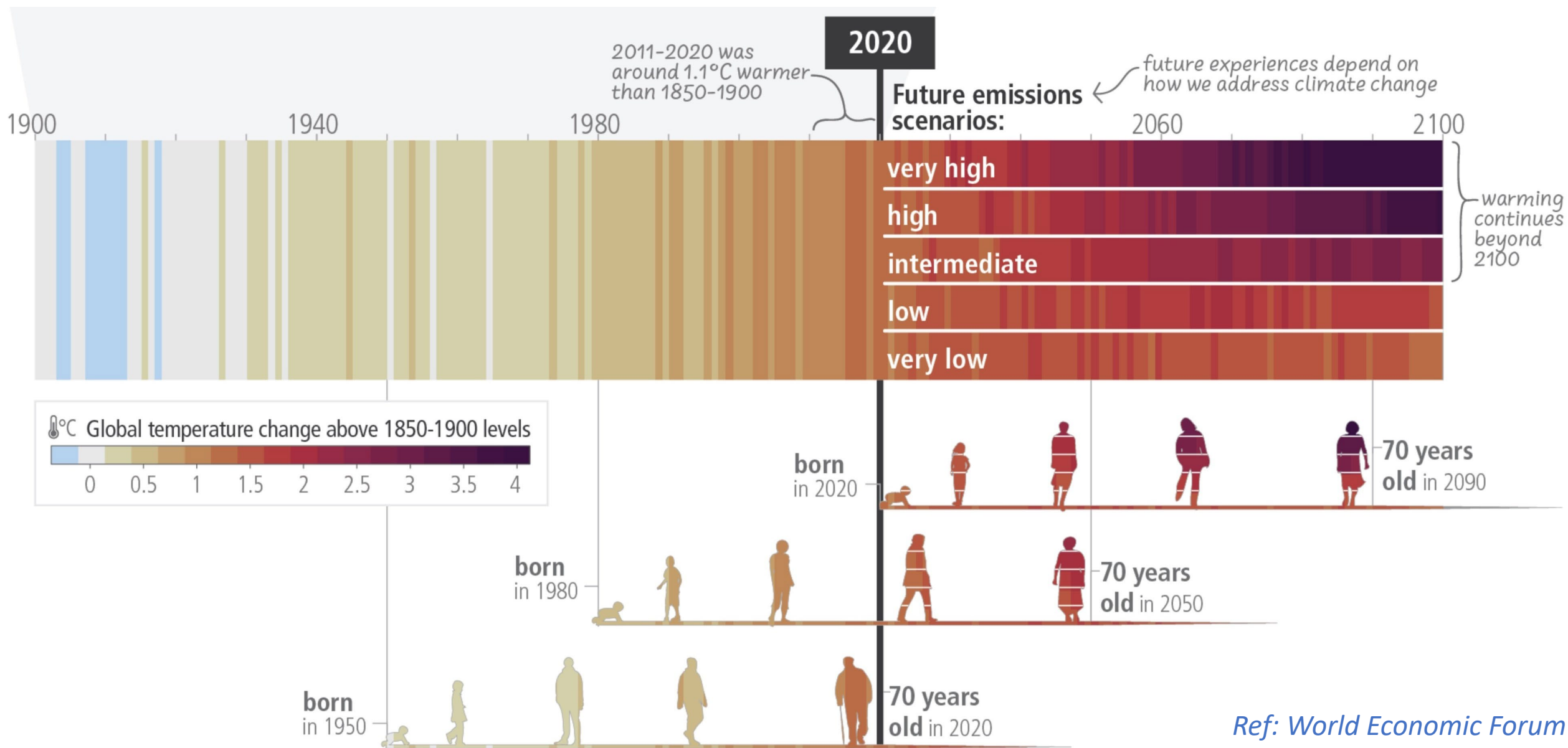
Chairman of the Board

UAE Internal Auditors Association

*How do we know a person is sick?*

1.5°C

# The extent to which current and future generations will experience a warmer and different world depends on the choices we make.



# Climate Change

- 2022 was the sixth-warmest year since records began in 1880.
- The oceans were the hottest ever recorded in 2022.
- The 10 warmest years on record have all occurred since 2010.
- Arctic sea ice has shrunk to its fifth-lowest maximum on record, retreating to 14.62 million sq km (5.64 million sq miles).“
- Antarctica is losing ice mass at a rate of 150 billion tones a year.
- The East Antarctic ice sheet could lead to an estimated 52m (170ft) of potential sea level rise, compared to the West Antarctic ice sheet which could result in 3-4m (10-13ft).

# COP28 UAE



# COP28 UAE

*30th Nov -12th Dec 23*



The first Global Stock take (GST)

Comprehensive assessment of progress since adopting the Paris Agreement

At COP21 in 2015 , the world agreed to limit global warming to 1.5°C, compared to pre-industrial levels by 2050.

H.E. Dr Sultan bin Ahmed Al Jaber, Minister of Industry and Advanced Technology, Chairman of Masdar and COP28 President-Designate, stated: “The world needs to commit to tripling global renewable energy capacity by 2030 and to double it again by 2040.

# ESG Metrics – why?

## Benefits of ESG and sustainable practices

- Improved financial performance
- Enhanced brand reputation
- Reduced risk

## Negative consequences of inadequate ESG and sustainable practices

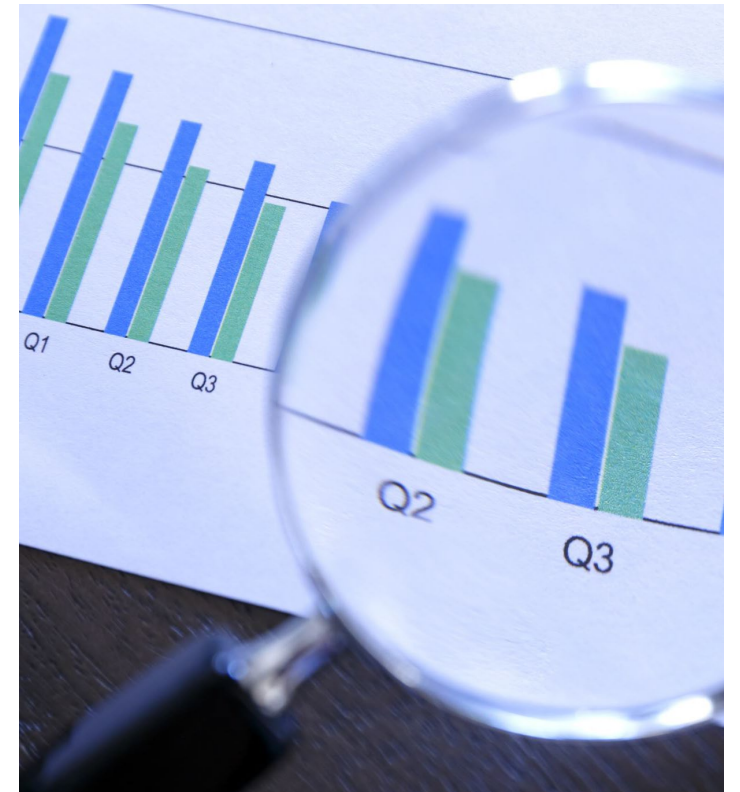
- Decreased investor confidence
- Potential legal and regulatory consequences



# Role of Auditors

Auditors can add value in the sustainability and ESG realm by:

- Providing assurance on reporting
- Assessing the adequacy of systems and controls
- Offering advice on how organizations can improve their sustainability and ESG practices.





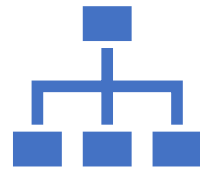
# ESG – in prominence

- Go beyond the current responsibility
- Most IA functions are now Trusted Advisor
- IA has moved on beyond the regular audit main-stream
- Board, Audit & Risk Committee and Management look upto IA as their first point for “reliable” information.

# Key frameworks and reporting standards



**Global Reporting Initiative (GRI)**



**Sustainability Accounting Standards Board (SASB)**



**Task Force on Climate-related Financial Disclosures (TCFD)**



**GCC Exchanges Committee published unified set of ESG Disclosure Metrics**

# Not just about regular risks now

- Include risk areas related to ESG
- These could be:
  - Data related: check for authenticity
  - Impact of faulty reporting
  - Meeting specific ESG goals

# Is reporting on ESG enough?

- It is becoming increasingly mandatory to report on ESG
- But who will ensure it is being done systematically and periodically and to whom?
- Board, ARC, Management, Regulatory bodies?

# Put people first and Governance will follow

- Put people with knowledge in the role
- Leadership must engage
- Strategies must be developed
- Metrics must be established

# Get your IA function ready for ESG?

This MAY become a reality. Our responsibility to ensure it does not.

Thank you

Abdulqader Obaid Ali  
Chairman of the Board  
UAE Internal Auditors Association

