Chartered Institute of Internal Auditors

CLIMATE GROUP

Organisations’ preparedness for climate change:

An internal audit perspective

November 2020

Foreword

Some of the most significant impacts of climate change, whether they be temperature increase, extreme weather events such as wildfires or flooding, failing crops or mass migration, are widely acknowledged to be crystalising now. Similarly, there is also wide acceptance that the level of impact will only increase in the coming years and that this will, in turn, affect all aspects of society and the economy. Climate change is visibly damaging infrastructure and assets, threatening businesses' reputation, and introducing a whole new level of regulatory and compliance risks that will increasingly test business resilience.

The results of our climate change survey of Chief Audit Executives in the UK and Ireland, which form the core of this report, revealed a disconnect between what organisations increasingly identify as a business-critical risk and the time and resources that internal audit functions spend on climate change. We found that over half (52%) of respondents reported doing very limited or no work related to climate change. We also found that more than half (53%) have not discussed climate change with their audit committee chair. Given the level of risk associated with climate change, this is not where we would expect the internal audit profession to be. Climate change is quickly moving up the agenda and we believe it is an area where internal audit can add real value and demonstrate their worth to the organisation they serve.

The role of internal auditors is to support the organisations they serve be sustainable and able to operate in the future. As a result, it is their duty to better understand climate-related risks and opportunities – both in terms of the impact of their organisation's operations on the environment, but also the risks and opportunities climate change poses to the business. In addition to carrying out this risk assessment, internal auditors are well-placed to play a trusted advisor role and ensure that climate change is on their board's, audit committee's, and executive management's agenda. Ultimately, internal audit functions need to provide high quality independent assurance that climate-related risks are being identified, managed, and mitigated.

As evidenced by the case studies presented in the report, there are many actions that internal audit functions can and should take now to begin their climate change journey – from researching and gathering information about climate change, to carrying out a risk assessment and conducting specific audits in this area.

There is no time to waste. We have seen the devastating impacts that a crisis such as the global coronavirus pandemic has had on people, businesses, and the world economy. During the months of lockdown, parallels between the coronavirus crisis and climate change have been drawn and the analysis is stark: the impacts of the coronavirus pandemic are nothing compared to those that climate change will bring if we don't act now. Therefore, the most successful and sustainable businesses will be those who are prepared for its impacts.

With this in mind, we would like to encourage all internal audit functions to proactively start their climate change journey, building knowledge and understanding of climate risks and opportunities, and supporting the organisations they serve to become climate change ready. Hopefully this report will provide some useful insights and tips to help you do that.

John Wood
Chief Executive
Chartered Institute of Internal Auditors

Helen Clarkson
Chief Executive
The Climate Group

About the research

We conducted a survey of 122 Chief Audit Executives (CAEs) across all sectors in the UK and Ireland. The survey aimed to understand what measures organisations have put in place to prepare for the impacts that climate change will have on their business, as well as measures to reduce their carbon footprint. We also wanted to find out what role internal audit functions are playing in helping the organisations they serve identify, manage and mitigate climate risks.

In addition to the survey, we conducted four interviews with CAEs covering a range of sectors including in the retail, house building and financial services sectors, who have undertaken innovative internal audit work on climate change. We have presented these as case studies.

A survey of 122 Chief Audit Executives

Of those 122 CAEs, the size of their internal audit functions were as follows:

73%
Small (1-10 staff)

20%
Medium (11-50 staff)

7%
Large (51-100+ staff)

These 122 CAEs came from the following sectors:

35%
Financial Services

14%
Central & local government

8%
Wholesale & retail

5%
Charities

5%
Education

4%
Construction & real estate

4%
Health & social work

25%
Other – including transport, hospitality, and communications

Their organisations were classed as the following:*

17%
Large private company

15%
FTSE 100

15%
FTSE 101-350

8%
Other publicly listed company

46%
Other

*All figures have been rounded to the nearest percentage point

Key findings

66%
of respondents indicate climate change is on their company's risk register.

45%
of CAEs indicate climate change is a medium risk for their organisations, and
22% indicate
it is a medium/high or high risk.

The single biggest risks associated with climate change are:

- ***business resilience (22%)***
- ***regulatory risks (22%)***
- ***reputation (18%)***

58%
think climate change will be a high risk in three years' time.

53%
of CAEs have not discussed the risks and opportunities posed by climate change with their audit committee.

22%
have not discussed the risks and opportunities posed by climate change with either their audit committee, risk committee, executive management, or their board.

52%
of respondents say that their internal audit function is doing very limited or no work related to climate change.

23%
of CAEs say that their organisation has received enough engagement/information from Government to assist them in preparing for climate change.

68%
say they would like to see the Government go further to help organisations prepare for climate change.

49%
of respondents were unsure about whether their organisation has received enough engagement/information from regulator(s) to assist them in preparing for climate change.

27%
say their organisation has received enough engagement/information from regulator(s) to assist them in preparing for climate change.

Introduction

Climate change is arguably the most acute challenge facing our planet during the 21st century. In 2020, for the first time in its history, five of the top ten global risks in the World Economic Forum's Global Risks Report are environmental, with climate change high on the risk agenda in terms of impact and likelihood.

In addition to the obvious environmental and social impacts posed by climate change, it is also visibly disrupting businesses and threatening the global economy. According to the Global Commission on the Economy and Climate, it is estimated that between now and 2100, the potential financial losses arising from climate change could run from $4.2trn to as much as $43trn.[1]

However, climate change also presents huge commercial opportunities through creating new areas of growth, increased demand from sustainable products and services, and increased capital availability as investors favour low-carbon companies. For instance, a group of 215 of the world's largest companies have valued climate risks to their businesses at almost $1trn; these same companies calculated that climate business opportunities are worth some $2.1trn, nearly all of which are highly likely or virtually certain.[2]

So, with increased pressures from governments, regulators, investors, consumers, and civil society to take action on climate change, organisations need to ensure they understand what impact their operations have on the environment, as well as what are the climate-related risks and opportunities for their business. Internal audit has a crucial role to play in helping the organisations they serve identify, manage and mitigate these risks and make sure the focus of climate change risk is a priority on the board's agenda.

We wanted to provide an overview of organisations' preparedness for climate change, the key risks and opportunities associated with it, and the role internal audit is playing in supporting their organisation to be climate change ready. 122 CAEs from across the UK and Ireland participated in our survey and provided us with insights into their organisation's preparedness for climate change. We also gained insights into what internal audit functions are currently doing in that space. In addition to the survey, we conducted a number of in-depth interviews with CAEs who have done innovative work on climate change. These produced four case studies which illustrate good practice internal audit and will hopefully inspire other internal audit functions.

"Climate change presents a serious and wide-ranging threat to global economic prospects, society more broadly and our natural environment."

***Andrew Bailey**, Governor of the Bank of England and previously Chief Executive of the Financial Conduct Authority*

1. Unlocking the inclusive growth story of the 21st century: Accelerating climate action in urgent times, The Global Commission on the Economy and Climate (August 2018)
2. Global Climate Change Analysis 2018, CDP (formerly the Carbon Disclosure Project)

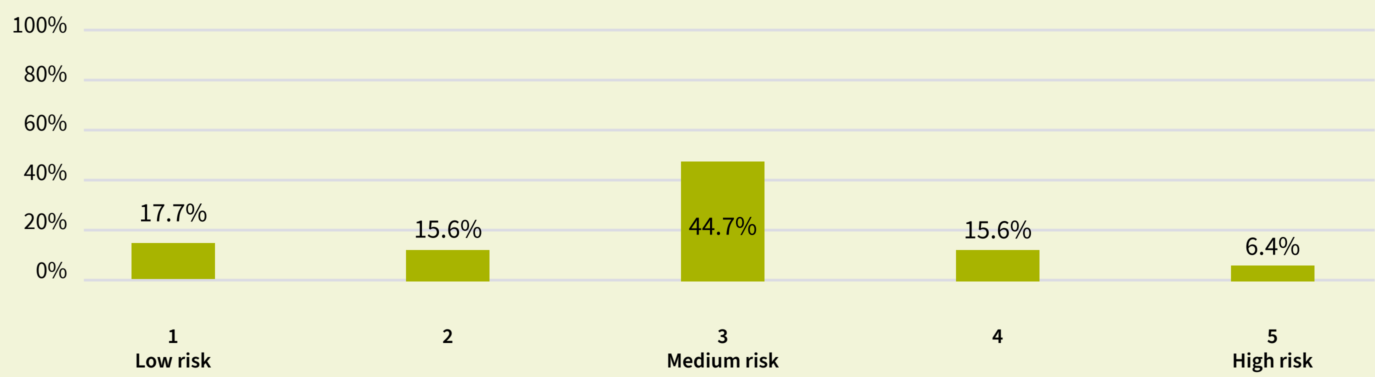
Findings

Climate-related risks

As evidenced by our annual Risk in Focus surveys of 500+ CAEs across Europe, climate change has consistently moved up the agenda. Two years ago, just 8% of CAEs cited climate change as one of their company's top five risks, but last year this figure almost doubled to 14%. In this year's Risk in Focus, the figure has risen even more sharply with 41% of CAEs telling us that climate change will be a top five risk in three years' time.

In our Heads of Internal Audit climate change survey, nearly half (45%) of CAEs indicated that climate change represented a medium risk for their organisation, with 22% leaning towards it being a medium/high or high risk. Over a third (34%) of respondents indicated that climate change was a low risk or low/medium risk for their organisation.

On a scale of 1 to 5, what is the current level of risk associated with climate change in your organisation?



Respondents from FTSE 100 and FTSE 101-350 companies tend to classify climate change as a higher risk than the overall cohort, with 30% indicating it was a medium/high or high risk, 45% a medium risk, and 25% classified it as a low or low/medium risk.

Looking forward, a majority (58%) of all respondents expect climate change to be a medium/high or high risk for their organisation in three years' time.

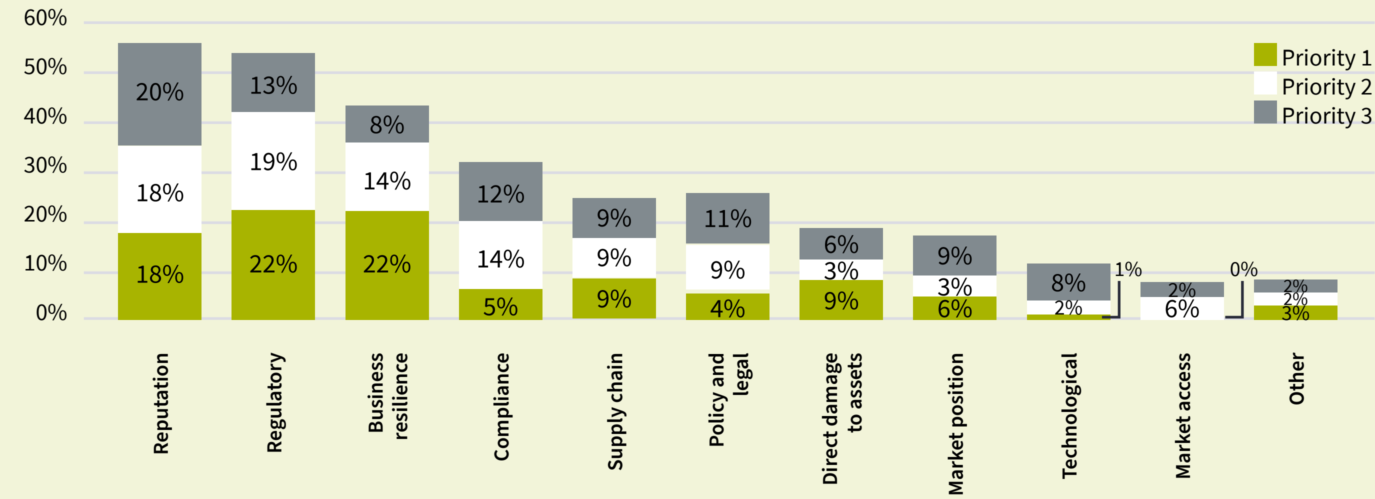
On a scale of 1 to 5, what do you think the level of risk associated with climate change will be in three years' time?

This means that respondents across sectors and types of organisation mostly identify climate change as a medium or high risk and that it is on its way to become a priority risk for more than half of organisations surveyed in the near future.

With regards to climate-related risks for organisations, *reputation*, *regulatory* and *business resilience* were ranked as the top three risks overall, with *business resilience* and *regulatory risks* ranked as the single biggest risks by 22% of respondents.

Please rank the top three climate-related risks for your organisations.

(Rank 1 to 3, with 1 being the biggest risk)



According to Peter Spencer, Head of Audit at NatWest Group, who we interviewed for one of the case studies presented later in this report, climate change risks manifest themselves in many ways but ultimately it potentially exacerbates existing risks. For instance, with increased pressure and scrutiny from investors, consumers, and civil society eager to invest, support, and work for sustainable and ethical organisations, there is a huge reputational risk associated with climate change.

> *"There is a big reputational risk attached to climate change, in particular around green washing."*
>
> ***Stephen Licence,** Group Chief Internal Auditor, Legal & General Group*

Risks to supply chains are also becoming more prominent. With around 80% of global trade embedded in supply chains, business leaders are increasingly aware of risks that could affect their ability to move across the world, including issues of cost, speed, and responsiveness. In fact, according to CDP data, 76% of suppliers have identified ways in which climate change could increase the risk of disruptions to their business.[3] Climate change is also a risk in its own right, which will impact on the sustainability of organisations if not recognised as such.

In light of the coronavirus pandemic and the impact it has had on businesses' operations, it made sense to see *business resilience* classed as one of the top three climate-related risks. Since the start of lockdown, commentators have compared the impacts of the pandemic with those of climate change. Many concluded that climate change was not only the next big crisis, but that it will also have far greater and longer-term impacts than the coronavirus pandemic. So, are organisations prepared for what is to come?

Preparing for the impacts of climate change

Looking at the measures that organisations have taken to address climate change so far, a majority (66%) of respondents indicated climate change was on their organisation's risk register, while nearly a third (31%) said they have established a risk appetite for climate change. Almost half (48%) indicated there was a climate change/sustainability working group within their organisation.

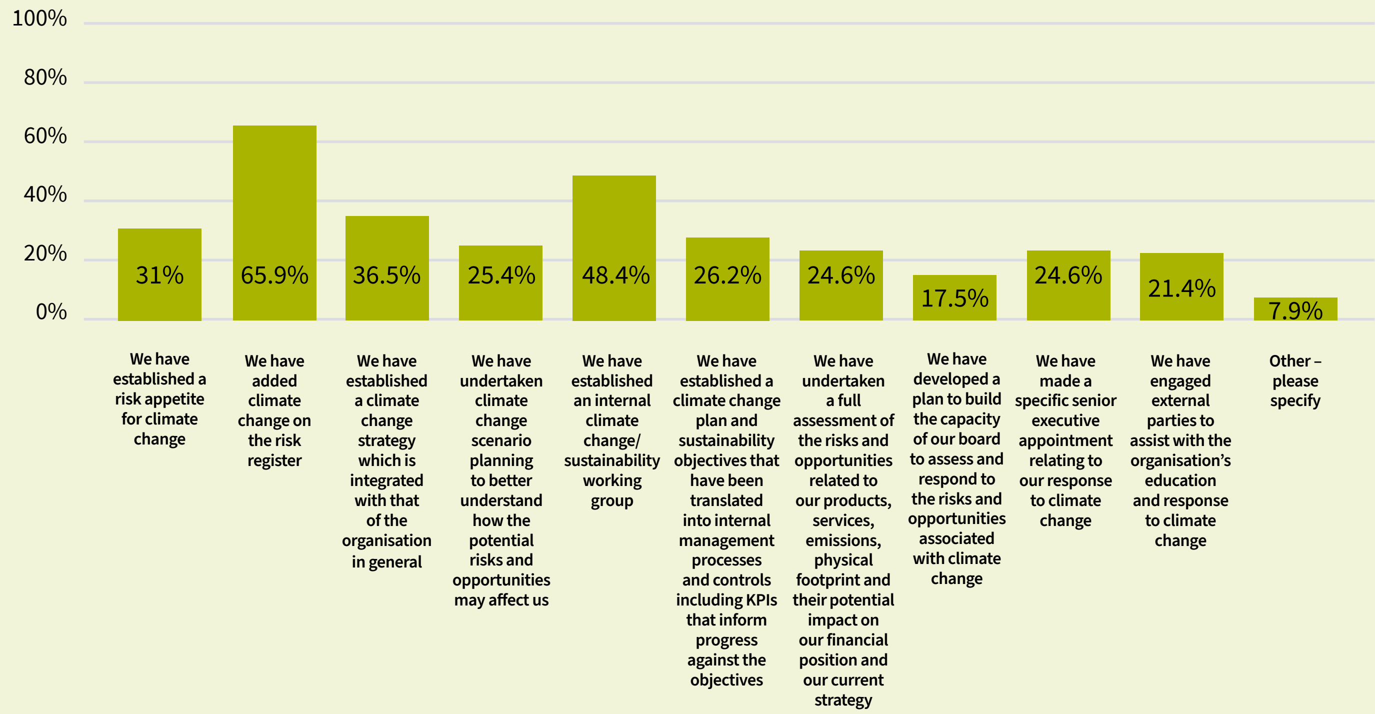
Other measures include having established a climate change strategy which is integrated with that of the organisation in general (36%); a quarter (25%) of respondents say they have undertaken scenario planning; and 21% have engaged external parties to assist with the organisation's education and response to climate change.

A quarter (25%) have engaged in more advanced measures such as undertaking a full assessment of the risks and opportunities related to their products, services, emissions, physical footprint and their potential impact on their financial position and their current strategy; or making a specific executive appointment relating to their response to climate change (also 25%).

Overall, this suggests that organisations have started to take pro-active measures such as adding climate change to their risk register, creating a climate change strategy and that discussions are taking place within working groups. However, given the UK Government's commitment and the Irish Government's plans to achieving net-zero carbon emissions by 2050, and the increased number of policies developed to meet that target – a trend that will only amplify moving forward – we expected these results to be better. Notably, we would have liked to see more organisations taking more advanced measures such as undertaking a climate change risk assessment or scenario planning than the 25% who are currently doing so.

3. Closing the Gap - Scaling up sustainable supply chain practice, CDP (formerly the Carbon Disclosure Project)

Please tell us how your organisation is addressing the risks and opportunities related to climate change. (Please select all that apply)



We note that FTSE companies and larger private organisations seem to be more prepared for the risks associated with climate change. For example, 78% of respondents from FTSE 100 and FTSE 101-350 companies said that climate change was on the risk register; 60% have established an internal climate change working group; and 50% have established a climate change strategy which is integrated with that of the organisation in general. Furthermore, 50% of respondents from large private organisations indicated they have undertaken a full assessment of the risks and opportunities related to their products, services, emissions physical footprint and their potential impact on their financial position.

Internal audit and climate change

Having established that climate change is a dynamic risk that is quickly moving up the agenda, what is internal audit currently doing to support the organisations they serve prepare for climate change risks and opportunities?

Of the CAEs we surveyed, almost half (47%) indicated they have discussed climate change with their audit committee, 35% with their risk committee, and 22% have done so with their board. It is with executive management that CAEs seem to have had the most engagement on this topic (64%).

The level of engagement increases when looking at FTSE 100 and FTSE 101-350 companies only, with 64% of respondents in this category indicating that they have discussed climate change with their audit committee, 34% with their board, and 72% with executive management.

Overall, however, considering the level of risk associated with climate change and how disruptive it could be for organisations, we expected a higher level of engagement from CAEs with their audit committee in particular. We also note that almost a quarter (22%) of respondents indicated they did not have any engagement with either the executive management or the non-executive teams on climate change at all. What's more, given the increased requirements on climate-related information reporting from the Financial Conduct Authority, it was particularly surprising to see that 27% of CAEs from the financial services sector have not discussed climate change with management or their non-executive teams.

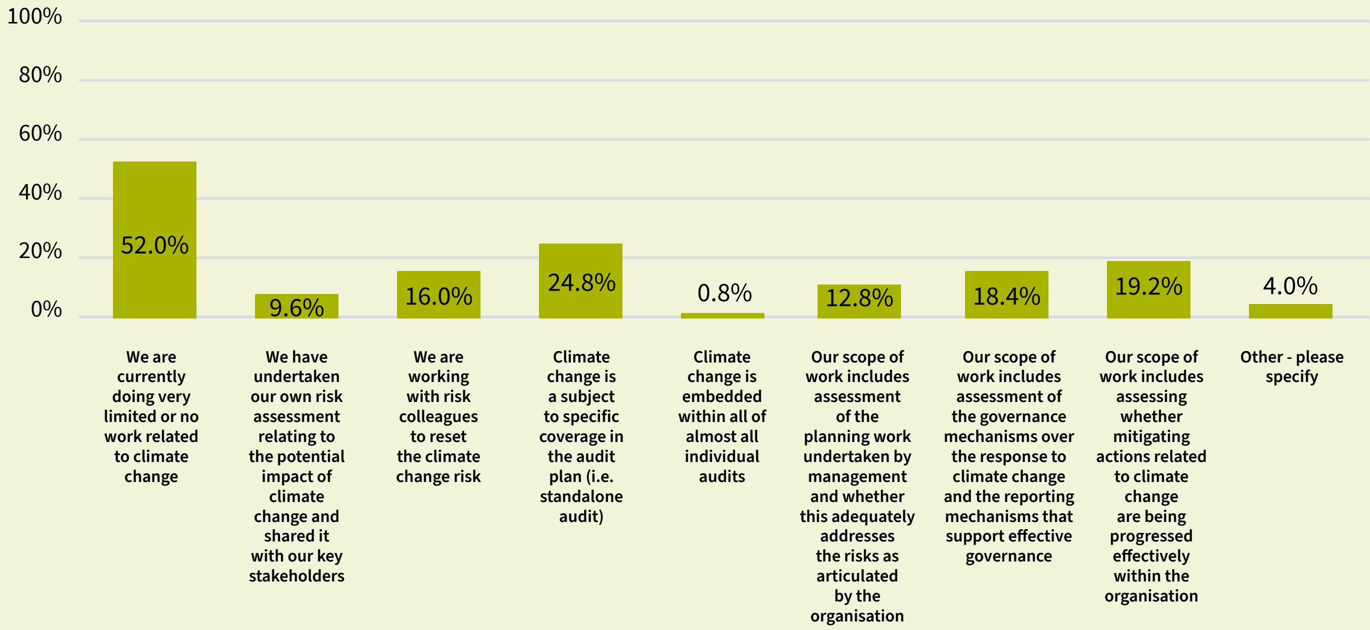
As for any other risks, internal auditors should ensure that their board, audit committee, and executive management, are well-informed about the risks posed by climate change and that they are taking the issue seriously. Change will come from the top and, as trusted advisors, internal audit have an important and influential role to play at that level.

In the last 12 months, have you discussed the risks and opportunities posed by climate change with any of the following: (Please select all that apply)

More concerning, with regards to practical steps that internal audit functions have taken so far, the survey found that over half (52%) of CAEs said they were currently doing very limited or no work related to climate change.

We did not expect many respondents to indicate that climate change was embedded within all or almost all individual audits – only 1% of respondents are currently doing so. However, we expected to see significantly more respondents saying they had undertaken their own risk assessment of the impact of climate change on their organisation than the 10% who have reported doing so. What is more, only 25% of respondents indicated climate change was subject to specific coverage in the audit plan.

Please tell us more about the current work of your internal audit team with regard to climate change: (Please select all that apply)



Internal audit functions in FTSE 100 and FTSE 101-350 companies are doing slightly better, although still 40% of respondents from that category indicated they were currently doing very little or no work related to climate change. 29% said climate change was subject to specific coverage in their Audit Plan, which is a small increase from the overall cohort of respondents (25%). 29% also reported that the scope of their work included assessment of the governance mechanisms over the response to climate change, including the reporting mechanisms that support effective governance in this area (18% for the overall cohort).

Interestingly, these results are also consistent with what our Risk in Focus 2021 survey revealed. Despite an increasing number of CAEs citing climate change as a top five risk for their organisation, only 6% of internal audit functions currently spend most time and effort auditing this risk area.

This means there is currently a disconnect between what organisations increasingly identify as a key risk and the time and resources that internal audit professionals spend on climate change risks. Internal auditors have a unique place in the organisation, having visibility and understanding of the business's operations and a privileged relationship with the board and audit committee. As such, they are best placed to give independent and objective assurance on business-critical risks such as climate change. So, if internal auditors want to stay relevant and add value to the organisations they serve, they are going to need to step up to the plate.

There are many actions that internal audit functions can take now to start their climate change journey.

"Perhaps the first work that internal audit teams ought to do is discovery, which does not necessarily need to fit into an audit. This also includes assessing the skills and capabilities within the team to audit these risks".

Stephen Licence*, Group Chief Internal Auditor, Legal & General Group*

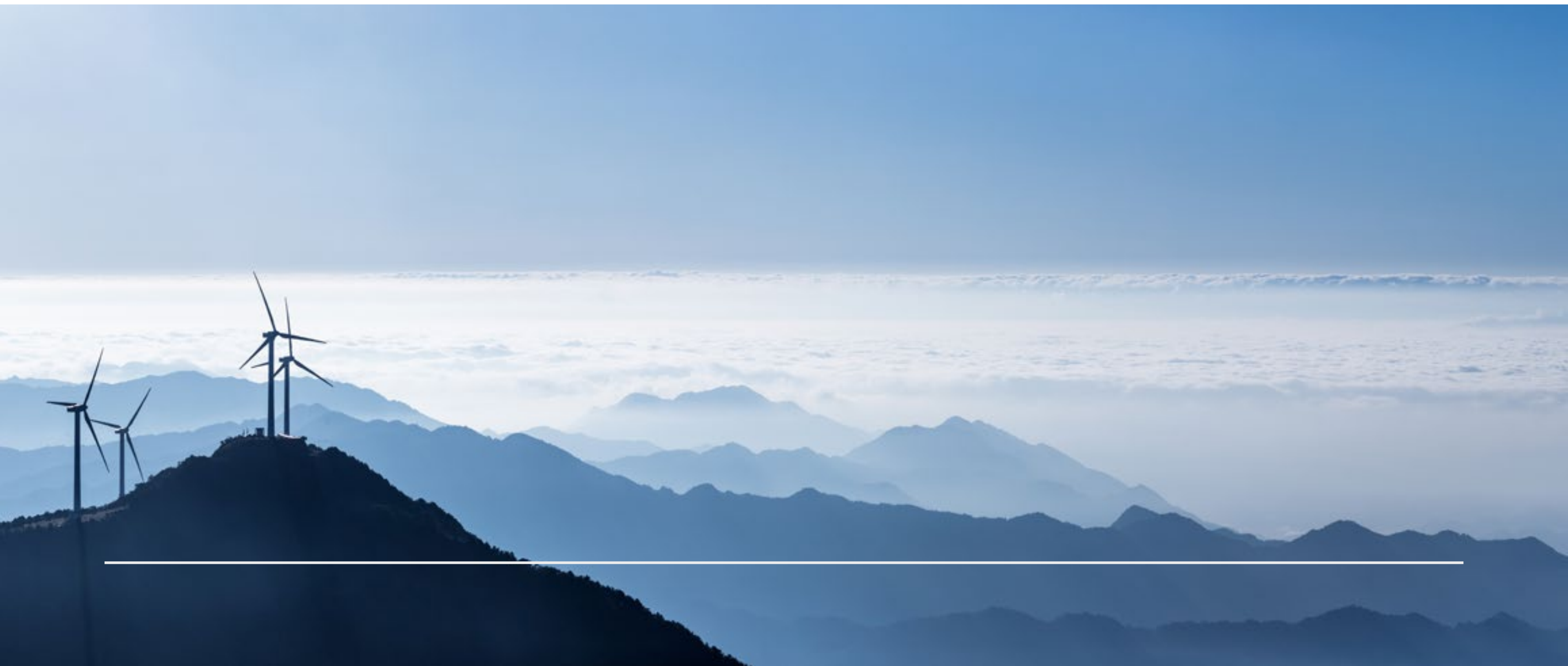
Internal audit's work around climate change is not just about audits. It requires the function to better understand the risks and opportunities through desk research and conversations with key stakeholders within the business. These first steps are essential and we would like to see all internal audit functions – regardless of what sector and level of risk associated with climate change in their organisation – develop their understanding of the issue and carry out a climate change risk assessment.

"Like any new risk area, we need to understand the risk, establish the processes and controls and then the traditional audit work can begin. That is where internal audit has a part to play because risks and controls are their daily life, so they understand it more than other people in the business."

Group Internal Audit Manager*, a large UK house building company*

Questions and actions for internal audit

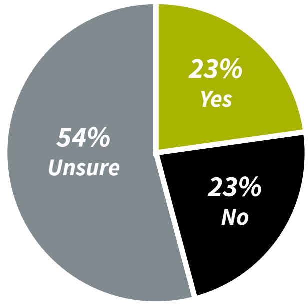
- Research! As with any other risks, internal audit should make sure they understand climate change risks, as well as the opportunities it might bring to their organisation. Key risks include: strategic, compliance, financial, reputational and operational.
- Talk to colleagues and relevant stakeholders within the organisation and seek their views on how climate change might impact the business. Also consider how these risks and opportunities could impact your supply chains.
- Have you discussed climate change with your board, audit committee and executive management? If not, why not? Take a leadership role by engaging with them and putting climate change on their radar.
- Have climate change risks been identified by senior management and factored into the strategy-making process of the business? Are these risks periodically reviewed?
- If discussions are taking place on climate change within the business (e.g. internal events; climate change working groups), make sure internal audit is involved and has a seat at the table. This will enable you to raise any concerns before decisions are made and implemented.
- Embed climate change and sustainability as part of the internal audit risk assessment. Coordinate this assessment with other risk functions and assurance providers across the organisation i.e. first and second lines.
- Where it is appropriate to do so, embed climate change into all your audit engagements so that you build a picture of the risks your organisation is facing and the controls in place that seek to mitigate those risks. Such an approach provides ongoing up-to-date information around effectiveness of climate change risk management.
- Add climate change to your strategic plan so it is on internal audit's radar now and moving forward.
- Ask yourself whether you/ members of your team are suitably upskilled to audit this risk area. If not, find ways to make this possible e.g. co-sourcing or engagement with subject matter experts.
- Get involved in the development of your organisation's climate strategy.
- If a climate strategy already exists, make sure it has been implemented within each business unit. Verify that processes and controls, as well as KPIs, have been put in place to monitor progress.
- Report on climate change risks and opportunities regularly to the board and audit committee.



Support from Government and regulators

When asked about the level of engagement and information their organisation had received from Government, 23% of CAEs said they had received enough support, while another 23% said they did not receive enough support. A majority (54%) said they were unsure. This latter result was surprising.

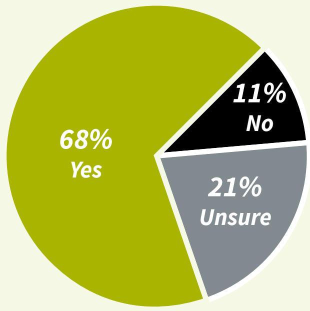
Has your organisation received an appropriate level of engagement and/or information from Government to assist you in preparing for climate change?



It could suggest a lack of support from Government: if Government had issued clear and visible guidance would more CAEs have answered yes to this question? In fact, 68% of respondents said that they would like to see the Government go further in helping businesses adapt to climate change.

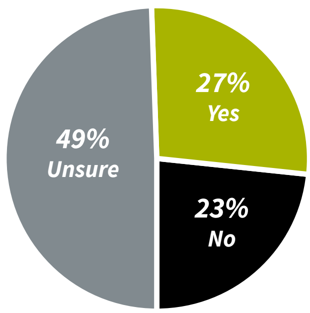
Or, this uncertainty could highlight again a lack of focus on climate change from the internal audit functions. This is concerning because internal auditors should proactively research not only what governments are doing in this area, but also their competitors, other market sectors and geographical locations. This is so that internal auditors can gain relevant knowledge of the issue and accurately advise their board, audit committee and executive management.

Would you like to see the Government go further when it comes to helping businesses adapt to climate change?



With regards to the level of engagement/information received from the regulator(s), 27% of CAEs said they have received enough information, 23% said they did not receive enough support, and 49% said they were unsure. Here again, there is a high level of uncertainty from respondents, even in the financial services sector where 36% of CAEs in this group said they were unsure (40% answered yes; 24% answered no). This is surprising because both the Financial Reporting Council and the Financial Conduct Authority have already issued a number of guidance and expectations for climate-related reporting for example. It is inevitable that climate change reporting expectations will increase in the near future and internal audit should be aware of these changes and speaking to the business about how it is preparing.

Has your organisation received an appropriate level of engagement and/or information from regulator(s) to assist you in preparing for climate change?



Questions and actions for internal audit

- Have you proactively researched climate change guidance from Government and the regulators? If not, why not?
- Discuss Government's and regulators' expectations on climate change with colleagues, suppliers and competitors and ask how they are preparing to meet these expectations.

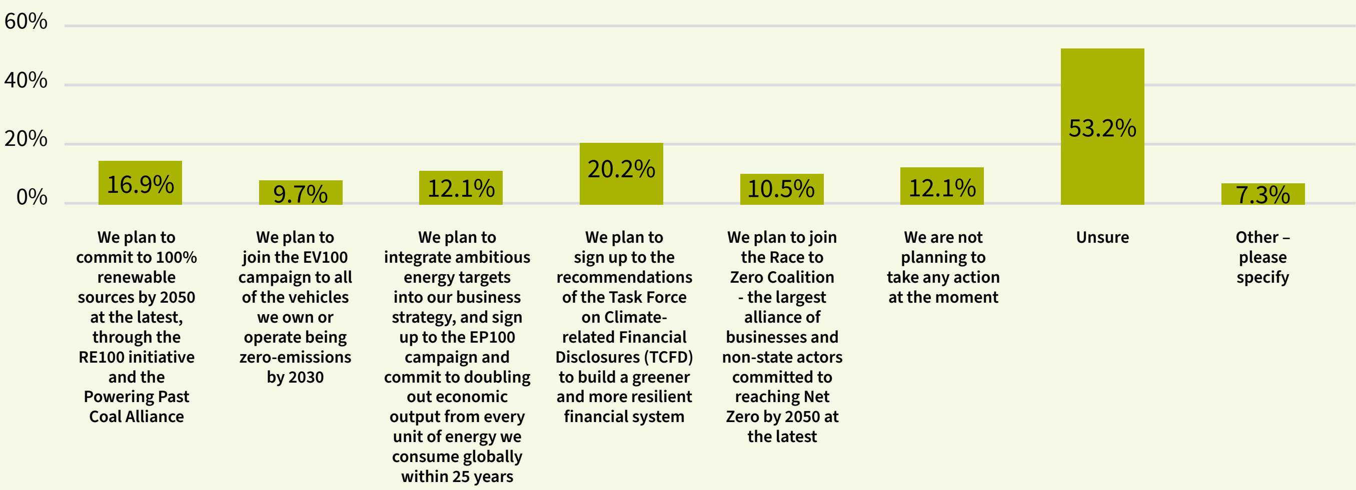
Environmental priority areas, carbon reduction targets and climate-related reporting

Action on environmental priority areas

As part of the preparations for the United Nations Climate Conference (COP26) hosted in Glasgow in November 2021, the UK Government has identified a number of priority areas and actions that will help the country become carbon neutral by 2050. This includes actions towards energy transition, accelerating the move towards zero carbon road transport, and unleashing finance to support the goals of the Paris Agreement. Initiatives such as RE100, EV100 and EP100 driven by The Climate Group are all corporate commitment programmes supporting business action that contributes to achieving these goals.

The target to achieve net-zero emissions by 2050 has already been set by the UK Government, and the Irish Government – having already issued its Climate Action Plan – is also working to enshrine this target into law. Businesses from all sectors play a role in meeting this goal. Arguably, regardless of whether organisations have already committed to some of these initiatives, are contemplating doing it, or have not made any commitments, this involves taking strategic business decisions. Internal audit should know where their organisation stands in relation to national and local commitments, and whether these should be more stringent. However, the survey found that over half (53%) of CAEs did not know whether their organisation was planning to act on these priority areas. This suggests again a lack of focus about climate change from the internal audit functions.

Please tell us if your organisation is planning to take action on priority areas of climate impact as identified by the UK Government in advance of hosting the UN Climate Conference (COP26)? (Please select all that apply)



The results are more positive for FTSE 100 and FTSE 101-350 organisations. 47% of respondents from that group indicated their organisation planned to sign up to the recommendation of the Task Force on Climate-related Financial Disclosure. Almost a third (29%) also plan to commit to 100% renewable sources by 2050 at the latest. However, we note that 34% of CAEs in that group still said they were not sure about their organisation's plans.

"For business, climate action builds resilience, increases innovation, cuts costs and attracts investment. We are seeing companies from even the most challenging sectors taking climate action and reaping the rewards. We now need to see this new level of leadership from business across the board – increasing its level of ambition, action and advocacy to drive us forward at the pace needed."

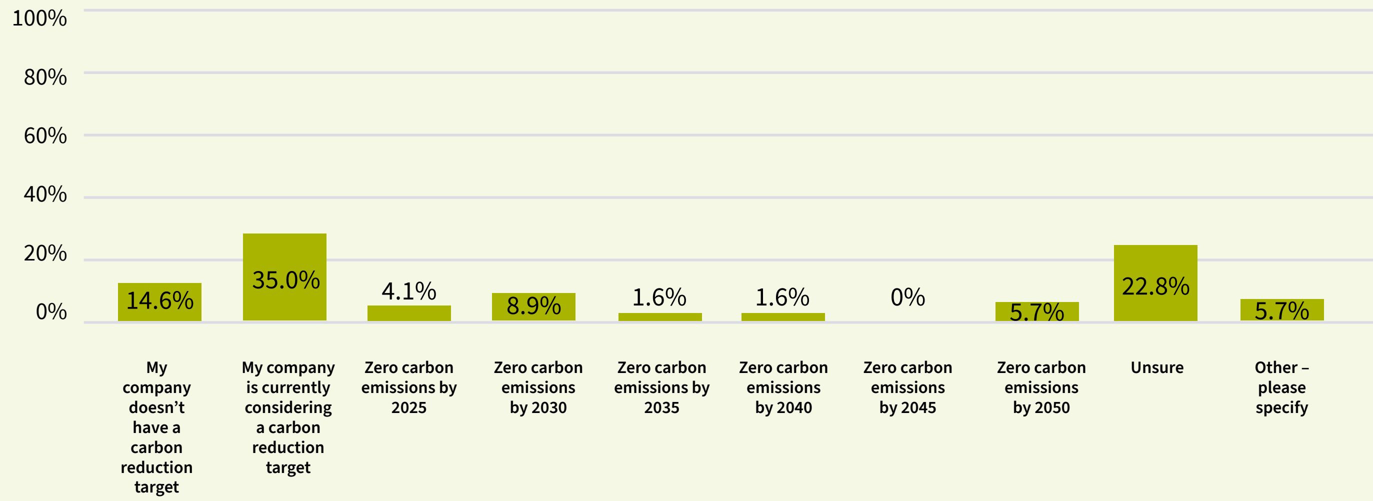
***Maria Mendiluce**, CEO, We Mean Business coalition*

"The first thing we need from the business community, and the business leaders themselves, is commitment. If you're not committed, you're more destructive at the table than if you're really committed and you want to solve it."

***Paul Polman**, former CEO, Unilever*

Carbon reduction targets

Please indicate whether your organisation has a carbon reduction target.



In terms of measures to reduce their carbon footprint, over a third (35%) of respondents have indicated that their organisation was currently considering a carbon reduction target. Only 9% plan to be carbon neutral by 2030 and 6% by 2050. It shows that currently only a small number of companies seem to have committed to carbon reduction targets, despite the UK and Irish Governments plans to be carbon neutral by 2050, in which all organisations will play a role in meeting this goal.

However according to Mike Peirce, Corporate Partnerships Director at the Climate Group: "The last 12 months have marked a significant transition in the scale and scope of corporate leadership on climate action. We've seen more companies join the leadership pack making ambitious commitments on renewables, smart energy use, and clean transport. Many of these businesses have made significant progress on the delivery of their objectives, driving economic benefits to the company as well as positive environmental impact. And there's been a heightened level of collaboration amongst business, working with state and regional and national governments to reshape the policy and market environment in key countries. However, the scale and urgency of the challenge remains. We have to halve emissions this decade to be within a fighting chance of reaching net zero by 2050. As we work to rebuild greener, stronger economies, we'll need many more companies to be seizing these golden opportunities."

> *"We have a choice: between an energy-efficient low carbon path and an energy-intensive high carbon path, which at an unknown point of time ends catastrophically. This doesn't seem like a very hard choice."*
>
> ***Michael Spence**, William R. Berkley Professor in Economics and Business, NYU Stern School of Business, Italy*

Reporting environmental impact

Since 1 October 2013, the Companies Act 2006 (Strategic Report and Director's Report) Regulation 2013 has required all UK quoted companies to report on their greenhouse gas emissions as part of their annual Directors' Report. Since April 2019, large companies, quoted companies, and large LLPs are also required to disclose their energy and carbon emissions on a comply or explain basis, as per the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Other companies are encouraged to report similarly, although this remains voluntary. In addition, the UK Corporate Governance Code 2018 requires reporting on how opportunities and risks to the future success of the business have been considered and addressed. Internal audit's role here is to provide assurance on this reporting.

"The FRC has high standards for company disclosure, including regarding climate change. Company reports and accounts are essential to understanding how the corporate world is responding to the challenge of climate change. Auditors have a responsibility to properly challenge management to assess and report the impact of climate change on their business."

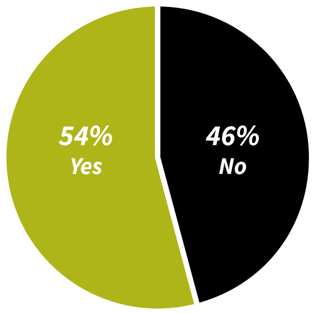
Sir Jon Thompson*, CEO, Financial Reporting Council*

According to the survey, 54% of respondents indicated their organisation was disclosing their energy use, greenhouse gas emissions and energy efficient actions. The number increases to 83% when looking at FTSE 100 and FTSE 101-350 organisations, which is positive.

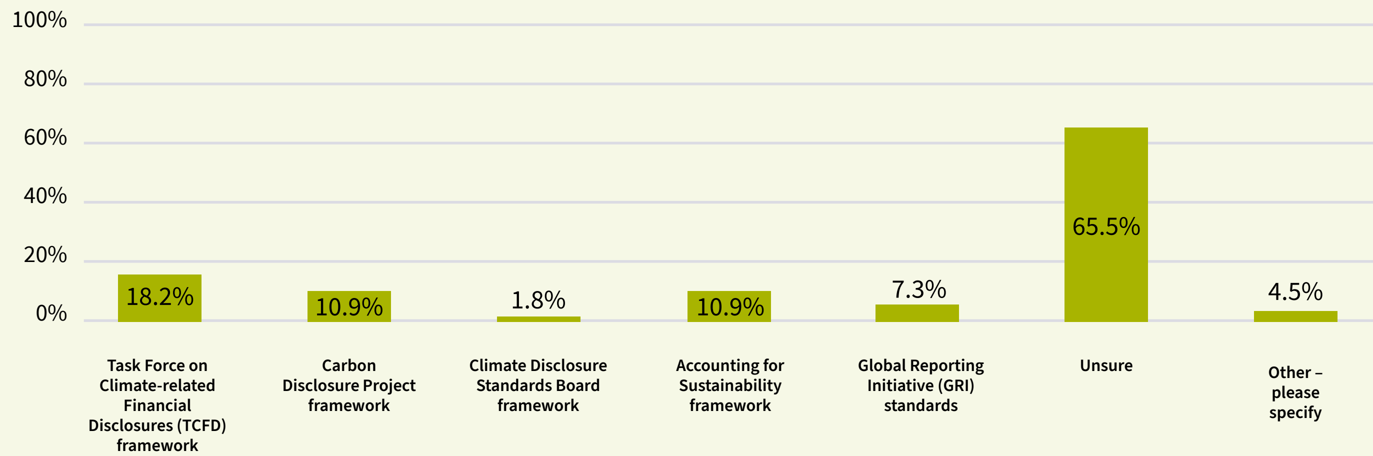
Organisations are also encouraged to go beyond these requirements and voluntarily disclose any other climate-related information, for example by adopting voluntary frameworks on climate reporting. The most prominent of these frameworks is the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our research showed that 18% of the organisations surveyed already use this framework, while 11% use the Carbon Disclosure Project framework and another 11% the Accounting for Sustainability framework.

The increased adoption of these standards provides an opportunity for internal audit to challenge their organisations to prepare rather than react when they become mandatory. For example, while at the moment the recommendations of the TCFD is a voluntary framework, in its Green Finance Strategy published in 2019, the UK Government set out its expectation for all listed companies and large asset owners to disclose in line with the TCFD recommendations by 2022. Internal audit functions from these organisations should be aware of these requirements and ask board and senior management how they are preparing to meet them.

Does your organisation disclose its annual energy use, greenhouse gas emissions and energy efficiency actions?



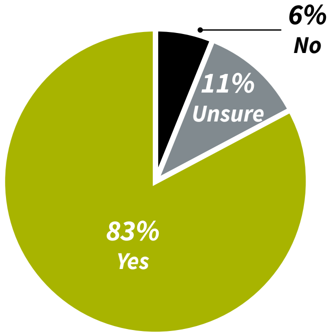
Does your organisation disclose other climate-related information using any of the following frameworks? (Please select all that apply)



It was therefore concerning that a majority (65%) of CAEs surveyed were unsure about whether their organisation was using one of the voluntary frameworks to report climate-related information. Climate change is becoming a core component of both financial and non-financial reporting and internal audit have a role to play in this. IIA Performance Standards 2120 and 2130 require internal audit to evaluate risk exposures and internal controls regarding the reliability and integrity of financial and operational information. In addition, the Chartered IIA's Internal Audit Code of Practice and the Financial Services Code specifically state that the scope of internal audit should include information presented to the board and executive management for strategic and operational decision-making. Given the increasing importance of climate change issues in decision-making, this is a relevant part of this scope. For example, internal auditors should be looking at the reliability of the data used by the organisation. They are also well-placed to provide information about their organisations' activities on climate change and provide assurance that they are delivering on their commitments and meeting their targets.

One of the challenges around climate-related information disclosure is the lack of consistency in reporting methods. This not only makes it difficult for organisations to navigate a complex reporting system, but also renders the comparison between businesses on their environmental impact ineffective. As such, 83% of the CAEs surveyed think there should be a universally agreed framework to report climate-related information.

Do you think there should be a universally agreed framework to report climate-related information?



Questions and actions for internal audit

- Does the business have the appropriate culture required to become a green company and fulfil its sustainability ambitions? Has internal audit discussed this with the audit committee and executive management?
- Is there buy-in at all levels of the company to achieve these goals? Has internal audit assessed the communication and target setting process?
- Is your organisation disclosing climate-related information, including its carbon footprint and the risks and opportunities posed by climate change to the business? Has this reporting been subject to internal audit review?
- How does the company measure and report its progress in reaching its sustainability goals and reducing its environmental impact? Does internal audit review the reliability of these reports?

Conclusion

Although the extent and immediacy of the impacts of climate change will depend on the type of organisations, their products, services and location, it now represents a risk for every organisation in every sector. Therefore, the best-prepared organisations see risks as well as opportunities and are taking measures accordingly.

Internal audit has much to offer in the climate change space. Gaining knowledge about the issue and early engagement with the organisation to understand whether the risks and opportunities have been identified and assessed are crucial first steps. As the eyes and ears of the board, internal auditors are also well-placed to ensure climate change is gaining enough attention at the top, to advise integrating these risks and opportunities into strategic and operational planning. There is a huge opportunity here for internal audit to show their worth to the organisation they serve by being ahead of the curve and ensuring boards and executives are taking the necessary measures for the business to be climate resilient.

As climate change strategies develop and commitments are made, internal audit will need to make sure that the organisation is delivering on its targets. Momentum is rapidly building for more integrated reporting of climate-related information and being prepared for this shift will be crucial. Internal audit must provide assurance to executives and boards that the information they are using to make future decisions is relevant, complete, timely and in line with the organisation's strategy. What is more, as climate-related regulations strengthen, internal audit must also play an essential role in providing assurance that the organisation is meeting its compliance obligations in all the jurisdictions in which it operates.

If there is one lesson to take from the coronavirus pandemic it is the extent to which organisations are prepared for crises like these. The difference between the coronavirus pandemic and climate change is that organisations have been given fair warning of the impacts of changing climate on businesses. So, there is no excuse for being unprepared and internal audit must help organisations on their journey.

"How well prepared are we for the climate crisis and what are we doing to ensure we are turning it to our advantage rather than contributing to it?"

Risk in Focus 2021

"The role of internal audit is the same for climate risks as it is for any other risks. Internal audit is the conscience of the organisation and they need to be able to provide independent views and assurance to the board and senior management that climate-related risks, like all other risks, are being managed appropriately and within appetite."

***Peter Spencer**, Head of Audit – Prudential Risks, NatWest Group Plc*

"The opportunities as an internal audit function are to give insights and assurance on the most significant and high-profile risk facing society as well as the organisation. This means they need to have the right skills, so there is an opportunity for the team to expand their knowledge and grow in a new and important topic that is going to be here for a long time. It is about continuing to be relevant and to have an impact."

***Stephen Licence**, Group Chief Internal Auditor, Legal & General Group*

Case study:

Legal & General Group Plc, Stephen Licence, Group Chief Internal Auditor

Legal & General Group Plc (L&G) is listed on the London Stock Exchange and is a FTSE 100 constituent. They are a top 20 global asset manager and the UK's largest provider of individual life assurance products, as well as a leader in the UK and US markets in managing retirement risk for pension schemes.

Addressing climate change is one of six growth factors that is driving L&G's strategy along with factors such as globalisation of asset markets, technological innovation, and welfare reforms. They are committed to supporting the fight against climate catastrophes through decarbonising the assets on their own balance sheet to align with the Paris objective, interpreted as targeting 1.5ºC; and through investing long-term capital into the clean energy sector to accelerate progress to a low-cost, low-carbon economy. To date, the group has invested £1.3bn in renewable energy infrastructure such as solar and wind power and charging points for electrical vehicles.

L&G have made a number of commitments to support the 2015 Paris Agreement and have reported on their climate-related financial disclosure in line with the voluntary disclosure recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) since 2018.

For L&G, climate change is an established risk and the internal audit team has been on a journey which led to climate change becoming one of the key themes in their 2020 audit plan.

Climate change risks and opportunities

From a commercial perspective, climate change represents an opportunity for L&G to connect with their customers and employees as people become increasingly aware of climate risk and are looking to support socially responsible organisations. Climate change also represents a significant area of growth from an investment and returns point of view.

In terms of climate-related risks, credit and market risks are important areas. As an investor in many organisations, and having pensioners relying on L&G to give them long-term return on their pension contributions, it is in the interest of L&G to make sure that the value of these organisations continues to increase and they continue to be prosperous. In other words, if the value of these organisations decreases as a result of not being able to cope with climate change standards, they may be fined by regulators and people will disinvest in them. Ultimately, they may not be able to pay their dividends and this means L&G would have to work much harder to pay their customers and shareholders. So, it is in L&G's interest to manage that risk.

There is also a big reputational risk attached to climate change, in particular around green washing. For example, in some firms, offsetting schemes were not as good as they were portrayed to be. L&G is acutely aware of this issue and therefore takes great care to ensure that environmental investments are robust.

From an internal audit perspective, climate change – certainly before the COVID-19 crisis – was a major topic of conversation. The risks around reputation and the risks of not doing anything as an organisation to help the fight against climate change, are clear. As such, the internal audit team is expected to provide assurance to its stakeholders that the group is delivering on their climate change commitments. The risk for the team is that they might provide false assurance through a lack of understanding of the issues and root causes. Climate change is a complex topic and a level of expertise is needed in order to provide the appropriate assurance.

Audit of L&G's Task Force on Climate-related Financial Disclosures (TCFD)

In 2019, the internal audit team carried out a detailed fact-finding exercise on all things to do with climate change in the group. This involved talking to key stakeholders in the group who had an interest in climate change. It led the internal audit team to conclude that they should do an audit of the group's TCFD commitments, which they carried out the same year.

The audit looked at the various categories of L&G's TCFD commitments and commented on what was being done. It principally looked at the governance around the disclosures to ensure there was a senior level of oversight with the right representation of management at the highest level. This was to make sure there were clear pathways and action plans to achieve the group's commitments that were publicly disclosed. The team was then able to issue a preliminary opinion based, at this point, on a relatively high-level review. The audit also enabled them to highlight a number of areas that they needed to keep monitoring in the future.

As part of this audit, the internal audit team did some analytics work, including a readability analysis of the published TCFD document to better understand what sort of language the group uses and whether it is easy for the customers and other stakeholders to comprehend. The team also did a sentiment analysis, looking at what other financial services organisations have been doing with their TCFD reports. This was very helpful for the Board to understand whether the group's TCFD report was aligned or ahead of what others in the industry were reporting.

Audits of sustainability initiatives within L&G's business units

Audit of L&G Investment Management's Environmental, Social and Corporate Governance (ESG) funds

Continuing on their journey, in 2020 the internal audit team carried out a specific audit of L&G Investment Management's ESG funds. This audit specifically looked at the governance of these funds and asked the questions: Are we investing in the right parameters and how are the funds governed?

It is critical for ESG funds to deliver on what they have been advertising to the customers. Part of the issue here was that there is no universally agreed definition of ESG. However, L&G have to explain to their customers what ESG funds do and what they don't do in a clear and transparent way so that the customers can make an informed decision as to whether they feel comfortable investing in that fund. Commercially, there is a huge demand for ESG funds as people increasingly want to invest their money in ethical funds. The risk is around developing funds that aren't as environmentally friendly as people think.

The role of internal audit was therefore to provide assurance to the Board that the ESG funds were doing what they were advertising to the customers and that the fund managers were complying with these criteria.

Audit of L&G Capital's sustainability initiatives

L&G Capital is the business unit that deals with investment of shareholders' funds (surplus funds in the group that are not held to pay insurance policyholders' liabilities). There is a range of sustainability initiatives in that business unit, which includes creating carbon neutral housing.

The audit looked at all the initiatives and at whether they were being managed in a way likely to achieve success. The internal audit team asked questions like: Are the right people involved? What are the objective performance indicators and KPIs? Is there sufficient monitoring in place to control the successful achievement of the objectives?

Audit of the Prudential Regulation Authority (PRA)'s emerging regulatory framework on managing climate-related financial risks

In April 2019, the PRA issued a supervisory statement SS3/19 setting up their expectations for banks and insurance companies in terms of governance arrangements, risk appetite, risk management and mitigation around climate change. At a headline level, it says that organisations should have a framework in place recognising climate-related risks and how to manage and mitigate these risks, as well as how to measure them. It also recommends for companies to have a framework in place for scenario analysis of these risks. This was followed up in July 2020 by a letter from Sam Woods, CEO of the PRA, clarifying their expectations around this framework, which are a combination of requirements and best practice. The letter also set a timeline and indicated that by the end of 2021, firms will be required to have embedded all the PRA's expectations.

As a result, the internal audit team at L&G initiated an audit to evaluate progress made by the group to achieve the PRA's expectations as set out in the new regulatory framework. The outcome of the audit will include a graphical representation illustrating how well the group is doing against each requirement and best practice. In addition, the internal audit team is planning to compare how the group is doing against other organisations, drawing on its external co-source arrangements to provide additional subject matter expertise, with the aim to provide assurance over whether the group is moving at sufficient speed. The audit is underway and will be completed by the time this report is published.

This work will then lead to another, more detailed, audit in 2021.

According to Stephen Licence, this new regulation helps to drive the development of a risk management framework around climate change and helps the internal audit function as it gives them a tangible regulatory framework to audit against. So, as the framework is being built within the organisation, the internal audit team expects to do more focussed work on climate change.

Advice for other internal audit functions

As a first step, Stephen would advise internal audit teams to invest time in understanding climate-related risks which directly and indirectly (through third party suppliers) impact the organisation, as they would with any other risk area. There is a lot of information available, but the challenge is to come up with a view on the topic while working through often complex technical information.

The second point would be to get involved early with the business in understanding climate-related risks. Internal audit should participate in the wider debate and get involved in any climate-related events that are taking place internally.

Thirdly, internal audit teams could involve additional external subject matter experts where necessary as it is important to understand some of the technical aspects of climate change risk and to understand what peer organisations are doing.

Case study:

Large UK Furniture Retailer, Group Head of Audit and Risk

This FTSE 100 furniture retailer has developed an Environmental, Social and Governance (ESG) strategy which has now been implemented across the business for a year. ESG is also one of their principle risks. Developing this strategy involved researching what were other organisations' plans and policies in relation to environmental awareness and understanding how, as a business, they could be sustainable. One element was to look at their supply chain and make sure that they were sourcing sustainable products for their furniture. They have also taken measures to reduce their carbon footprint across their operation (e.g. use of electric vehicles in their fleet). An ESG committee meets quarterly and makes sure actions are delivered. Further, the group is working with an external company that audits annually their suppliers in the UK and overseas to make sure they are adhering to the group's ESG strategy.

Now that their ESG strategy has been successfully implemented, the group is looking to develop a separate climate change strategy. This is something that the audit and risk team has been involved in. Climate change is also an agenda point for the audit and risk committee, which they discuss at their quarterly meetings.

Development of a climate change strategy

The audit and risk team is working on a research paper on climate change to better understand where the group is at in terms of climate change (e.g. environmental performance, regulations in countries where they operate), as well as what the impacts of climate change are on the sector and what are the risks for the organisation. They have looked at the Intergovernmental Panel on Climate Change and the Paris Climate Agreement and at ways they could reduce their carbon footprint to hit zero emissions. They have also looked at the group's energy management policy (e.g. electricity usage and reduction, route planning software to minimise emissions) and what targets they would need to achieve.

The research looked at the group's annual report for the last five financial years and the greenhouse gas emissions from both leased and owned assets, vans and company vehicles. The Government's target date of 2030 to reduce carbon emissions by 45% is less than ten years away and that's something that the group would want to comply with. They have therefore recognised that they need to make a step change now.

Further, the team looked at the company's current climate change commitments. Although these have not been made visible publicly, the group has been monitoring progress of their carbon emissions since 2018. The next step as part of the climate change strategy will be to set targets and develop KPIs to effectively assess progress.

To support the climate change strategy, they will designate a group sponsor for climate change from the group leadership team. This senior person within the organisation will be responsible for the delivery of the climate change strategy and make sure the tone at the top is right.

In addition to this, the Group Head of Audit and Risk has been in touch with the group's accounts expert regarding climate change, who has shared their views on the impact of climate change from a financial perspective. This will help build a better picture of where the group is at and what they can do next. For example, they will be looking to be compliant with the Task Force on Climate-related Financial Disclosures framework.

Once the research is completed, the Group Head of Audit and Risk will share it with the audit and risk committee.

Next steps

Some of the next steps for the group are:

- Develop a climate action plan – The audit and risk team will need to look at the granular details of activities that contribute to climate change and make tangible plans to reduce them. That will involve looking at the risks, assessing the controls they have in place, where they are and where they need to get to.
- Measure the group's carbon footprint and understand which parts of the business generate the most CO_2 so they focus activity and plan actions to reduce emissions.
- Understand whether they should work in partnership with the Furniture Industry Research Association, or as a standalone business.
- Set their emissions reduction target.
- Create a climate change register.
- Monitor progress – this is where the audit and risk team is going to have a crucial role in assessing whether the group is delivering on their strategy and targets. This will ultimately become part of their annual audit plan.

Internal audit & climate change

According to the Group Head of Audit and Risk, it is up to the business with support from internal audit to create a climate change strategy and to have a clear plan in place. Organisations need to rely on an independent and objective lens to achieve this, which is provided by internal audit.

What's more, the cycle of audits is very important as it allows to monitor progress and provide assurance to the board that actions are being delivered.

Audit and risk managers are also there to make sure the owners of the climate-related risks are accountable.

Advice for other internal audit functions

According to the Group Head of Audit and Risk, the key is to be open-minded about climate change and to research how it is relevant to the organisation's sector and risk appetite. Internal auditors should also look at the benefits and opportunities climate change brings.

> *"Have fun! There is a lot of content and policies to create and a lot of work to be done, but there are a few things you can implement in an organisation to make climate change fun".*
>
> *The Group Head of Audit and Risk*

Case study:
Large UK House Building Company, Group Internal Audit Manager

This large UK house building company is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index. The company has been publishing a climate change position paper on their website for the past five years, stating high level goals and what they are doing to reduce their environmental impact. More significantly, in 2018, the company recognised climate change as a principal risk in their annual report.

Climate change risks and opportunities

The main risks posed by climate change for the group fall into two categories: transition risks and physical risks. Transition risks are linked to legal and regulatory challenges in response to climate change – for example if the Government reclassifies land and decides that large portions of the group's land bank cannot be built on. The impact of potential new regulations also presents a high risk to build cost if, for example, stricter requirements on insulation or boilers were to be introduced. The second category, physical risks, is mainly linked to increased bad weather events. Some construction work cannot be carried out in periods of bad weather and work in progress may be damaged by high winds. These events may happen more often in the future and have cost implications.

Climate change also represents opportunities for the group. Modern houses are more energy efficient and so the energy bills are much lower. This means that the group's houses are more attractive to buyers than older houses. There is also an opportunity to sell additional products to increase revenue. For instance, the company might be able to sell more solar panels for rooves and electric charging points for vehicles, which are already in higher demand.

In terms of their own impact on the environment, the group has invested in a manufacturing business that produces concrete bricks, which they use for approximately half of their new houses. Unlike clay bricks, concrete bricks do not need to be fired in an oven and are therefore much less energy and carbon intensive. They can also be crushed to be recycled at the end of their life as aggregate, for example.

Climate change risk assessment

In 2018, the internal audit function – in partnership with the company's corporate responsibility committee – decided to carry out a climate change risk assessment. This led to the establishment of a separate climate change risk register which comprises 11 risks. The risk assessment was facilitated by the Group Internal Audit Manager. He first drafted a climate change risk register, then identified risk owners and subject matter experts within the business (e.g. experts in insulation) and discussed the risks with them to help fill in the gaps.

The final version of the climate change risk register was reviewed and approved by the audit committee, the risk committee, as well as by the group's Chief Executive and the

Finance Director. The climate change risk register is now reviewed annually.

This awareness of the risks posed by climate change by the audit committee, the risk committee and executive management has had a huge impact. It contributed to the recognition of climate change as a principal risk in the company's annual report 2018 and the Group Internal Audit Manager confirmed that climate change was very much on the board's agenda.

Looking into the future, the sustainability function is developing – in partnership with the chair of the corporate responsibility committee – a climate change strategy for the company, drawn from the group's climate change position paper. The internal audit function is also planning to introduce specific audits on climate change next year.

Internal audit & climate change

According to the Group Internal Audit Manager, everybody wants to address climate change, but it is difficult to start that journey. It is challenging to identify what the risks are and what the processes and controls we want to see to mitigate the climate risks.

However, internal audit has a unique place in that they are close to the executive, the non-executive, and the operations in a way that other departments are not. They are therefore very well positioned to identify new emerging risks and understand how to mitigate these risks.

Advice for other internal audit functions

The Group Internal Audit Manager would recommend other internal audit functions not to jump too quickly into the climate change issue. It is important to first understand the risks and talk to other partners in the organisation. Sometimes internal audit is too detached from the first and second lines as they want to remain separate and independent. However, the Group Internal Audit Manager thinks that it is possible to protect independence and objectivity while working with the business, learning from the other functions, and helping them understand the risks. Internal audit should be in a consulting and listening mode to start with.

Case study:

NatWest Group Plc, Peter Spencer, Head of Audit – Prudential Risk

NatWest is a major retail and commercial bank in the UK. In February the group unveiled a new, purpose-led strategy, including an undertaking to support the UK transition to a low or zero carbon economy. This ambition is supported by a number of climate-related commitments to align its business with the 2015 Paris Agreement. Notably, the bank pledged to achieving net-zero emissions across its own operations in 2020, before transitioning to a climate-positive footprint by 2025. It has committed to halve the climate impact of its financing activities, including stopping all lending and underwriting to major oil and gas producers, as well as to companies that have at least 15% of their activities linked to coal, unless they have a credible transition plan in line with the Paris Agreement by the end of 2021. The group is also committed to support and accelerate the transition towards a low carbon economy, for example by supporting their mortgage customers to become more energy efficient with an ambition that 50% of their mortgage book is at or above EPC C or equivalent rating of C by 2030.

NatWest have been a signatory to the Task Force on Climate-Related Financial Disclosures (TCFD) since 2017, making their third disclosure in the 2019 Annual Report.

Historically, the internal audit team has not undertaken any substantive work related to climate change. However, since climate change has become a key part of the group's purpose, and given the recent regulatory initiatives, increasing external stakeholder interest and customer interest; climate change has become embedded in the audit lifecycle.

Audit of NatWest's climate change commitments

Prior to the public announcement of the group's climate change commitments, the internal audit team agreed to provide assurance that they were quantifiable, and that Management had the relevant tools to measure progress.

For each of the intended commitments, the internal audit team looked at the data available, the reliability of this data, as well as whether appropriate controls and processes were in place to ensure the ongoing measurement of progress. Overall, the audit confirmed that Management had established satisfactory processes and controls to assess the progress of most of the commitments. However, in certain instances a more robust reporting system and data were required for some of the longer-term commitments and internal audit made recommendations, most of which Management accepted and implemented.

The audit's conclusions were well received by Management who changed some of the intended commitments prior to publication. Internal Audit 's added value was the timeliness of the work which was conducted in less than two weeks just prior to the finalisation of the disclosures.

Cataloguing climate-related risks

The internal audit team have found that climate change risks manifest themselves in many ways across the bank, but ultimately potentially exacerbate existing risks (e.g. market, operational, credit and liquidity risks).

Accordingly, the internal audit team want to ensure that climate-related risks are identified and assessed in all their guises across the entire audit universe of the bank, from new product development such as Green Bonds, to the impact on traditional risks across the breadth of the banks operations, strategic risk and technology and data-related risks increased by new and continuously evolving external reporting and disclosure requirements.

As a result, the audit team decided against adding Climate Risk as a new risk type in their risk catalogue and are instead developing the ability to add Climate Risk as a 'dimensional view' to the banks existing audit universe. This will enable the auditors to assess the risks to the bank in the normal way, but to be able to filter on where climate-related factors impact the organisation. For example, increasing flood risk in the mortgage portfolio could impact property prices which would consequently manifest itself through additional credit risk. Tightening climate-related industry standards and policies could lead to the repricing of securities and derivatives, which would manifest itself in the form of market risk. In both these examples, the audit functions dimensional view will enable them to view these risks in their traditional form, but also to identify them as climate risk driven, rather than climate risk only or double counting.

The aim is to develop an audit universe through building this capability by Q4 this year; although this will be an ongoing process which will evolve over time.

Climate change stress tests

Looking to 2021, the internal audit function has included four pieces of work in its draft audit plan. These include an assessment of the bank's compliance with the Prudential Regulation Authority's new framework for managing climate-related financial risks, a review of the Banks climate-related financial disclosures, and work around the banks progress to achieving net-zero emissions across its own operations.

The other piece of work will look at the climate-related stress tests that the Bank of England is asking the largest banks and insurers to undertake next year. This consists of asking organisations to carry out stress tests for three climate change scenarios (least severe to most severe) and indicate how it impacts their financial stability and balance sheet. The internal audit function will review the processes and controls around the stress tests, including areas such as data quality, assumptions, modelling approaches and results aggregation.

The internal audit team has carried out audits of many economic stress tests in recent years and recognises that the climate change stress test will be challenging given that climate-related physical risks are not linear in nature, and the stress scenario horizon is 30 years, as opposed to the more normal 5 year horizon for economic stresses.

Advice for other internal audit functions

Peter believes that climate change is quite nebulous; it is currently very difficult to quantify and the impact it has on businesses can be quite varied. There are many ways by which climate risks can manifest themselves, and so it is important not to get stuck in trying to build an all-encompassing or perfect audit strategy for climate change risks. He prefers to take an agile approach - choose something tangible and practical to audit to start with, building your knowledge of the risk and the expertise of your audit team as you progress.

Annex

Chartered IIA technical guidance notes on climate change

Climate change and environmental impact, November 2019

Climate strategy, January 2020

Auditing working conditions – climate change, February 2020

Carbon usage, March 2020

Sustainable product risk management, April 2020

Auditing climate data and reporting, June 2020

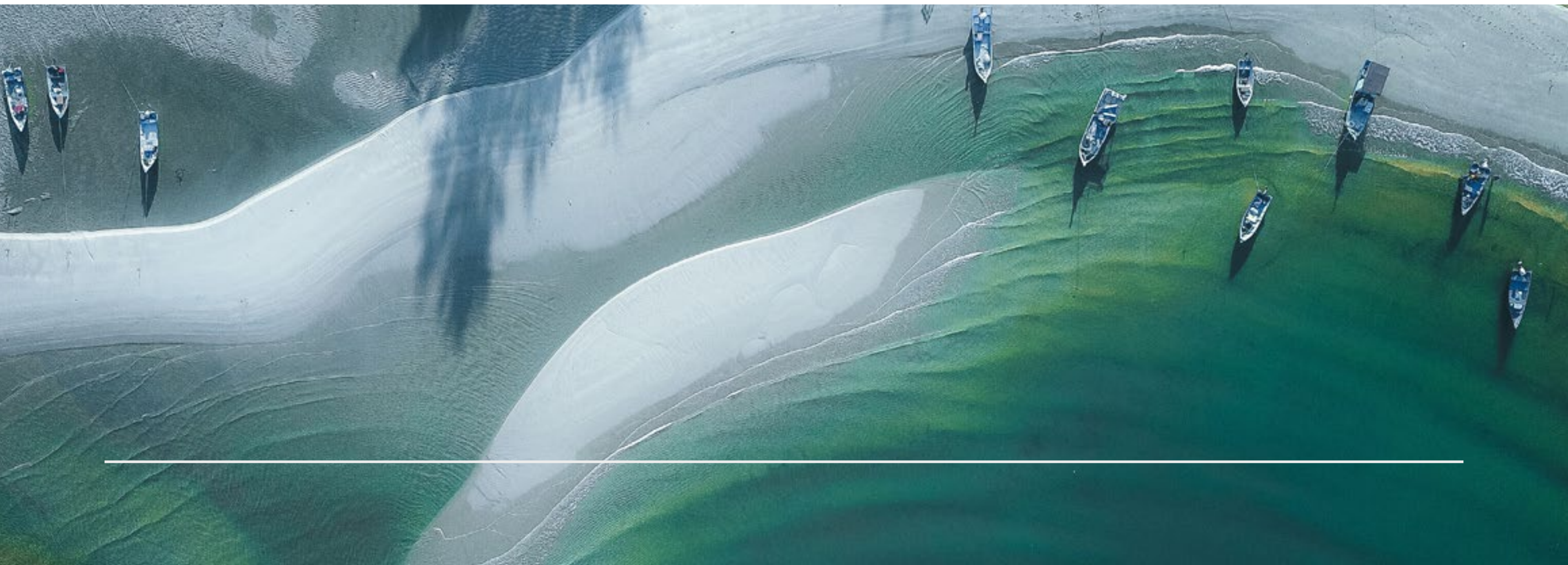
Climate impact within supply chains, August 2020

Chartered IIA Codes of Practice and Risk in Focus reports

Guidance on Effective Internal Audit in the Financial Services Sector, September 2017

Guidance on Effective Internal Audit in the Private and Third Sector, January 2020

Risk in Focus reports



About the Chartered Institute of Internal Auditors

The Chartered Institute of Internal Auditors is the only professional body dedicated exclusively to training, supporting and representing internal auditors in the UK and Ireland.

We have 10,000 members in all sectors of the economy.

First established in 1948, we obtained our Royal Charter in 2010. Over 2,000 members are Chartered Internal Auditors and have earned the designation CMIIA. About 1,000 of our members hold the position of head of internal audit and the majority of FTSE 100 companies are represented among our membership.

Members are part of a global network of 200,000 members in 170 countries, all working to the same International Standards and Code of Ethics.

About the Climate Group

The Climate Group drives climate action. Fast. Our goal is a world of net zero carbon emissions by 2050, with greater prosperity for all. We focus on systems with the highest emissions and where our networks have the greatest opportunity to drive change.

We do this by building large and influential networks and holding organisations accountable, turning their commitments into action. We share what we achieve together to show more organisations what they could do. We are an international non-profit organisation, founded in 2004, with offices in London, New Delhi and New York. We are proud to be part of the We Mean Business coalition. Follow us on Twitter **@ClimateGroup**.

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