

"To contribute to a more sustainable world"

EUROSAI President and SAI Israel, Mr. Matanyahu Englman, Opening Address for the Seminar on ESG issues organized by Supreme Audit Office of the Slovak Republic (4.9.2024)

Dear Mr. President Lubomír Andrassy, distinguished guests, and esteemed colleagues,

It is with great pleasure that I extend my warmest greetings to all of you attending the Seminar on ESG issues, organized by the Supreme Audit Office of the Slovak Republic, in cooperation with the Slovak Chamber of Auditors and under the auspices of the Ministry of Finance of the Slovak Republic.

As President of EUROSAI, I am honored to be part of this important event that focuses on "Current Trends in ESG Reporting and Practical Applications in the Slovak Republic".

The commitment to environmental, social, and governance (ESG) factors is not only vital for sustainable development but also crucial for enhancing transparency, accountability, and effective management in both public and private sectors. In today's rapidly evolving global landscape, the emphasis on ESG issues has never been more critical. We face numerous challenges, from environmental degradation to social inequality, and the need for robust governance frameworks.

These challenges require us to innovate and adapt our approaches to reporting and implementation, ensuring that our efforts are aligned with both national and international sustainability goals.

In my capacity as the State Comptroller of Israel, I have had the opportunity to explore ESG practices through various audit reports.

To illustrate: Our 2021 audit of investment management in higher education institutions highlighted a significant global trend toward adopting ESG policies, particularly among leading universities in the United States. These institutions are integrating ESG criteria into their investment strategies, demonstrating a proactive approach to sustainability and ethical investment. This shift reflects the growing recognition that responsible investments can yield competitive returns without compromising financial performance.

In contrast, the situation in Israel reveals a notable disparity. Israeli higher education institutions manage substantial investment portfolios, totaling over €4 billion. Despite these significant sums, which support various activities and contribute to the financial stability of these institutions, there has been limited adoption of ESG criteria in their investment strategies.

Our audit found that while universities and colleges in Israel hold considerable assets - an average of approximately €400 million for universities and €50 million for colleges - there remains a significant gap in integrating ESG considerations compared to their global counterparts.

Furthermore, our recent special audit report on national climate action revealed that, as of 2024, major institutions such as the Bank of Israel have yet to fully integrate ESG considerations into their investment strategies. Despite initial steps toward examining ESG criteria, significant gaps remain in their implementation.

As of June 2023, the foreign exchange reserves of the State of Israel amounted to approximately 202 billion US dollars, highlighting the substantial size of the portfolio that remains to be aligned with ESG considerations. In response to the audit recommendations concerning ESG, the audited bodies have committed to working towards their implementation. This underscores the need for enhanced regulatory frameworks and clearer guidelines to ensure that both the public and private sectors can effectively address ESG challenges.

Addressing these challenges requires continued dialogue and collaborative efforts, which is why this seminar is so important.

I would like to personally commend President Lubomír Andrassy and the entire team at the Supreme Audit Office of the Slovak Republic for their leadership and dedication in organizing this seminar. Your commitment to advancing the ESG agenda and fostering dialogue on these crucial issues is truly commendable. The success of this event reflects your unwavering dedication to improving sustainability practices and promoting transparency. This seminar provides a valuable platform for sharing insights, discussing emerging trends, and learning from each other's experiences.

I encourage all participants to engage actively, exchange ideas, and collaborate towards enhancing our collective understanding of ESG issues.

Together, we can drive meaningful change and contribute to a more sustainable world.

Thank you for your attention, and I wish you a successful and productive seminar.