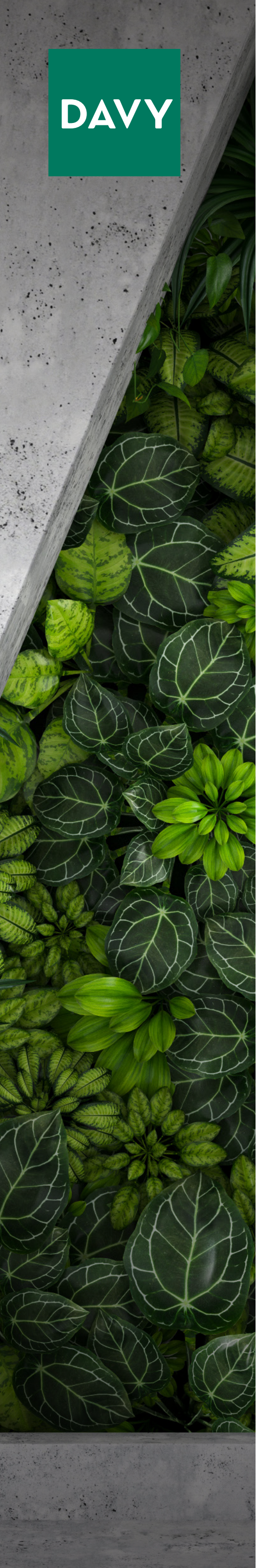

Sustainability and ESG Training for Boards

How can Davy Horizons help?

Boards have a growing business case to stay informed on the fast-moving sustainability landscape across Environmental, Social and Governance (ESG) issues. Sustainability reporting legal obligations under the EU Corporate Sustainability Reporting Directive (CSRD) and international IFRS Sustainability Standards mandate board governance and training on sustainability.

Davy Horizons works with the Chair/Company Secretary/Chief Sustainability Officer/Head of Sustainability to develop bespoke board session(s) to engage on sustainability content relevant to the business, beginning with an ESG and sustainability "Horizon Scan" bespoke to the sector, business activities, locations, regulation, peers, customers, shareholders and lenders.

The format is designed to engage, grow awareness and support a meaningful discussion on core board sustainability questions. Davy Horizons' team of senior specialists across sustainability and ESG will prepare and deliver the board session. All content is developed with the business lead and bespoke to the business. The typical frequency to meet CSRD reporting requirements is 6 monthly or minimum annual horizon scan and board engagement/training update sessions.

Davy Horizons is the sustainability advisory within Davy Group that comprises ESG, operational and reporting expertise coupled with financial stakeholder reach and insight. A core specialism of the Davy Horizons team is board engagement and training on sustainability across ESG to meet CSRD and IFRS reporting requirements. Related team specialisms include preparing corporates for CSRD/IFRS-compliant annual reporting. Team members are certified competent to conduct limited assurance of ESG data to the standards CSRD requires[1].

What do businesses need to do?

Effective board leadership is critical to drive a company's sustainability transition. It requires aligning corporate strategy with sustainability goals, understanding stakeholders' needs and expectations, and overseeing material ESG impacts, risks and opportunities.

Mandatory sustainability reporting under the CSRD phases in from 2024 for listed corporates, 2025 for larger in-scope corporates, through to SMEs by 2027. Additionally, the IFRS Climate and Sustainability Standards bring a global mandatory requirement to formalise sustainability reporting.

Requirement	Who	When	What	Action required
Corporate Sustainability Reporting Directive (CSRD)	Large, listed corporates > 500 employees	FY 2024 (publication 2025)	Comply with 12 detailed ESRS reporting standards Phased introduction of certain requirements	Prepare to submit an ESRS-compliant report Conduct a Double Materiality Assessment Gather required information Prepare for digital data tagging 3rd Party Assurance
	Large EU corporates (including EU subsidiaries of non-EU parent companies) who exceed at least two of the following criteria: ▪ 250+ employees ▪ Total balance of €20m+ ▪ Revenue of €50m	FY 2025 (publication 2026)		
	Listed SMEs (including non-EU listed) FY2026 (publication FY2027), but with an option to opt out of the reporting requirements for a further two years.	FY2028 (publication 2029)		
	Non-EU companies to report at Group level if they generate: ▪ Revenue > €150m/ yr in the EU ▪ Have an EU branch with turnover > €40m or a subsidiary that is large or listed SME	FY2028 (publication 2029)		

To manage the risks from climate change, CSRD requires corporates to set 1.5°C aligned Greenhouse Gas (GHG) reduction targets alongside published Climate Transition Plans to achieve them. Boards will be held accountable that plans are ambitious and deliver action through clear governance mechanisms and decision-useful reporting. Independent competent parties must assure data and verification statements published in reports.

Boards will need a clear understanding of sustainability matters to enable sufficient challenge.

These new sustainability reporting requirements create enhanced governance responsibilities for boards and require more transparency around how Boards oversee material ESG issues. As well as being a regulatory requirement, many shareholders expect to see board governance and regular training on specific sustainability matters. The following are of relevance to boards to meet CSRD reporting requirements:[2]

- **Governance and capability on sustainability at board level**
- **How governance bodies are informed about sustainability matters including external advisors, their competency and at what frequency**
- **The sustainability-related expertise that the [board] either possesses or can leverage**
- **Training and other educational initiatives to update and develop sustainability-related expertise; and**
- **How it relates to its material sustainability risks, impacts and opportunities.**

[1] ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information; International Standard on Sustainability Assurance 5000 | IAASB (draft) ISO14064-3:2019: Specifications with Guidance for the Validation and Verification of Greenhouse Gas Statements. ISO 14065:2020: General principles and requirements for bodies validating and verifying environmental information, Annex F: Additional requirements applicable to greenhouse gas validation, verification and AUP. ISAE 3410 - External verification to ISAE 3410: Assurance engagements on greenhouse gas statements, to ensure that our data is credible and trustworthy.
[2] As per CSRD ESRS Gov-1 & 2 disclosures The first set of ESRS - the journey from PTF to delegated act (adopted on 31 July 2023) - EFRAG

Corporate Sustainability Reporting Directive (CSRD)	European Sustainability Reporting Standards (ESRS)	Corporate Sustainability Due Diligence Directive (CSDDD)*
Enhanced oversight responsibilities for Board and audit committees.	**Mandatory governance disclosures under ESRS 2 (GOV 1-5) related to the provision of the following information.**	**CSDDD requires companies to have transition plans aligning strategy with 1.5°C**
▪ Report plans to ensure the business model and strategy are compatible with the transition to a climate-neutral economy and 1.5°C in line with the Paris Agreement. ▪ Explain how the comittee ensures the integrity of sustainability reporting. ▪ Inform the company's supervisory body of the outcome of assurance of reporting. ▪ Monitor the reporting process and review the independence of assurance providers.	▪ **GOV-1:** Expertise on sustainability matters and disclosure of roles and responsibilities. ▪ **GOV-2:** Whether, by whom & how often the board is informed on sustainability/how it is considered in strategy oversight. ▪ **GOV-3:** Integration of sustainability performance in incentive scheme. ▪ **GOV-4:** How due diligence is reflected in sustainability reporting. ▪ **GOV-5:** How risk management and internal controls consider sustainability.	**Directors' duties** ▪ Put in place and oversee the due diligence actions and policies mandated by the CSDDD and incorporate them into the company's strategy. ▪ Emission reduction plans should be embedded in directors' financial incentives where directors' variable remuneration is linked to their contribution to the company's business strategy and long-term interests and sustainability. ** In progress, due 2026*

Board ESG priorities

Companies that can effectively meet the evolving regulatory and stakeholder demands and adapt to changing market expectations, are more likely to gain a competitive edge. Access to competitive loans and shareholder capital is also increasingly tied to ESG best practice benchmarks. A proactive and informed approach to ESG enables corporates to take advantage of new commercial and business opportunities, improve ESG performance, maintain reputation and ultimately create long-term value for all stakeholders.

Example outline

Timing: 1 hour slot. A 25-minute presentation of the key issues with 30 minutes for discussion followed by closing comments.

- **Short introduction** - Board Chair
- **Sustainability / ESG Reporting Landscape**
  - Material global ESG and local sustainability trends
  - Relevant upcoming sustainability legislation and reporting frameworks
  - Best practice benchmarks such as Science Based Targets, CDP, relevant sectoral initiatives and ESG ratings.
- **Peer sustainability & governance best practice**
  - Examples from peers, customers & suppliers
  - Linking climate targets, ESG KPIs and remuneration
- **Financial stakeholder expectations – shareholders, lenders, insurers**
  - Financial stakeholders' expectations for credible sustainability governance
  - Financial stakeholders' sustainability information requirements
  - Owning the ESG narrative credibly and avoiding greenwash.
- **RoadMap**
  - Headline 3-5 year sustainability action plan
  - Maturing sustainability performance from Adopting - Striving - Leading
- **30-minute Q&A/Discussion**
- **5-minute closing comments** – Board Chair

Dr Dorothy Maxwell
MInstD, FICRS

Dr Dorothy Maxwell is Head of Davy Horizons and has 25 years international experience working with business and government on sustainability across all ESG verticals based in New York, Brussels, London, Dublin & Singapore. Previous roles include with Accenture, Willis Towers Watson, McKinsey Centre for Sustainable Business, European Commission, UK Dept of Environment (DEFRA), and Senior Advisor to HRH Prince of Wales International Sustainability Unit. She has also been Head of Sustainability with Sanpower Group (China & UK) and Selfridges Group. She has an extensive track record leading and delivering sustainability and ESG projects in PLC, private and SME business across food, financial services, construction, real estate, FMCG/retail, distribution/warehousing, transport, pharmaceuticals and ICT.

Dorothy holds a MSc and PhD in Environmental Science from Imperial College London and lectures on their sustainability MSc. She is the author of Valuing Natural Capital: Future Proofing Business & Finance, on the board of the Institute of Corporate Responsibility and Sustainability (ICRS). She is a member of the Central Bank of Ireland (CBI) Climate & Sustainable Finance Forum, Co-Chairs the CBI Climate Finance Capacity Building Working Group and is a member of the ISO14000 Technical Committee (TC207) for drafting new sustainability standards.

Jonathan McKeown
MInstD, CIFD, MBA

Jonathan is Director of ESG focusing on sustainable finance & markets and investor ESG requirements. Jonathan advises UK & EU companies on ESG investor trends, themes and requirements.

Jonathan has over 25 years' international regulated financial markets experience. Prior to joining Davy, Jonathan co-founded an independent directors' office focusing on sustainability regulatory requirements in investment funds governance. Jonathan has led regulated securities advisory teams as Director, investment banking and markets at The Commonwealth Bank of Australia and at Barclays Capital. Jonathan has a Masters in Business Administration and holds the CFA Certificate in ESG Investing. Jonathan is a Certified Investment Funds Director, a member of the Institute of Directors in Ireland, the Institute of Banking and the Irish Fund Directors Association.

Contact us

Are you ready to take the next step?
Talk to us today.
Email **sustainability@davy.ie or visit davy.ie/horizons**

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