



Corporate
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Institute

Welcome to the Masterclass

31 October 2024





Agenda

- **1:00 - 1:05 pm** Welcome and expert speaker introduction
- **1:05 - 1:25 pm** Deep dive into Sustainability
 - Introduction to Sustainability Strategy
 - Concept of Materiality
 - Using Materiality to Build Strategy and Set Targets
- **1:25 - 1:30 pm** Interactive Discussion on concepts covered
- **1:30 - 1:35 pm** Case Study Introduction
- **1:35 - 2:00 pm** Group Work and Discussion
- **2:00 - 2:15 pm** Q & A; and Wrap Up



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SUSTAINABILITY EXPERT INTRODUCTION

Laura Adams

Senior Consultant at Grain Sustainability

[Laura](#) is an experienced sustainability adviser and advocate. She works as a senior consultant at Grain Sustainability, and is the Chair of the board of a sustainability charity in her spare time.

Over the past 20 years, Laura has held a number of in-house sustainability leadership positions in companies including Jaguar Land Rover and The Co-op Group, so has direct experience of implementing positive change within organisations.

She completed a post-grad certificate at the Cambridge University Institute of Sustainability Leadership (2016/17) and has been recognised as an agent of change by a UK award scheme. She is also a B Leader, a judge for the annual UK Global Good Awards and teaches part of the Institute of Sustainability Institute's diploma in business sustainability.





What can you expect to learn today?

- **Understand** the key components of a sustainability strategy.
- **Explore** the concept of 'materiality' and how it drives strategic focus.
- **Learn** to set measurable and effective sustainability targets based on material issues.
- **Apply** materiality in a real-life case study to develop a sustainability strategy

1. Components of a Sustainability Strategy



COMPONENTS OF A SUSTAINABILITY STRATEGY

What is a Sustainability Strategy?

A sustainability strategy refers to an organisation's plan (roadmap) to address its environmental, social, and governance (ESG) issues in a way that supports long-term growth and responsibility.



Key Components:

- **Vision & Commitment:** Aligning sustainability with long-term goals.
- **Stakeholder Engagement:** Consulting stakeholders to understand relevant ESG
- **Integration into Business Functions:** Embedding sustainability into operations
- **Governance and Accountability:** Involving leadership in driving sustainability efforts



“A well-executed sustainability strategy that is integrated into an organisation's overall strategy is the key to sustainable business development.”

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COMPONENTS OF A SUSTAINABILITY STRATEGY

Why a Sustainability Strategy Matters

Developing and implementing a sustainability strategy is essential for long-term business success. It helps companies navigate evolving regulatory landscapes, manage risks, seize opportunities, and enhance their reputation.



Key benefits:

- Enhanced Reputation and Trust
- Regulatory Compliance and Risk Management
- Operational Efficiency and Cost Savings
- Embedding sustainability into operations
- Innovation and Competitive Advantage
- Employee Engagement and Talent Retention
- Long-Term Value Creation

A **sustainability strategy** is **no longer optional**—it is a critical component of business success in today's world. By adopting a forward-thinking approach and addressing the evolving regulatory, environmental, and social landscape, companies can ensure long-term resilience, competitive advantage, and value creation for all stakeholders.

2. The Concept of Materiality



CONCEPT OF MATERIALITY

The Role of Materiality in Sustainability Strategy

The concept of materiality refers to identifying the issues that matter most to the business and its stakeholders.



Materiality in the context of ESG (Environmental, Social, and Governance) refers to **identifying** and **prioritising** the issues that have the greatest impact on an organisation's ability to create value over the long term.

Double Materiality is one of the most critical developments in recent years, and recognises two key perspectives:

- Financial Materiality (Inward Impact)
- Impact Materiality (Outward Impact)

Understanding and **applying** materiality is **fundamental** to developing a focused and effective **sustainability strategy**.



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CONCEPT OF MATERIALITY

Steps in a Materiality Assessment

A materiality assessment is a process of identifying and assessing potential ESG issues that impact an organisation and its stakeholders. Through materiality assessments, companies can pinpoint the most critical ESG issues, align their strategies with stakeholder expectations, and drive meaningful impact both financially and socially.



Steps in conducting a materiality assessment:

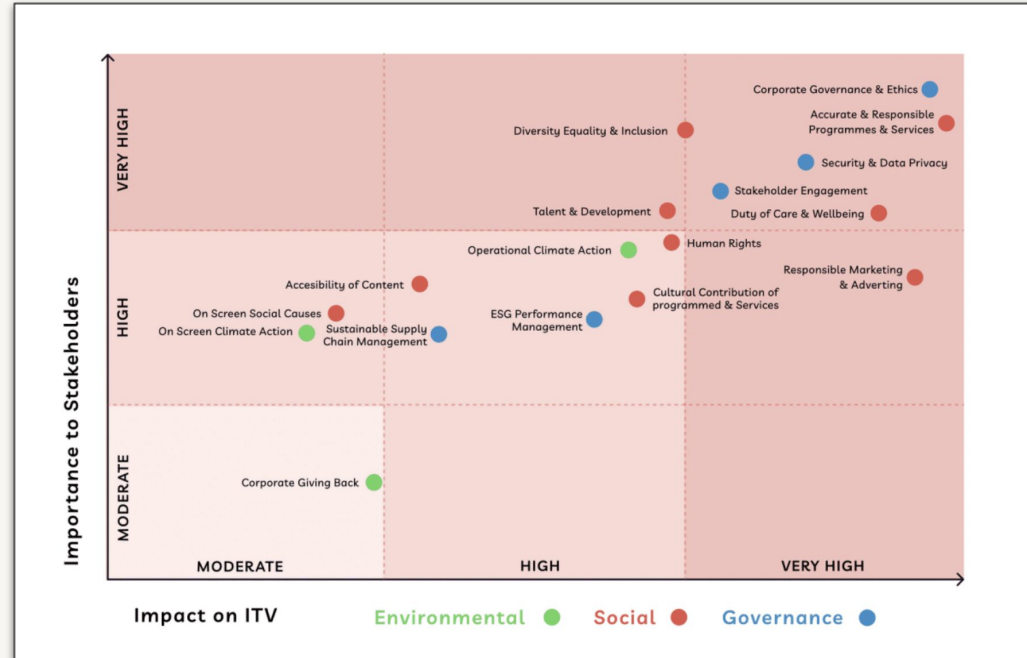
- **Identify Relevant ESG Issues**
 - Create a long list of potentially material issues by reviewing industry standards (e.g., SASB, GRI).
- **Engage Stakeholders:**
 - Engage both internal and external stakeholders to prioritise issues.
- **Prioritise Issues:**
 - Plot issues on a materiality matrix to visualise their significance.

CONCEPT OF MATERIALITY

Materiality Matrix

The results of a materiality assessment are generally displayed on a two-by-two matrix. An organisation's most important issues can be found close to the top right-hand section of the matrix.

The matrix illustrates the **2021 materiality assessment** for **ITV**, a UK-based television channel. As you might expect, ITV's key issues are around **corporate governance** and **responsible programmes** and services.





CONCEPT OF MATERIALITY

2024 Developments in Materiality

Regulatory Shifts: The adoption of mandatory ESG reporting frameworks such as the **ISSB** (International Sustainability Standards Board) standards and the EU's **CSRD** (Corporate Sustainability Reporting Directive) emphasises the growing importance of materiality in sustainability reporting.



Biodiversity and Natural Capital: In 2024, biodiversity is becoming a key material issue, particularly for industries like agriculture, forestry, and manufacturing that have significant impacts on natural ecosystems

Net-Zero and Carbon Reporting: The push for net-zero emissions targets has made carbon-related materiality a top priority for many organizations. Companies are being required to disclose their carbon footprints and align their goals with global climate commitments

3. Using Materiality to Build a Strategy and Set Targets



BUILDING A SUSTAINABILITY STRATEGY

Linking Materiality to Strategy

By aligning material issues with the overall business strategy, companies can ensure that their sustainability efforts are tied to their core operations and long-term goals.

Companies that successfully integrate material ESG issues into their business strategy are better positioned to create both financial and non-financial value. Materiality allows businesses to focus on areas that are both risk-reducing and opportunity-enhancing



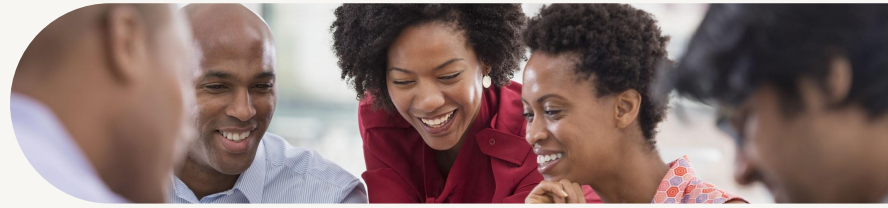
Materiality also helps identify risks that could negatively affect a company's performance, such as regulatory penalties, operational inefficiencies, or reputational damage. Companies that embed material issues into their risk management frameworks can better mitigate these risks



BUILDING A SUSTAINABILITY STRATEGY

Setting Sustainability Targets

When setting sustainability targets, companies should aim for **SMART** goals—**Specific, Measurable, Achievable, Relevant, and Time-bound**. These targets ensure that organisations remain focused on what matters and are accountable for progress.



Specific: Clearly define the goals related to material issues.

Measurable: Use Key Performance Indicators (KPIs) to track progress toward the target.

Achievable: Set targets that are ambitious but realistic, taking into account the organization's size, resources, and industry standards

Relevant: Ensure the target is directly tied to the organization's material issues.

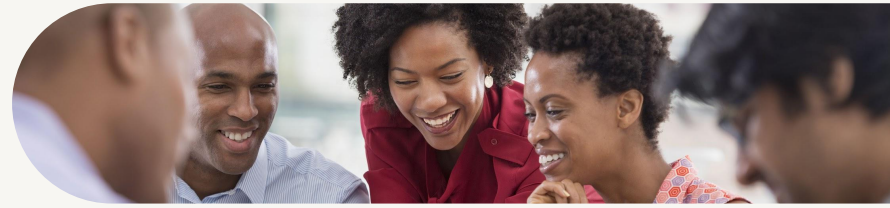
Time-bound: Establish short-, medium-, and long-term time horizons for achieving the target.



BUILDING A SUSTAINABILITY STRATEGY

Monitoring and Accountability

Once a sustainability strategy and corresponding targets have been set, **continuous monitoring** and **transparent reporting** are essential to ensure that progress is being made and that the company remains accountable to its stakeholders.



Steps for Effective Monitoring:

- Set Clear Baselines
- Regular Data Collection and Reporting
- Use of Reporting Frameworks
- Third-Party Assurance and Verification

Accountability Mechanisms

- Linking Performance to Executive Compensation
- Board Oversight and Governance
- Transparent and Frequent Reporting



Key Takeaways





Questions?

