



How can European boards steer sustainability reporting?

SUMMARY NOTE

The webinar was moderated by Andrew Hobbs, enter for Board Matters Leader and EMEIA Public Policy Leader, and began with an introductory presentation by Martijn de Jong, Corporate Governance Specialist and Center for Board Matters Member.

On January 23, ecoDa organized a webinar with EY on “*How can European boards steer sustainability reporting?*”. The webinar shed light on a related recent EY report that emphasizes the need for companies to address issues identified by the DMA, such as developing policies, defining objectives, and collecting data. It stresses the importance of Audit committees documenting their judgment on the integrity of sustainability information. Overall, the report calls for strengthened governance structures, risk management, and stakeholder engagement to meet new transparency and reporting requirements.

After a brief presentation of the report, a conversation with two senior board members highlighted the strategic importance of sustainability in corporate decision-making, particularly in light of the CSRD (Corporate Sustainability Reporting Directive).

Karen Dumery, Founder, GoAct, Chair of the Audit and Risk Committee and non-executive director at ‘Compagnie du Bois Sauvage’ and Riikka Joukio, Business and Sustainability Executive shared their experience.

The CSRD was viewed by the panellists as an opportunity for companies to align sustainability with their long-term strategy, rather than merely a compliance burden. It was emphasized that focusing solely on compliance could prevent companies from embedding sustainability into their core strategy, which is essential for long-term value creation. The directive aims to improve the quality and accessibility of sustainability data, thereby facilitating informed decisions and accelerating sustainability transformation, especially in combating climate change and biodiversity loss.

Both contributors emphasized the importance of integrating sustainability into company strategy and risk management. They noted that the board is responsible for ensuring material topics are correctly identified through processes like the Materiality Assessment (DMA), which requires broad involvement across the company.

Additionally, they highlighted the need to balance ambition in setting bold sustainability targets with credible, substantiated progress tracking.

Scope 1 and 2 emissions are typically easier to manage since they are within the company's direct control, while Scope 3 emissions, which often involve the supply chain, are more difficult to measure and manage. However, as companies gain a better understanding of their emissions, they can develop more targeted strategies to reduce them.

Companies are increasingly aligning their climate targets with international frameworks like the Science Based Targets initiative (SBTi), ensuring their goals are more rigorous and measurable. However, setting these targets is just the beginning; the real challenge lies in planning the transition pathway and allocating resources effectively. Some companies have also realized the importance of ensuring their targets and data cover the entire organization, not just partial segments.

The panellists made several recommendations to companies and board members, summarized as follows:

- Don't just focus on CSRD compliance. Overlooking the broader purpose of CSRD can mean missing the chance to make sustainability a core component of your business strategy.
- Consider the CSRD as an opportunity to improve the quality and accessibility of sustainability data, making it easier to make informed decisions and track progress.
- Ensure broad involvement across different parts of the company and include stakeholder views when selecting material sustainability topics.
- Make sure the sustainability topics included in your reporting reflect what's most material to your business, guided by your business model.
- Always document the materiality assessment process and any stakeholder consultations.
- Align your sustainability targets with international frameworks (e.g., SBTi) to ensure they are credible and based on established standards.
- Incorporate climate risks and opportunities into your company's vision and mission, considering long-term viability and potential for new services, like recycling.
- Educate board members.

Recording: [here](#)

[EY Report:](#)
