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A Simple Guide to: Developing a Sustainability Strategy and Roadmap

Foreword



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Bank of Ireland Group provides a series of lending and sustainability support to empower our Corporate and Commercial customers to decarbonise their businesses and align with Ireland's net zero ambitions.

This Simple Guide to Developing a Sustainability Strategy and Roadmap, by our sustainability advisory experts Davy Horizons, is a tool to help our customers as they navigate the sustainability transition. Aligned with our other customer initiatives, this document guides companies to identify what role sustainability plays in their business and why it is important, whether that be driven by local regulation, compliance with health and safety or dedicated policies for their employees. This useful tool can help Irish businesses to shape their sustainability strategy around their existing plans and also help to identify commercial opportunities, perhaps as a preferred supplier due to their ESG credentials or finding costs savings and/or income potential.

Bank of Ireland and Davy Horizons are delighted to launch another practical tool to support businesses of all sizes to guide management teams to develop a Sustainability Roadmap.

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1. Introduction

Managing the impacts your business has on people and the planet is good for business, but it can be hard to know where to start. Developing a strategy and roadmap of tangible actions is a practical way to implement your sustainability priorities.

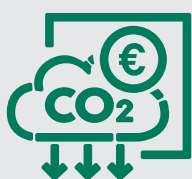
This guide covers why this is important for business, with key steps and supports to avail of along the way.

2. Why develop a Sustainability Strategy and Roadmap?

All business activities have an impact on the environment and people. This brings both risks and opportunities. While the business case varies per sector, this generally includes meeting legal compliance obligations, customer and tender requirements, cost savings, reputation, and attracting/retaining talent. For example, extreme weather from climate change impacts any business and, if not managed, brings costs. Climate induced flood risk is costing Irish business ~ €101m/annum according to the CBI Flood Protection Gap report 2024 ¹. The carbon tax embedded in fossil fuel electricity and fuels means significant cost savings can be made from efficiencies and shifting to renewable electricity sources. All this makes a strong case for managing the risks, but also opportunities, the green transition offers.

 Environment	 Social	 Governance
Climate change	Human rights	Accountability
Environmental management	Labour and pay	Purpose led
Protecting biodiversity	Working conditions	Materiality
Halting deforestation	Modern slavery	Remuneration
Circular economy	Diversity and inclusion	Anti-corruption and bribery
Resources and waste	Health and safety	Anti-money laundering
Water stewardship	Responsible sourcing	Anti-competition
Pollution	Marketing ethics	Transparency and disclosure
Green Procurement	Community	Board diversity

If you are in the value chain of a large company subject to reporting (Corporate Sustainability Reporting Directive (CSRD)), or Green Claims related legislation, they will require ESG data from you to meet their own obligations. Even though legal regimes like CSRD are expected to change in the coming months to exclude businesses with < 1000 employees from the most onerous requirements, they are still encouraging a prescriptive voluntary reporting standard with specified credible data points to be met.



What is the carbon tax?

This is a tax integrated in all fossil fuel-based electricity and fuel bills. For Ireland the tax will increase each year by €7.50 up to 2029 and by €6.50 in 2030 to reach €100/tonne CO₂.

¹ Flood Protection Gap Report | Central Bank of Ireland

3. Key steps

If a business is at an early stage on sustainability, there are some key steps they can take to structure their approach. This will support measuring and managing the ESG risks and opportunities of the green transition. At Bank of Ireland, we provide products to support business customers to transition to net zero and to develop and deploy low carbon technologies, through our core financing and advisory capabilities. You can see more information at our [Business Green Hub - Bank of Ireland](#).



- **Champion & Engage** – Nominate a champion in the business to get the ball rolling. Engaging with internal senior decision-makers across all business functions is critical to success. Get your operations, finance, products, marketing and risk leads on board, alongside sustainability or Environment Health and Safety (EHS) if you have this resource. Form an internal Sustainability Committee to support and inform the Strategy and Roadmap development process.
- **Baseline** - Identify what the impacts of your business are on the environment and society. For example, the Carbon Footprint of your activities, waste generated and how it is managed, or performance on gender pay equality. Identify relevant legal obligations, look at peer performance and good practice for your sector. Consider your own operations as well as the activities upstream and downstream in the supply chain. Engage trusted customers and suppliers to get their views on this and how you can work together to improve performance.
- **Supports** - There are many grants from Enterprise Ireland or Sustainable Energy Authority of Ireland to support baseline reviews and planning. A list is in section 4 below. This enables a business to get the expertise to guide and fast-track the best way forward.
- **Strategy & Plan** – Agree a strategy and Roadmap of priority actions over the next 1-3 years with your Sustainability Committee. Get sign-off and buy-in from the top with the CEO, CFO and COO or equivalent in your business. Include a priority to measure your key impacts and manage them with credible KPIs to track performance. Set SMART targets that are practical to begin with. Integrate a simple performance dashboard into your existing metrics tracking so it becomes part of normal business practice. This is an area where expert advice will ensure your data collection is aligned with best practice. Go for low hanging fruit to save carbon and cost like renewable electricity and zero carbon fuels for transport such as HVO for HGVs or electric for vans. Early financial wins will support engagement on the business case and build motivation. Consider incentivising your senior leaders as this activates change quickly. An ESG Checklist of questions to consider is illustrated to get the ball rolling.

- **Implement** – with a Champion to oversee, track your progress on implementing the agreed actions. Provide practical monthly updates sharing achievements against agreed KPIs. Celebrate wins and share with staff and customers. Be agile when progress is not being achieved, and alternative approaches are needed.
- **Capacity Build** - Provide training for internal business leaders and functions to engage, inspire and build capability on your key focus areas. Links to further resources are in section 4 below.
- **Communicate** – Even if you are at an early stage communicate your direction of travel to key stakeholders. Customers will welcome it and support you especially if you are in the value chain of a large company subject to CSRD. If you are not in scope for CSRD, adopt the Voluntary reporting standard for SMEs under the CSRD so the ESG data you are tracking aligns with what your customers, lenders and regulators require now and will continue to evolve into the future.
- **Review** – Integrate sustainability into your business strategy, risk and investment review processes. Assess progress against targets and adjust actions where needed. Horizon scan at least annually to incorporate new regulatory, customer, capital provider and insurance requirements. Keep up to date with stakeholders and capital providers on their requirements regularly. ESG is a focus for many EU financial institutions. Sustainability requirements move quickly, and using expert advice can avoid missing upcoming obligations or opportunities.

ESG checklist: questions to inform developing a strategy & roadmap

Environment

Yes No

- Does the company have a clear and documented Sustainability, Environmental, or ESG Policy? Yes No
- Has the company measured and set GHG (Greenhouse Gas) reduction targets for Scope 1 and Scope 2 emissions? Yes No
- Does the company track and manage other environmental data points, such as water consumption and waste management? Yes No
- Has the company considered and taken measures to implement energy efficiency to reduce consumption and carbon footprint? Yes No
- Does the company comply with environmental legal obligations related to energy, water, waste, sustainable sourcing, and product packaging? Yes No

Social

Yes No

- Does the company comply with minimum wage laws, living wage standards, Gender Pay reporting, and Modern Slavery legislation? Yes No
- Does the company have training programs and workforce development initiatives to ensure a skilled, motivated, and engaged workforce? Yes No
- Does the company have policies and procedures in place to foster an equal, diverse, and inclusive workplace? Yes No

Governance

Yes No

- Is senior management aware of and actively engaged in sustainability-related legal obligations? Yes No
- Does the company have a dedicated sustainability function or officer who reports to senior management? Yes No
- Does the company maintain a high standard of corporate behaviour with published policies (e.g. data protection, avoidances of controversies on corruption, fraud, competitive behaviours, etc.)? Yes No
- Does the company publish an annual Sustainability Report? Yes No

4. Key considerations for Bank of Ireland

Certain aspects of ESG have long been key features of lending and due diligence for Banks and Investors alike. Examples include screening for high-risk countries and governance around the strength of a management team.

Bank of Ireland published the Responsible and Sustainable Business (RSB) Sector Statement in 2023 clearly setting out the Group's risk appetite for lending to potentially sensitive sectors which it believes cause environmental and / or social harm to society and communities. The RSB Sector Statement applies to all new non-property lending arrangements within the Corporate Banking business. The Group will not provide financing to customers who are deemed to engage in a defined list of excluded business activities including specified activities within sectors such as Oil, Gas & Coal, Power & Energy, Mining, Defence and Adult Entertainment.

For transactions and exposures in all sectors over €120k (including those covered by the specific sectoral screening criteria), ESG risk factors are used to screen for heightened ESG risk. If there is recent evidence in the public domain (last three years) of direct involvement in a defined list of issues, the transaction is subject to an enhanced review. This list includes companies who have operations in internationally protected conservation areas, those which have been subject to major or sustained environmental or socially related campaigns against them, companies which have been found to abuse human rights and those companies which have incurred a major environmental or social incident or fine.

Transactions may also be considered as having a heightened ESG risk during initial review which will result in additional formal review by relevant risk forums and committees. This may be due, for example, to material or repeat non-compliance of environmental and social laws or a lack of adequate policies and procedures for managing ESG risks.



5. Supports from Bank of Ireland, Davy Horizons and others

Davy Horizons offer a range of advisory services to support businesses on all sustainability aspects businesses need to meet regulatory, lender shareholder and wider stakeholder requirements. We can support you to develop and implement your sustainability strategy and Roadmap. All our services, one pager service sheets and insight publications are available to download at [ESG Advisory Services | Sustainability Consultants](#) | Davy and the [Business Green Hub - Bank of Ireland](#)

Bank of Ireland provides green transition funding to support businesses as they progress their sustainability journey.

	Product	Purpose	EU Taxonomy / Green Eligibility Aligned	Sustainable Finance	Amount	Term
	Green Business Loan	Finance for Green Initiatives	Yes	Yes	€5k-300k	3-7 years
	GSLs: Growth and Sustainability Loan Scheme	SBCI / Gov. Loan Energy saving / ACRES initiatives	No	Yes	€25k-€2m	7-10 years
	Enviroflex	Sustainability Linked Loan – embedded in Agri Sustainability programmes	No	Yes	€10k-€500k	3-7 years
	Green CapEX Loan	Finance for Green Initiatives	Yes	Yes	Bespoke for Corporate customers	3-5 years
	Sustainability Linked Loan (and Co-Ordinator)	Performance linked loans with sustainability KPIs	No	Yes	Bespoke for Corporate customers	5-7 years
	Green Bond Framework-related Lending	Use of Proceeds loans for large Green initiatives	Yes	Yes	Bespoke for Corporate customer projects	5-30 years

Warning: If you do not meet the repayments on your credit facility agreement, your account will go into arrears. This may impact your credit rating and future access to credit facilities.

Warning: The cost of your repayments may increase. The entire amount that you have borrowed will still be outstanding at the end of the interest-only period.

Grants are available from several agencies including:

- [Enterprise Ireland](#)
- [Sustainable Energy Authority of Ireland](#)
- Summary of Grants is available here: [Funding Incentives Guide for customers to outline all the SEAI and EI grants](#)



Are you ready to take the next step?



Talk to us today.

Email **Davy Horizons**: sustainability@davy.ie or visit davy.ie/horizons

Email **Bank of Ireland**: colette.shirley@boi.com or visit [Business Green Hub - Bank of Ireland](#)

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