Launch of Compliance Institute's Sustainability Working Group

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Why Sustainability?

Sustainability seeks to address the issues of climate and environmental degradation, inequality, and poor governance. It has gained significant traction globally as businesses recognise the importance of integrating environmental, social, and governance (ESG) factors into their strategies, businesses and operations. 'Sustainability' or sustainable development is defined as ***'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'*** (Brundtland, 1987) There are associated financial risks and impacts on business and consumers, requiring policy response and garnering increasing regulatory focus.

The European Union is at the forefront of regulation in this area, with the EU Taxonomy, Sustainable Finance Disclosure Regulation and Corporate Sustainability Reporting Directive to name but a few already taken effect with more to come (Jacobs & Shiels, 2024). The recently approved Corporate Sustainability Due Diligence Directive is another addition in a field where the additions to and evolution of regulation will be at a pace that compliance professionals have not seen before.

Sustainability, specifically climate is informing the formulation of the Central Bank of Ireland's ('Central Bank') own strategy noting ***'efforts to mitigate the long-term implications of climate change will affect the economy and financial system'*** (Central Bank of Ireland, 2021). In addition, the Central Bank, as part of the European System of Financial Supervision, set as one of its six Supervisory priorities - to ensure Climate change and Net Zero transition are addressed; i.e. that ***'Regulated entities improve their response to climate change and enhance their role in the transition to a Net Zero economy*** (Central Bank of Ireland, 2024). In its new Individual Accountability Framework, the Central Bank has included in its General Prescribed Responsibilities: ***PR24 Responsibility for managing financial risks from climate change'***.

All this means that sustainability will form part of the compliance professional's remit as this regulation is included in our employers' compliance universe.

The role of the Compliance Professional in Sustainability

While the regulation on sustainability is no doubt proliferating - this will be about so much more. Firms' cultures will be tested to truly deliver on the ''spirit and intention' of the climate transition, and other sustainability challenges, involving meeting wider stakeholder expectations - not just regulators. There are also opportunities to be availed of for those strategic thinkers and operators, and so a good way for Compliance Professionals to play a strategic role by inputting to their firm's strategy.

The Compliance Institute has already responded with several sustainability related initiatives including the Professional Diploma in Sustainability for Compliance Professionals - a Level 8 qualification on the National Framework of Qualifications, a short course on Sustainability Regulatory Reporting and a number of standalone webinars which attracted CPD hours. These are important additions to the Compliance Institute's offering to members as they

Left to Right: John McGeown, Caoimhe Donnelly, Kathy Jacobs and Andrew Murphy.

form part of the continuing efforts to address the talent and skills gap in sustainability and to play our part in building Ireland's capacity as a global leader in sustainable finance.

What you can expect from the Sustainability Working Group

The SWG will support the Compliance Institute in organising events, and ICQ articles and generally addressing the sustainability agenda to meet the needs of its members. In our promise to members, we will;

- Monitor and analyse the evolving regulatory landscape and emerging trends in related to sustainability and other relevant developments; and assess their potential impact on compliance requirements.
- Promote best practices for compliance with sustainability regulation, and their integration into decision-making.
- Facilitate networking opportunities for CI members to share experiences, exchange ideas, and collaborate on common challenges. Establish partnerships with other relevant experts and organisations, the Central Bank, and industry stakeholders to foster a holistic approach to sustainability compliance.
- Source articles on sustainability compliance to contribute to thought leadership in the industry.

We had a successful launch event on Wednesday 29th May where we heard from sustainability leaders on their journey so far, and are planning webinars on sustainability assurance, with more in the works. So, look out for events, articles, podcasts, and on social media and if you have any ideas for us to support the Compliance Institute's sustainability agenda, don't hesitate to contact the Executive or one of the SWG members.
We hope to see you at one of our events soon and supporting you to meet the challenges and opportunities of the sustainability agenda.

REFERENCES

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