

Key questions for the board

Get ahead – challenge your board to answer the following questions:

Sustainability environment, legislation and regulation: do you fully understand the context?

- 1 Is your board prepared for the increased focus on ESG and sustainability? Does your board understand global sustainability risks and opportunities, and how your company impacts on and is impacted by them?
- 2 Are you on top of the new sustainability legislation, soft laws and stakeholder expectations in your jurisdiction (including on diversity, supply chains, and other likely changes)? Are you aware of, and can you navigate, the risks of greenwashing?
- 3 Have you considered the implications in terms of corporate governance? For example, do you fully understand governance and stewardship codes?
- 4 Are you taking proactive leadership for your company's sustainability impact and accepting accountability? Will you go beyond compliance and lead the agenda to help shape the external environment – for example, by engaging with other businesses collaboratively, or with policymakers, so as to leverage new opportunities?

The role of the company and board: why do you exist as a company and as a board?

- 5 Are you clear about why your company exists? Do you have a clear, meaningful and authentic purpose that outlines your unique strategic contribution to the world through your business success? Are you aware of, and can you navigate, the risks of purpose-washing, that is using purpose as a marketing tool, without truly embedding a clear, authentic, sustainable purpose into the core of the business?

- 6 Have you clarified the current scope of your fiduciary duty? What information do you track to ensure you are looking after the best long-term interests of your company? Does your scope extend beyond shareholder interests?
- 7 Have you clarified the role and accountability of your board vis-à-vis the executive and how the two can communicate effectively to work together in service of a sustainable future through business success?

Strategy, reporting and materiality: how are you making strategic decisions?

- 8 Does your strategy align with your purpose, doing no harm to the resources it relies on integrating sustainability at its core?
- 9 Are you clear how you understand materiality? What are the material risks/opportunities for your business and how do they impact on the wider world?
- 10 Do you have robust ways of measuring and collecting data, and monitoring your environmental and social sustainability performance across the business?
- 11 Do you track sustainability risks to your business on your risk register and do you have a clear proactive plan for mitigation (for people, nature and climate)?

Stakeholder engagement and impact: who has a voice outside of the board?

- 12 How are you managing your supply chains with respect to sustainability issues, for example tracking your scope 1, 2 and 3 emissions, and supplier labour practices?
- 13 Which stakeholder perspectives do you consider in your decision-making and why? Are these the right ones? How might you innovate to engage more fully with stakeholders in service of a sustainable future through your business success?

Key questions for the board

Get ahead – challenge your board to answer the following questions:

Board composition and structure: who sits on the board and where?

- 14** Do you have diversity of people (age, gender, culture, ethnicity, nationality, professional experience and social background) and diversity of thought (in terms of worldview and cognitive approach) at your board table to make truly informed and effective decisions? Is everyone meaningfully involved when decisions are made?
- 15** Do you have truly independent directors around the table, and are they heard?
- 16** Do your board and sub-committee structure and reporting lines optimise your focus and effectiveness so that you can deliver sustainable solutions and impact?
- 17** Are the size of your board and the time its members are expected to invest adequate to respond to all the current challenges you are facing and provide what is needed to align with a sustainable future? How could you make better use of technology to reduce the work and cognitive load of board members so that they can be more effective decision-makers?

Board individuals and dynamics: is your board working well?

- 18** Does your board have the right individual and collective leadership capabilities including skills, knowledge and experience to support sustainable outcomes through business success? Is your recruitment, training and development, succession planning and input by external advisors, effectively impacting these aspects? How can you further develop your board effectiveness?
- 19** Do you have an open and honest culture where the board is safe to share concerns and build team understanding and shared resilience?
- 20** Does the culture and dynamic of your board encourage challenging and self-reflective conversations to enable effective decision-making (and avoid 'groupthink')? Do you regularly review the performance of the board on this basis?

