

ENGAGEMENT WITH STAKEHOLDERS

As part of WBCSD's governance and internal oversight project we have collated a series of questions for both board directors and for management designed to be used as prompts for discussion. The questions are intended to be used to help organizations further integrate environmental and social issues into existing governance arrangements and decision-making.

Environmental, social and governance (ESG) in this context refers to all sustainability and non-financial considerations, including but not limited to: climate change, human rights, supply chain management, anti-corruption, ethics and compliance, water, biodiversity as well as impact on stakeholders (shareholders, employees, customers, suppliers, regulators, civil society and local communities).

The questions are in two parts, the first set of questions are intended for the board to ask itself or to consider in boardroom discussions, these cover activities and oversight responsibilities carried out by the board. This is followed by a set of questions that the board may ask management to ensure ESG considerations are properly embedded in operations and decision-making.

Questions for the board

- Does the board have direct and effective dialogue with stakeholders? Are stakeholder views considered in boardroom decision-making?
- How does the board get independent information from significant stakeholders and sustainability experts? Should the board establish a stakeholder panel, advisory group or critical friends committee? What benefits might this provide?
- Does our business model consider value creation for shareholders and wider stakeholders?
- Is the board aware of the ESG issues that are material for our stakeholders? Has the board considered the impact on internal and external stakeholders of the business' operating activities (employees, suppliers, communities)?
- Has the board considered both long- and short-term business objectives and how those objectives may impact different stakeholders?
- Has the board considered how it might appropriately communicate with stakeholders?
- Has the board approved stakeholder specific goals and does it monitor performance against those goals? Are these goals included in the corporate strategy?

Questions for management

- What steps are management taking to understand, monitor and respond to key stakeholders' views? How are these views taken into account in management's decision-making process?
- Does management understand the ESG priorities of key stakeholders, including but not limited to investors, employees, customers, suppliers, business partners, communities, the public, and regulators?
- Has management developed mutual goals with stakeholders and does it monitor progress on those goals?
- How does management monitor the effectiveness of the company's stakeholder relationships?
- Does the organization gather and monitor stakeholder views through periodic surveys of specific groups? And how often does management report the survey findings to the board?
- Is management aware of how our strategy impacts and benefits all stakeholders?