

NON-FINANCIAL REPORTING

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 sign off non-financial external disclosures, including those in a standalone sustainability report and/or integrated report?
- Have any mandatory ESG/non-financial reporting requirements been satisfied?
- How are the board making sure our non-financial disclosures are complete, accurate, reliable and balanced (e.g. including ESG areas where progress has been insufficient)?
- Does our organization have a robust internal control and risk management process in place for non-financial information?
- Are our ESG disclosures independently verified by a third party? Should they be?
- Are our ESG disclosures in line with our investors' and other stakeholders' expectations and information demands?
- Does the board keep pace with investors' expectations regarding ESG disclosures and external reporting?

Questions for management

- How does management ensure alignment between the material issues identified in ESG disclosures and the material risks identified in the legal filings?
- Does our company have integrated reporting in place or plans to in the future?
- What internal controls do we have in place for non-financial information and has their effectiveness been tested?
- What level of assurance on our ESG disclosures do we receive? How can management further improve the reliability and credibility of ESG information? If no external assurance is provided how does management satisfy itself on the credibility and robustness of ESG data?
- Does management have the appropriate resources in place to manage voluntary and mandatory non-financial reporting requirements?
- How are management defining material ESG issues for external disclosure?