

SUSTAINABILITY STRATEGY INTEGRATION CHECKLIST

# Thirteen Tips for a Sustainable Board

Is your board of directors ready to embrace sustainability for the long term? Just as retirement planning requires foresight, integrating sustainability into your board's Terms of Reference (ToR) demands proactive consideration. This checklist provides guidance on how to weave sustainability seamlessly into your board's governance framework, ensuring your company's values align with its actions.

## 1. Introduction and Purpose

- Does the introduction of the ToR reflect the importance of sustainability in achieving the company's long-term goals and mission?

## 2. Board Composition and Qualifications

- Are there any requirements or preferences in board composition that promote directors with expertise in sustainability, ethics, or responsible business practices?
- Are qualifications related to sustainability, such as knowledge of ethical sourcing or community engagement, considered in director selection criteria?

## 3. Duties and Responsibilities of the Board

- Does the section outlining the duties of the board include a specific reference to overseeing the company's adherence to sustainability principles and ethical standards?
- Are there provisions for the board to periodically review and approve sustainability strategies and initiatives?

## 4. Strategic Planning and Business Ethics

- Is there a requirement for the board to integrate sustainability considerations into the company's strategic planning processes?
- Are ethical business practices, including responsible sourcing and fair treatment of stakeholders, explicitly mentioned as a board responsibility?

## 5. Risk Management

- Does the ToR stipulate that the board should oversee the identification and management of sustainability-related risks that could impact the company's reputation or operations?
- Are procedures in place for reporting and addressing sustainability risks to the board?

## 6. Reporting and Transparency

- Is there a requirement for the board to ensure the company maintains a high level of transparency in disclosing its sustainability practices to stakeholders, beyond financial reporting?
- Does the ToR specify the board's role in reviewing and approving comprehensive sustainability reports?

## 7. Stakeholder Engagement

- Does the ToR include a provision for the board to be involved in the oversight of the company's

engagement with various stakeholders on sustainability matters?

Are there requirements for the board to consider stakeholder perspectives in decision-making processes related to sustainability?

## 8. Community and Social Responsibility

Is there a dedicated section in the ToR that addresses the company's commitment to community and social responsibility, including initiatives aimed at making a positive societal impact?

Does the board play a role in overseeing and approving community and social responsibility programs?

## 9. Code of Conduct and Ethical Standards

Does the ToR require the board to establish and periodically review a code of conduct that encompasses ethical standards and responsible business practices?

Are there provisions for the board to ensure compliance with the code of conduct, with a specific focus on sustainability-related ethical considerations?

## 10. Sustainability Metrics and Performance

Is there an expectation for the board to monitor the company's performance on sustainability-related metrics that go beyond ESG factors?

Are mechanisms in place for the board to evaluate progress on sustainability goals and objectives?

## 11. Training and Education

Does the ToR encourage directors to participate in training and education programs related to sustainability and ethical business practices?

## 12. Compliance and Review

Is there a provision for regular reviews of the ToR to ensure that sustainability considerations remain aligned with the company's evolving needs and societal expectations?

## 13. References and Resources

Does the ToR include references to external resources, frameworks, or guidelines that can help directors understand and fulfil their responsibilities related to sustainability?

This checklist is intended to guide the review and enhancement of the Board of Directors' Terms of Reference to encompass sustainability considerations, excluding ESG factors. It should be customised to fit the specific needs and objectives of your organisation, and it should reflect the company's commitment to responsible and sustainable business practices.

Cogent Governance Analytics©.

Have you found this checklist helpful? Do you have any questions or comments?

Get in touch: [mimi@cgrisk.com](mailto:mimi@cgrisk.com)  
[www.cgrisk.com](http://www.cgrisk.com)

Call us: +44 33 0001 1208  
(charged at standard phone rate)