

THE BOARD'S QUICK GUIDE TO PROACTIVE ESG OVERSIGHT

Prioritize ESG Risks and Opportunities

- ▶ Conduct a materiality assessment to identify ESG risks and opportunities
- ▶ Benchmark against peers and stakeholder interests in prioritizing ESG issues
- ▶ Regularly update ESG risk and opportunity assessments as part of enterprise risk management



Clearly Define Board Oversight

- ▶ Determine governance structure, including full board and committee roles
- ▶ Formalize the division of responsibilities between the board, committees and management
- ▶ Update board charters
- ▶ Publicly share board ESG oversight responsibilities via proxy disclosures and sustainability reporting



Tie Strategy to Value Creation

- ▶ Align corporate purpose to ESG objectives and supporting metrics
- ▶ Embed short- and long-term ESG goals into broader corporate strategy
- ▶ Hold management accountable to ESG progress through incentives, KPIs and tracking capabilities



Design Reliable Reporting

- ▶ Select applicable frameworks and methodologies based on industry, available data and resources
- ▶ Oversee establishment of reporting systems, data sourcing, controls and testing processes
- ▶ Assess the need for third-party assurance on ESG data integrity and compliance
- ▶ Identify appropriate communication channels – e.g., standalone and/or integrated sustainability reports, corporate websites, etc.



Create an Iterative Process for Improvement

- ▶ Establish a program management approach to re-evaluate and enhance management's ESG framework
- ▶ Make ESG and sustainability a regular part of board and management discussions
- ▶ Ensure all levels of the organization receive continual education in this evolving area

