Strategies for Chief Sustainability Officers to Strengthen Board Reporting and Communications



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Strong communications play a key role in supporting effective sustainability governance.

By carefully planning the content and cadence of communications with their company's board of directors, sustainability leaders can help enable board oversight of sustainability risks and opportunities, inform decision-making, and shape board-level discussions.

Sustainability leaders can apply the following strategies — prioritizing alignment with financing and capital allocation, focusing on material issues, emphasizing why external factors matter to the business, and tailoring communications to board preferences — to support preparation for upcoming board presentations and strengthen ongoing engagement between formal meetings.



Connect Projects to their Business Case and Financial Impacts

Rather than treating sustainability as a standalone exercise, sustainability leaders are working with teams across the organization to integrate sustainability factors, processes, and insights into core business functions.

For example, considering options to manage energy costs and reliability, installation of onsite renewable energy and battery storage, retrofits of existing facilities to make them more energy- or water-efficient, fleet conversions, and R&D to produce lower-carbon and lower waste products, are important inputs to financial planning and capital allocation decisions. These projects often fall under board scrutiny and depending on their cost may require board approval to move forward.

Sustainability leaders should come to board meetings prepared to discuss the business case and financial impacts of proposed projects.

This includes estimated costs and payback periods, as well as project alignment with company strategy and expected benefits for sustainability performance metrics and targets. Presentations should also include updates on the financial and operational performance of existing sustainability initiatives.

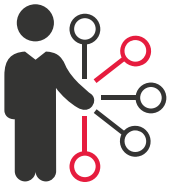


Support Financial Materiality Disclosure Requirements

Despite the U.S. Securities and Exchange Commission's (SEC) current proposal to rescind its 2024 climate-related disclosure rules, companies will still be required to disclose climate-related information pursuant to the existing 2010 climate change disclosure guidance if it is considered material. However, without the detailed disclosures defined by the 2024 climate-specific rules, more of the onus will fall on company management and boards to determine — and defend — which information a reasonable investor would consider important.

Sustainability leaders should help convey the links between sustainability topics and the company's financial performance and strategy.

Sustainability leaders can support these determinations by sharing insights from formal materiality assessments and climate scenario analysis, as well as by helping identify and convey the links between sustainability topics and the company's financial performance and strategy. They should also make information available on data integrity, controls, and assurance readiness, all of which fall within the board's oversight responsibilities.



Provide Targeted, Decision-Relevant Continuing Education

Continuing education is an important element of board engagement. Sustainability leaders should provide regular updates on the evolving landscape, along with insights into how these developments could affect the company's risks, strategy, and decision-making.

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A key focus area will likely be the sustainability regulatory landscape, where requirements can change quickly and are fragmented across jurisdictions. Ongoing board education should address emerging requirements that apply to the company, as well as diverse geopolitical pressures the company may need to navigate. For example, even though U.S. federal sustainability requirements have been scaled back, some states are implementing their own requirements, and companies with global operations and customer bases will need to assess their exposure to international requirements and expectations around sustainability.

In addition, education should include peer activity and benchmarking, showing how the company's ratings performance, reporting strategies, and other relevant initiatives compare to others in its industry. Discussions should also address evolving investor expectations, customer requirements, supplier and lender considerations, as well as competitive market developments that could influence business strategy, access to markets, or stakeholder confidence.



Establish a Consistent Cadence for Ongoing Engagement

It's important to set expectations with the board on the type and frequency of communications directors would like to receive and to make sure that updates about responsible business practices are integrated with accountability for other elements of the organization's strategy.

Discussing best practices for communication format and cadence with the corporate secretary or other executives in the organization who interact frequently with the board can also help provide insight into how to plan effective board communications.

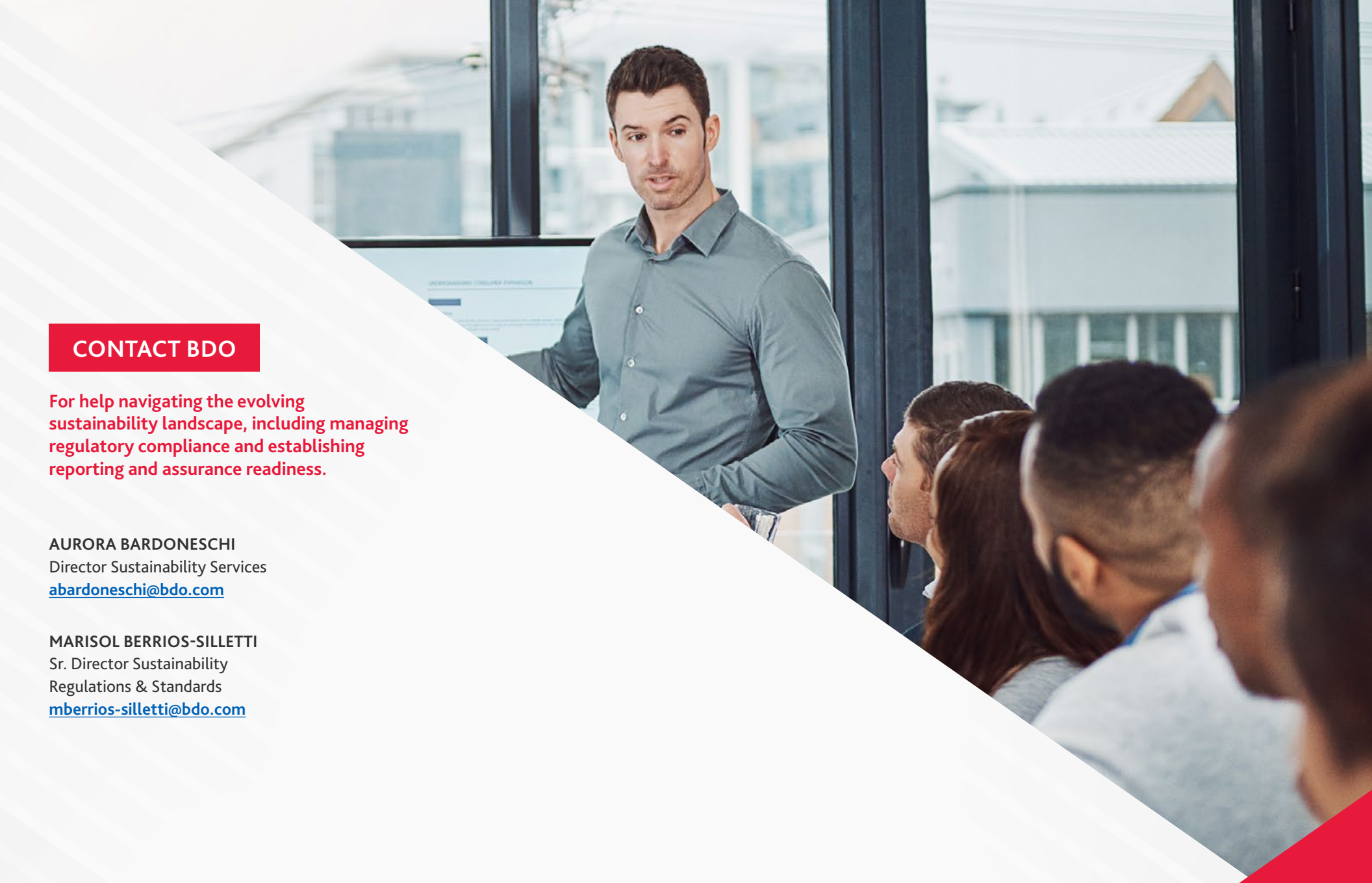
Board communications do not occur during meetings alone. Periodic briefings may be shared via board portals between meeting cycles on progress against priorities, emerging risks, changing compliance parameters, or other important updates. Pre-read materials should also be uploaded well in advance of formal meetings and include executive summaries and supporting details, with items clearly labeled as for discussion, for board decision or approval, or informational.



Communicating Decision-Useful Insights

As sustainability considerations become more closely tied to business strategy, capital allocation, and regulatory risk, effective board communication will be increasingly important.

By delivering clear, decision-useful insights and maintaining a consistent cadence of engagement, sustainability leaders can do their part to help ensure boards have the necessary information and context to support decision-making and oversight.



CONTACT BDO

For help navigating the evolving sustainability landscape, including managing regulatory compliance and establishing reporting and assurance readiness.

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