



## Governance & Internal Oversight

# Project Outline:

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### Context

Environmental, social and governance (ESG) matters are relevant to all businesses. Improving an organization's governance and internal oversight requires better integration and understanding of these matters and how they affect the business. By managing and mitigating ESG impacts and dependencies, boards are able to make better decisions aligned with their fiduciary duties while making the business more successful over the long-term.

### Project Overview

The project is made up of three stages:

- **Research** to improve the understanding of the governance landscape by reviewing the statutory and/or listing requirements, governance code provisions and other expectations around sustainability across eleven countries.
- **Interviews** with board members to understand how they are considering sustainability matters in the overall governance of the organization and what they see as the benefits from and/or challenges to doing this well.
- Developing **training materials** for boards to better integrate sustainability into the way they approach governance and boardroom decision-making.

### Approach

#### Value

- The increasing prevalence and severity of ESG issues is putting pressure on companies and making board decisions more complicated. To stay ahead, boards should adapt their business models and strategies to improve companies' resilience over the long-term.

#### Impact

- Governance is evolving fast and investors, alongside other stakeholders, are demanding more. Sustainability can no longer be considered in isolation, it should be integrated into board governance and decision-making. This project will help boards consider ESG-related risks and opportunities.

#### Voice

- This project will help board directors improve their decision-making processes to protect and preserve long-term value.

### Who is involved

The materials are/will be the sole responsibility of the WBCSD. WBCSD is working with Deloitte and Baker McKenzie who have brought their respective expertise. We are also working with a high-level advisory group and subject-matter experts to make sure our work is useful and effective for boards.

The board of directors is responsible for overseeing key elements of the business strategy and processes that keep things running - this should include any and all relevant sustainability matters. The board is also responsible for making sure that the day-to-day management of the business is aligned with long-term value creation.

In order for boards to do this better, there should be stronger integration of ESG impacts and dependencies within the overall governance structure. This should go beyond compliance and regulation to address other stakeholder expectations thereby demonstrating a company's entitlement to its license to operate.

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