

Board Oversight of Climate and Sustainability

Sustainability issues such as climate change, water scarcity, and human rights abuses call for bold action by the private sector. Corporate boards are a crucial stakeholder to driving the needed change at the pace and the scale we need to see: Boards sit at the top of a company's organizational structure, have the responsibility to hire, fire and incentivize management, and act as stewards for corporate performance for investors and other stakeholders. Given the materiality of sustainability issues to corporate performance, boards have a responsibility to integrate systemic change on sustainability within business performance.

Boards need to be structured to exercise informed and effective oversight of corporate performance, including sustainability. When an environmental or social issue could materially affect corporate performance, boards have a responsibility to educate themselves on the issue in order to make smart business decisions.

Investors and other stakeholders are calling for greater board oversight of the financial risks and opportunities posed by material sustainability issues. *While financial markets are clear on the board's critical role in overseeing sustainability, surveys of U.S. corporate directors show there is work to be done before corporate boards address these issues as material priorities.*

"Boards need to be aware of the business impact that sustainability issues pose — and that those companies who do not take action to future-proof their business from these impacts will be left behind. Those companies who do will be the outstanding success stories of the future."



RINALDO BRUTOCO

FOUNDING PRESIDENT OF
WORLD BUSINESS ACADEMY;
BOARD MEMBER AT
TAILORED BRANDS, INC

Ceres' governance program positions U.S. corporate boards to achieve a competitive advantage by understanding how sustainability issues can be material to their enterprise and how to make better decisions for strong sustainability performance.

STRATEGY

Our strategy includes developing leading practices; partnering with corporate board members and governance professionals; and leveraging our company and investor partners to engage on board sustainability oversight.

- **Develop leading practices:** Provide strategies and tools for boards to effectively oversee sustainability issues, including within discussions on corporate strategy, risk management and executive compensation.
- **Inform corporate directors:** Integrate Ceres' insights and recommendations within director education and training opportunities offered by director professional associations. Convene directors to discuss effective board sustainability oversight in a candid peer environment.
- **Engage governance professionals:** Integrate sustainability within the job responsibilities of corporate secretaries and general counsel as key legal advisors to corporate boards.
- **Engage companies and investors:** Drive the uptake of leading governance for sustainability practices through the members of Ceres' Company and Investor Networks and beyond.

REPORTS

Our reports provide standards of leading practice and company analysis on board sustainability oversight from the results of director interviews and additional governance research.

- [Getting Climate Smart: A Primer for Corporate Directors \(2018\)](#) is a tool for corporate directors looking to educate themselves on climate change, addressing why it is a director's job to oversee business impacts from climate change and how directors can oversee these impacts with leading practices and tools.
- [Systems Rule: How Board Governance Can Drive Sustainability Performance \(2018\)](#) analyzes 475 of the world's largest publicly traded companies and finds that companies with the most robust board systems to oversee sustainability issues are well positioned for sustainability performance.
- [Lead from the Top: Building Sustainability on Corporate Boards \(2017\)](#) details how boards can build competence on material sustainability issues, through recruitment, education and engagement.
- [View from the Top: How corporate boards can engage on sustainability performance \(2015\)](#) explains how board oversight for sustainability issues should be structured to allow for performance impacts, and provides detailed recommendations on board systems and decisions that allow for this.

"Expanding board expertise on sustainability should be part of every company's board strategy."



CAROL BROWNER
FORMER EPA ADMINISTRATOR,
BOARD MEMBER, BUNGE
LEAD FROM THE TOP

"By identifying key principles that focus on the director nomination process, director education and stakeholder engagement, Ceres has provided companies with a roadmap for strengthening board quality as it related to sustainability."

RAKHI KUMAR
HEAD OF ESG INVESTMENTS
AND ASSET STEWARDSHIP AT
STATE STREET GLOBAL ADVISORS
LEAD FROM THE TOP



FOR MORE INFORMATION PLEASE CONTACT

VEENA RAMANI, SENIOR PROGRAM DIRECTOR, CAPITAL MARKETS SYSTEMS AT RAMANI@CERES.ORG, 617-247-0700 EXT 138