

THE BOARD MINDSET MATURITY MODEL

Developing your ESG governance, policies and practices is a complex and multi-phase endeavor. The first step is to identify and agree upon your current level of maturity. Next, you can assign responsibility and accountability and create a roadmap to share with all internal and external stakeholders. This model can help you with that exercise.

Operations: At compliance stage.
Stakeholders: Little or no engagement.
Governance: Little, if any, discussion. No one assigned responsibility.
Strategy: Not included.
Reporting: Limited, if any, reporting. Risk of inaccurate reporting.

Operations: Initial ESG factors and metrics.
Stakeholders: Little, if any, engagement.
Governance: Discussions at management level or perhaps board level, but preliminary.
Strategy: Strategic plan may reference ESG but if so, likely focused on single attribute (e.g. climate or gender).
Reporting: May include initial metrics.

Operations: Metrics identified; may or may not be reviewed by board. Focus groups may exist.
Stakeholders: Consultation has commenced. Metrics benchmarked. Some sharing with board.
Governance: Tracking issues. Reviewed with external consultants or experts.
Strategy: ESG included in strategic plan. Documented commitments and action plans.
Reporting: Reporting for issues deemed high risk. Often in response to pressures from external community.

Operations: Process improvements have been undertaken to embed ESG considerations. Metrics are in place and shared with staff.
Stakeholders: Internal and external stakeholders are engaged and involved in dialogue. Progress is noted. Additional opportunities are identified based on feedback from stakeholders. Plans are developed.
Governance: Management and board review and discuss progress on plans. Metrics are clearly aligned to the strategy.
Strategy: ESG is at the forefront in strategic planning. Public commitments are made.
Reporting: Comprehensive and well-defined measures are in place. Annual comparisons are made with industry practices. External validation and/or assessments are in place. Mature risk management process that includes ESG.

Operations: Yes, governance is integrated into corporate culture. Operations, business decisions, hiring processes and customer facing engagement all reflect an emphasis on ESG.
Stakeholders: Regular engagement underway with internal and external stakeholders. The organization has a reputation for commitment to all facets of ESG.
Governance: Sustainability is incorporated into risk register. ESG recognized as opportunity and is part of strategy. Board and management consider sustainability in decision making. The organization is considered an industry leader. Called upon by regulators and peers to address sustainability issues.
Strategy: ESG is apparent in the organization's strategic plan. Company mission and values are aligned with ESG. All business decisions including selecting sectors, markets, etc. reflect a commitment to ESG.
Reporting: Reporting is recognized as being equal to best in class. Information is externally validated by independent and objective third-parties.

AD HOC

EARLY

PRESCRIBED

ALIGNED

MAXIMIZED