

How to Establish Board Oversight of ESG Topics



ESG topics **demand attention** at the highest levels of companies for many reasons, including:

- Changes to global regulations
- Evolving investor policies
- Transparency of corporate strategy
- Corporate social responsibility

Here are steps to ensure proper board oversight..

Establish Formal Oversight

Board oversight should be explicitly **defined in a charter**, regardless of whether the responsibility is owned by a committee(s) or the entire board.



Board (re)Education is Essential

Boards should be given **updates and education** around ESG topics, such as:

- Cybersecurity
- Climate risks and mitigation plans
- Responsible corporate governance practices and trends
- Human capital management strategy, including talent attraction, retention, development, health and safety

Consider Aligning ESG Goals with Pay Outcomes

Some firms are adding ESG goals into executive compensation plans. First assess your company's readiness.

- Can you align ESG metrics and goals with the business plan?
- Can you **track and measure** progress against goals?
- Will you be able to **disclose information needed** for transparency and accountability?
- Do you understand any **unintended risks** of aligning ESG goals to pay?



Aon can help.

Board and management oversight of ESG issues is essential to reduce risks and strengthen business results. Our global team of experts have legal, investor and proxy advisor backgrounds that deliver comprehensive solutions.

Learn More:

[**aon.io/ESG-oversight**](https://aon.io/ESG-oversight)