

# Board Sustainability Engagement Report

---



# Table of Contents

1. About this Report	3
2. Board’s role in ESG Oversight: Clarity of Purpose	4
3. Guide to Reading Bar Charts in this Report	5
 <b>Board Engagement Topics</b>	
4. Materiality Analysis	6
5. Risk & Crisis Management	8
6. Supply Chain Management	10
7. Information Security	12
8. Environmental Policy & Management	14
9. Climate Strategy	16
10. Biodiversity	18
11. Occupational Health & Safety	20
12. Governance in a Stakeholder-Focused Economy	22
13. Appendix	23
14. Disclaimer	26

Please note: The table of contents above represents the full report. However, this sample report includes only the first chapter, *Materiality Analysis*.





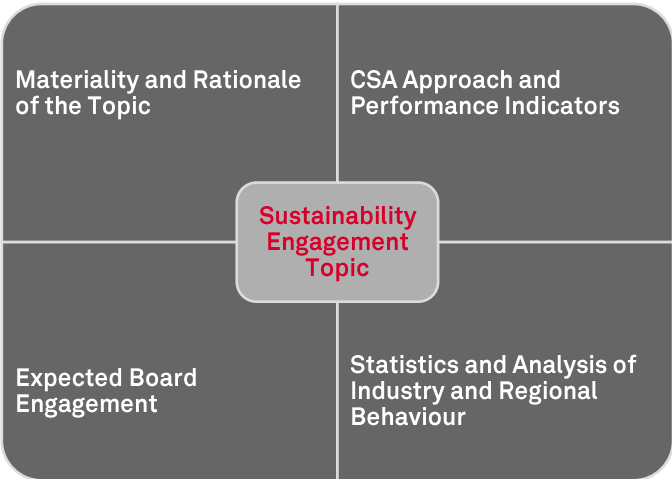
# About this report

Competence in sustainability among board directors is increasingly becoming essential to ensure that companies are managed in the interests of shareholders and other stakeholders, who are placing greater emphasis on how organizations address ESG challenges and opportunities.

This report aims to provide the board of directors with an analysis of its engagement level with key sustainability topics. The S&P Global Corporate Sustainability Assessment (CSA) serves as the reference framework for identifying the ESG focus areas for which the board is expected to be accountable.

For each ESG topic requiring board engagement, the report outlines the topic's materiality, the CSA approach, performance indicators, and the anticipated level of board involvement. Additionally, the report includes statistics that analyse industry and regional behaviours related to board engagement factors.

This structured approach offers clarity and actionable insights to understand and benchmark the board's engagement with relevant ESG topics.



# Peer Group Selection for Data Analysis in this Report

Peer selection is determined through a rigorous process involving direct engagement with your company. The following table lists the peer group selected by [Client Company Name] for the data analysis and sustainability benchmarking. In the table, corresponding to each peer company is its CSA industry and Cap IQ Pro primary industry and total CSA score achieved in 2024 assessment cycle:

Peer Name	CSA Industry	Cap IQ Pro Primary Industry	Total CSA score
Company A	ABC (ADSEGRTN)	Apple	65
Company B	DEF (SDVGRTNT)	Banana	70
Company C	GHI (YJYTFfDV)	Cherry	53
Company D	KLM (E£GQGTH)	Strawberry	48
Company E	NOP (REG\$WGNH)	Watermelon	88

# Board's role in ESG Oversight: Clarity of Purpose

The board plays a crucial role in overseeing the company's sustainability policies and strategies. Staying informed about emerging ESG trends and practices is essential for board members. Companies with well-connected directors are more adept at managing ESG-related opportunities and challenges in a stakeholder-based economy. Corporate boards shape and monitor ESG policies, extending their oversight to critical areas such as risk management, information security, climate strategy, and stakeholder engagement. Additionally, the board establishes executive compensation policies that incorporate ESG metrics and targets, ensuring the effective implementation of the company's sustainability approach and aligning the interests of the organization with its stakeholders.

However, integrating sustainability into corporate strategy and culture presents challenges, including the need to adapt to evolving ESG trends and engage with external stakeholders. Shareholder activism on environmental and social issues further complicates the board's responsibilities.

To remain effective, boards must stay ahead of shifting ESG trends, including regulatory changes, market expectations, and technological advancements. This necessitates continuous adaptation and proactive strategy adjustments to uphold ESG performance and compliance. Increasingly, governments, communities, and activists demand transparency and accountability in ESG practices. Boards must address these expectations by promoting open communication and ensuring that ESG policies align with stakeholder interests.

## How the CSA Addresses These Issues

The S&P Global Corporate Sustainability Assessment (CSA) evaluates a company's awareness of global sustainability trends and its management of ESG opportunities and challenges. The CSA provides a comprehensive framework for assessing ESG performance, enabling companies to identify improvement areas and align their strategies with best practices. Boards must ensure compliance with regulatory requirements while enhancing transparency and disclosure. Effective ESG oversight mitigates risks related to litigation and reputational damage, fostering stakeholder trust and ensuring long-term sustainability.

## Outlook

Effective boards are expected to engage deeply with material sustainability topics to capitalize on emerging ESG trends and address the diverse needs of stakeholders, including governments, communities, and activists. This requires a robust network of directors capable of navigating the complexities of ESG oversight and driving sustainable business practices.

This report offers a clear overview of the board's role in ESG oversight, utilizing the CSA methodology as a framework to define material topics for board engagement and benchmark company performance.

### Sources:

- *The Board Matrix: The (ESG) Value of Well-Connected Directors*, <https://www.spglobal.com/market-intelligence/en/news-insights/research/the-board-matrix-the-esg-value-of-well-connected-directors>
- *General Criteria: Environmental, Social, And Governance Principles In Credit Ratings | S&P Global Ratings*, <https://www.spglobal.com/assets/documents/ratings/research/100701190.pdf>

# Guide to Reading Bar Charts in this Report

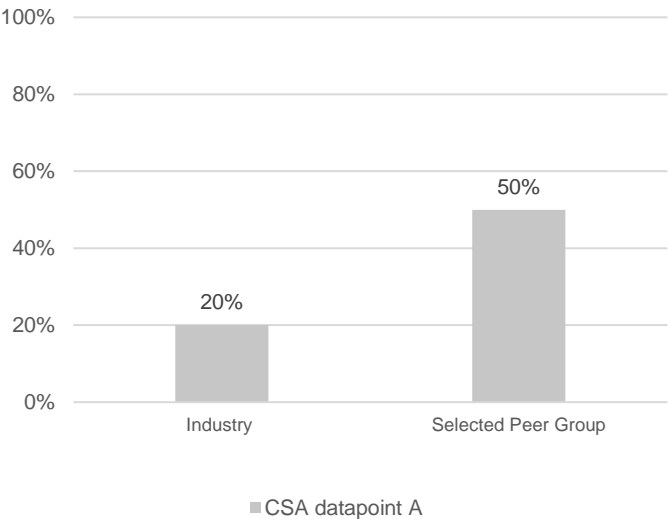
## 1. Understanding the Axes

- Y-Axis (Vertical Axis):
  - Represents the percentage of companies that fulfil the specified requirement. Values range from 0% at the bottom to 100% at the top.
  - Each bar’s height corresponds to the proportion of companies meeting the requirement out of the total companies in the selected group.
- X-Axis (Horizontal Axis):
  - Displays different categories representing a breakdown of companies by industry, region, and selected peer group.
  - This axis helps readers compare how different groups perform relative to the requirement.

## 2. Interpreting the Bar Height:

- The taller the bar, the higher the percentage of companies in that group fulfilling the requirement.
- Readers can easily see which categories (industry or selected peer group) have higher or lower percentages of companies fulfilling the requirement by comparing bar heights.

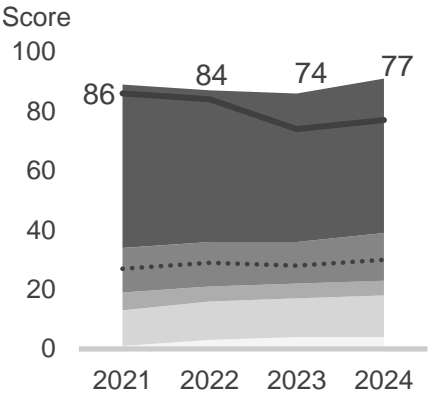
### A sample bar chart to illustrate these points:



← The selected Peer Group has a 50% bar height for ‘CSA category A’ while the Industry has a 20% bar, it indicates a higher proportion of the companies under the selected peer group meet the CSA requirement for datapoint A.

# High-level CSA Score Performance Overview

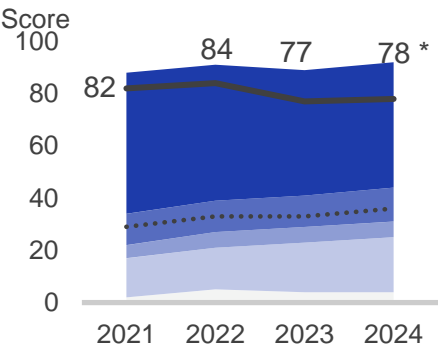
Total CSA Score



Overall CSA Performance Summary:

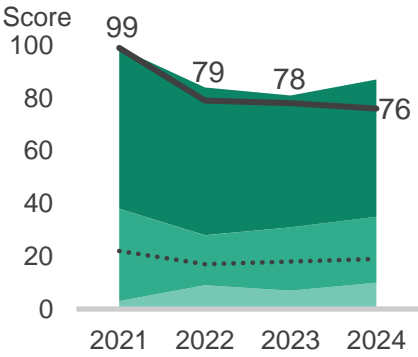
- Sample Company experienced a three-point total score enhancement in 2024 compared to the previous year.
- Due to the increase, the company remains in the top quartile of the ABC Industry, maintaining a high rank among its peers.
- Score changes might also be impacted, not only by the company performance itself, but also by methodology and weighting updates, as well as CSA expected practice.

GOVERNANCE & ECONOMIC



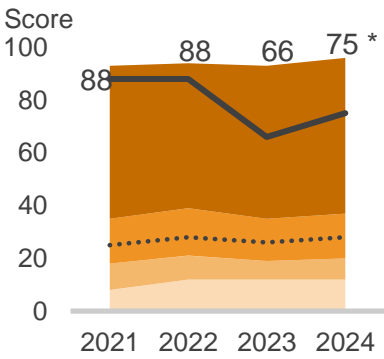
**Governance & Economic:** The score in the Governance & Economic Dimension rose slightly after 7-point reduction in 2023. Among the topics assessed in this dimension, the company presents room for improvement versus the CSA practice in the Materiality Analysis and Supply Chain Management, as some gaps were identified in terms of signing off materiality assessment results and supplier ESG programs by board of directors.

ENVIRONMENTAL



**Environmental:** Following a 2-point reduction YoY, the score in the Environmental Dimension decreased for four consecutive years. This decline is mostly attributed to a score reduction in the topic Climate Strategy (-9 points YoY), indicating a potential for improvement in the disclosure of climate governance.

SOCIAL



**Social:** The score in the Social Dimension rose by 9-points after 22-points reduction in 2023, with an improvements recorded in the topic Occupational Health & Safety (+10 points YoY). Conversely, score reductions in Financial Inclusion (-13 points YoY) and Community Relations (-4 points YoY) indicate potential area for improvement connected to the board-level oversight of Financial Inclusion Policy and Stakeholder Engagement Policy.

# Materiality Analysis

Harnessing Double Materiality for Sustainable Value Creation

## Rationale of the Metric

The ability to identify sustainability factors that are relevant for long-term value creation, considering the interrelation between external impact on society or the environment on the one hand and internal impact on enterprise value on the other hand is paramount for companies. The dual nature of materiality, also referred to as double materiality needs to be considered. Investors are increasingly interested in both sides of this equation.

Over time external impacts on society and environment translate into internal impact on a company itself, affecting its financial value drivers.

## CSA Expected Practice

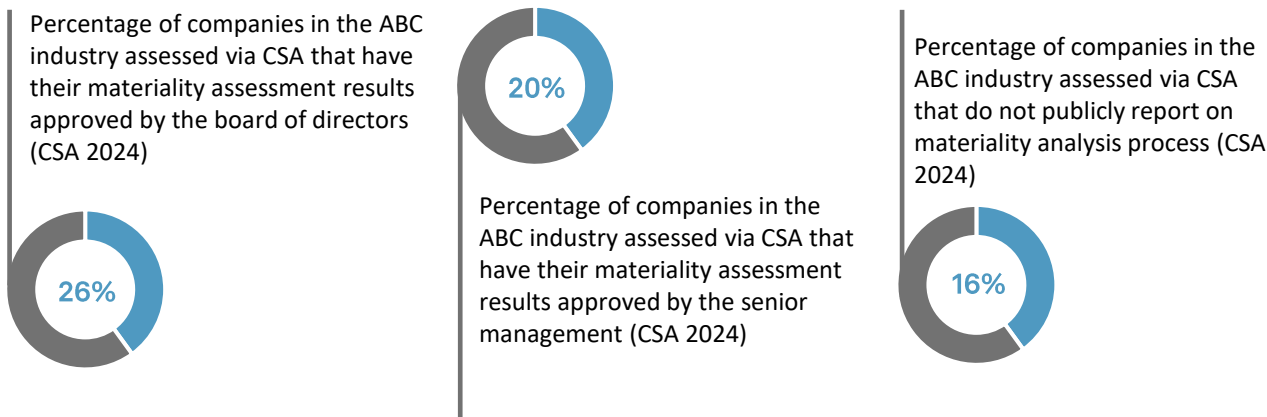
- CSA frameworks assess the following Metrics through this criterion:
- Company's ability to identify sustainability factors driving long-term value creation
  - Public disclosure of the details related to their materiality process.
  - Business case for the identified material issues, value drivers impacted, related strategies and product initiatives.
  - Related metrics and their link to executive compensation.
  - Identification and evaluation/quantification of external impacts generated on societal stakeholders and/or the environment because of the business activities.

## Relevance for Board Oversight

- CSA expectations from company's board of directors on Materiality Analysis:
- Signing off materiality assessment results: The materiality assessment outcome is expected to be signed-off, reviewed or adopted by either by the board of directors, a sub-committee of the board of directors, or a single named director of the board.
  - While senior management can play a role in this area, the board of directors holds ultimate responsibility, ensuring that sustainability receives the highest priority and focus.

## Key Industry Insights

Below is an illustration about the level of engagement of the board of directors and top management in the materiality assessment according to data pulled from the S&P Global CSA platform





# Materiality Analysis

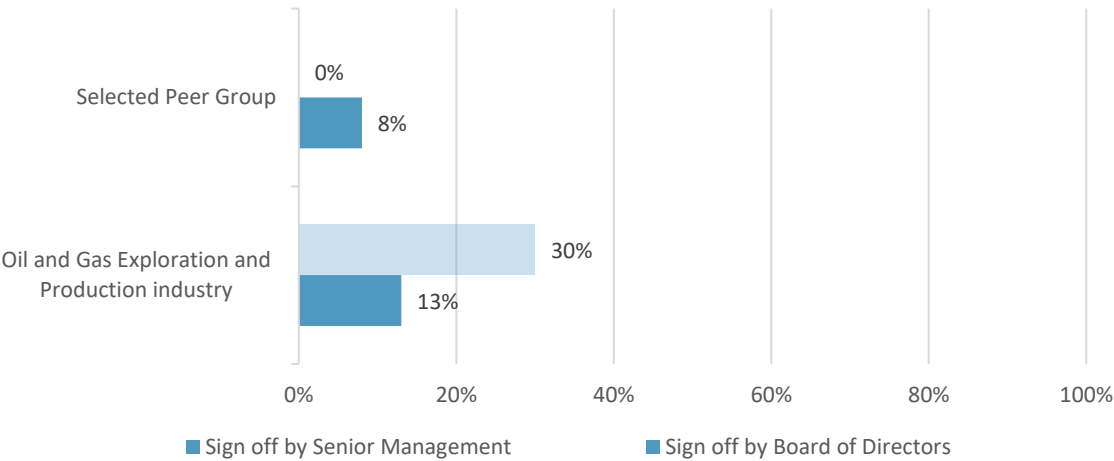
Harnessing Double Materiality for Sustainable Value Creation

## Company XYZ’s Performance Analysis & Benchmarking

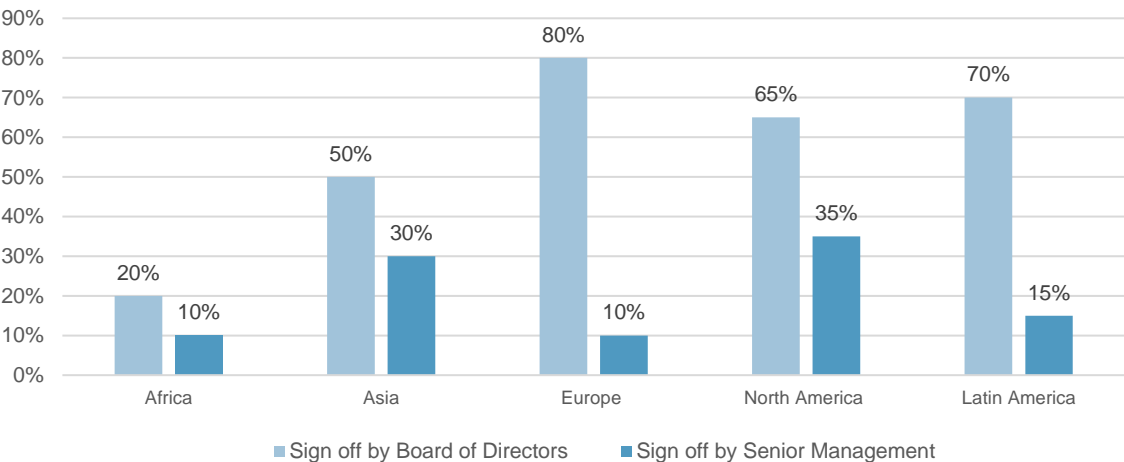
Key takeaways:

- Companies within the XYZ industry most commonly get their materiality assessment results signed off from the board members
- In region A, a lot of companies get materiality assessment results signed off by senior management

Industry & Peer Analysis on Signing off Materiality assessment results by the Board



Regional Analysis on Signing off Materiality assessment results by the Board



**Data universe:** All companies that are part of Cap IQ Pro Primary Industry ‘Oil and Gas Exploration and Production’ and have been assessed through CSA 2024. For selected peer group refer page xx

**Note:** The data analysis only includes companies for which this question has been considered as applicable.

**Source:** CSA 2024

# Governance in a Stakeholder-Focused Economy

Creating long-term value and competitive advantage in a stakeholder-focused economy necessitates aligning corporate and societal goals, addressing externalities, and ensuring transparency regarding sustainability performance. This alignment influences corporate governance principles and the board's role in embedding purpose while safeguarding shareholder rights, including those of minority shareholders.

Once awareness of critical sustainability issues is established, board engagement is essential to integrate these topics into corporate strategy, set targets, and oversee implementation. Board's responsibility for compliance with applicable laws and regulations increasingly requires board's engagement in ESG topics, which are now central regulatory elements.

Environmental and social factors can also lead to short-term disruptions, requiring swift board responses to maintain operations. Effective navigation of these challenges demands foresight, courage, and preparedness to act in line with corporate and societal values. Robust decision-making structures based on ESG knowledge are crucial.

Stakeholders, particularly shareholders, expect high transparency in sustainability reporting, relying on accurate data for informed decision-making. Comprehensive disclosures provide a clearer representation of a company's environmental and social impacts, with the board playing a pivotal role in defining transparency approaches.

Furthermore, transparency influences the perception on how a company manages controversies that may harm its reputation or finances. Stakeholders seek assurance of a company's capacity to mitigate material and reputational risks while protecting shareholder value. Timely and transparent remedial actions require board oversight, making familiarity with these issues vital for effective decision-making. Additionally, the risk of litigation related to sustainability actions is rising, with climate-related lawsuits significantly increasing during the last decade globally.

#### Sources:

- S&P Global Ratings, <https://www.spglobal.com/ratings/en/research/articles/210322-six-key-corporate-governance-trends-for-2021-11885338>
- S&P Global CSA, [https://portal.s1.spglobal.com/survey/documents/MSA\\_Methodology\\_Guidebook.pdf](https://portal.s1.spglobal.com/survey/documents/MSA_Methodology_Guidebook.pdf)
- S&P Global Sustainable1 - <https://www.spglobal.com/esg/insights/featured/special-editorial/key-sustainability-trends-that-will-drive-decision-making-in-2023>
- S&P Global Ratings, [https://www.spglobal.com/\\_assets/documents/ratings/research/101597266.pdf](https://www.spglobal.com/_assets/documents/ratings/research/101597266.pdf)

*Disclaimer: This piece was published by S&P Global Sustainable1 and not by S&P Global Ratings, which is a separately managed division of S&P Global*

# Appendix

---

# Corporate Sustainability Assessment (CSA) Glossary

Aspect	CSA Definition
Board-level committee with oversight	Assigned committee, formed of board members only, with responsibility for overseeing climate-related issues.
Management position	Highest ranking individual with dedicated management responsibility for assessing and managing climate-related issues.
Management-level committee	A management-level committee responsible for assessing and managing climate-related issues.
Materiality	Any factor that can have a present or future impact on value creation and therefore the financial performance of the company over time. These could be economic, environmental, or social in nature.
Materiality Assessment	A materiality assessment is an approach to identify critical economic, environmental, and social issues which have a significant impact on the company's business performance.
Supplier ESG programs	<p>For businesses to identify, assess, and plan corrective measures in relation to the sustainability of their supply chains, it is crucial to implement a robust and comprehensive supplier ESG program. A supplier-focused ESG program is the collection of activities and measures that enables businesses to recognize and assess potential ESG risks, and consequently, plan remedial measures to assure solid sustainability performance along the supply chain.</p> <p>Companies should make sure that this due diligence approach is deployed also within the organization, to guarantee harmonization between ESG strategy for the supply chain and the company's purchasing practices.</p>
Information Security background	Relevant experience could be experience in implementing IT security, information security, cybersecurity, or operational responsibility (e.g., oversight) as a senior executive of an IT company. Academic experience in IT is not considered relevant.



# Disclaimer

---

# Disclaimer

This content (including any information, data, analyses, opinions, ratings, scores, and other statements) ("Content") has been prepared solely for information purposes and is owned by or licensed to S&P Global and/or its affiliates (collectively, "S&P Global").

This Content may not be modified, reverse engineered, reproduced or distributed in any form by any means without the prior written permission of S&P Global. You acquire absolutely no rights or licenses in or to this Content and any related text, graphics, photographs, trademarks, logos, sounds, music, audio, video, artwork, computer code, information, data and material therein, other than the limited right to utilize this Content for your own personal, internal, non-commercial purposes or as further provided herein.

Any unauthorized use, facilitation or encouragement of a third party's unauthorized use (including without limitation copy, distribution, transmission, modification, use as part of generative artificial intelligence or for training any artificial intelligence models) of this Content or any related information is not permitted without S&P Global's prior consent and shall be deemed an infringement, violation, breach or contravention of the rights of S&P Global or any applicable third-party (including any copyright, trademark, patent, rights of privacy or publicity or any other proprietary rights).

This Content and related materials are developed solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. S&P Global gives no representations or warranties regarding the use of this Content and/or its fitness for a particular purpose including but not limited to any regulatory reporting purposes and references to a particular investment or security, a score, rating or any observation concerning an investment or security that is part of this Content is not a recommendation to buy, sell or hold such investment or security, does not address the suitability of an investment or security and should not be relied on as investment or regulation related advice.

The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P Global shall have no liability, duty or obligation for or in connection with this Content, any other related information (including for any errors, inaccuracies, omissions or delays in the data) and/or any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of this Content and/or any related information.

The S&P and S&P Global logos are trademarks of S&P Global registered in many jurisdictions worldwide. You shall not use any of S&P Global's trademarks, trade names or service marks in any manner, and in no event in a manner accessible by or available to any third party. You acknowledge that you have no ownership or license rights in or to any of these names or marks.

## Adherence to S&P's Internal Policies

S&P Global adopts policies and procedures to maintain the confidentiality of non-public information received in connection with its analytical processes. As a result, S&P Global employees are required to process non-public information in accordance with the technical and organizational measures referenced in the internal S&P Global Information Security and Acceptable Use policies and related guidelines.

## Conflicts of Interest

S&P Global is committed to providing transparency to the market through high-quality independent opinions. Safeguarding the quality, independence and integrity of Content is embedded in its culture and at the core of everything S&P Global does. Accordingly, S&P Global has developed measures to identify, eliminate and/or minimize potential conflicts of interest for Sustainable1 as an organization and for individual employees. Such measures include, without limitation, establishing a clear separation between the activities and interactions of its analytical teams and non-analytical teams; email surveillance by compliance teams; and policy role designations. In addition, S&P Global employees are subject to mandatory annual training and attestations and must adhere to the Sustainable1 Independence and Objectivity Policy, the Sustainable1 Code of Conduct, the S&P Global Code of Business Ethics and any other related policies.

See additional Disclaimers at <https://www.spglobal.com/en/terms-of-use>

Copyright© 2025 S&P Global Inc. All rights reserved.