

Transcript of One Question Podcast – Climate Governance 2: Framework of Board Statements

[Will] (0:00 - 0:45)

Welcome to the One Question Podcast from O'BRIEN / Governance Design, who specialise in corporate governance for the public and not-for-profit sectors. I'm Will Francis, and for this mini-series of three podcasts, I ask Trish O'Brien a series of questions on the topic of climate governance in the public sector. For this second podcast of the series, the question is, what are the climate obligations a Board needs to satisfy itself about when overseeing a public sector body?

In the first podcast, we looked at some of the key documents that set out the public sector's climate action responsibilities, and we know that it's intended to integrate the governance of climate actions into the *Code of Practice for the Governance of State Bodies*. We don't know when that will happen. You suggested in the first podcast that when it happens isn't really that important?

[Trish] (0:46 - 1:42)

Well, we know what the Code of Practice looks like. You know, it's been around since 2016, so we know what it looks like, we know what it values. When the governance of climate actions is integrated into that, I think it's fair to assume that the same elements are going to apply as they do in other areas. So, how climate action and priorities are connected with strategy, with risk management, with resourcing, with procurement, with audit, with reporting, and so on. And, as it references in the Public Sector Climate Action Strategy that we talked about in the first podcast, it's going to emphasise the importance of the public sector and Boards leading public bodies to 'set the appropriate tone at the top and to embed a culture of leading by example on climate action'. That's a direct quote from the strategy. So essentially, I think when it happens is secondary and we actually need to be focusing on acting as if it has happened.

[Will] (1:42 - 1:55)

Yes. So based on what we know about climate actions required and what we know about governance, how do you make this more tangible for an organisation and Board wanting to integrate this more into how it actually operates?

[Trish] (1:55 - 2:49)

Again, first to acknowledge that public sector organisations are at different stages with this. Some have been setting up committees under their Boards to focus on climate governance, and they're actually quite progressed in their actions and in their strategy in this area. Other organisations, I think, are probably at an earlier stage.

But either way, there's always further work to be done in every organisation as there always is when it comes to strategy, planning and governance. I'm hoping that the framework of statements we're proposing can assist public bodies regardless of the stage that they're at. So we've spent some time looking at the climate mandate and the Code of Practice, as well as looking at what's happening in other jurisdictions.

I think the best way of looking at an area which is relatively new for some organisations is to start with identifying the questions that the Board might reasonably ask if it wants to assure itself that the public body it is overseeing is meeting its climate responsibilities.

[Will] (2:49 - 3:01)

And are those assurances just about the areas that we talked about in the last podcast that feature in the Mandate document? You know, things like training, phasing out single-use items, facilitating shared transport, things like that?

[Trish] (3:01 - 4:02)

Well, in my view, yes and no. I mean, the Mandate document, obviously, it's important and it's tangible. It's reasonably clear on what it's asking. Its implementation might not be entirely clear, but it is clear on what it's asking. But it's a document that's being updated annually and it's going to change.

And it also doesn't really talk about climate actions in the context of an organisation's objectives. It doesn't talk too much about that. I think that the other document we talked about, the Public Sector Climate Action Strategy, which is the one that brings in the reference to the Code of Practice, I think that balances the Mandate well for our purposes because it talks more about the role of governance and supporting the implementation of actions, and it's setting culture and providing leadership.

So I think we need a framework that captures all of that and that is capable of supporting the integration of climate governance into mainstream governance over time.

[Will] (4:03 - 4:08)

Yes. But what does a framework look like that would support that integration?

[Trish] (4:08 - 4:56)

In our view, something that prompts a Board to think about what it needs to assure itself about is more helpful sometimes than being, you know, too prescriptive. It can really assist Board members to engage with the subject matter and ask questions. It can also help the executive in terms of its planning.

So kind of keeping that in mind and that wish to engage the Board and for the Board to work with the executive, we've drafted a framework that's essentially just a series of statements under three headings. Those three headings are **climate goals, implementation of climate goals**, and **reporting on and validation of progress against climate goals**. And for each group of statements under each heading, the lead question is, is the Board satisfied that ...?

[Will] (4:58 - 5:01)

Ok, yes. But give me a couple of real examples.

[Trish] (5:01 - 8:29)

I'll give you a sense of what we're suggesting. We're developing a draft of this and we're also going to publish that on our website. So it's a first iteration of statements, which can be, you know, hopefully something that can be used by the Board in conjunction with the executive as it works its way through these areas.

So under the heading **climate goals**, the kinds of things that the Board needs to consider are: is it satisfied that the public body's attention to climate matters is adequately referenced in its mission, vision, values and cultural aspirations? And it may decide that actually it doesn't need to be included in, for instance, its mission, but that it should be in its values and culture. You know, giving this some attention, giving it some consideration.

Is the Board satisfied that its agreed strategy includes specific goals and indicators of progress regarding its climate responsibilities and targets? I think from our perspective, a presence in the strategy is important. And ideally, that extends to how the organisation is going to fulfil its strategic objectives with meeting its climate obligations, how it's going to align those things.

The **implementation of climate goals**, again, a couple of examples. Is the Board satisfied that an internal management and governance structure has been developed to ensure that the staff of the organisation can implement climate goals in a holistic manner? It's up to the Board to ask the question and to be satisfied that the structures are in place to actually deliver on this. And then as a second example, under implementation of climate goals, is the Board satisfied that when it's agreeing its budget, it has been confirmed that the necessary resources have been put in place to meet its climate goals? That's the combination of things, you know, it could be internal resources, but also perhaps some external expertise is required. We talked about things like building stock analysis ... some of those things may require some external expertise. Have the resources been put aside for that to support the implementation of climate goals?

And then finally, just a couple of examples under the heading **reporting on and validation of progress against climate goals**. Some of the things the Board might want to satisfy itself about are that the reports received are enabling the Board to oversee progress against these climate goals and agreed indications of progress. That's something we talked about in our previous set of podcasts when we were talking about strategy. Strategy is fine, but you have to be able to see pretty easily what the progress against that strategy is. And it's the same thing with climate goals. Is the reporting to the Board effective? Can the Board actually see what's happening and what the progress is? And the second thing that the Board might want to satisfy itself about under this heading is that the public body is reporting on progress against its climate goals. And that's both the required reporting, the roadmap that we discussed in the first podcast, and also in terms of annual reporting. But also, you know, is it reporting to stakeholders? Is it talking about this in its communication? Because I think this is another part of how it leads by example.

So that's just some of the statements. There are a number of others. And we'll publish a version on our website and hopefully it will prove of use to those who are trying to engage with this area.

[Will] (8:29 - 8:39)

And I know you do external evaluations of Boards in relation to the Code of Practice. So I presume that climate governance will become part of those evaluations in time.

[Trish] (8:40 - 9:43)

Yeah, well, certainly, I think when reporting against the mandate and other climate obligations, when that finally does make its way into the Code of Practice, it will become part of a standard external evaluation. As I said before, our view is that we should be moving on with this regardless. And we'll be encouraging public bodies that we work with to bring this into the external evaluation process and to do that sooner rather than later.

For those maybe who are in between evaluations, you know, these external evaluations tend to happen maybe every three years. Kind of hope that maybe they could use the set of statements that we publish as maybe a targeted self-assessment with our Board. So, you know, ideally, this would be maybe like a collaborative exercise between the Board and the staff, particularly for those organisations that haven't gone too deeply into this area yet.

So, you know, it would be great to see an analysis that looks at both what the Board wants to be able to oversee and be assured about, be satisfied about, and also the implications of that for the executive and the work that they need to do.

[Will] (9:44 - 9:47)

Could that framework of statements be used in other sectors, do you think?

[Trish] (9:48 - 10:17)

I think it probably could. I mean, obviously, there are other considerations in the private and the not-for-profit sectors. You know, and there's lots of tools out there that all sectors will use to support them in their work on climate goals and governance.

But if an organisation, if it's trying to assess where it's at in this area, and if it wants to tease out the assurances Boards require and what this means for staff, you know, how the executive can provide these assurances, then hopefully it could provide a starting point for that conversation.

[Will] (10:19 - 10:23)

Yes. So where do we go from here? What are we talking about in the third podcast?

[Trish] (10:24 - 10:36)

Well, for the third podcast, we're talking about implementation. We'll talk through some steps that could be taken in the integration of climate governance into public sector Boards, and we'll reference some of the resources available to the public sector.

[Will] (10:36 - 11:00)

Great. Look forward to it, Trish. See you then.

So having looked at some areas that the Board needs to satisfy itself about, in our next episode, we'll be talking about some practical steps to implement climate governance at Board and executive levels. I hope you'll join us.

And don't forget, you can find out more and access other podcasts, resources, templates, and One Question Guides at obriengd.ie. Thanks for listening.