

Questions for Boards to Consider About Oversight of Reputation Risk*

- Who are the company's most important stakeholders? What is their perception of the company's reputational strengths and weaknesses?
- Does our risk-assessment process identify significant threats to reputation? If so, is it linked to the formulation of crisis-recovery plans?
- What metrics does management use to monitor perceptions of the company in relation to competitors? What information does the board receive?
- What factors are essential to ensuring that the company's reputation is being preserved? Are we satisfied that management is focused on the fundamentals of enhancing and preserving the enterprise's reputation? For example:
 - Is there evidence that the company listens to customers, employees, and other stakeholders? Does management seek to understand their needs and deal with them responsibly and fairly?
 - Is there a statement of core values or code of ethics that expresses the company's commitment to responsible business behavior? If so, is the statement supported by appropriate performance/incentive programs and reinforcement mechanisms?
 - Is the board providing strong oversight on strategy-setting, policy-making, performance and execution, transparent reporting, and other matters vital to effective corporate governance?
 - Is there a strong control environment in place that lays the foundations for a robust culture around establishing and maintaining effective internal controls?
 - Is there an effective financial close process, system of internal financial reporting controls, and discipline around compliance with the securities laws so crucial to ensuring the continuing quality of public reporting?
 - Is risk effectively integrated into strategy-setting and business planning, and is consideration given to the potential for market forces to disrupt the business model?
 - Is the company communicating its value proposition through powerful and distinctive messages that build its brand image? Does it continually improve its processes and products; establish accountability for results with metrics, measures, and monitoring; and live up to its brand promises every day?
 - Is there a positive culture regarding compliance with applicable laws and regulations?

*These questions originally appeared in *Director Dialogue: Board Oversight of Reputation Risk*.