



Stakeholder engagement

2018 Corporate governance reforms
KPMG Board Leadership Centre



Stakeholder engagement is an essential activity for all companies that, if taken seriously, will strengthen the business and promote long-term success to the benefit of shareholders and other stakeholders alike. With Company Law, the new *UK Corporate Governance Code* and the *Wates Corporate Governance Principles for Large Private Companies* all requiring disclosure of how companies engage with their stakeholders, we present ten questions – based on the Core Principles set out in *The Stakeholder Voice in Board Decision Making*^(a) – for boards to consider.

1. Has the board identified, and kept under review, its key stakeholders?
2. Has the board determined which stakeholders they need to engage with directly, as opposed to relying solely on information from management?
3. When evaluating board composition and effectiveness, has the board identified what stakeholder expertise is needed in the boardroom and decided whether they have, or would benefit from, directors with directly relevant experience or understanding?
4. When recruiting new directors, does the nomination committee take the stakeholder perspective into account when deciding on the recruitment process and selection criteria?
5. Has the chairman kept under review the adequacy of the training received by all directors on stakeholder-related matters, and the induction received by new directors, particularly those without previous board experience?
6. Has the chairman – supported by the board, management and the company secretary – determined how best to ensure that the board’s decision-making processes give sufficient consideration to key stakeholders?
7. Has the board ensured that appropriate engagement with key stakeholders is taking place and is this kept under regular review?
8. In designing its engagement mechanisms, has the company considered what would be most effective and convenient for the stakeholders, not just the company?
9. Are the new *Companies Act* and *UK Corporate Governance Code* disclosures relating to stakeholder engagement - and how the board’s regard to such stakeholders has influenced the board’s decision-making - fair, balanced and understandable?
10. Has the board provided tailored feedback to those stakeholder groups with whom it has engaged?

Contact us

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Note: (a) *The joint ICSA: The Governance Institute and The Investment Association publication - The Stakeholder Voice in Board Decision Making* - can be accessed [here](#).

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