

Practical Guide for Boardroom Discussions

| Step guide | Key objective | Guiding questions |
|---|---|---|
| <p>1</p> <p>Understand your company's exposure and dependency to resource transitions</p> | <p>Agenda: Stress-testing the strategy</p> <p>Who: Full Board</p> <p>Key inputs:</p> <ul style="list-style-type: none"> - Materiality assessment - Scenario analysis - External advisor or management deep dives | <p>What would happen to our margins, supply chains, and growth trajectory if key resource systems – energy, land, or materials – were to experience significant disruption?</p> <ul style="list-style-type: none"> ▪ How exposed are we to the following: <ul style="list-style-type: none"> - price volatility - physical climate shocks - supply disruption - regulatory restrictions today? ▪ Have we stress-tested this across our key geographies / suppliers? |
| <p>2</p> <p>Test whether the company's transition plan and strategy is resilient</p> | <p>Agenda: Principal risks, dependencies and resilience assessment</p> <p>Who: Audit & Risk Committee / ESG Committee</p> <p>Key inputs:</p> <ul style="list-style-type: none"> - Enterprise risk register / ESG dashboard - Transition plan - Scenario analysis and stress-testing | <p>If access to one of our key resources were dramatically or permanently restricted, what would our strategy look like?</p> <ul style="list-style-type: none"> ▪ What potential substitutes or alternative resources could replace this input in such a scenario? How quickly could we access these? ▪ What is the timeline and conditions needed for routes to market? ▪ What is our buying power for newer, cleaner, more resilient resources? ▪ Which competitors already have privileged access to these alternatives, and could this create strategic advantage? |
| <p>3</p> <p>Engage beyond the company boundary</p> | <p>Agenda: Market & competitiveness developments; license to operate</p> <p>Who: Full Board</p> <p>Key inputs:</p> <ul style="list-style-type: none"> - Market and competitor analysis - M&A, joint ventures, and disposals - Major capital expenditure - Climate transition and public policy alignment analysis - Trade association or sector forum activity summaries | <p>How can we work with partners, markets and policymakers to strengthen the resilience of key resource systems?</p> <ul style="list-style-type: none"> ▪ Which industry peers, suppliers or coalitions could become strategic partners in strengthening resource resilience? ▪ Where could collective action across the value chain reduce systemic risks or unlock new solutions? Are we part of the most effective coalitions for these unlocks? ▪ What role could our company play in shaping market rules, standards or policy frameworks that affect resource systems? ▪ How can we build long-term legitimacy and trust with policymakers, communities and stakeholders around resource transitions? ▪ How can we drive consumer understanding and responsible behaviours? |
| <p>4</p> <p>Strengthen governance of transition risks and opportunities</p> | <p>Agenda: Board evaluation</p> <p>Who: Full Board & Chair</p> <p>Key inputs:</p> <ul style="list-style-type: none"> - Strategy paper - Gap analysis - Portfolio review - Legal and regulatory update paper - Board evaluation - Incentives review (RemCo) | <p>What governance structures do we have in place to identify early signals of changes in access to critical resources?</p> <ul style="list-style-type: none"> ▪ How are resource transition risks integrated into enterprise risk management and strategy discussions? ▪ Does our Audit & Risk Committee regularly assess risks related to energy, materials and land systems? ▪ Do we receive early-warning indicators or horizon-scanning on physical climate and nature risks and the latest science, resource volatility, geopolitical risks or regulatory changes? |

Illustrative transition scenarios

These scenarios have been designed in collaboration with AI and board director input, to help illustrate how boards can use these questions to guide organisational responses to climate and resource shifts

A tech company faces rapidly rising demand for AI infrastructure, driving spikes in energy, water and semi-conductor inputs, compressing margins and impacting Scope 3 targets.

Risk mitigation: use AI dynamically to monitor real-time energy and resource use, reduce wastage and predict renewable energy patterns.

Opportunity innovation: partner with peers and policymakers to scale green power markets and establish energy-efficiency standards for AI; work across the value chain to create closed-loop energy and cooling systems.

An EV manufacturer faces recurring lithium and rare earth shortages, driving margin volatility and constraining growth.

Risk mitigation: secure long-term offtake agreements and build strategic stockpiles.

Opportunity innovation: collaborate with regulators and sector peers on circular approaches to lower emissions and secure supply, e.g. second-life repurposing and design for disassembly; co-invest in lower-impact mining and processing capacity to improve value chain traceability.

A food company faces rising water scarcity, soil degradation in key crop regions and enhanced packaging regulations.

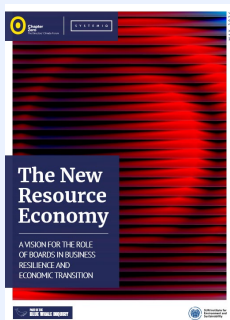
Risk mitigation: Use IoT sensors and smart meters to monitor water flows; diversify sourcing.

Opportunity innovation: develop sector partnerships for pre-competitive collaboration on shared resource risks; work with industry bodies and policymakers on sustainable farming incentives and extended producer responsibility (EPR) frameworks; drive customer uptake in regeneratively produced products through packaging labelling and communications.

A bank faces rising credit and investment risk as clients in agriculture, mining and energy sectors struggle with water scarcity, critical mineral volatility and tightening regulations, leading to asset impairments and constrained growth.

Risk mitigation: tighten underwriting standards in high-risk sectors and review client transition plans to reduce default risk.

Opportunity innovation: establish clear board accountability for transition risks; regularly review portfolio exposure to resource/transition impacts; embed scenario analysis into credit risk management and capital allocation decisions; link incentives to specific portfolio resilience outcomes.



This Practical Guide for Boardroom Discussions is extracted from:

The New Resource Economy

A vision for the role of boards in business resilience and economic transition

[Download the full report here](#)