# Board Oversight Checklist:

# Social Risk Management for Small & Medium Enterprises (SMEs)

Boards today are measured not only by financial results but by how responsibly their organisations create and share value with stakeholders. For SMEs, strong governance of local content, social performance, and human rights is no longer a “nice to have” - it is central to competitiveness, reputation, and long-term resilience. Acting in the company’s best interest now means looking beyond short-term profits to consider broader social and ethical impacts. Even when environmental requirements are met, businesses must still ensure their operations and partnerships are free from human rights risks and aligned with responsible practice.

This checklist is designed as a strategic oversight tool for boards and senior leaders. It supports directors in ensuring that their enterprise:

* Embeds social responsibility and ethical conduct into business strategy and decision-making.
* Complies with evolving legal and reporting requirements across jurisdictions.
* Builds trust through transparency, inclusion, and respect for human rights; and
* Demonstrates measurable contributions to local economies and communities.

Effective board governance in these areas signals integrity, leadership, and long-term value creation. It helps SMEs attract capital, talent, and partnerships while maintaining their social licence to operate.

This checklist does not replace operational management tools. Rather, it enables boards to ask the right questions, hold management accountable, and ensure alignment between purpose, policy, and performance.

Boards are encouraged to use this as:

* A self-assessment tool to review governance maturity.
* A standing agenda item for board or committee meetings; and
* A foundation for board reporting and annual disclosures on ESG, or social related risks.

## Board Checklist

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| **Key Focus Area** | **Board Oversight Questions** | **Management Evidence / Reporting** | **Status (Yes / No / In Progress)** |
| Strategic Alignment & Governance | Has the board defined how local content, social performance, and human rights align with company values and long-term strategy? | Corporate strategy, board-approved policies, annual ESG review |  |
| Local Content & Inclusive Growth | Has the board endorsed measurable goals for local hiring, procurement, and SME participation? | Local content plan and KPIs |  |
| Social Performance & Stakeholder Engagement | Are there structured and transparent engagement processes with communities and stakeholders? | Stakeholder engagement plan, feedback summaries |  |
| Human Rights & Ethical Responsibility | Has the board adopted a human rights policy aligned with the UN Guiding Principles? | Board-approved policy, public statement |  |
| Indigenous Peoples | Are lessons from indigenous engagement integrated into board discussions, risk management, and forward planning? | Board papers, risk register, engagement, policy & legal updates. |  |
| Compliance, Regulation & Jurisdictional Laws | Does management maintain an up-to-date register of applicable laws and regulations (e.g., Modern Slavery Acts, Local Content Acts, Employment Standards)? | Compliance register, legal updates |  |
| Reporting & Disclosure Requirements | Are mandatory and voluntary reports (e.g., sustainability, modern slavery, local content) board-approved before publication? | Draft reports, sign-off records |  |
| Leadership & Culture | Does the board model and reinforce ethical leadership and inclusion? | Board code of conduct, leadership communications |  |
| Future Preparedness & External Trends | Is the board regularly briefed on emerging ESG, social, and human rights regulations? | Board training, horizon scanning memos |  |

## Optional Board Dashboard

To support decision-making, boards should request a quarterly or semi-annual summary from executive or team function leads that include:

* Local employment, procurement and training statistics/ performance
* Community investment outcomes or partnerships
* Human rights due diligence and grievance trends
* Key compliance updates, reporting and audit results
* Upcoming legislative or regulatory changes
* Emerging stakeholder or reputational risks

Directors are encouraged to use this checklist not as a compliance exercise, but as a catalyst for meaningful dialogue with management and stakeholders — one that challenges assumptions, measures progress, and drives continual improvement. The call to action is clear: lead from the top, act with accountability, and ensure your enterprise contributes positively to the people and communities that enable its success.