

Boardroom Questions

Corporate Citizenship and Sustainability – profit meets purpose

Social and environmental risks are critical business risks...

Global executives are addressing these key issues:



Sustainable growth
What are your organization's statistics, targets and strategy for getting there?



Climate change
In recent decades, changes in climate have caused impacts on natural and human systems on all continents and across the oceans,
Source: IPCC March 2014



Gender parity
Women comprise only 10 percent of leadership ranks despite accounting for the majority of college graduates,
Source: WEF 2014



Youth unemployment
Youth unemployment is 2.6 times higher than the total rate of unemployment,
Source: Eurostat



World hunger
Food production has to increase by 100% in developing countries by 2050,
Source: FAO 2013



Water and resource scarcity
Water and some other natural resources are under severe and increasing pressure in many parts of the world



Economic inequality
2.4 billion live on less than US\$2 a day,
Source: United Nations



Ecosystem decline
Declining ecosystems worldwide are increasing pressure on business to reduce environmental impacts

What potential impact could these issues have for Boards?



- **Reputational risk:** Brand and reputational damage if a corporation or its suppliers are seen to be harming society or the environment
- **Commercial risk:** Potential impact on **profitability**. Expansion plans could be at risk, particularly in markets that have less trust in business
- **Legal risk:** Regulators and investors may take legal action over social and environmental issues
- **Social risk:** Action by workers, communities or the public can interrupt operations
- **Regulatory risk:** Increasing amounts of regulation on social and environmental issues heighten the risk of non-compliance
- **Physical risk:** Operations and supply chains are at risk from the physical impacts of climate change such as flooding and storms

...with opportunity for potential growth by developing new products and services which are responsive to emerging social and environmental needs

Boardroom Questions



- What is the **impact** of social and environmental issues on the organization?
- To what extent, if any, are **societal responsibilities** considered by the Board?
- Have you considered the **reputational implications of** these social and environmental issues?
- Have you evaluated the **strategic** implications of these emerging issues (risks and opportunities)?
- How would your Board respond to a question about your **company's role in society**?
- Are **future goods and services being developed** to respond to social and environmental needs?
- Do you have a clear understanding of how your **customers and other relevant stakeholders** perceive these issues?
- Are you **engaging with others in your sector** in addressing these issues? If so, is this approach **effective**?
- Are you **sharing the impact** you have on society and the environment, both internally and externally, to build further awareness?
- Do you have **confidence in the data being reported**?

What actions could the Board consider?



Review your Corporate Strategy

Does it consider relevant social and environmental risks and opportunities?
Does your corporate reporting provide the full story?



Review what other organizations in your sector are doing – Can you collaborate on societal issues that would benefit all?

Can you collaborate on societal issues that would benefit all?



Which Board Directors are involved with which **Not For Profit** organizations? What are your Corporate Responsibility **policies** for your employees? Does senior management recognize and optimize community investment? **Lead by example** and encourage your employees to do likewise.



Evaluate your growth markets. Can you profit from innovations that address social or environmental problems? Do your markets face issues such as youth unemployment, income inequality, or lack of gender parity? How can you reconsider **your operating model to address** such issues and enhance your local reputation?

The business world is changing. Is it time to re-evaluate your corporate responsibility activity and sustainability strategy?

If you want to know more, contact



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