

CSR / Sustainability Governance and Management Assessment

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June 2015

Introduction

Companies which adopt CSR or sustainability¹ commitments seek to embed social and environmental considerations throughout their governance, operations, value chain and day-to-day decision-making. They set a vision to fully integrate sustainability into their businesses, in every employee's mindset and decision-making.

This "CSR Governance and Management Assessment" is a free tool for companies seeking to improve the integration of CSR into business practices and advance down the change management and business transformation path. It is based upon research conducted for the Conference Board of Canada in 2008 on [The Role of the Board of Directors in Corporate Social Responsibility](#).

The checklist can be used to help a company conduct a self-assessment of its existing practices in this area, in order to develop a roadmap, work plan or project charter to guide further progress toward sustainability embedment. The tool can be used as a diagnostic model to identify aspects of corporate culture which need attention to avoid strategic sustainability drift. A measure of a company's maturity in integrating sustainability into governance, strategy, operations, value chains and daily decisions, a CSR Governance and Management Assessment can be used as a springboard to the next stage of embedment.

The Assessment consists of:

- A checklist of best, good and leading practices
- A rating system to rank your company's current practices.

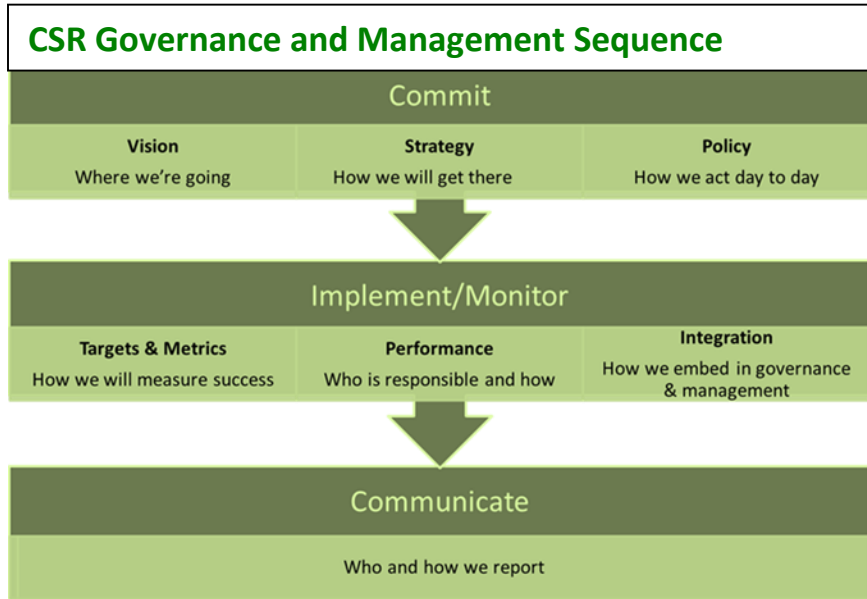
¹ CSR and sustainability are used interchangeably in this document.

The Assessment does not measure the quality, effectiveness, success, impacts or outcomes of an organization's practices, but reviews the degree and nature of a CSR Governance and Management system.

In my experience helping companies develop best and leading practices in sustainability governance and management I have found that it helps to confirm the following with top management and the board prior to proposing recommendations to existing governance and management protocols:

1. Leadership: To what degree does your organization seek to have leadership practices in CSR Governance?
2. Phasing: What is the preferred timeline for implementation?
3. Explicitness: Does your organization want to be explicit about referencing your CSR commitments in your governance and management procedures?
4. Embedment: Does your organization want to take an embedded or a focused approach? (See [CSR Governance Guidelines](#) for a discussion of this.)

The tool includes 38 practices for the board of directors and 36 practices for management, for a total of 74 practices. The practices range from foundational to leading. They can be prioritized, sequenced and phased, depending on the organization's culture, preferences and resources. The following is a typical sequence for the development and implementation of a comprehensive CSR Governance and Management system:



Please [contact me](#) if you would like assistance with your assessment, a third-party review of your self-assessment and / or assistance preparing board and management reports, policies and procedures for addressing your organization's gaps.

Rating System

The rating system is based on a 5-point ranking:

0 = No practices in place

1 = Weak practices

2 = Moderate practices

3 = Strong practices

4 = Full practices

N/A = not applicable

ASSESSMENT RESULTS *To be filled in after assessment is complete.*

Rating	
Full practice	
Strong practice	
Moderate practice	
Weak practice	
No practice	

CSR GOVERNANCE ASSESSMENT

Component and Practice Area	Assessment	Rating
Board of Directors provides oversight of corporate CSR strategy and performance.		
1. Vision and Strategy: The board demonstrates its commitment to CSR and ensures it is incorporated into the organization's vision and strategy.		
1.1 Organization charter incorporates commitment to CSR. CSR is incorporated in the core purpose statement and business model.		
1.2 Board and management have agreed on and communicated an explicit commitment to CSR.		
1.3 Board and management share a common definition of CSR as it relates to the organization, its sector and broader societal trends.		
1.4 Board has developed a common understanding of the organization's business case for CSR and its link to financial performance. The board is aware of how CSR translates into value creation specifically for the organization.		
1.5 Board and management have developed a long-term CSR vision and strategy for the organization.		

<p>1.6 CSR is incorporated into the organization’s mission, vision and values.</p>		
<p>1.7 Board is aware of CSR issues, impacts, risks, opportunities and trends specific to the industry, its suppliers, customers and supply chains. The board is provided the information it needs to understand the CSR context. Reputable experts are available and regularly engaged to advise the boards on CSR matters.</p>		
<p>2. Oversight and Accountability: The board has established a governance structure to enable it to oversee the management of CSR issues and their integration throughout the organization.</p>		
<p>2.1 Board has delegated a committee(s) with responsibility for CSR oversight. The committee(s) is capable of overseeing CSR. Board ensures CSR is integrated into other relevant committees such as Risk Management, Audit, Nominations and Compensation.</p>		
<p>2.2 Board receives reports from, and has direct and unfettered access to, a designated CSR officer.</p>		
<p>2.3 Board has adopted and regularly reviews a CSR policy/s and ensures CSR commitments are integrated into existing corporate policies and routinely integrated into new corporate policies. Board confirms management has systems and procedures in place for implementing CSR policies.</p>		
<p>2.4 Board roles and responsibilities include reference to CSR; governance policies / manuals embed the board’s CSR philosophy and commitment. (Example: “The</p>		

<p>board is accountable to shareholders and relevant stakeholders and responsible for protecting and generating sustainable value over the long term. In fulfilling their role effectively, board members should monitor the effectiveness of the company’s governance practices, environmental practices, and social practices.” From ICGN Governance Principles)</p>		
<p>2.5 Board regularly reviews progress on the organization’s performance against CSR goals, objectives and targets. The board allocates sufficient time to discuss CSR matters during meetings. The board provides input and counsel on CSR risk and opportunity identification and management.</p>		
<p>2.6 Board agendas promote integration of CSR issues with other agenda items such as strategy, finance and risk.</p>		
<p>2.7 Board has a means of assessing subsidiary CSR performance.</p>		
<p>2.8 Board ensures that management compensation is linked to performance on both short and long-term CSR goals and targets. The company’s remuneration philosophy and policy address “CSR” compensation.</p>		
<p>2.9 CEO position description and annual performance plan incorporate CSR. The board includes CSR as a criterion for executive evaluation and periodically reviews the CEO against CSR capability and suitability qualities.</p>		

<p>2.10 CSR is included in CEO and executive succession planning, leadership development and competency models. The board ensures the talent development strategy addresses CSR competencies.</p>		
<p>3. Risk Management and Financial Performance: The board integrates CSR risks and opportunities into the management of enterprise risk and considers CSR impacts on financial performance.</p>		
<p>3.1 Board provides oversight of the CSR components of the enterprise risk management program and ensures that CSR risk and strategy are aligned. (Example: The board adopts a comprehensive approach to risk oversight which includes all material aspects of risk including financial, strategic, operational, environmental, and social risks (including political and legal ramifications of such risks), as well as any reputational consequences. From ICGN Governance Principles)</p>		
<p>3.2 CSR impacts, issues, risks and opportunities are considered by the board when approving major operating decisions, including major capital projects, budgets, new business lines, joint ventures, mergers, acquisitions and divestitures.</p>		
<p>3.3 Board has a means to identify the CSR impacts of its decisions.</p>		
<p>3.4 Board reviews its own practices to reduce the social and environmental impacts of board meetings.</p>		

<p>3.5 Board receives independent and unfiltered information on stakeholder issues and concerns related to CSR to inform risk management and strategy (e.g. board meeting presentations, stakeholder dialogues, stakeholder panels that advise the board, grievance mechanisms, etc.). Board holds regular discussion about what relationships are important and how these might change.</p>		
<p>3.6 Board receives information on management’s approach to building effective stakeholder relationships and ensures that systems are in place to monitor, measure and report on the effectiveness of relationships.</p>		
<p>3.7 Measures are in place for the board to assess the extent to which the company’s CSR commitments are adhered to across the organization, and within its value chain. Organization regularly assesses compliance with, and implementation of, CSR commitments, voluntary standards, policies and management systems through an internal audit or other formal and systematic process.</p>		
<p>3.8 Board is informed of the financial impacts of key CSR issues on performance, liquidity and financial condition.</p>		
<p>4. Board Composition and Expertise: The board is equipped to provide oversight on material CSR issues.</p>		

<p>4.1 Board composition reflects the cultural, gender, age and geographic diversity of the marketplace.</p>		
<p>4.2 Nominating committee includes CSR skills, expertise, knowledge, and experience as a factor in director recruitment. One or more directors have strong CSR expertise including executives from corporations with a track record on sustainability or topic experts.</p>		
<p>4.3 Nominating committee considers CSR values alignment in director recruitment and nomination process.</p>		
<p>4.4 New director orientation process includes a review of the organization's CSR risks and opportunities, commitments and goals.</p>		
<p>4.5 CSR education is provided to directors as part of their ongoing development. Boards understand how sustainability issues will impact their business, including their suppliers and customers, and how societal and regulatory trends create new opportunities and risks.</p>		
<p>4.6 CSR competency is included in the board evaluation process.</p>		

5. External Disclosure:
The board regularly discloses information about the organization’s CSR performance.

<p>5.1 Board provides input into management’s assessment of material CSR issues to include in the organization’s external reporting.</p>		
<p>5.2 Board reviews and approves the organization’s disclosure of its CSR performance and impacts and ensures compliance with mandatory disclosure requirements.</p>		
<p>5.3 Board confirms a process is in place to ensure CSR information is consistent, robust, accurate and complete across multiple formats, e.g. corporate websites, social media and voluntary reports and that provided in government filings, Annual Information Form, Management’s Discussion and Analysis, financial statements and other disclosures.</p>		
<p>5.4 Board ensures that management has implemented adequate and effective systems, internal controls, documented processes and audit trails to support the compilation and verification of key CSR performance metrics appropriate for reliably, completely and accurately tracking performance, setting targets, compensating, benchmarking and external reporting to capital markets and governments.</p>		
<p>5.5 Annual or CSR Report includes a CSR message from the Chair; directors’ report in the annual report includes CSR information.</p>		

5.6 Organization reports frequency of meetings and key topics, decisions, actions and outcomes of board CSR committee.		
5.7 Board chair joins the CEO in publicly endorsing CSR standards and voluntary initiatives.		

Management implements and manages corporate CSR strategy and improves CSR performance.

6. Commitment and Strategy:

CSR commitment is included in the organization’s mission, vision, values and corporate strategy.

6.1 CEO demonstrates personal leadership on CSR, promotes CSR to the sector, leads development of industry CSR standards and leads the executive management team in development of the CSR strategy, defining goals and overseeing implementation.		
6.2 Organization has a long-term CSR strategy, annual plans (as component of annual corporate business plan), targets, KPIs, and metrics for measuring progress; its CSR goals are included in the corporate strategy. CSR considerations inform and underpin corporate strategy.		
6.3 CSR is incorporated into the innovation and R&D process to facilitate CSR idea generation and address material CSR risks and opportunities. The company enables social intrapreneurialism and employee-generated innovation and initiative taking for sustainability. Employees are rewarded for CSR		

<p>innovation. Open, honest and transparent internal dialogue on sustainability is encouraged.</p>		
<p>6.4 Organization's enterprise risk management program considers material CSR risks and opportunities, including those of its suppliers and customers at the individual, portfolio, segment, category, sector and / or regional level, which are managed and leveraged through the corporate and CSR strategy.</p>		
<p>7. Execution: Organization has processes to integrate CSR into structures and procedures and to assign resources and accountability to implement and monitor progress.</p>		
<p>7.1 CSR oversight is clearly mandated. There is executive level responsibility for CSR. Senior CSR officer has direct and unfettered access to the Board and CEO. Senior leaders are held accountable for CSR deliverables and performance and for integrating CSR into their departmental mandates, business areas and business plans.</p>		
<p>7.2 A program management office or similar structure is created to steward the CSR strategy. The function is a source of knowledge, expertise and connections for business and functional heads. (The role of the specialist function evolves as the organization embeds sustainability across all functions and business units. Eventually the function becomes responsible for helping embed CSR across the company and drawing upon good internal and external practice to do so. The function ultimately fulfills the seven Cs: Coordinator, Communicator,</p>		

Coach, Consultant, Codifier, Connector and Conscience.)		
7.3 A review is conducted to ensure CSR policy aligns with existing organizational policies and gaps are addressed; procedures are developed and deployed for CSR policy implementation.		
7.4 The Employee Code of Conduct incorporates CSR.		
7.5 Processes are in place to enable CSR impacts, issues, risks and opportunities to be taken into account clearly and consistently in major decisions, large capital budgets and projects, and day-to-day decision-making (e.g. sustainability included as a factor in R&D, responsible products and services policy, sustainable purchasing policy, embedding CSR considerations into other corporate policies, procedures, etc.). CSR is considered early in project planning and at all stages of core business decision-making.		
7.6 Organization has a process to integrate CSR into its products and services. CSR is considered before new products and services are launched.		
7.7 Organization understands the CSR risks, opportunities, trends, issues, impacts, dependencies and performance of its suppliers and customers and implements measures to address gaps.		

<p>7.8 Organization integrates CSR into its strategic performance management tools, such as a balanced scorecards, cost-benefits assessments, environmental, health and safety management systems, etc.</p>		
<p>7.9 CSR is considered in budgets and financial modeling/business cases and a system is in place to measure and quantify financial impacts of CSR activities. Hurdle rates and pay-back periods are CSR-adjusted. Sustainable products, business or sourcing processes have a longer term return on investment. CSR's economic value is assessed.</p>		
<p>7.10 Staff resources and budgets are dedicated to CSR implementation.</p>		
<p>7.11 There is a representative, interdepartmental, cross-functional management committee chaired by the CEO or another C-suite executive and comprising senior level executives from across the enterprise responsible for overseeing sustainability strategy and performance. The committee will have implementation authority and responsibility for influencing strategic direction and monitoring progress on CSR. Senior leaders are responsible to:</p> <ul style="list-style-type: none"> • Develop long-term CSR strategies. • Review annual CSR plans to ensure alignment with CSR goals and targets. • Review progress on CSR goals and targets and address gaps regularly. 		

8. Performance:
CSR is incorporated into performance management systems.

<p>8.1 CEO and executive have explicit accountability for CSR performance reflected in their mandates and personal and divisional scorecards. Executive compensation packages and variable incentive plans are linked to performance on CSR goals and targets including both short term (annual) and long-term expectations.</p>		
<p>8.2 CSR is included in organization-wide and departmental goals. CSR goals are cascaded throughout operations.</p>		
<p>8.3 CSR strategy objectives and targets are assigned to key employees, and included in performance systems (including job descriptions, annual performance plans and appraisals and at-risk remuneration for eligible employees). CSR statements are included in each position description, signed off by employees.</p>		
<p>8.4 Organizational competencies include behavioural expectations that address “CSR” capacity.</p>		
<p>8.5 Promotions, raises, benefits and awards recognize and reward CSR performance. Team CSR awards are in place.</p>		
<p>8.6 All employees undergo CSR training; training addresses CSR strategy, policies and procedures, CSR trends and CSR competencies. Conventional, role-</p>		

<p>based employee training and development programs incorporate CSR. The quality and effectiveness of the training is monitored.</p>		
<p>8.7 CSR is included in the hiring process through recruitment interviews, offer letters and early employee contact and in the orientation and probationary review processes.</p>		
<p>8.8 CSR is included in all personal and leadership development, career-pathing, secondment, succession planning, and change management plans and programs. CSR is included within experiential learning as a component of leadership development programs and incorporated into 360 degree appraisals.</p>		
<p>8.9 Regular employee surveys are conducted of their perception of the organization's CSR commitment and progress.</p>		
<p>9. Engagement: Organization has robust internal and external stakeholder engagement programs in place.</p>		
<p>9.1 Organization has publicly recognized responsibility for its impacts on internal and external stakeholders. Organization has systematically mapped its stakeholders and regularly engages with priority stakeholders on CSR trends, issues, expectations, concerns, dilemmas, risks and opportunities in an ongoing, in-depth and timely manner, involving all appropriate parts of the business. Key stakeholders are consulted on the</p>		

<p>organization's CSR strategies, goals, policies and performance and their feedback is integrated into strategic planning, day-to-day operations and corporate decision-making. Senior leaders participate in stakeholder engagement processes which inform strategy, risk management and enterprise-wide decision-making. Organization seeks to understand and address stakeholders' material issues, concerns and expectations. Stakeholders are embraced as a source of innovation and opportunity.</p>		
<p>9.2 Organization has a range of stakeholder engagement practices in place from input and consultation, to partnership and collaboration, to empowerment and designated decision-making. Organization assesses stakeholder perception of its CSR commitment and performance. Organization uses a variety of channels to regularly obtain stakeholder input. Organization engages in partnerships and collaborations with stakeholders to address core business needs and tackle CSR issues.</p>		
<p>9.3 Organization discloses how it incorporates stakeholder input into corporate strategy and business decision-making.</p>		
<p>9.4 Organization has an internal communication plan to regularly update employees on CSR objectives, plans and progress; to inform employees of CSR trends and developments; and to provide customer and stakeholder relevant information for employees to share.</p>		

<p>9.5 Organization engages employees through champion teams, events, volunteering and campaigns, has a process in place to solicit employee feedback on its CSR efforts, and celebrates its achievements and accomplishments with employees.</p>		
<p>10. Monitoring and Reporting: Organization regularly monitors, reviews, reports and improves its performance.</p>		
<p>10.1 Organization conducts annual progress review of CSR strategy implementation to ensure the strategy is working as intended and targets are on track. Discussion is held on key problems and challenges and future directions. Organization takes corrective action as necessary. Lessons learned are documented, analyzed and tracked to improve CSR performance in future. Processes are in place for CSR quality control.</p>		
<p>10.2 Organization regularly discloses significant CSR performance data and targets relating to its direct operations, subsidiaries, joint ventures, products and value chains. Disclosure covers how the organization is managing material issues and progress on its CSR strategy. The report is balanced, covering challenges, setbacks and dilemmas as well as achievements and positive impacts.</p>		
<p>10.3 Quality consistent, complete, accurate and auditable information, measurement, monitoring and reporting systems for CSR are in place.</p>		

<p>10.4 Organization ensures CSR messages are consistent and current in public reports, speeches, and public communications and that control processes are in place to ensure consistency.</p>		
<p>10.5 Organization releases CSR information through a range of disclosure vehicles, including stand-alone reports, annual reports, websites and social media.</p>		
<p>10.6 Organization verifies key CSR performance data to ensure valid results and engages independent, credible third party to review and validate its disclosures.</p>		
<p>10.7 Organization periodically reviews and updates its CSR governance and management system.</p>		