

CSR / Sustainability Governance Assessment

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Introduction

This is a tool for boards and corporate secretaries to assess and benchmark their CSR / sustainability governance practices. 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](#) and [CSR Governance Guidelines](#) commissioned by Industry Canada.

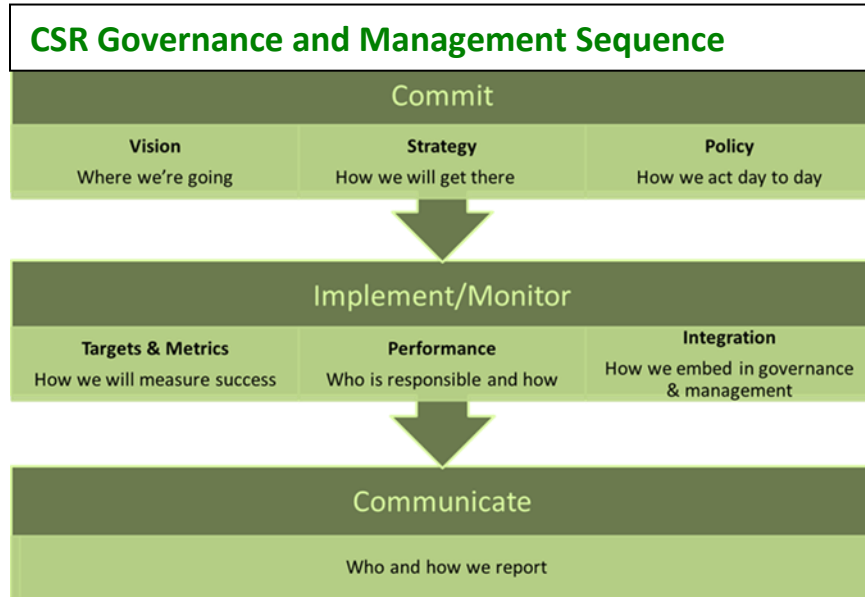
The checklist can be used to help a board conduct a self-assessment of its existing practices in this area, in order to develop a roadmap, work plan or project charter to guide further progress toward sustainability governance embedment. A measure of a company's maturity in integrating sustainability into governance, a CSR / sustainability governance assessment can be used as a springboard to the next stage of sustainability governance.

The Assessment consists of:

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

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 system.

The tool includes 38 practices for the board of directors. (A [companion document](#) includes 36 practices for management.) 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 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.		
1.6 CSR is incorporated into the organization's mission, vision and values.		
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.		

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.		
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.		
2.2 Board receives reports from, and has direct and unfettered access to, a designated CSR officer.		
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.		
2.4 Board roles and responsibilities include reference to CSR; governance policies / manuals embed the board's CSR philosophy and commitment. (Example: "The 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)		
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.		
2.6 Board agendas promote integration of CSR issues with other agenda items such as strategy, finance and risk.		

2.7 Board has a means of assessing subsidiary CSR performance.		
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.		
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.		
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.		
2.11 The board periodically reviews and updates its CSR governance system.		
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.		
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)		
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, mergers, acquisitions and divestitures.		

3.3 Board has a means to identify the CSR impacts of its decisions.		
3.4 Board reviews its own practices to reduce the social and environmental impacts of board meetings.		
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.		
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.		
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.		
3.8 Board is informed of the financial impacts of key CSR issues on performance, liquidity and financial condition.		
4. Board Composition and Expertise: The board is equipped to provide oversight on material CSR issues.		
4.1 Board composition reflects the cultural, gender, age and geographic diversity of the marketplace.		

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.		
4.3 Nominating committee considers CSR values alignment in director recruitment and nomination process.		
4.4 New director orientation process includes a review of the organization's CSR risks and opportunities, commitments and goals.		
4.5 CSR education is provided to directors as part of their ongoing development. Boards understand how sustainability issues affect the company's business environment and how societal and regulatory trends create new opportunities and risks.		
4.6 CSR competency is included in the board evaluation / self-assessment process.		
5. External Disclosure: The board regularly discloses information about the organization's CSR performance.		
5.1 Board provides input into management's assessment of material CSR issues to include in the organization's external reporting.		
5.2 Board reviews and approves the organization's disclosure of its CSR performance and impacts and ensures compliance with mandatory disclosure requirements.		
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.		
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.		
5.5 Annual or CSR Report includes a CSR message from the Chair; directors' report in the annual report includes CSR information. Frequency of meetings and key topics, decisions, actions and outcomes of board CSR committee is disclosed in annual / CSR Report		
5.6 Board chair joins the CEO in publicly endorsing CSR standards and voluntary initiatives.		