



THE PURPOSE IMPERATIVE

**WHY AND HOW BOARDS ARE EMBRACING
PURPOSE GOVERNANCE TO DRIVE VALUE**



A summary report from the
Purpose Imperative panel at
Governance Professionals of
Canada's 24th Annual Corporate
Governance Conference

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INTRODUCTION

More and more organizations are adopting a purpose as the reason they exist. This opens up the question of the role of the board and governance professional in the development and governance of the purpose. As this is new territory for boards, Governance Professionals of Canada (GPC) held a panel on this topic at its 2022 Annual Conference. This is a summary of the panel discussion describing how and why purpose leaders adopt best practices in purpose governance and execution and the benefits that result. It sheds light on how boards embrace purpose governance to drive value for their business and society and the governance professional's role in the transition.

**“IF YOU ARE GOVERNING
AN ORGANIZATION, YOU
OUGHT TO KNOW WHAT
IT'S PURPOSE IS.”**

REPORT HIGHLIGHTS

- Company boards are adopting or refreshing the purpose of their organization
- Boards need to update their governance models to embed purpose in their oversight function
- Governance professionals have an important role to play to foster best practices in purpose governance

WHY READ THIS REPORT?

- Learn about trends and drivers in social purpose business
- Understand the role of the board and governance professional in adopting and governing a social purpose
- Be informed of the business case for adopting a social purpose as the reason your organization exists

COMPANION REPORTS

Summaries of past panels hosted by Governance Professionals of Canada on Purpose Governance.

Purpose Governance: A New Role for Boards

[Click here for a copy of the report.](#)

Purpose Governance: The Role of the Board in Developing and Overseeing the Purpose of the Organization.

[Click here for a copy of the report.](#)

ACKNOWLEDGEMENTS

Governance Professionals of Canada thanks Coro Strandberg, Faculty Member for its Governance in Practice Education program, for writing this summary report.

CONTRIBUTORS

The discussion was informed by the following governance practitioners who contributed their insights and experience to the Purpose Imperative conversation.

MODERATOR



CORO STRANDBERG

President, Strandberg Consulting and Co-founder, United Way Social Purpose Institute

Coro Strandberg, President, Strandberg Consulting and Co-founder, United Way Social Purpose Institute. Coro Strandberg is the President of Strandberg Consulting and a leading national sustainability and social purpose thought leader and advisor to boards, business, governments, and associations. She co-founded the Social Purpose Institute at United Way, through which she has helped dozens of businesses adopt and implement a social purpose. Coro is a faculty member of Directors College and Governance Professionals of Canada where she provides education to directors and governance professionals on sustainability and purpose governance. She has over 20 years experience as a Corporate Director and is currently a Director of BC Lottery Corporation, where she sits on its Governance and Social Purpose Committee. Coro is also an advisor to the Office of the Auditor General of Canada, and the Canadian Standards Association. In 2015 she was named the top CSR consultant in Canada for her impacts. Coro publishes her research and thought leadership on her website at www.corostrandberg.com.

PANELISTS

CHRISTINE CARTER

Corporate Secretary & Director of Governance, British Columbia Lottery Corporation

Chris Carter is a practising lawyer, accredited director and Fellow of the Chartered Governance Institute, with nearly 20 years' experience in corporate governance in the public, private and non-profit sectors. Chris currently leads the corporate secretarial team as Corporate Secretary & Director of Governance at the British Columbia Lottery Corporation (BCLC), one of the top 5 largest Crown corporations in the province. Prior to BCLC, Chris was Legal Counsel & Deputy Secretary for nearly 17 years at HSBC Bank Canada, a former TSX-listed public company and Canada's leading international bank. During her tenure, HSBC Bank Canada won the Excellence in Governance Awards- Best Practices to Enhance Boardroom Diversity from the Governance Professionals of Canada. Chris also acted as Corporate Secretary or Deputy Secretary for HSBC Bank Canada's privately-held subsidiaries, including a mortgage company, trust company, securities company, investment funds company and asset management company, as well as a former insurance company.



ALICIA EVERS

Corporate Secretary and Head of Governance, HSBC Bank Canada

Alicia Evers is Corporate Secretary and Head of Governance for HSBC Bank Canada. Prior to joining the bank in 2017 as Deputy Corporate Secretary, Alicia was legal counsel for a capital markets regulator, advising its members in their roles as board directors and tribunal adjudicators in areas of corporate governance, securities law, administrative law, evidence and procedure. Alicia is a member of the Law Society of Ontario and has a B.A.H. (Economics), J.D. and LL.M. (Securities Law).

ALEXANDRA WILSON

Director, Board of Co-operators

Prior to her 2021 retirement from the position of CEO of the Agency for Co-operative Housing, Alexandra Wilson spent 47 years developing and providing services to non-profit housing co-operatives. She serves on the boards of directors of the International Co-operative Alliance, Co-operatives and Mutuals Canada, the Canadian Co-operative Investment Fund, the Funeral Co-operative of Ottawa and the Co-operators Group, a multi-line co-operative insurer. At Co-operators she is vice chair of the Board, chairs the Risk Committee and is a past chair of the Sustainability and Audit committees. Alexandra chaired the Credit Committee of Alterna Savings for seven years and for eight years served as a director and Audit Committee chair of Citizens Bank of Canada (now known as Vancity Community Investment Bank). From 2012 to 2018, she served on the Sustainability Advisory Board of Chartered Professional Accountants Canada and from 2018 to 2021 as a member of CPA's Advisory Board for Sustainable Business.



WHAT IS SOCIAL PURPOSE?

The discussion was informed by the following governance practitioners who contributed their insights and experience to the Purpose Imperative conversation.

UNITED WAY SOCIAL PURPOSE INSTITUTE

A social purpose organization is an organization whose enduring reason for being is to create a better world.

UK BRITISH ACADEMY

The purpose of business is to profitably solve problems of people and planet, and not profit from causing problems.

ISO 37000 GOVERNANCE OF ORGANIZATIONS

The purpose of the organization is its meaningful reason to exist.

A social purpose could be an environmental or social purpose, or some combination thereof. Some organizations choose a purpose to create profits for shareholders, others adopt a purpose to create the best products or satisfy the needs of their customers. The GPC panel focused on organizations whose purpose is to make the world better – who have a societal purpose as the reason they exist.

Purpose is distinct from mission and vision. A purpose is why your organization exists, a mission is how or what you do to fulfill your purpose and a vision is where you are headed to advance your purpose, i.e., why, what, and where.



SOCIAL PURPOSE DEFINITION

A social purpose organization is an organization whose enduring reason for being is to create a better world.

[Read the full definition here.](#)

“HAVING A SOCIAL PURPOSE IS A STRATEGIC AND MORAL IMPERATIVE.”

TRENDS AND DRIVERS OF PURPOSE

Investors are starting to drive interest in companies adopting a social purpose as the reason they exist. Larry Fink, for example, the CEO of BlackRock which is the world's largest investor with over \$10 trillion in assets under management, [began signaling in 2018](#) to the companies he invests in that he expects them to have a social purpose. And he also expects boards to help their companies articulate and pursue their purpose:

“Society is demanding that companies, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. [...] Without a sense of purpose, no company, can achieve its full potential. [...] Furthermore, the board is essential to helping a company articulate and pursue its purpose.”

BlackRock engages the companies it invests in to ensure they are creating and protecting value. Its engagement priorities include:

- How the board oversees corporate strategy, purpose, and financial resilience
- How the board and management assess the compatibility of the company's strategy and purpose

The American Business Roundtable, a CEO network of large U.S. companies, redefined the purpose of the corporation, overturning their original belief that corporations exist principally to serve their shareholders. Their new Statement on the Purpose of a Corporation moves away from shareholder primacy stating instead that the purpose of the corporation is to serve all stakeholders.

This shows that a paradigm shift is underway in how investors and business leaders think about the role of companies in society.

While there is a trend to more companies adopting a social purpose as the reason they exist, recent research shows that they are not always fully governing or implementing their purpose. Corporate Knights, which is a rating agency evaluating Canada's Top 50 Corporate Citizens and the World's Most Sustainable Corporations every year, recently evaluated 34 Canadian social purpose companies to assess their purpose governance and implementation. It found that half of them demonstrated good practices in social purpose execution, three of which are panel members:

- **CO-OPERATORS**
- **BC LOTTERY CORPORATION**
- **HSBC CANADA**

The panelists included a corporate director and two governance professionals, and a co-operative, a crown corporation, and a public company. This diversity shows that a social purpose can be relevant to all types of organizations. Their purposes are set out below.

CO-OPERATORS

We exist to strengthen financial security for Canadians and our communities.

BC LOTTERY CORPORATION

We exist to generate win-wins for the greater good.

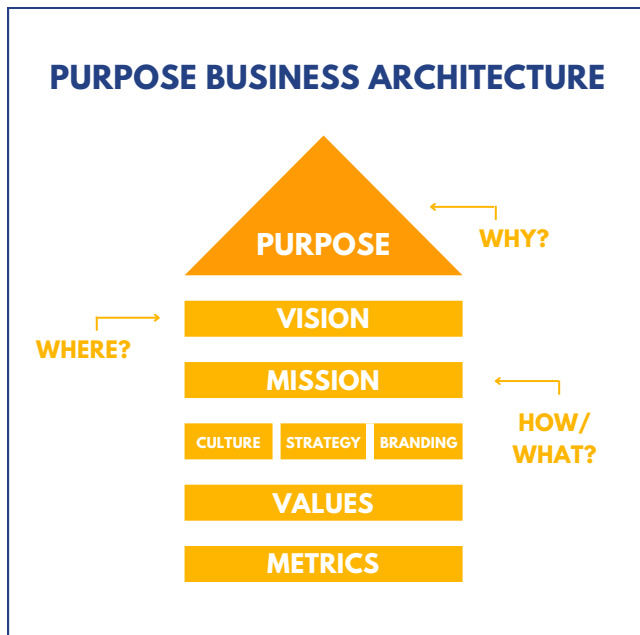
HSBC CANADA

We exist to open up a world of opportunity.

The reasons these companies adopted a social purpose include:

- **Co-operators** had a social purpose when it was founded over 75 years ago and refreshed it this year to strengthen its sense of purpose. Its purpose is a very slight, very subtle reworking of their former mission statement.
- **HSBC** wanted to convey what guides them and what it wants to become, so it adopted a fresh purpose and values in 2021. The purpose says the company brings together the people, ideas, and capital that nurture progress and growth, helping to create a better world for customers, people, investors, communities, and the planet.
- As a crown corporation, **BCLC's** government mandate is to conduct and manage gambling safely and responsibly. It adopted a social purpose in 2021 to accompany this mandate, and set the framework for the corporate strategy, attract customers, strengthen the brand, and increase collaboration with stakeholders on shared goals, driving financial performance.

The board has ultimate responsibility for strategy and culture, setting the tone from the top and uniting the focal points for the company's activities. Purpose knits these together as seen in this image below.



“EVERY ELEMENT OF GOVERNANCE IS TOUCHED BY PURPOSE.”

THE GOVERNANCE PROFESSIONAL’S PURPOSE ROLE

Governance professionals have a critical role to play to advance the social purpose governance journey, including:

- Learn for yourself about how social purpose can benefit your organization
- Educate your board and management
- Ensure the board is engaged in developing and adopting the purpose

- Encourage the board to adopt KPIs and metrics that speak directly to the purpose, to give the board a line of sight over the purpose. The purpose will only be effective if performance indicators answer the question for the board: how are we doing with the purpose, are we holding our feet to the fire and making meaningful progress toward fulfillment of the purpose
- Actively review materials going to the board and ensure they show how they are articulating delivery on a purpose-led strategy
- Provide progress reports and an implementation plan to track execution of the purpose to the board
- Encourage adoption of a purpose lens by the board and in its governance
- Include purpose in agenda planning and board report templates
- Include purpose as a factor in board composition and recruitment to ensure the board is fit for purpose
- Suggest to the chair to include a purpose or culture moment at the beginning of each board meeting
- Ensure corporate disclosures include information on progress on the purpose

“HAVE A PURPOSE LENS ON EVERYTHING YOU DO AS A GOVERNANCE PROFESSIONAL, AND IN BOARD DECISION-MAKING.”

“HAVING A DEFINED PURPOSE IS JUST A STARTING POINT – YOU NEED TO EMBED IT IN EVERYTHING YOU DO AND ALL THE CONVERSATIONS YOU ARE HAVING.”

To the panelists, the purpose represents the overall aspiration of the company. It serves as a focal point for employees and is the framework for serving and working with stakeholders. Social purpose companies frequently define what they mean by their social purpose within a description or narrative. This description enables the company to establish a strategy to further their purpose. With this clarity, the board can create better alignment between the culture and strategy and drive a tone from the top focused on the company's purpose.

THE BOARD'S PURPOSE ROLE

Boards take different steps to adopt, refresh, update and govern their organization's purpose.

To develop a social purpose:

- Consider adopting a social purpose when updating the mission, vision, and values of the organization
- Conduct a board education session on social purpose including what it means to be a social purpose company, along with the business case for it
- Consult employees, customers, and other stakeholders to understand what drives the company and guides them

To govern a social purpose:

- Include social purpose deliverables within the corporate strategy
- Include social purpose in the CEO's performance objectives
- Add a social purpose executive to the leadership team (e.g., Chief Social Purpose Officer)
- Include social purpose roles and responsibilities within the board's terms of reference, and one of its committees too, e.g., Governance Committee
- Oversee a roadmap on the implementation of the social purpose
- Ensure reports that go to the board of directors consider the social purpose implications, e.g., in templates for board materials
- Update the company's values to reflect the purpose; after adopting a purpose, align the values to the purpose to embed purpose in the culture
- Include social purpose questions in the employee survey
- Include social purpose in the compensation philosophy, plan, and incentives
- When recruiting a CEO include social purpose in search requirements
- Establish a stakeholder governance framework to implement the purpose and inform conversations with stakeholders



“THE COMPANY NEEDS TO BE COMMITTED TO ITS PURPOSE OR IT WILL LOSE TRUST WITH STAKEHOLDERS.”

STAKEHOLDER PURPOSE COLLABORATION

Social purpose businesses find they cannot achieve their purpose on their own and need to collaborate with external stakeholders to advance on their purpose. They unlock all their assets, not just their charity and employee volunteering, in aid of their social or environmental outcome. The social purpose company identifies key stakeholders such as non profits, government, academics, competitors, and others in their local community to problem solve and co-create strategies on the company's societal ambition. By collaborating with others in its ecosystem, a purpose-driven business can start to tackle the societal issue which it set for itself. In this way, the company switches from managing its stakeholders to mobilizing them.

The business needs an authentic social purpose before it can partner with stakeholders. The social purpose must be more than a tagline. Employees need to understand and speak about the purpose to stakeholders to demonstrate authenticity.

BENEFITS OF BECOMING A SOCIAL PURPOSE COMPANY

There are several benefits of transitioning to become a social purpose company:

- Helps attract and retain employees; most employees are aligned with and inspired by the social purpose; it creates an engaged workforce and brings out the passion of employees
- Provides a competitive advantage in the market
- Creates focus and clarity for the company
- Having a North Star helps navigate turbulent times
- This is part of the customer value proposition
- Drives innovation and third-party relationship development
- Resonates with stakeholders
- Builds investor relationships
- Provides a context for the company's growth strategy

“HAVING A SOCIAL PURPOSE HELPS DELIVER RESULTS IN THE CONTEXT OF AN EVERCHANGING WORLD.”

CONCLUSION

Panelists agreed their company's purpose is creating value for the business and that companies seeking to be viable in the long-term should embrace a purpose-driven approach.

As this panel shows, company boards are adopting or refreshing the purpose of their organization. Once this happens, boards need to update their governance models to embed purpose in their oversight. Governance professionals have an important role to play to foster best practices in purpose governance. In so doing, they become central actors in the company's journey to realize its purpose, creating value for the business, stakeholders, and society overall.

RESOURCES

1. [Definition of Social Purpose](#)
2. [Business Case for Social Purpose](#)
3. [GPC Purpose Governance Report: "Purpose Governance: A New Role for Boards"](#)
4. [GPC ESG and Purpose Governance Report: "Becoming Fluent in ESG: Putting Inclusion, Purpose, and Climate Governance Into Action"](#)
5. [GPC Purpose Governance Report: "Purpose Governance: The Role of the Board in Developing and Overseeing the Purpose of the Organization"](#)
6. [Strandberg Consulting Report: "Purpose Governance Framework: Your Board Roadmap for Developing and Governing a Corporate Purpose"](#)
7. [Corporate Knights Report: "The Social Purpose Transition Pathway: Helping Companies Move from Say to Do" \(rating of 34 Canadian social purpose companies on their purpose governance and implementation\)](#)

