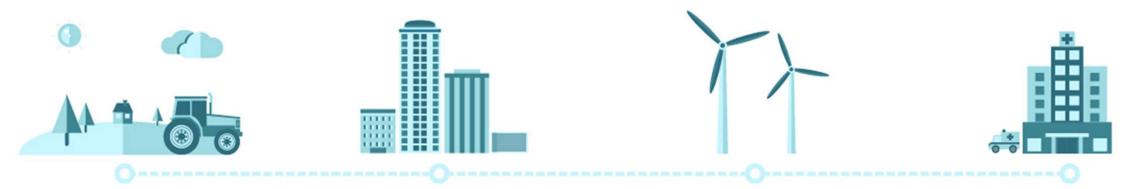
SUSTAINABILITY GOVERNANCE Why leaders must drive change

Karin Huber-Heim Circular Business Academy 21.05.2020



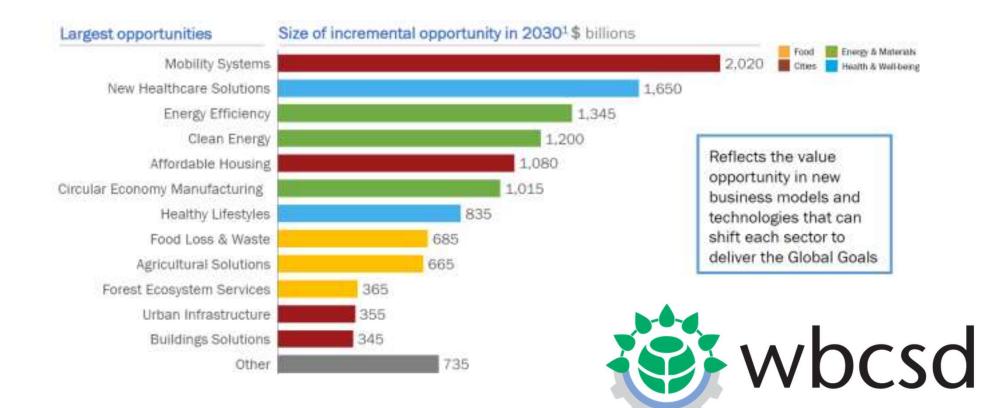
Post-Covid19: A new growth that gives back more than it takes The UN's Sustainable Development Goals are set to unlock <u>\$12</u> trillion in new business opportunities by 2030.

European Green Deal will mobilise at least <u>€1 trillion in sustainable</u> investments.

Yet many companies are still stuck in the past. Over the next decade, businesses can either adapt and thrive or deny and die.

But change must come from the top.

Building back better: Opportunities for new market value

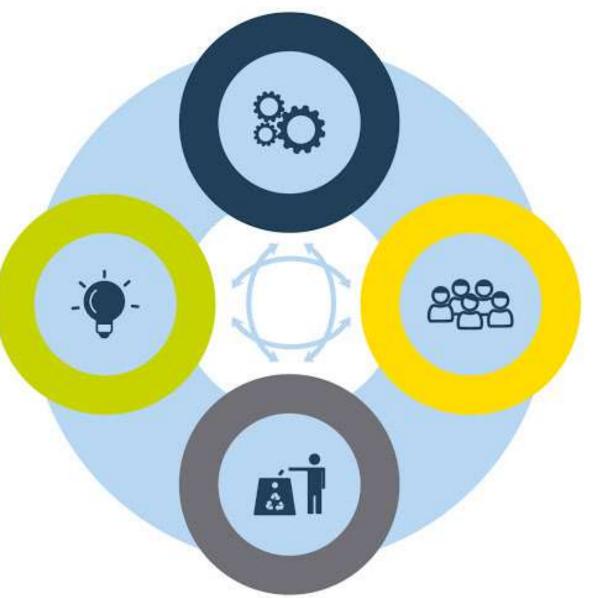


Future-proof your business

Putting sustainability and technology at the core of business will be key to driving sustainable change.

FROM: Are our products and business models profitable?

TO: Are our products and business models future-proof?



Elements of a new business excellence No.1

Knowledge and analysis of social & environmental impacts (+/-) along the entire value chain - referring to the full lifecycle of a product or process, including material sourcing, production, consumption and disposal/recycling processes AND stakeholder's expectations and concerns in all stages.





Elements of a new business excellence No.3

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Setting of measurable targets to monitor and improve performance (KPIs) AND impacts (KIIs) – quantitative and qualitative

Elements of a new business excellence No.4

Integrated corporate reporting on material* economic, environmental and social impacts (ESG criteria) is a strategic management tool, delivering information on how sustainability targets and goals are achieved, and how and what kind of value for business, society and planet is created.

*Materiality (most relevant for stakeholders to report) continues to be difficult: 78% of Europe's largest companies fail in adequately reporting environmental and climate-related risks despite EU guidelines.



Elements of a new business excellence No.5

Formalizing sustainability in board charters and governance as well as policies for operations.



The Sustainability Board: Guidance to sustainable innovation and a circular business model

A well-structured sustainability committee serves a critical coordinating function, and steers sustainability right to the heart of the company and the company's strategy

- Most companies are only at the beginning of the sustainability journey: they need the driving force of a sustainability committee or even of several committees — such as a non-executive board, as well as an advisory council with external experts and/or an internal board at executive level.
- The result needs to be a total integration of sustainable business practices into the company not a separate committee!



10 tips for boards to develop a robust overview and ensure long-term value creation

- Define long-term value creation/sustainability as a **priority for the board**
- Formalize this in board charters and governance
- Integrate this into the board's agenda
- Form a sustainability committee chaired by a senior member of the organisation both in terms of their business experience and sustainability experience
- See sustainability as an integrated part of the business not as a separate, stand-alone agenda point
- Incorporate sustainability into company strategy and (annual) targets demand adequate reporting
- Materialize all objectives and targets, so the Board is able to oversee progress
- Boards should be informed about the good and the bad. The root cause of any negative incidents or underperformance should be analysed. When something has worked, it's also important to analyse why it has worked. Both are important!
- Include **both the risk angle and the opportunity angle** in the Boards' role, and do so with a **shared-value perspective**
- Last but not least: Educate all Board Members!

"Our Green Deal is not a luxury to get rid of. It's our lifeline out of the crisis."

THANK YOU FOR YOUR ATTENTION!

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