Chartered Accountants of Canada

Sustainability: Environmental and Social Issues Briefing

WRITTEN BY
Julie Desjardins, CA and Alan Willis, CA

QUESTIONS FOR DIRECTORS TO ASK

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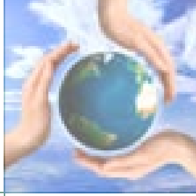

Preface

The Risk Oversight and Governance Board of the Canadian Institute of Chartered Accountants commissioned this briefing to assist boards in discharging their responsibility for the oversight of environmental and social issues that may have risk, strategy and financial implications for the companies they serve. The issues addressed in this document support and build upon two previous CICA briefings for directors, one on climate change and the other on long-term performance. This document covers the business impacts and governance challenges associated with the environmental and social issues that are part of today's business landscape.

The board of directors has several key oversight responsibilities in relation to opportunities and risks associated with the environmental and social issues that companies face today. Board awareness and attention are essential to keeping abreast of the fast-evolving business impacts of these issues.

This briefing highlights the environmental and social issues directors need to consider, provides an understanding of the potential business implications of these issues and offers questions that directors might ask in discharging their oversight responsibilities.

The Risk Oversight and Governance Board acknowledges and thanks the members of the Directors Advisory Group for their invaluable advice, the authors Alan Willis, CA and Julie Desjardins, CA and the CICA staff who provided support to the project.

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Interim Chair, Risk Oversight and Governance Board

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Executive Summary

Environmental and social issues are increasingly impacting the bottom line and future prospects of companies in many industries. They can present both opportunities and risks and can have important implications for strategy, competitiveness, risk management, stakeholder relations and business resilience.

A recent survey of global chief executive officers (CEOs), whose companies are members of the Global Compact, reported that CEOs

> "are starting to see the shape of a new era of sustainability coming into view...while environmental, social and governance challenges continue to grow and CEOs wrestle with competing strategic priorities, sustainable business practices and products are opening up new markets and sources of demand; driving new business models and sources of innovation; changing industry cost structures; and beginning to permeate business from corporate strategy to all elements of operations."

In considering the implications of this changing landscape for boards, this Briefing sets out the ways in which key environmental and social trends and issues, stakeholder trust and relationships and environmental and social laws and regulations impact a company's competitiveness, risk profile and resilience.

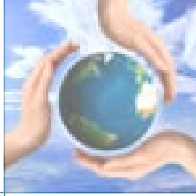
The many environmental and social issues that companies may need to consider include water scarcity and quality, climate change, energy, food safety and production, human rights, corruption and poverty, to name a few; these issues are often interconnected and interdependent. For example, food production to support population growth requires water and energy; water extraction and distribution requires energy; energy production requires water.

These environmental and social issues in combination with today's complex business structures, supply chains and customer channels, highlight the importance of attentiveness to stakeholders. For most companies, there are six primary categories of stakeholders with whom positive relationships are important for long-term success: investors and lenders, customers, employees, suppliers, communities and First Nations, and governments. Non-governmental organizations (NGOs) can also have significant impacts on companies as well as their stakeholders.

Mainstream institutional investors, a particular group of stakeholders, have a longer-term investment horizon and are expressing a growing interest in the impact of environmental and social issues on company performance and prospects. In particular, they are seeking a better understanding of how companies are impacted by environmental and social issues in their businesses and the extent to which these issues are factored into strategic planning and risk management.

Understanding how environmental and social issues impact stakeholders and understanding stakeholders' expectations about environmental and social issues can contribute valuable insights for the identification of strategic opportunities and corporate risks. Positive stakeholder relations build trust, increasingly essential for competitiveness and resilience.

In building and retaining stakeholder trust, transparency is a key issue. Embracing the transparency opportunities offered by social media can increase the flow and timing of information and communications between and among a company's stakeholders and the company itself. Social media can also, however, represent a significant source of reputational risk or even threaten a company's ability to operate.



Strategic management of social media is therefore increasingly important. Companies are developing processes and protocols for the use of, and response to, social media. Directors are more and more called upon to provide oversight of management's use of, and attention to, social media.

The regulatory landscape related to environmental and social issues presents risks and costs for many companies. It can also open up competitive opportunities for companies that are vigilant in monitoring, anticipating and responding to changes in this landscape.

Taking into account key environmental and social issues, the importance of building stakeholder trust and relationships and the evolving environmental and social regulatory landscape, this Briefing offers the following questions for directors to consider asking themselves or management, as appropriate:

General

1) How has management identified and assessed the environmental and social issues most relevant and significant to the company (e.g., stakeholder consultation, investor inquiries, management assessment of risk and materiality, industry studies) and are we satisfied with the process and the outcome of that assessment?

Strategy

2) What key assumptions about environmental and social issues, stakeholder expectations and the regulatory landscape have been made in developing the strategic plan or related scenarios? Are these assumptions realistic and do we agree with them?
3) What competitive opportunities has management identified to take advantage of key environmental and social issues, stakeholder expectations and the regulatory landscape and do we agree?
4) To the extent that the business strategy includes plans for major capital projects, mergers, acquisitions and/or divestitures, are we satisfied that such plans and related due diligence processes take into account relevant environmental and social issues, stakeholder relationships and regulatory requirements?

Risk and Risk Oversight

5) Do we have the information we need to satisfy ourselves about the appropriateness of management's assessment of the impact of key existing or potential government regulations applicable to environmental and social issues in jurisdictions in which the company operates?
6) Are we satisfied that management has developed appropriate risk management strategies to address the impact of environmental and social issues on supply chains?
7) Are we satisfied that management has devoted sufficient resources to preventative maintenance and to disaster planning?
8) What environmental or social issues have institutional investors, lenders, communities, First Nations, foreign or domestic governments and/or NGOs raised with management and why? Are we satisfied with management's responses?
9) Are we satisfied with management's assessment of the possibility of current or future actions, legal or otherwise, against the company related to environmental or social actions or inactions?

10) What is management's assessment of the impact of environmental and social issues on customer demand and do we agree with the underlying assumptions?
11) Are we satisfied that management has committed sufficient financial and non-financial resources to building effective stakeholder relationships?

Financial Performance

12) Are we satisfied with management's assessment of the financial impacts of key environmental and social issues and related regulations on performance, liquidity and financial condition?
13) Are we satisfied that the company has the financial capacity to withstand and recover from a disaster, including a combination of risks occurring at the same time?
14) Are we satisfied that management is tracking the most appropriate environmental and social metrics and key performance indicators and assessing their relationship with financial performance?

External Reporting

15) What assessment has management made of the materiality to investors of information about environmental and social issues? Are disclosures made in the Annual Information Form (AIF), Management's Discussion & Analysis (MD&A) and/or financial statements consistent with this assessment?
16) What is management's assessment of how our company's mandatory and voluntary public disclosures about environmental and social issues compare with those of competitors and on what basis has it made that assessment?
17) How has management ensured that information reported in corporate websites, social media, or voluntary reports is consistent with that provided in government filings and continuous disclosure filings with securities regulators?

Reliability of Information

18) Are we satisfied that management has implemented adequate systems, controls and processes to support the compilation of key performance metrics and indicators about environmental and social issues that are appropriate for reliably tracking performance, setting targets, benchmarking and external reporting to capital markets and governments?

Board Structure and Responsibilities

19) Have we established a governance structure that enables the board to oversee the management of environmental and social issues and their integration throughout the organization?
20) Does the board composition include directors with appropriate knowledge and expertise to assess management's decisions about environmental and social issues?
21) Does the company's code of conduct appropriately reinforce attention to relevant environmental and social issues throughout the organization?
22) How does the company's executive compensation plan support the integration of relevant environmental and social issues into decision making and performance throughout the organization?
23) Overall, in acting in the best interest of the corporation, have we established an appropriate culture and tone at the top to ensure that relevant environmental and social issues are considered and integrated in decision making and actions throughout the organization?

Competitive Advantage, Risk and Resilience

Long-term business success depends on effectiveness in identifying opportunities and managing risks to create competitive advantage and shareholder value. Increasingly, best-in-class companies are nimble and resilient in adapting to changed circumstances, both anticipated and unforeseen. Amongst other things, successful companies evaluate environmental and social issues in seeking competitive advantage, managing risk and building resilience.

> "Many companies are increasingly recognizing that they need to address the environmental, social and broader economic impacts[1] of their operations and performance in order to achieve their long term business and financial goals."[2]

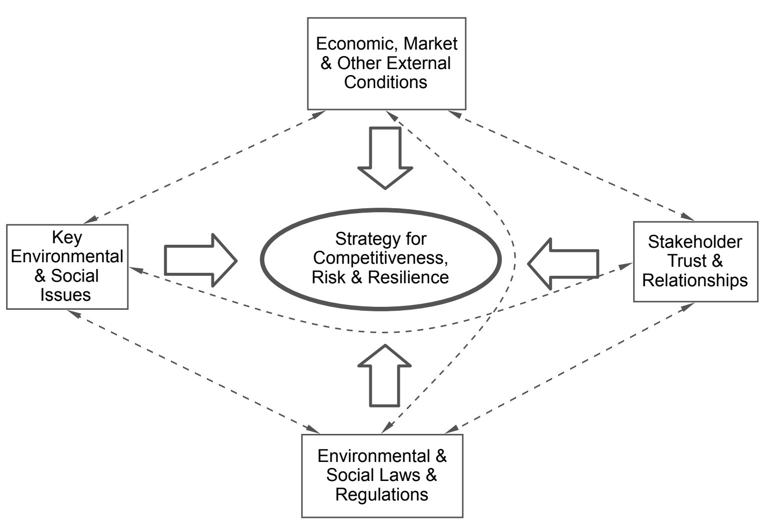
A recent survey of global chief executive officers (CEOs),[3] whose companies are members of the Global Compact, reported that CEOs

> "are starting to see the shape of a new era of sustainability[4] coming into view…while environmental, social and governance challenges continue to grow and CEOs wrestle with competing strategic priorities, sustainable business practices and products are opening up new markets and sources of demand; driving new business models and sources of innovation; changing industry cost structures; and beginning to permeate business from corporate strategy to all elements of operations."

Before considering the implications of this changing landscape for boards, it is useful to appreciate the ways in which key environmental and social trends and issues, stakeholder trust and relationships and environmental and social laws and regulations impact a company's competitiveness, risk profile and resilience.

The diagram below acknowledges that economic, market and other external conditions have always impacted competitiveness, risk and resilience. The diagram also shows that key environmental issues, stakeholder trust and relationships and an evolving environmental and social legal and regulatory landscape are interconnected and impact strategy for competitiveness, risk and resilience.

Interconnected External Forces Impacting Corporate Strategy for Competitiveness, Risk & Resilience



1 Companies use a number of terms in speaking about these impacts and related initiatives, including sustainability, corporate social responsibility, triple bottom line, sustainable development, ESG (environmental, social and governance), corporate sustainability and corporate citizenship.

2. Canadian Institute of Chartered Accountants, *Climate Change Briefing: Questions for Directors to Ask*. (Toronto: CICA, 2009).

3 Peter Lacy and others, eds., *A New Era of Sustainability: UN Global Compact—Accenture CEO Study 2010*. (Dublin: Accenture, 2010). http://www.unglobalcompact.org/docs/news_events/8.1/UNGC_Accenture_CEO_Study_2010.pdf

4 United Nations, *Report of the World Commission on Environment and Development: Our Common Future*. (New York: United Nations, 1987). (Also known as the Brundtland report.) http://www.un-documents.net/wced-ocf.htm

Key environmental and social issues, stakeholder trust and relationships and environmental and social laws and regulations are discussed below.

In the words of the Executive Chairman of a large Canadian food company:

"Although challenged by economic circumstances and increasingly competitive forces, we are making good progress while upholding our core values and embedding a firm commitment to corporate social responsibility. Our goal is to meet the needs of today while preparing to address the social impacts facing Canada in the future.

There are various long-term trends converging on the world of food in a way that will profoundly change almost everything about the way we eat:

- **Food safety** concerns are rising with the growing number of food recalls. Canadians are better educated, and care more about food sourcing and safety issues than ever before.
- **The health of Canadians** is increasingly linked to what they eat. Diet is a driving factor in four leading chronic health conditions—heart disease, obesity, diabetes and cancer. These conditions are placing an unsustainable burden on our health care system.
- **Population growth** is raising concerns about the availability and affordability of food around the world. Fish stocks are in decline, farmland is being converted into industrial uses and productive land is being bought up. Will food be affordable in this environment? How will rising food prices, availability, land use and population growth affect Canadians' food supply and diet? We fully expect that population-driven food security issues will intensify over the next decade or two.
- **Climate change** also affects the availability and affordability of food supplies. For example, agricultural production in California is facing serious threats from a shortage of water. We need to understand what is likely to happen to Canada's agricultural heartlands. Emissions trading for the reduction of carbon may impact food production...."

This Executive Chairman went on to say that by embedding corporate social responsibility into its core business strategy, his company is helping tackle these complex issues in ways that enable the company to compete successfully today while preparing for the world of tomorrow.[5]

Key Environmental and Social Issues

Environmental and social issues can have significant impacts on the performance and prospects of companies. The likelihood and magnitude of impact of key environmental and social issues will differ by industry and by company. Many of these issues are interconnected and interdependent.

The landscape of environmental and social issues and risks important to business is depicted in the *Global Risks 2011 Sixth Edition* report of the World Economic Forum as follows:

5 Loblaw Companies Limited, *The Way We Do Business: 2009 Corporate Social Responsibility Report*. (Toronto: Loblaw Companies Limited, 2009). http://www.loblaw.com/Theme/Loblaw/files/en/csr_2009/index.htm?noexit=true

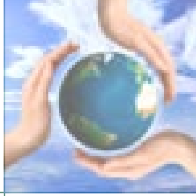
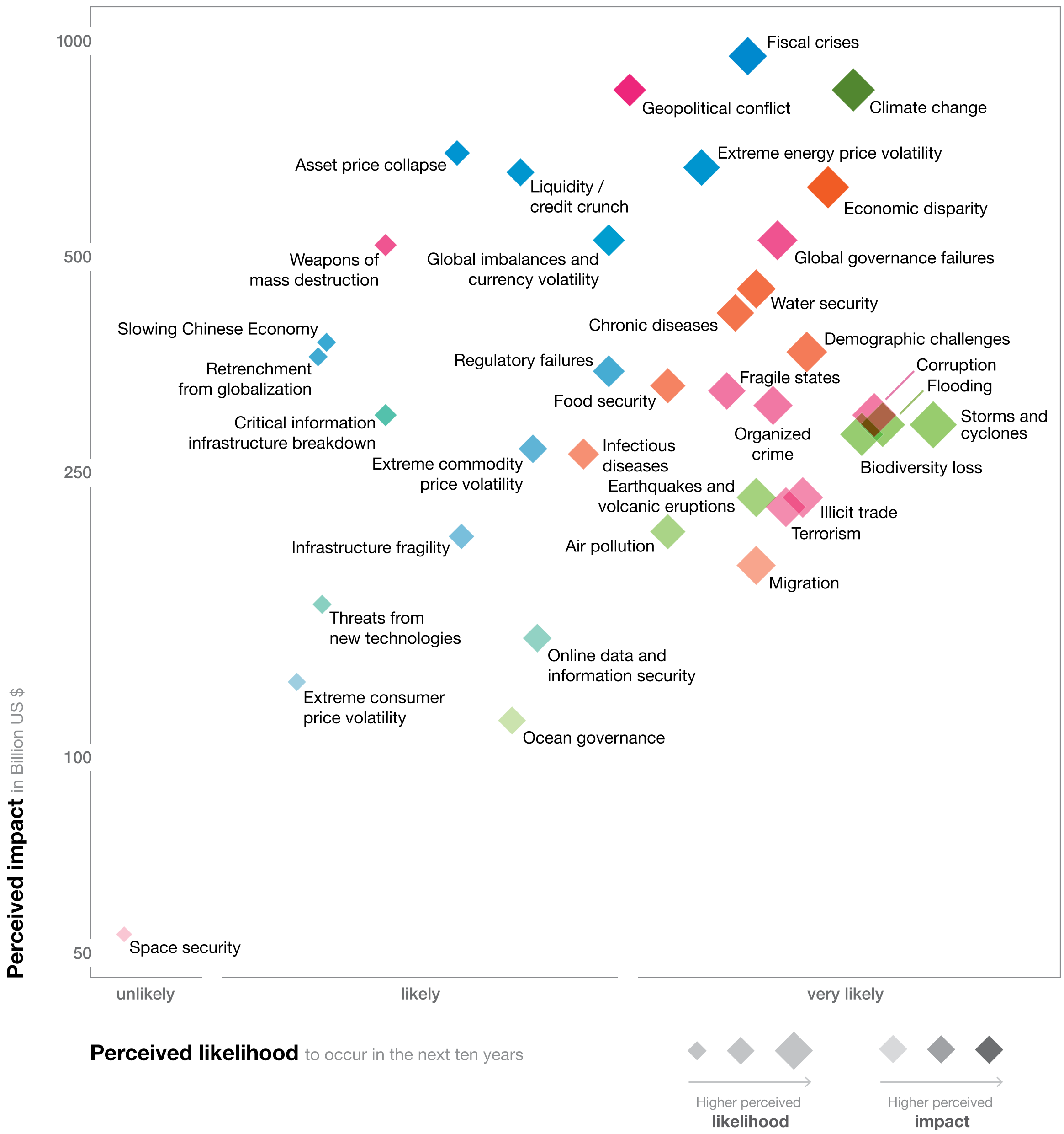


Figure 1 | Global Risks Landscape 2011: Perception data from the World Economic Forum's Global Risks Survey



Economic Risks

Asset price collapse
Extreme commodity price volatility
Extreme consumer price volatility
Extreme energy price volatility
Fiscal crises
Global imbalances and currency volatility
Infrastructure fragility
Liquidity/credit crunch
Regulatory failures
Retrenchment from globalization
Slowing Chinese economy (<6%)

Environmental Risks

Air pollution
Biodiversity loss
Climate change
Earthquakes and volcanic eruptions
Flooding
Ocean governance
Storms and cyclones

Societal Risks

Chronic diseases
Demographic challenges
Economic disparity
Food security
Infectious diseases
Migration
Water security

Geopolitical Risks

Corruption
Fragile states
Geopolitical conflict
Global governance failures
Illicit trade
Organized crime
Space security
Terrorism
Weapons of mass destruction

Technological Risks

Critical information infrastructure breakdown
Online data and information security
Threats from new technologies

Drawing upon the global risk landscape portrayed above, the following summary sets out some important environmental and social issues that companies may wish to consider in identifying those most relevant to them. In assessing the relevance of these environmental and social issues, it is important to appreciate their interconnectedness[6] and how they can give rise to business opportunities as well as risk.

15 Key Environmental and Social Issues[7]

- Water Scarcity and Quality
- Climate Change
- Energy
- Air Pollution
- Waste and Waste Management
- Biodiversity Loss
- Forest and Soil Degradation
- Earthquakes and Volcanic Eruptions
- Population Growth, Urbanization and Demographics
- Food Production and Safety
- Poverty
- Human Health and Safety
- Human Rights
- Corruption
- Social Unrest

Water Scarcity and Quality

Some industries depend on a supply of water for their operations (e.g. extractive industries, beverage producers, agriculture growers, bottlers, semi-conductor producers). Moreover, employees and communities require potable water. In Canada, water has been relatively inexpensive to date, though many argue that this needs to change.[8] A price increase would present significant social and business consequences and opportunities for technological innovation.

Climate Change

The need to reduce greenhouse gas emissions and adapt to the effects of climate change[9] impacts companies in most industries.[10] Business impacts may include access to affordable insurance, availability and security of energy, and the need for technological innovation and renewable energy solutions. Transportation routes for raw materials and product may also be affected. A number of larger greenhouse gas emitting companies have begun to put a "shadow" price on carbon in their strategic and capital investment planning.

There are particular climate change related issues for the northern areas of Canada. Emerging issues include: ground pollution and building code issues with the melting of the permafrost, length of the operating season where ice roads are required and new issues of security and sovereignty of land and water.

Energy

Energy availability, cost, security, production and transportation are all affected by environmental and social considerations that impact all Canadian companies and stakeholders.

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6 John E. Caldwell, *A Framework for Board Oversight of Enterprise Risk: Draft for Exposure.* (Toronto: CICA, 2010). http://www.rogb.ca/risk-oversight-framework/item45407.pdf

7 These issues have been identified by the authors using sources listed in the Appendix, including: World Economic Forum, *Global Risks 2011 Sixth Edition*. (Geneva: World Economic Forum, 2011). http://riskreport.weforum.org/

8 Steven Renzetti, *Wave of the Future: The Case for Smarter Water Policy.* (Toronto: C.D. Howe Institute, 2009).

9 Referring to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) at the UN Summit on Climate Change in September 2009, IPCC chair Dr. Pachauri stated that "Climate change is already resulting in an increase in the frequency, intensity and duration of floods, droughts and heat waves .... Climate change, in the absence of mitigation policies, would in all likelihood lead to ... increase in frequency of heavy precipitation (and) increase in tropical cyclone intensity." http://www.ipcc.ch/pdf/presentations/rkp-statement-unccs-09.pdf

10 *Climate Change Briefing: Questions for Directors to Ask.*

Energy-related environmental and social issues offer opportunities for technological innovation and investment for many companies as the cost of conventional energy sources rises and the search for alternative energy sources expands. There are also opportunities to reduce costs by reducing energy demand.

Air Pollution

The impact of air pollution on human health, agriculture, forests and lakes has led governments to impose regulations to control the quantity of pollutants emitted into the environment. These regulations can impact the timing of approvals for new facilities and operations. They also, at times, trigger new technological innovations to meet more stringent emission standards whether from stationary or mobile sources.

Waste and Waste Management

Product design and packaging, production processes and waste disposal practices have direct bottom line impacts. There is an increasing call for "doing more with less"—a growing recognition that natural resources are not infinite and therefore there is a need to consume less without jeopardizing product quality.

Reducing material usage, packaging and waste and improving waste management practices can lead to cost savings and can present opportunities for innovation (e.g., tailings ponds in extractive industries). Recycling of products and components is increasingly important from regulatory and consumer perspectives and can lead to new business opportunities for some industries and companies.

Biodiversity Loss

Stakeholders in many industries and regions are paying greater attention to the extent that industrial practices impact biodiversity[11] (e.g., in extractive industries).[12] Biodiversity loss impacts the productivity and availability of resources in a variety of industries (e.g., fisheries, forestry, agriculture, pharmaceuticals, beverage).

Forest and Soil Degradation

Deforestation and deterioration of forests impact habitats, biodiversity and air and soil quality, particularly affecting lumber and pulp and paper companies. Further, soil degradation harms agricultural productivity. Sustainability of forest management practices can be an issue for customers and supply chain policies.

Earthquakes and Volcanic Eruptions

Beyond the site-specific impacts on people, ecosystems and infrastructure, earthquakes and volcanic eruptions can also impact supply chains and travel plans of employees. While earthquakes and volcanic eruptions have always occurred as natural phenomena, with globalization and the interconnectedness of economies, the reach of their impacts on business is more extensive today.

11 Biodiversity is the degree of variation of life forms within a given ecosystem. Greater biodiversity usually implies greater health and resilience of the ecosystem.

12 United Nations, *Demystifying Materiality: Hardwiring Biodiversity and Ecosystems into Finance*. CEO Briefing. United Nations Environmental Programme, Financial Initiative Series. (New York: United Nations, 2010). http://www.unepfi.org/fileadmin/documents/CEO_DemystifyingMateriality.pdf

Population Growth, Urbanization and Demographics

Significant population growth in developing countries provides growing export markets, as well as new sources of low-cost labour. Urbanization brings with it expanding demands for energy and infrastructure and concerns about air quality. The demographics of populations, such as ageing, impact workforces, markets, health care and pensions.

Urbanization and population growth also impact the availability of agricultural land and demand for food and call for productivity improvements in agricultural practices.

Affluent urban societies drive consumerism. In the short term, this may open up larger or different markets. Sometimes, however, high debt levels are supporting consumer demand, impacting the sustainability of long-term industrial growth.

Food Production and Safety

Providing enough food to sustain growing populations is a concern of many developing nations—many countries are turning to Canada as part of the solution to this challenge. With increasing concerns about the safety of food and its processing, new industries have arisen to meet the growing demand for more natural products.

The growing demand for food, coupled with food safety concerns, climate change, water scarcity and energy cost issues, contributes to forest and soil degradation as well as an expectation of increasing food prices. Increased food prices impact disposable income.

Poverty

Poverty impacts the demand for and pricing of products (e.g., consumer product companies, telecommunications, pharmaceuticals, automobiles). It can also impact the availability of an educated and healthy work force.

Companies operating in poor areas may find that investing in improving community infrastructure reduces risks related to lack of appropriate workforce, inadequate transportation and inability to earn or maintain a social license to operate.

Human Health and Safety

Many companies require healthy communities as a source of a strong and productive workforce. Workplace safety of employees and contractors has long been recognized as a priority in many industries; this is reflected in government regulations in many jurisdictions.

Companies increasingly recognize the business case for addressing disease prevention, treatment and response, e.g., issues such as obesity, AIDS, healthy lifestyles, pandemics. Some companies are developing new products and service in response to these issues.

Human Rights

Companies, including their contractors, are increasingly held responsible for unacceptable workplace and business practices that impinge on human rights,[13] whether directly or through their supply chains.

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13 Amnesty International defines human rights as "basic rights and freedoms that all people are entitled to regardless of nationality, sex, national or ethnic origin, race, religion, language of other status." Amnesty International, *Human Rights Basics.* (London). http://www.amnestyusa.org/research/human-rights-basics

The standard definition of such rights is set out in the United Nations, *United Nations Universal Declaration of Human Rights.* (New York: United Nations, 1948). http://www.un.org/en/documents/udhr/

Consumers, communities, employees and other stakeholders are impacting corporate business practices regarding human rights and affecting a company's social license to operate, particularly given the power of the internet and social media.

Corruption

Companies are increasingly held accountable for the integrity of their practices in all countries in which they do business (e.g., through legislation such as the US *Foreign Corrupt Practices Act*, the UK *Bribery Act* or Canada's *Corruption of Foreign Public Officials Act*[14]). Canadian companies with international operations can be impacted not only by Canadian law but also by the laws of other countries in which they do business.

Failure to act with integrity can have significant, if not severe, financial consequences.[15] It can also impact corporate reputation and ability to operate.

Social Unrest

In addition to several of the issues mentioned above, other issues such as unemployment, religious conflicts, political instability and terrorism can contribute to social unrest. This, in turn, can create significant business and operating risks, including threats to facilities, infrastructure, supply chains, markets and workforce.

Stakeholder Trust and Relationships

Understanding how environmental and social issues impact stakeholders and understanding stakeholders' expectations about environmental and social issues can contribute valuable insights for the identification of strategic opportunities and corporate risks. Positive stakeholder relations build trust, increasingly essential for competitiveness and resilience.

The New York Stock Exchange Commission on Corporate Governance stated in September 2010 that, in addition to boards, management and shareholders:

> "…other corporate stakeholders have critical interests in the long term success of the corporation, including the corporation's employees who rely on the corporation to provide jobs and wages, the corporation's customers and vendors, as well as the communities in which the corporation operates and society at large.…"[16]

While there is considerable discussion among legal experts about the implications of the 2008 decision of the Supreme Court of Canada in the BCE case, directors are increasingly advised to demonstrate that they have considered the reasonable expectations of all stakeholders.

The complexity of today's corporations, and at times their ownership structures, makes building stakeholder trust challenging but essential. Engaging with stakeholders can help to identify opportunities for competitive advantage, while building trust, brand and resilience in times of difficulty; it can also help to identify risks.

14 In June 2011 the Canadian oil and gas company Niko Resources Ltd. pleaded guilty to a charge under this *Act* and was fined $9.5 million by the Alberta Court of Queen's Bench for bribery of a foreign official.

15 For example, on December 15, 2008, Siemens AG and three subsidiaries pleaded guilty to violating the US *Foreign Corrupt Practices Act* and agreed to a US $450 million fine from the US Department of Justice. In addition the company settled with the US Securities and Exchange Commission to disgorge $350 million, paid $450 million as a criminal fine to the US Department of Justice, and €395 million (about US $569 million) to the Office of the Prosecutor General in Munich, Germany.

16 New York Stock Exchange, *Report of the New York Stock Exchange Commission on Corporate Governance.* (New York: New York Stock Exchange, 2010). 24. http://www.nyse.com/pdfs/CCGReport.pdf

Directors play a leadership role in establishing an appropriate "tone at the top" regarding the company's dealings and relationships with its stakeholders. Board oversight of management's effectiveness in nurturing key stakeholder relationships is vital to developing and achieving strategic objectives, building stakeholder trust and promoting organizational resilience.

In building and retaining stakeholder trust, transparency is a key issue. A company's communication policy and disclosure practices reflect a company's values about transparency. Embracing the transparency opportunities offered by social media can increase the flow and timing of information and communications between and among a company's stakeholders and the company itself. Social media can also, however, represent a significant source of reputational risk or even threaten a company's ability to operate.

Strategic management of social media is therefore increasingly important. Companies are developing processes and protocols for the use of, and response to, social media. Directors are more and more called upon to provide oversight of management's use of, and attention to, social media.

For most companies, there are six primary categories of stakeholders with whom positive relationships are crucial to long-term success, competitive advantage and resilience:

- investors and lenders
- customers
- employees
- suppliers
- communities and First Nations
- governments.

Non-governmental organizations (NGOs) can also have significant impacts on companies as well as one or more of the above types of stakeholders.

Investors and Lenders

Access to affordable capital depends, among other things, on the quality of relationships with capital providers, both longer-term investors and lenders. Developing trust in a company's abilities and resilience to weather short-term financial performance fluctuations or difficulties depends on whether capital providers have confidence in the management and oversight of the company.

Mainstream institutional investors in Canada and around the world, because they have a longer-term investment horizon, are expressing a growing interest in the impact of environmental and social issues on company performance and prospects.[17] In particular, they are seeking a better understanding of how companies are impacted by environmental and social issues in their businesses and the extent to which these are factored into strategic planning and risk management.[18] Accordingly, they are increasingly looking for better disclosures about these issues.[19]

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17 Some sovereign wealth funds, such as Statoil of Norway, include consideration of environmental and social issues in their investment policies and decision making.

18 The London-based international law firm Freshfields Bruckhaus Deringer offered legal opinions that there may be a legal obligation to incorporate environmental social and governance issues into institutional investment decision making and services. See: Freshfields Bruckhaus Deringer, *A Legal Framework for the Integration of Environmental Social and Governance Issues into Institutional Investment.* United Nations Environmental Programme, Financial Initiative Series. (New York: United Nations, 2005). http://www.unepfi.org/fileadmin/documents/freshfields_legal_resp_20051123.pdf

United Nations, *Fiduciary Responsibility: Legal and Practical Aspect of Integrating Environmental, Social and Governance Issues into Institutional Investment.* United Nations Environmental Programme, Financial Initiative Series. (New York: United Nations, 2009). http://www.unepfi.org/fileadmin/documents/fiduciaryII.pdf

19 Canadian Institute of Chartered Accountants, *Environmental, Social and Governance (ESG) Issues in Institutional Investor Decision Making.* (Toronto: CICA, 2010). http://www.cica.ca/research-and-guidance/mda-and-business-reporting/other-performance-reporting----publications/item41063.pdf

In recent years, there has been a notable increase in corporate engagement on and resolutions proposed by shareholders about environmental and social matters. Every year, some proposed resolutions are withdrawn because corporations agree to the recommendations prior to annual general meetings.

Many Canadian lending institutions have adopted the international Equator Principles, which are "a credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions".[20] These institutions[21] require an assessment of environmental and social impacts and risks as a condition for granting project financing.

Customers

Customer goodwill and brand reputation are key intangible assets for any company, typically developed over the longer term but quickly eroded if customers find reason to lose their trust in the company's products and services. Customers want to rely on the quality and consistency of the products and services they buy, together with any warranties provided.

Employees

Employee trust is impacted by the values and actions of company leaders. Employees are central to a company's capacity to produce, deliver, innovate, grow and, in difficult times, survive. In addition, they are often the human face of a company in the market and the community. Trust in relationships between management and work force, and among employees, is vital for enhancing efficiencies and productivity.

Suppliers

The impact of environmental and social issues in supply chains is an important risk consideration in many industries.

Supply chains are increasingly global and complex. Healthy supply chains can result in operational efficiencies, reliability and resilience in difficult times. Supplier relationships and trust are key factors in negotiating contractual terms and conditions and impact a company's reputation and brand.

For this reason, companies are increasingly holding their supply chains accountable for satisfying environmental and social standards. Some companies proactively query their suppliers about their attention to environmental and social issues.

Communities and First Nations

Community trust and relationships are vital for a company to gain and maintain a social license to operate, secure a dependable, healthy workforce and develop productive relationships with local governments and, as appropriate, First Nations peoples.

At a broader level, a company's actions can impact general public trust in a given sector or in business as a whole, which can then affect consumer and investor confidence.[22]

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20 See www.equator-principles.com/

21 Canadian financial institutions that have adopted the Equator Principles include Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Export Development Canada, Manulife Financial, Royal Bank of Canada and TD Bank Financial Group.

22 The Financial Crisis Inquiry Commission, *The Financial Crisis Inquiry Report: Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States.* (Washington: United States Government Printing Office, 2011). http://www.gpo.gov/fdsys/pkg/GPO-FCIC/pdf/GPO-FCIC.pdf

Governments

Governments levy taxes, provide grants and subsidies, approve applications and impose regulations on companies and their stakeholders. Governments can have a significant impact on a country's investment climate and competitive business practices. Successful companies build and maintain appropriate working relationships with all relevant levels of government to promote a healthy business environment, advance business interests, achieve timely approvals and maintain their social ability to operate.

Non-Governmental Organizations (NGOs)

NGOs, while not a direct stakeholder category, often represent themselves as acting in the interests of one or more stakeholder groups and can impact companies and stakeholders in various ways. Successful companies pay attention to the views and actions of those NGOs that may sooner or later impact them or their stakeholders in some way. With the advent of social media, relationship building with NGOs takes on increased importance.

In some cases, companies take active steps to develop trust, constructive relationships and even partnerships with NGOs that are seen to be significant to protecting or advancing companies' long-term business interests. Some NGOs are particularly helpful in identifying and evaluating environmental and social risks.

Environmental and Social Laws and Regulations

Companies are required to meet a variety of domestic and international laws and regulations applicable to environmental and social issues. For example, many countries have food safety regulations, building codes, air and water emission standards, product labeling requirements, workplace safety requirements and anti-corruption laws. Governments are continuing to enact new regulations and are also using legislated market mechanisms that influence corporate behaviour and put an additional price on corporate activities.[23]

This regulatory landscape not only presents risks and additional costs for many companies, but also opens up competitive opportunities for many. Those companies that create technology solutions (e.g., process re-engineering, product design) will be winners going forward.

Retail and business customers seek information about products' environmental and health impacts. Retail customers, for example, may expect information about nutritional content, chemical ingredients, raw material and greenhouse gas emissions in product labels. It is reasonable for companies to anticipate and prepare for increased regulations on product labeling. This requires appropriate record keeping systems and controls in place to ensure accurate and complete information is provided.

Many companies are signatories to voluntary codes—e.g., Responsible Care for chemical companies, Towards Sustainable Mining for mining companies. In some instances, voluntary codes are instituted to preempt regulation; in other instances, they are precursors to regulation on environmental and social issues. Companies may choose to make these commitments to enhance their reputation and social license to operate and may realize operational benefits in implementing the commitments.

23 New vehicle emissions standards, stricter building codes and mandated carbon-neutral requirements (e.g. for public service organizations in British Columbia) are putting a price on carbon, for example.

Whether or not laws and regulations have yet been introduced, companies need to be alert to stakeholder expectations. Mere compliance with existing regulatory requirements is no longer sufficient for best-in-class companies. Failure to meet customer, employee and community expectations, particularly with the power of social media, can result in disruptive actions that may damage corporate reputation and have bottom line impacts.

Implications for Directors' Responsibilities

Taken together, the key environmental and social issues, stakeholder trust and relationship dynamics, and the legislative and regulatory landscape discussed above all point to significant shifts in the context for doing business.

Effective boards and directors apply mindsets, perspectives and approaches that acknowledge the complexity and interconnectedness of this shifting business context in making judgments about:

- strategy
- risk and risk oversight
- financial performance
- external reporting
- reliability of information
- board structure and responsibilities.

Questions for Directors to Ask

1) How has management identified and assessed the environmental and social issues most relevant and significant to the company (e.g., stakeholder consultation, investor inquiries, management assessment of risk and materiality, industry studies) and are we satisfied with the process and the outcome of that assessment?

Strategy

Oversight of Strategic Planning Process and Approval of Strategic Plan

In developing corporate strategy, leading companies in all industries are increasingly taking into account relevant environmental and social issues, whether opportunities or risks. In their oversight role, directors will want to satisfy themselves that this has been done.

Because some environmental and social issues evolve over lengthy time frames, some companies employ scenario-planning methodologies based on different assumptions about environmental and social issues. Key assumptions underpinning the strategic plan should be reviewed and challenged as appropriate.

Companies' strategies and business practices regarding environmental and social trends and issues are increasingly affecting intangibles, such as brand value, reputation and the ability to attract and retain employees.

Questions for Directors to Ask

2) What key assumptions about environmental and social issues, stakeholder expectations and the regulatory landscape have been made in developing the strategic plan or related scenarios? Are these assumptions realistic and do we agree with them?

3) What competitive opportunities has management identified to take advantage of key environmental and social issues, stakeholder expectations and the regulatory landscape and do we agree?

4) To the extent that the business strategy includes plans for major capital projects, mergers, acquisitions and/or divestitures, are we satisfied that such plans and related due diligence processes take into account relevant environmental and social issues, stakeholder relationships and regulatory requirements?

Risk and Risk Oversight

Oversight of Risk Identification and Risk Management Systems

Environmental and social issues present a number of significant business risks, as well as opportunities, that need to be identified and assessed on an industry and company-by-company basis.

In their oversight role, directors will want to satisfy themselves that risk management strategies employed are adequate and appropriate, consistent with the company's risk appetite and framework, and take into consideration the possibility of multiple risks occurring at the same time.[24] Directors will also want to satisfy themselves that significant risks and opportunities have been integrated into the company's strategic planning and decision making. Risk "heat maps" and charts of magnitude and likelihood (such as the WEF Global Risk Landscape diagram presented earlier) are helpful risk assessment tools.

It may be helpful to view environmental and social risks as falling into four general categories: operational, reputational, regulatory and litigation.

Operational

Environmental and social issues and inadequate stakeholder relationships can pose risks to the operations of the company and/or its supply chain. These risks might include:

- disruptions to the production, supply or delivery systems, including impacts on property, plant and equipment, communications and transportation networks
- impacts on the availability and capability of workforces to perform necessary operations
- impacts on a company's customer profile and demand.

Disaster planning and readiness for a variety of unexpected or foreseeable events (extreme weather events, floods, forest fires, ice storms, earthquakes, volcanic eruptions, environmental spills, disease outbreaks) is increasingly important in mitigating harm and enabling timely operational recovery. Investment in preventative maintenance of ageing plant and infrastructure is important in minimizing both the risk of accidents and disasters and the subsequent public relations and regulatory fallout.

24 Caldwell.

Reputational

A company's failure to recognize or adequately respond to environmental and social trends and issues, the quality of a company's stakeholder relationships and its non-compliance with government regulations can all jeopardize a company's reputation.

How companies are perceived to be addressing such matters can have a positive or negative impact on intangibles, such as brand value, consumer confidence, employee attraction and retention, timely regulatory approvals, and social license to operate in communities.

Regulatory

Many laws and regulations, both domestic and in foreign jurisdictions, apply to environmental and social issues. This complex and ever-changing regulatory landscape can impact revenue streams and operating costs. It can also impact decision making where there is uncertainty about future regulation. As there can be significant consequences for non-compliance (e.g., penalties, fines, stakeholder dissatisfaction), vigilant management of compliance with regulatory requirements is important.

Establishing effective anti-corruption policies and practices is important to avoid significant legal costs related to contravening increasing anti-corruption legislation and to protect a company's brand and reputation.

Litigation

Companies may be threatened by lawsuits related to environmental or social issues brought by government bodies or any other stakeholders. Such lawsuits could relate to, for example, the operations of a company and its supply chain, its products or services and representations about them (e.g., labels), its workplace practices or its public disclosures to capital markets.

Interrelatedness of Risks

Board oversight of risks related to environmental and social trends and issues needs to recognize the interdependencies and interrelatedness of the trends and issues and the complexity of their impacts on corporate risks and strategies.

The earthquakes and tsunami in Japan in 2011 are an example of a disastrous event which resulted in a number of operational risks being realized—the breakdown in Japanese power supplies, radioactive releases from nuclear facilities, impacts on potable water, agricultural products, employee safety and availability, disruption in North American supply chains and concerns about the perceived safety of exported products. Actualization of operational risks like these can, in turn, impact customer demand and company reputation and possibly result in new regulations and litigation.

Questions for Directors to Ask

5) Do we have the information we need to satisfy ourselves about the appropriateness of management's assessment of the impact of key existing or potential government regulations applicable to environmental and social issues in jurisdictions in which the company operates?

6) Are we satisfied that management has developed appropriate risk management strategies to address the impact of environmental and social issues on supply chains?

7) Are we satisfied that management has devoted sufficient resources to preventative maintenance and to disaster planning?

8) What environmental or social issues have institutional investors, lenders, communities, First Nations, foreign or domestic governments and/or NGOs raised with management and why? Are we satisfied with management's responses?

9) Are we satisfied with management's assessment of the possibility of current or future actions, legal or otherwise, against the company related to environmental or social actions or inactions?

10) What is management's assessment of the impact of environmental and social issues on customer demand and do we agree with the underlying assumptions?

11) Are we satisfied that management has committed sufficient financial and non-financial resources to building effective stakeholder relationships?

Financial Performance

Oversight of financial performance, liquidity and capital

Environmental and social issues impact financial performance in a variety of ways, to a lesser or greater extent, depending on the company and industry.

Environmental and social issues can have financial implications for:

- operations, including availability and cost of resources, both physical and human
- capital projects
- mergers and acquisitions
- new technologies
- access to affordable capital
- access to insurance.

Revenues can be impacted for reasons such as:

- changes in consumer demand for goods and services
- the sale of, or royalties on, innovative technologies
- the speed of obtaining regulatory approvals.

Expenditures can be impacted for reasons, such as:

- the need to retrofit, modify or replace existing property, plant or equipment
- research and development activities to develop new technologies, product design and operating processes
- increased insurance premiums and/or coverage
- costs of regulatory penalties or legal actions.

Institutional investors and lenders are increasingly seeking information on a company's management of and performance related to environmental and social trends and issues.[25] This phenomenon can impact a company's cost of capital and financing sources.

Questions for Directors to Ask

12) Are we satisfied with management's assessment of the financial impacts of key environmental and social issues and related regulations on performance, liquidity and financial condition?

13) Are we satisfied that the company has the financial capacity to withstand and recover from a disaster, including a combination of risks occurring at the same time?

14) Are we satisfied that management is tracking the most appropriate environmental and social metrics and key performance indicators and assessing their relationship with financial performance?

External Reporting

Oversight of Mandatory Reporting

In Canada, there are three[26] main categories of mandatory reporting about environmental and social issues:

- Canadian Securities Administrators' continuous disclosure obligations for reporting to capital markets
- Public Accountability Statements for large financial institutions[27] and
- required filings under government environmental, health and safety regulations.[28]

Existing continuous disclosure regulations include requirements related to environmental and social issues. Disclosures are required in financial statements, Management's Discussion and Analysis (MD&A) reports (NI 51-102 F1) and Annual Information Forms (AIF) (NI 51-102 F2)—see box for more details.

Shareholders in several jurisdictions can sue directors, among others, of a listed company when the company fails to make timely disclosure of material changes or when its disclosures contain a material misrepresentation.

To the extent that institutional investors and other stakeholders are interested in a company's governance over environmental and social issues, disclosures made in Information Circulars (NI 51-102 F5), Statements of Executive Compensation (NI 51-102 F6) and reports on Corporate Governance Practices (NI 58-101 Forms F1 and F2) may also be important.

Regulators are paying increasing attention to the adequacy of environmental disclosures. In February 2008, the Ontario Securities Commission reported in Staff Notice 51-716 on widespread inadequacies in required environmental disclosures. In October 2010, the Canadian Securities Administrators issued Staff Notice 51-333 *Environmental Reporting Guidance*, to assist issuers in providing required disclosures. In the view of regulators, meaningful discussion of material environmental matters, where applicable, in financial statements, MD&As and AIFs is necessary to achieve fair presentation of financial condition in all material respects.

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25 *Environmental, Social and Governance (ESG) Issues in Institutional Investor Decision Making*.

26 In some countries mandatory disclosure of environmental and social issues is often required by company law and stock exchange listing rules.

27 Required by regulation under Canada's *Bank Act*.

28 For example, national reporting requirements for greenhouse gas emissions and provincial reporting requirements for certificates of approval.

Canadian Continuous Disclosure Obligations (National Instrument 51-102)

Financial Statements

Examples of disclosures about environmental and social issues to be found in financial statements, including notes thereto, are:

- environmental costs and liabilities—contingencies and commitments (e.g. contractual obligations)
- asset retirement obligations, including site remediation and restoration costs
- pension plan expenses, assets and obligations
- employee benefit expenses
- stock-based compensation arrangements
- taxation, such as corporate income tax expenses and liabilities
- assets, liabilities, expenses and revenues related to transactions related to emissions trading or arising from climate change related laws, regulations and commitments

Management's Discussion and Analysis (MD&A)

The MD&A requires management "to disclose and discuss commitments, events, risks or uncertainties that you reasonably believe will materially affect your company's future performance…" and "known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on your company's business". OSC Staff Notice 51-716 noted that issuers were failing to properly comply with this requirement with respect to environmental issues.[29]

Annual Information Form (AIF)

Specific AIF disclosures called for include:

- the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the company in the current financial year and the expected effect in future years
- the number of employees as at the most recent financial year-end or the average number of employees over the year, whichever is more meaningful to understand the business
- description of any social or environmental policies the company has that are fundamental to its operations and the steps taken to implement them, such as policies regarding the company's relationship with the environment or with the communities in which it does business, or human rights policies
- risk factors, including environmental & health risks, regulatory constraints, economic or political conditions
- description of any aspect of the company's business that management reasonably expects to be affected in the current financial year by renegotiation of contracts or sub-contracts, and the likely effect
- for companies with mineral projects, disclosure of (among many other things) all environmental liabilities to which projects are subject, and the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements
- description of any penalties or sanctions imposed by a court or regulatory body against the company that would likely be considered important to a reasonable investor in making an investment decision.

Oversight of Voluntary Reporting

Many companies provide environmental and social disclosures on a voluntary basis, whether through corporate websites and social media, sustainability reports or responses to surveys and questionnaires (e.g., Carbon Disclosure Project—carbon, water and supply chain).

In 2009, the Government of Canada introduced its program "*Building the Canadian Advantage: A Corporate Social Responsibility (CSR) Strategy for the Canadian International Extractive Sector*", a comprehensive strategy on corporate social responsibility for the Canadian extractive sector operating abroad. Amongst other things, this program promotes the use of the Global Reporting Initiative's *Sustainability Reporting Guidelines* for reporting by the extractive sector to enhance transparency.

Examples of other voluntary conventions and initiatives that either call for or promote environmental and social disclosures include the United Nations Global Compact, the United Nations Principles for Responsible Investment, the Extractive Industries Transparency Initiative and the United Nations Environment Program Finance Initiative.

As noted earlier, several industry sectors have developed their own voluntary codes of business practice and conduct, which typically include disclosure components regarding environmental and social issues and performance.

It is prudent for directors to enquire whether:

- information disclosed within voluntary reports is consistent with information filed in mandatory reports
- material information in voluntary reports is also disclosed on a timely basis in mandatory reports
- voluntary external reporting is reliable and complies with applicable Canadian Securities Administrators' requirements about forward-looking information.

Questions for Directors to Ask

15) What assessment has management made of the materiality to investors of information about environmental and social issues? Are disclosures made in the Annual Information Form (AIF), Management's Discussion & Analysis (MD&A) and/or financial statements consistent with this assessment?

16) What is management's assessment of how our company's mandatory and voluntary public disclosures about environmental and social issues compare with those of competitors and on what basis has it made that assessment?

17) How has management ensured that information reported in corporate websites, social media, or voluntary reports is consistent with that provided in government filings and continuous disclosure filings with securities regulators?

29 CSA Staff Notice 51-333 provides guidance to issuers to assist in providing appropriate environmental disclosures.

Reliability of Information

Oversight of Management Information Systems and Related Internal Control

Directors need to know that management has implemented systems, procedures and controls to gather reliable and timely information about key environmental and social trends and issues for:

- management analysis and decision-making purposes
- disclosure to investors, governments and other stakeholders.

For example, directors need to understand and agree on management's selection of key performance metrics and indicators about environmental and social performance and periodically review company performance against these key metrics and indicators. These key metrics and indicators need to be based on appropriate data collection and reporting systems and related controls.

As the National Association of Corporate Directors stated:

> "Both the board and management should engage in a conversation regarding how the company actually makes money and what differentiates it from competitors. This is essential in educating the board, and often management, about the kinds of performance targets that need to be set, measured, rewarded and eventually communicated. At a basic level, the board must review and approve management's selected metrics."[30]

The reliability of information systems and controls is a necessary underpinning for management and board decision making, government filings, securities filings, including CEO/CFO certifications for financial reporting, and voluntary reporting.

Questions for Directors to Ask

18) Are we satisfied that management has implemented adequate systems, controls and processes to support the compilation of key performance metrics and indicators about environmental and social issues that are appropriate for reliably tracking performance, setting targets, benchmarking and external reporting to capital markets and governments?

Board Structure and Responsibilities

Current practice reveals a variety of board structures and arrangements respecting the oversight of environmental and social issues.[31] The key issue is not so much who is responsible but that responsibility for environmental and social issues rests with the board or a committee of the board.[32] Boards of directors are increasingly expected to promote and support a corporate culture that embeds consideration of environmental and social issues into decision making and performance throughout the organization. In many companies, the board-approved and monitored code of business conduct and ethics is an important tool in promoting and reinforcing an appropriate corporate culture.

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30 National Association of Corporate Directors, *Performance Metrics: Understanding the Board's Role.* Blue Ribbon Commission Series. (Washington: National Association of Corporate Directors, 2010).

31 Calvert Asset Management Company and The Corporate Library, *Board Oversight of Environmental and Social Issues: An Analysis of Current North American Practice.* (New York: Governance Metrics International, 2010). http://info.gmiratings.com/download-free-report-on-board-oversight-of-social-and-environmental-issues/

32 For an example of board responsibility for sustainability and related issues, see: PotashCorp http://www.potashcorp.com/sustainability_reports/2010/. Board oversight of corporate sustainability is addressed in Global Compact, LEAD and Business for Social Responsibility, *Discussion Paper: Board Adoption and Oversight of Corporate Sustainability.* (2011). http://www.bsr.org/reports/BSR-LEAD_Discussion_Paper_Board_Adoption_and_Oversight.pdf

In addressing oversight regarding environmental and social issues, board members need to be sufficiently knowledgeable about the company, its industry and relevant environmental and social issues in order to provide appropriate oversight of strategy, risk, and financial reporting.

Questions for Directors to Ask

19) Have we established a governance structure that enables the board to oversee the management of environmental and social issues and their integration throughout the organization?

20) Does the board composition include directors with appropriate knowledge and expertise to assess management's decisions about environmental and social issues?

21) Does the company's code of conduct appropriately reinforce attention to relevant environmental and social issues throughout the organization?

22) How does the company's executive compensation plan support the integration of relevant environmental and social issues into decision making and performance throughout the organization?

23) Overall, in acting in the best interests of the corporation, have we established an appropriate culture and tone at the top to ensure that relevant environmental and social issues are considered and integrated in decision making and actions throughout the organization?

Conclusion

Directors who seek a company's long-term success, competitiveness and resilience will be those who, all other business considerations aside, pay careful attention to how management is integrating key environmental and social issues into strategy and risk and in building key stakeholder relationships. Ongoing board vigilance is essential to keeping abreast of the fast-evolving business impacts of key environmental and social issues. Informed boards asking the right questions make all the difference.

Appendix: Additional Sources of Information

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Where to Find More Information

CICA Publications on Governance*

The Director Series

The 20 Questions Series

20 Questions Directors and Audit Committees Should Ask about IFRS Conversions (Revised ed)

20 Questions Directors Should Ask about Building a Board

20 Questions Directors Should Ask about CEO Succession

20 Questions Directors Should Ask about Codes of Conduct (2nd ed)

20 Questions Directors Should Ask about Crisis Management

20 Questions Directors Should Ask about Crown Corporation Governance

20 Questions Directors Should Ask about Director Compensation

20 Questions Directors Should Ask about Directors' and Officers' Liability Indemnification and Insurance

20 Questions Directors Should Ask about Executive Compensation (2nd ed)

20 Questions Directors Should Ask about Governance Assessments

20 Questions Directors Should Ask about Governance Committees

20 Questions Directors Should Ask about Internal Audit (2nd ed)

20 Questions Directors Should Ask about IT

20 Questions Directors Should Ask about Management's Discussion and Analysis (2nd ed)

20 Questions Directors Should Ask about Responding to Allegations of Corporate Wrongdoing

20 Questions Directors Should Ask about Risk (2nd ed)

20 Questions Directors Should Ask about the Role of the Human Resources and Compensation Committee

20 Questions Directors Should Ask about their Role in Pension Governance

20 Questions Directors Should Ask about Special Committees

20 Questions Directors Should Ask about Strategy (2nd ed)

Director Briefings

Climate Change Briefing — Questions for Directors to Ask

Controlled Companies Briefing — Questions for Directors to Ask

Diversity Briefing — Questions for Directors to Ask

Long-term Performance Briefing — Questions for Directors to Ask

*Available at www.rogb.ca.

Director Alerts

The ABCP Liquidity Crunch—questions directors should ask

Executive Compensation Disclosure—questions directors should ask

Fraud Risk in Difficult Economic Times—questions for directors to ask

The Global Financial Meltdown—questions for directors to ask

Human Resource and Compensation Issues during the Financial Crisis—questions for directors to ask

New Canadian Auditing Standards—questions directors should ask

The Not-for-Profit Director Series

NPO 20 Questions Series

20 Questions Directors of Not-for-Profit Organizations Should Ask about Board Recruitment, Development and Assessment

20 Questions Directors of Not-for-Profit Organizations Should Ask about Fiduciary Duty

20 Questions Directors of Not-for-Profit Organizations Should Ask about Governance

20 Questions Directors of Not-for-Profit Organizations Should Ask about Human Resources

20 Questions Directors of Not-for-Profit Organizations Should Ask about Risk

20 Questions Directors of Not-for-Profit Organizations Should Ask about Strategy and Planning

Liability Indemnification and Insurance for Directors of Not-for-Profit Organizations

NPO Director Alerts

Pandemic Preparation and Response—questions for directors to ask

Increasing Public Scrutiny of Not-for-Profit Organizations—questions for directors to ask

New rules for charities' fundraising expenses and program spending—questions for directors to ask

New Accounting Standards for Not-for-Profit Organizations – questions for directors to ask

Other Publications

Accountants on Board—A guide to becoming a director of a not-for-profit organization

The CFO Series

Deciding to Go Public: What CFOs Need to Know

Financial Aspects of Governance: What Boards Should Expect from CFOs

How CFOs are Adapting to Today's Realities

IFRS Conversions: What CFOs Need to Know and Do

Risk Management: What Boards Should Expect from CFOs

Strategic Planning: What Boards Should Expect from CFOs

About the Authors

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She has authored and co-authored a number of publications, including *Climate Change Briefing: Questions for Directors to Ask* and *Environmental, Social and Governance (ESG) Issues in Institutional Investor Decision Making*. She sits on the University of Toronto's Environmental Finance Committee and is a member of the National Round Table on the Environment and the Economy's Advisory Committee on *Business Resilience in A Changing Climate*.

Julie is on the board of Transparency International Canada, a charitable organization dedicated to anti-corruption and transparency. She has had two Ontario order-in-council appointments to provincial committees on social policy issues and is the recipient of two Governor General of Canada medals for dedication to community service.

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