



ACCA UK Awards  
for Sustainability Reporting 2006



Justice Mervyn King  
Chair of GRI Board

# **A RELATIONSHIP BETWEEN CORPORATE GOVERNANCE, STRATEGY AND SUSTAINABILITY**

**The Association  
of Chartered Certified Accountants  
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Presented by  
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# THE COMPANY

- ◆ A juristic person
- ◆ Persons appointed to steer it
- ◆ As integral to society as the family
- ◆ Pool of human and capital resources

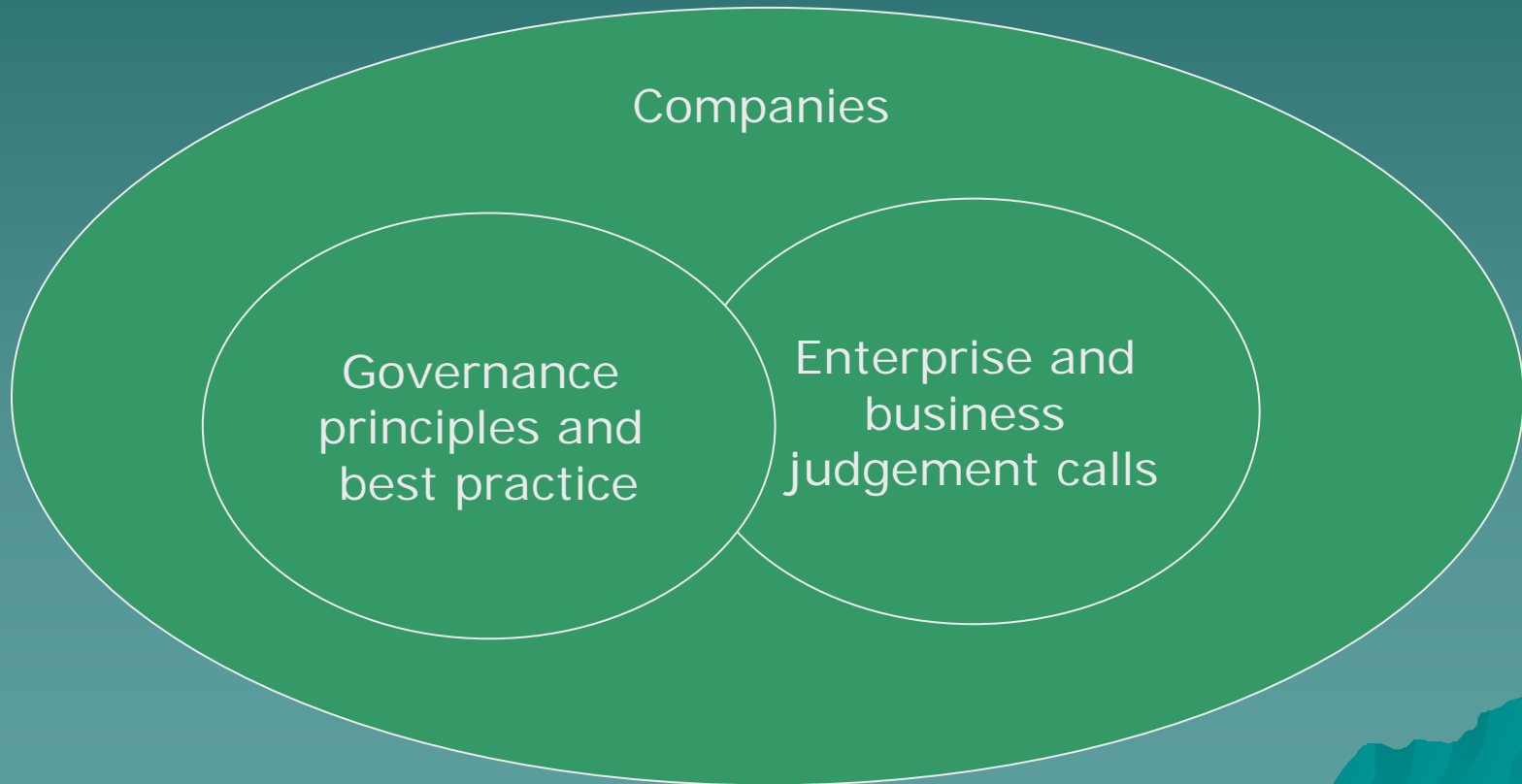
# INCAPACITATED PERSON

- ◆ Human being
- ◆ Good faith, care, skill and diligence
- ◆ Decent citizen thing to do
- ◆ Company totally incapacitated
- ◆ Director as heart, mind and soul of company


# GOVERNANCE, STRATEGY AND SUSTAINABILITY

- ◆ Edward de Bono's "logic bubble"
- ◆ Mental baggage and experiences
- ◆ Create impressions and shape our values
- ◆ Does everyone have the same understanding?


# THE GOVERNANCE EQUATION




# FRAMEWORK-GOVERNANCE

- External stakeholders
  - Internal stakeholders
  - Local, national and international
  - License to operate
  - Awareness where a company fits into framework
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# WHAT IS GOOD GOVERNANCE?

- Not a mindless compliance
  - Accountability – principal and agent
  - Responsibility – decent citizen
  - Transparency – withering effect
  - Foundation, intellectual honesty
  - Short term and long term
- 

# STRATEGY

- ◆ Comes from the Greek word “strategos”
  - ◆ Means general
  - ◆ The art of the general
  - ◆ A continuous process when thinking about the future
  - ◆ Strategy involves risky decisions
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# THE CONTENT OF STRATEGY

- ◆ Strategy provides a framework for action
  - ◆ The objectives, clear, measurable, affordable and attainable
  - ◆ Ambitious to motivate but reasonable to be achievable
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# ORDINARY AND EXTRAORDINARY

- ◆ Good strategy – enable ordinary people to achieve extraordinary things
- ◆ Bad strategy - extraordinary people will achieve only ordinary things
- ◆ Facing in the same direction
- ◆ Define purpose, values and stakeholders
- ◆ Define the legitimate expectations of the company's stakeholders

# SUSTAINABILITY

- ◆ “Sustainable development”
- ◆ The Brundtland Report of 1987 :  
“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs”
- ◆ Compromise long-term prospects
- ◆ For short-term benefit
- ◆ Counterproductive

# DECENT CORPORATE CITIZENSHIP

- ◆ Foster sustainable economic development
  - ◆ Improve the quality of life of stakeholders
  - ◆ The link between people, planet and prosperity
  - ◆ Accountability and legitimate expectations
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# ECONOMIC

GRI Guidelines:

“The economic dimension of sustainability concerns the organisation’s impacts on the economic conditions of its stakeholders and on economic systems at local, national and global levels”

# ENVIRONMENTAL

## GRI Guidelines

“The environmental dimension of sustainability concerns an organisation’s impact on living and non-living natural systems including ecosystems, land, air and water, labour practices and decent work”.

# LABOUR - SOCIAL

GRI focus:


- ◆ Labour / management relations
- ◆ Occupational health and safety
- ◆ Training and education
- ◆ Diversity and equal opportunity
- ◆ Working conditions

# HUMAN RIGHTS - SOCIAL

GRI focus:

- ◆ Investment and supplier contracts
- ◆ Non discrimination
- ◆ Freedom of association
- ◆ Child labour
- ◆ Indigenous rights
- ◆ Product responsibility
- ◆ Marketing and communications


# THE RELATIONSHIP

- ◆ Governance, strategy and sustainability
  - ◆ Inseparable
  - ◆ Context for strategy determination
  - ◆ What are the social, economic and environmental impacts?
  - ◆ Management to drive sustainable development throughout the organisation
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# THE G3 AND GOVERNANCE

- ◆ An enhanced focus on strategy and analysis
- ◆ A description of key impacts, risks, and opportunities
- ◆ A focus on the impact of sustainability trends, risks, and opportunities on the long-term prospects and financial performance of the organization.

# CONCLUSION

- ◆ Best interests of company?
  - ◆ To discharge must consider short and long-term issues
  - ◆ Need to drive our companies as decent citizens
  - ◆ Intellectual honesty immutable
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