



Sustainable value oriented governance

The need for a collaborative approach

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GUBERNA

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« One sweeping, simplifying way to describe the advances of modern civilization is to see them as serial quests to reduce the risks that come from us being complex and fragile organisms trying to survive against many odds in a world abounding with dangers »

Vaclav Smil

How the world really works

Sustainable value oriented governance

1. The third wave of governance
2. Challenges 2023: ESG adds a layer of complexity
3. From reporting to acting: sustainable value creation
4. Get your board on board: the role of risk managers

The third wave of governance – some history



The governance « renaissance » of the second wave



Sir Adrian Cadbury, 1992

Corporate governance is the system by which companies are directed and controlled.

The third wave – definition of governance



Prof. Mervyn E King, 2016

Corporate Governance is defined as the exercise of **ethical and effective leadership** by the governing body towards the achievement of the following **governance outcomes** :

- ✓ Ethical culture
- ✓ Good performance
- ✓ Effective control
- ✓ Legitimacy

The third wave – the role of companies in society



Challenges 2023

World Energy Outlook 2022 shows the global energy crisis can be a historic turning point towards a cleaner and more secure future

27 October 2022



Leaders | Sustainable Investing

ESG should be boiled down to one simple measure: emissions

Three letters that won't save the planet




EPIDEMIOLOGY

New Evidence Supports Animal Origin of COVID Virus through Raccoon Dogs

Genetic sequences show evidence of raccoon dogs and other animals at the Wuhan market sites where SARS-CoV-2 was found in early 2020, adding to evidence of a natural spillover event

By Tanya Lewis on March 17, 2023



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Voici à quoi pourrait ressembler un conseil d'administration dans un futur plus tout à fait hypothétique... © Lieven Van Assche

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The Fed has to choose between generational inflation or the first banking crisis since 2008, finance professor says

BY ALEXANDER KUROV AND THE CONVERSATION
March 20, 2023 at 5:03 PM (GMT+1)




Environment Climate Weather Climate Solutions Animals Climate Lab Green Living

World is on brink of climate calamity, definitive U.N. climate report warns

A dangerous climate threshold is near, but 'it does not mean we are doomed' if swift action is taken, scientists say

By Sarah Kaplan
March 20, 2023 at 9:01 a.m. EDT

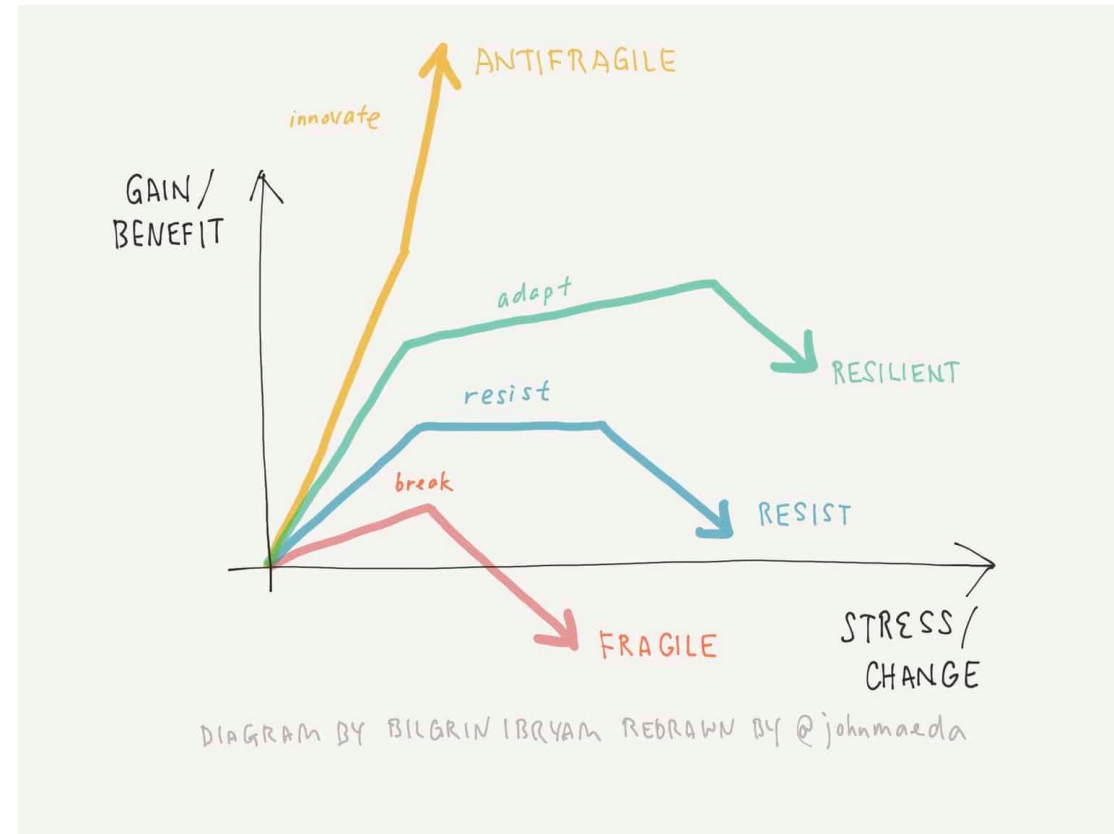


A Chinese state-owned coal-fired power plant next to a solar farm project under construction on a lake located by a collapsed and flooded dam. Photo by Huabao in 2017. (Kevin Frayer/Getty Images)

Challenges 2023

3 core principles to move to antifragility

- 1) Articulate a clear strategic business case
- 2) Come to term with operating under a high degree of uncertainty
- 3) Display proactive leadership



Challenges 2023 - regulation

- First **EU Taxonomy Delegated act** of 9 December 2021, applicable since 1 January 2022
- **Complementary Climate Delegated Act** of 9 March 2022, applicable since 1 January 2023
- **EU Directive** on improving the **gender balance** among directors of listed companies of 23 November 2022
- First set of **draft EU sustainability reporting standards** adopted by EFRAG on 23 November 2022
- **Corporate Sustainability Reporting Directive** of 28 November 2022
- Proposal for a **Directive on Corporate Sustainability Due Diligence** of 23 February 2022
- Proposal for a **Regulation on prohibiting products made with forced labour** on the Union Market of 9 June 2022

Challenges 2023 - ESG adds a layer of complexity

Benefits of reporting:

- Transparency is linked with brand reputation – comparability of data
- Better identify and manage risk
- Capture opportunities
- Sound data allows better strategies and impact
 - (See several audit companies ([us-erp-strategy-series-reporting.pdf \(deloitte.com\)](#)); [A practical guide to the strategic report \(kpmg.com\)](#))

Source:

[The Benefits of Integrated ESG Reporting - WatchWire](#)



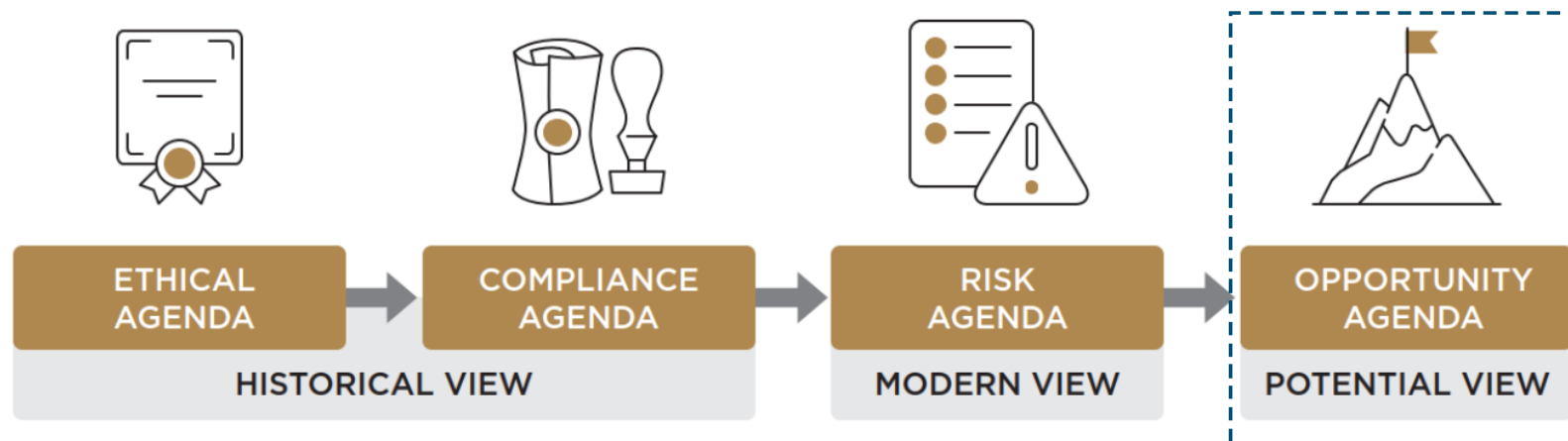
From reporting to acting

EVOLUTION OF SUSTAINABILITY CONCEPT

WHAT

WHY

HOW



From reporting to acting - sustainable value creation

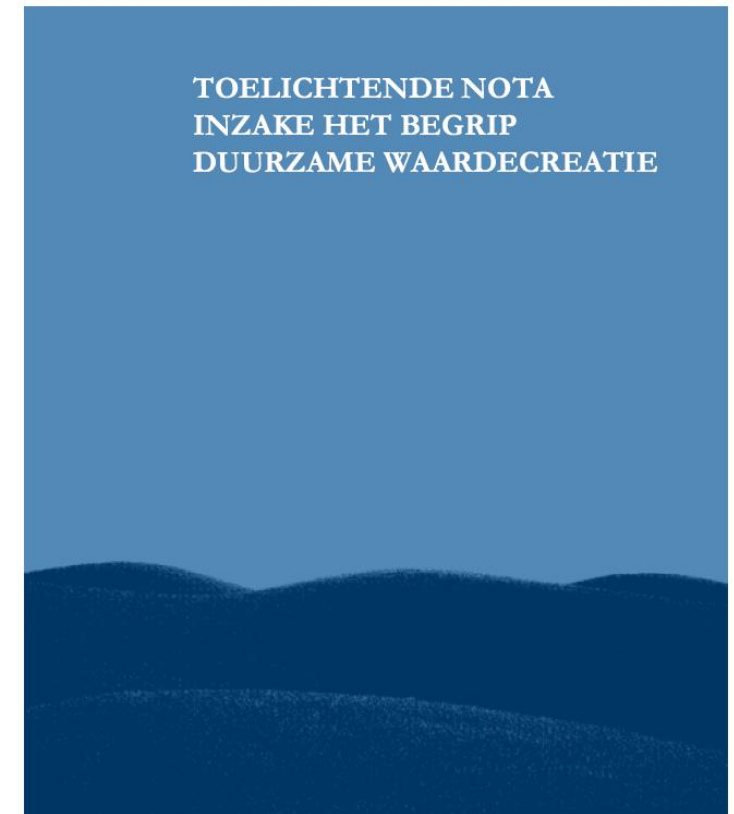
2.1 - The board should pursue sustainable value creation by the company, by setting the company's strategy, putting in place effective, responsible and ethical leadership and monitoring the company's performance.

2.8 - The board of directors should determine the risk appetite of the company in order to achieve the company's strategic objectives.

2.14 - The board should approve the framework of internal control and risk management proposed by the executive management and review the implementation of this framework.

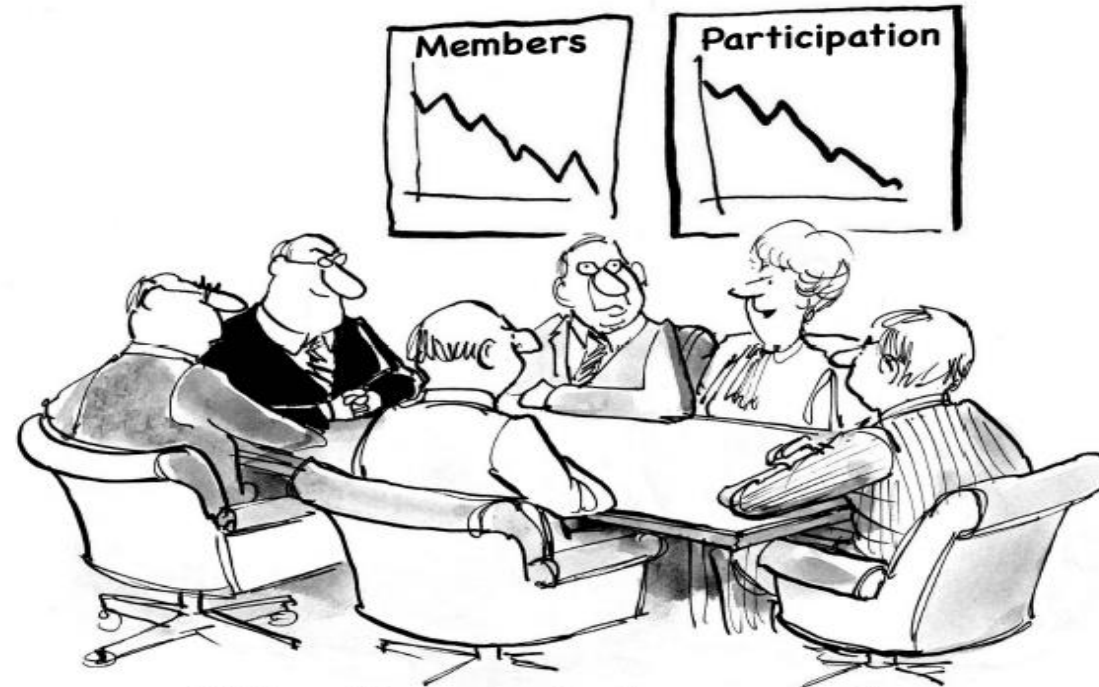


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Get your Board on board

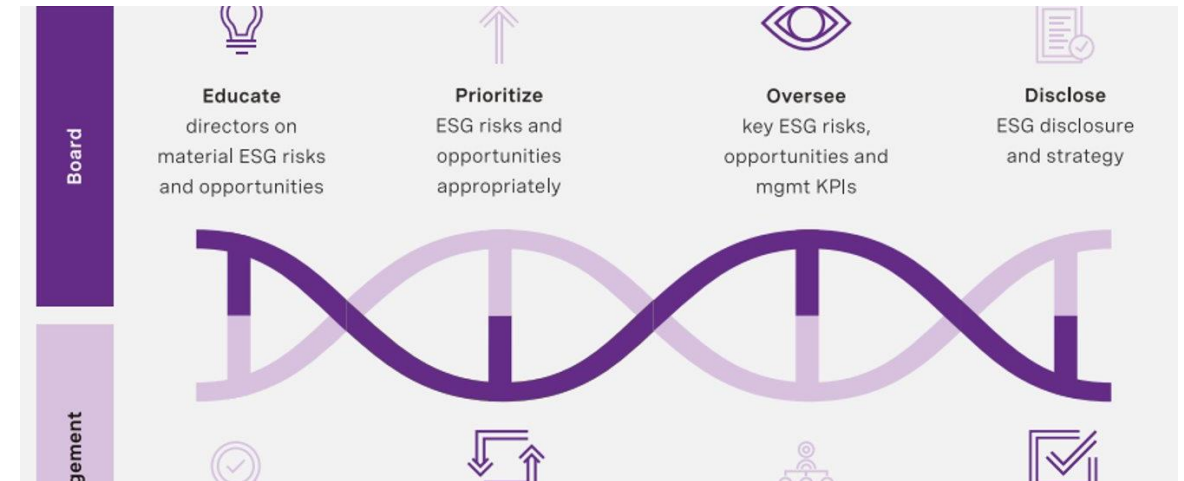
The role of risk managers



“What if we don’t change at all ...
and something magical just happens?”

Get your Board on board – a collaborative model

- Establish a board-led structure and process
- Educate your organisation
- Organise a clear delegation of roles and responsibilities within the company related to information and confirmation of compliance
- Enhance the collective responsibility of administration, management and board of directors
- Implement the additional responsibilities of audit committees
- Reinforce the role of management to inform and interact with stakeholders including workers' representatives



Source: Harvard Law School Forum on Corporate Governance

Get your Board on board

The three caps of the risk manager

1. Implementor: facilitating the establishment of adequate risk management systems for the benefit of the board and contributing to the monitoring of its effectiveness
2. Informer: providing the necessary data for decision-making and monitoring
3. Educator: enhancing resilience within the organisation and demonstrating that risk management contributes to governance



(source: Insead, MIT, GUB-workshop)

Get your Board on board – building bridges



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**Better Boards,
Better Organisations,
Better World.**