

Table of Contents

Preface	xiii
CHAPTER 1	
Corporate Governance and Sustainability	1
§1.01 Descriptions of Corporate Governance	1
§1.02 Descriptions of CSR and Sustainability	6
§1.03 Convergence of CSR and Corporate Governance	9
§1.04 Impact of Convergence on Corporate Regulation	12
§1.05 Investor Interest in CSR and Sustainability and Impact on Board Oversight	16
§1.06 Transparency and Disclosure	19
§1.07 Conclusion	21
CHAPTER 2	
Legal and Voluntary Sustainability Standards and Instruments	23
§2.01 Introduction	23
§2.02 CSR Initiatives of Governmental or Intergovernmental Bodies	24
[A] United Nations Global Compact	24
[B] OECD Guidelines for Multinational Enterprises	25
[C] G20/OECD Principles of Corporate Governance	26
[D] International Labour Organization	27
[E] International Finance Corporation	28
[F] Principles for Responsible Investment	28
[G] United Nations Sustainable Development Goals	29
§2.03 CSR Human Rights Instruments	30
[A] Voluntary Principles on Security and Human Rights	30
[B] United Nations Human Rights Instruments	30
§2.04 Sectoral CSR Commitments	31
§2.05 International Multi-stakeholder Processes	31
[A] AccountAbility	31
[B] CRT Principles for Business	32

[C]	Extractive Industries Transparency Initiative	33
[D]	Forest Stewardship Council	33
[E]	Marine Stewardship Council	33
[F]	Social Accountability International	34
[G]	Roundtable on Sustainable Palm Oil	34
\$2.06	International Management and Reporting Standards	34
[A]	Global Reporting Initiative	34
[B]	International Integrated Reporting Framework	35
[C]	Sustainability Accounting Standards Board	35
[D]	International Standards of Accounting and Reporting	35
[E]	British Standard on Sustainability Management, BS 8900	36
[F]	ISO 14001	36
[G]	ISO 9001	36
[H]	ISO 26000	37
[I]	OHSAS 18001: Occupational Health and Safety Management	37
CHAPTER 3		
	Guidance on Sustainability from Securities Exchanges and Regulators	39
\$3.01	Introduction	39
\$3.02	United States	40
\$3.03	United Kingdom	42
\$3.04	European Union	43
[A]	Germany	44
[B]	France	45
\$3.05	Japan	46
\$3.06	China	48
\$3.07	India	48
\$3.08	Korea	50
\$3.09	Mexico	51
\$3.10	Singapore	51
\$3.11	Australia	53
\$3.12	Canada	53
CHAPTER 4		
	Board Oversight of Sustainability	55
\$4.01	Introduction	55
\$4.02	Investors' Expectations for Board Oversight of Sustainability	57
\$4.03	Directors' Adoption and Oversight of Corporate Sustainability	60
\$4.04	Directors' Roles and Responsibilities	65
\$4.05	Directors' Fiduciary Duties	68
\$4.06	Framework for Board Oversight of CSR and Corporate Sustainability	69
\$4.07	Board Committees	73
\$4.08	Board Composition	77
\$4.09	Sustainability Education and Training for Board Members	79

CHAPTER 5		
	Governance and Nominating Committee	81
\$5.01	Introduction	81
\$5.02	Qualifications of Directors	82
[A]	Independence Requirements	83
[B]	Financial Expertise	84
\$5.03	Charter and Activities of Governance and Nominating Committee	85
[A]	Statement of Purpose	86
[B]	Composition, Meetings and Procedures	86
[C]	Scope of Duties and Responsibilities	86
[1]	Identification and Selection of Qualified Directors	89
[2]	Governance Codes and Policy Statements	91
[3]	Directors' Education and Performance Assessment	92
[D]	Evaluation of Board and Committee Performance	94
CHAPTER 6		
	Audit Committee	97
\$6.01	Introduction	97
\$6.02	Charter and Activities of Audit Committee	99
[A]	Statement of Purpose	100
[B]	Composition, Meetings and Procedures	100
[C]	Scope of Duties and Responsibilities	104
[1]	Oversight of the Integrity of the Company's Financial Statements	106
[2]	Relationships with Auditors	106
[3]	Disclosure Controls, Compliance and Risk Management	107
[4]	Approval of Related-Party and Conflict-of-Interest Transactions	108
[5]	Internal Audit Function	109
[6]	Sustainability	109
[D]	Audit Committee Reporting and Self-Assessment Requirements	110
CHAPTER 7		
	Compensation and Organizational Development Committee	113
\$7.01	Introduction	113
\$7.02	Charter and Activities of Compensation Committee	114
[A]	Statement of Purpose	116
[B]	Composition, Meetings and Procedures	116
[C]	Scope of Duties and Responsibilities	118
[1]	Compensation Philosophy	121
[2]	Executive Compensation	122
[3]	Incentive Compensation Plans	124
[4]	Employee Retirement and Health and Welfare Benefit Plans	124
[5]	Organizational Development	125

[6] Sustainability Performance	126
[D] Evaluation of Committee Performance	128
CHAPTER 8	
Finance Committee	129
§8.01 Introduction	129
§8.02 Organizing and Managing the Finance Function	131
[A] CFO Duties and Responsibilities	131
[B] Finance Function Responsibilities and Activities	133
§8.03 Sustainable Finance	133
§8.04 Charter and Activities of Finance Committee	137
[A] Statement of Purpose	137
[B] Composition, Meetings and Procedures	137
[C] Scope of Duties and Responsibilities	140
[1] Capital Strategy	142
[2] Financial Reporting	142
[3] Investor Relations	143
[4] Financial Planning and Analysis	144
[5] Treasury	144
[6] Internal Controls and Accountability Policies	145
[7] Corporate Development	145
[D] Evaluation of Committee Performance	145
CHAPTER 9	
Corporate Social Responsibility Committee	147
§9.01 Introduction	147
§9.02 Charter and Activities of Corporate Responsibility Committee	150
[A] Statement of Purpose	151
[B] Composition, Meetings and Procedures	151
[C] Scope of Committee Duties and Responsibilities	154
[1] Sustainability Strategy	157
[2] Innovation	158
[3] Climate Change	158
[4] Human Rights	159
[5] Political Spending	160
[6] Diversity	161
[7] Stakeholder Engagement	161
[8] Management Engagement	163
[9] Supply Chain Management	163
[10] Transparency and Disclosure	164
[D] Evaluation of Committee Performance	166
§9.03 Alternative Structures	167

CHAPTER 10	
Environmental, Health and Safety Committee	169
§10.01 Introduction	169
§10.02 Environmental, Health and Safety Governance and Management	171
[A] EH&S Planning and Procedures	171
[B] Management Responsibility for EH&S	172
[C] EH&S Oversight Committees and Departmental EH&S Committees	174
§10.03 Charter and Activities of Environment, Health and Safety Committee	175
[A] Statement of Purpose	175
[B] Composition, Meetings and Procedures	176
[C] Scope of Duties and Responsibilities	176
[1] Compliance with Laws, Regulations and Standards	178
[2] Supply Chain Management	178
[3] Education and Training	178
[4] Stakeholder Engagement	179
[5] Transparency and Disclosure	180
[6] Monitoring and Measuring the Effectiveness of EH&S Procedures	181
[D] Evaluation of Committee Performance	182
CHAPTER 11	
Compliance and Risk Management Committee	185
§11.01 Introduction	185
§11.02 Compliance and Compliance Programs	186
[A] Directors' Role in Developing and Overseeing Compliance Programs	188
[B] Elements of Effective Compliance Programs	191
§11.03 Enterprise Risks and Risk Management	194
[A] Risk Assessments	196
[B] ERM and Sustainability-Related Risks	197
§11.04 Charter and Activities of Compliance and Risk Management Committee	200
[A] Statement of Purpose	200
[B] Composition, Meetings and Procedures	201
[C] Scope of Duties and Responsibilities	202
[D] Evaluation of Committee Performance	206
CHAPTER 12	
Technology Committee	207
§12.01 Introduction	207
§12.02 Management of Technology Activities	209
§12.03 Sustainable Technology Management	209
§12.04 Charter and Activities of Technology Committee	211
[A] Statement of Purpose	211

[B]	Composition, Meetings and Procedures	211
[C]	Scope of Duties and Responsibilities	212
[1]	Technology Planning and Strategy	213
[2]	Information Technology	214
[3]	Cybersecurity	216
[4]	Intellectual Property Strategy	217
[5]	Intellectual Property Compliance Programs	218
[6]	Data Retention and Privacy	219
[7]	Oversight of Senior Technology Management	219
[D]	Evaluation of Committee Performance	220
CHAPTER 13		
	Disclosure and Reporting Committee	221
§13.01	Introduction	221
§13.02	Regulatory Reporting Requirements	223
§13.03	Regulatory Requirements Regarding Disclosure Controls	224
§13.04	Internal Disclosure Committee	226
§13.05	Sustainability Reporting and Auditing	228
[A]	GRI Standards	231
[B]	International Integrated Reporting Framework	232
[C]	Sustainability Accounting Standards Board	232
[D]	Report Formatting and Presentation	233
[E]	Verification and Independent External Assurance	236
§13.06	Role of Audit and Disclosure and Reporting Committees	237
CHAPTER 14		
	Internal Governance Instruments: Codes and Policies	243
§14.01	Introduction	243
§14.02	Point of Reference: Company's Online Corporate Governance Portal	246
§14.03	Principles of Corporate Governance	249
§14.04	Codes of Conduct and Ethics	252
§14.05	Board of Directors' Code of Conduct	254
§14.06	CEO/CFO Code of Ethics	256
§14.07	Suppliers' Code of Conduct	257
§14.08	Environmental Policy	259
§14.09	Social Responsibility Policy	260
§14.10	Human Rights Policy	262
§14.11	Stakeholder Engagement and Community Development Policy	263
CHAPTER 15		
	Organizing for Sustainability	267
§15.01	Introduction	267
§15.02	Role of the CEO in CSR Activities	267
§15.03	Organizational Structures for Sustainability	270
§15.04	Sustainability Leaders	274

§15.05	Management Systems	278
§15.06	Role of the Legal Department and Outside Counsel	280
§15.07	Ethical Management	283
CHAPTER 16		
	Evaluating and Improving the Sustainability Governance System	287
§16.01	Evaluating and Improving CSR Initiatives	287
§16.02	ISO 26000	288
§16.03	Certifications and Ratings Systems	293
CHAPTER 17		
	Benefit Corporations	297
§17.01	Introduction	297
§17.02	Benefit Corporations	299
§17.03	Flexible and Social Purpose Corporations	303
§17.04	Formation of Benefit Corporations	304
§17.05	Articles of Incorporation	305
[A]	Mandatory Provisions	306
[B]	Purposes and Powers Provisions	306
[C]	Optional Provisions	309
§17.06	Additional Organizational Issues and Activities	310
§17.07	Alternative U.S. Structures for Sustainable Entrepreneurship	313
§17.08	European Social Enterprises and Benefit Companies	314
CHAPTER 18		
	Corporate Social Responsibility for Small Businesses	317
§18.01	Introduction	317
§18.02	Framework for CSR Implementation by Small Businesses	319
[A]	Assessment	319
[B]	Developing Options for CSR Actions	320
[C]	Strategy and Governance	322
[D]	Preparing and Implementing a CSR Business Plan	323
[E]	Initial CSR Implementation Ideas for Small Businesses	324
[F]	Reporting and Verifying Progress	326
[G]	Evaluating and Improving CSR Initiatives	331