

# Purpose and Stakeholder Governance Playbook:

## Your Guide to Enhancing Your Board's Oversight of Purpose and Stakeholders

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## Introduction

Expectations are growing that businesses serve society by adopting a social purpose and developing strategies to enhance stakeholder – beyond shareholder – value creation. However, there is a dearth of guidance on the role of corporate boards in governing this transition from profit purpose to social purpose and from shareholder value creation to stakeholder (including shareholder) value creation.

This Purpose and Stakeholder Governance Playbook addresses this governance gap. It offers a set of guidelines that directors, boards and governance professionals can use to equip their boards to have effective governance of the company's purpose – its reason to exist – and the stakeholder relationships the company needs to be successful.

## How the Guide was Developed

The guide is based on a comprehensive literature review conducted by the author in 2022-2023, [Purpose and Stakeholder Governance Best Practices: Literature Review and Guidance on the Board's Role in Purpose and Stakeholder Oversight](#). It was further informed by a review of purpose and stakeholder governance practices at four organizations and input from their governance leaders:

- Rio Tinto plc, UK
- Unilever plc, UK
- Maple Leaf Foods Inc., Canada
- BC Lottery Corporation, Canada\*

*\*Note: the author is on the board of BC Lottery Corporation.*

## How to use the Guide

Directors, boards and governance professionals are encouraged to use this resource to develop a Purpose and Stakeholder Governance Roadmap to improve your board's oversight of these important and fundamental governance practices. Use this guide to:

- Create Your Purpose Governance Roadmap
- Create Your Stakeholder Governance Roadmap
- Embed Purpose and Stakeholder Oversight in Committee Mandates
- Learn About Board Approaches to Purpose and Stakeholder Governance

## The Future Boardroom

Future boards will be expected to have good practices in purpose and stakeholder governance, driven by investors, regulators, and other stakeholders. Fiduciary responsibility is now being redefined to include board oversight of organizational purpose and stakeholder value creation. Boards that update their governance models to include purpose and stakeholder oversight will increase the future-fitness of their organization and enhance its long-term success.

Boards and their advisors now have a comprehensive set of guidelines they can use to enhance the board's purpose and stakeholder oversight. The practices in this Purpose and Stakeholder Governance Playbook can be used to identify strengths and gaps to create a Purpose and Stakeholder Governance Roadmap to put organizations, their stakeholders, and society on a sustainable course.

## Report Structure

The Playbook is organized in four sections:

### **Create Your Purpose Governance Roadmap . . . . . 6**

- 1 Strategy and Culture
- 2 Performance Management
- 3 Monitoring and Reporting
- 4 Governance Protocols

### **Create Your Stakeholder Governance Roadmap . . . . . 8**

- 1 Purpose and Strategy
- 2 Stakeholder Engagement
- 3 Culture and Decisions
- 4 Governance Protocols
- 5 Monitoring and Reporting
- 6 Board Education

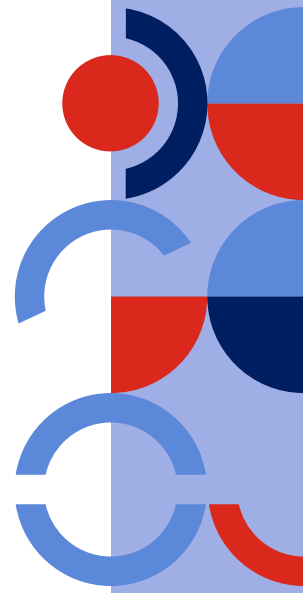
### **Embed Purpose and Stakeholder Oversight in Committee Mandates . . . . . 11**

- Governance Committee
- Risk Committee
- Audit Committee
- People Committee

### **Learn about Board Approaches to Purpose and Stakeholder Governance . . . . . 13**

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# Purpose and Stakeholder Definitions

## Purpose

The Playbook draws upon these definitions of corporate purpose, which collectively point to a purpose of create a better world.

SOURCE	DEFINITION
<a href="#"><u>British Academy's Future of the Corporation Programme</u></a>	The purpose of business is producing profitable solutions from the problems of people and planet, and not profiting from creating problems.
<a href="#"><u>United Way Social Purpose Institute</u></a>	A Social Purpose Business is a company whose enduring reason for being is to create a better world.
<a href="#"><u>ISO 37000 Governance of Organizations – Guidance</u></a>	Organizational purpose is the organization's meaningful reason to exist.
<a href="#"><u>PAS 808: Purpose-Driven Organisations: Worldviews, Principles and Behaviours</u></a>	An organization's reason to exist that is an optimal strategic contribution to the long-term wellbeing of all people and planet.

## Stakeholder

The Playbook uses the definition of stakeholder adopted by the International Standards Organization (ISO) 37000 “Governance of Organizations – Guidance”, as “a person or organization that can affect, be affected by, or perceive itself to be affected by a decision or activity”.

Stakeholders can include employees, customers, suppliers, shareholders, communities, industry sector and others. Many companies include the natural environment and society because they affect or will be affected by the organization's activities, although they are not persons or organizations in the strictest sense. The *Canada Business Corporations Act* includes environment as a factor that boards can consider when acting in the best interests of the corporation (S.122.1).

“These are definitely the right questions. Boards will find it useful to consider them.”

Sarah Kaplan, co-author, “360° Governance: Where Are The Directors In A World In Crisis?”

“At a time when many are beginning to understand the value that flows from purpose-led organisations, this report should be compulsory reading for any board member or governance professional interested in embedding a company’s purpose into strategy and decision making.”

Steve Allen, Group Company Secretary, Rio Tinto

“These purpose and stakeholder governance guidelines are a valuable framework for boards and their advisors to help their organizations become purpose-led and future-fit.”

Gary Wade, CEO, Unilever Canada

“I was attracted to work at Maple Leaf Foods because of the strong commitment to purpose. Our purpose is grounded in our vision, mission, and values, and is brought to life through our people and how we make decisions. Being a purpose driving organization is dynamic and having a resource like this to turn to for reference and best practices, is a valuable tool for boards and management teams.”

Suzanne Hathaway, Senior Vice President, General Counsel, Communications and Corporate Secretary, Maple Leaf Foods

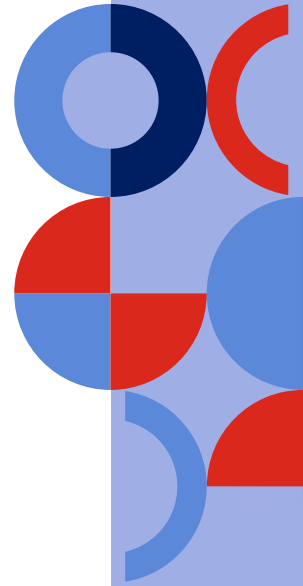
“As an experienced governance practitioner, I am all about the “how” of corporate governance. These purpose and stakeholder governance guidelines provide a practical roadmap for boards and their advisors to meet current and evolving regulatory requirements, while also enhancing their organization’s resilience and capacity to adapt to the rapid pace of change in the macroenvironment.”

Christine Carter, Corporate Secretary and Director of Governance, BC Lottery Corporation

## Reference Report

These guidelines are based upon a comprehensive literature review conducted in 2022-23 which reviewed over 40 documents published during 2018 – 2023.

For details see: [Purpose and Stakeholder Governance Best Practices: Literature Review and Guidance on the Board’s Role in Purpose and Stakeholder Oversight](#)



# Create Your Purpose Governance Roadmap

This section summarizes the four main oversight responsibilities for boards in stewarding successful execution of the company's purpose. They are framed as questions directors could ask the board or management.

Directors can use this list of practices to frame their engagement on the topic. Boards and governance professionals can use these questions as a checklist of best practices to identify strengths and gaps in purpose oversight.



## CREATE YOUR PURPOSE GOVERNANCE ROADMAP:

### 1

#### Strategy and Culture

- Is the purpose central to the company's governance? Is the purpose still relevant or does it need to be updated?
- Are the purpose and vision the overarching framework within which strategy is formulated, does the company's vision describe the outcome that the organization wants to see from the successful realization of its purpose and does the corporate strategy have clear and measurable goals, actions, and accountability for pursuit of the purpose?
- Do the corporate mission, values, and brand promise reflect the purpose and does the organizational culture reinforce the purpose?
- Do the corporate structure and business model help fulfill the purpose?
- Are capital and resources appropriately allocated to purpose realization as set out in the strategy, and does the company's Enterprise Risk Management program consider risks to or from the company's purpose distinct from the strategy?

### 2

#### Performance Management

- Do the CEO's performance goals and objectives, incentive compensation, and role profile appropriately reflect the CEO's role in helping fulfill the purpose?
- Does the CEO demonstrate the strategic acumen and agility necessary to realize the company's purpose?
- Is executive remuneration at least in part dependent on achievement of the company's purpose-related goals?
- Are executives evaluated on their understanding of, adherence to, and promotion of purpose?
- Is purpose competency included as a key criterion in succession planning and leadership development?

### 3

#### Monitoring and Reporting

- Is progress on the purpose monitored through regular reports to the board? Do we, as board members, demonstrate vigilance in monitoring management decisions that could undermine the purpose?
- Have risk management and internal audit been engaged in assessing internal purpose alignment; where the board is not satisfied that policy, practices, or behaviours are aligned with the company's purpose, is an assurance process in place to confirm that corrective action has been taken?
- Is a system in place to identify new ideas on how the company can realize its purpose, as well as identify and address blind spots, such as an external stakeholder and expert advisory panel or employee idea box?
- Does the company disclose its purpose and report publicly on how the purpose is embedded within strategy, risk, performance and culture and does the board review public disclosures on progress against the purpose as set out in the corporate strategy, including goals, targets, plans and metrics?
- Has external assurance been undertaken to validate that the purpose has been effectively embedded and that its purpose disclosures are accurate?

### 4

#### Governance Protocols

- Do governance documents set out the board's purpose oversight role, e.g., within board and committee charters; has responsibility for purpose oversight been delegated to a board committee with members who have the passion, knowledge, and aptitude for stewarding the topic?
- Is purpose included in the board evaluation, e.g., does the board have a clear understanding of how executive leadership instils the purpose in day-to-day operations?
- Is purpose competency included as a factor in the board recruitment and onboarding process?
- Is purpose included in regular board discussions and does the board set the purpose "tone at the top"?
- Has the board adopted a purpose decision lens, e.g., inclusion in the board memo template, to ensure purpose is considered in board decisions; is purpose used to test decisions and trade-offs in strategy, investments, risk and performance management, HR, and culture, etc.?

# Create Your Stakeholder Governance Roadmap

This section summarizes the six main oversight responsibilities for boards to ensure effective stakeholder relationships and foster stakeholder value creation. They are framed as questions directors could ask the board or management.

Directors can use this list of practices to frame their engagement on the topic. Boards and governance professionals can use these questions as a checklist of best practices to identify strengths and gaps in stakeholder oversight.



## CREATE YOUR STAKEHOLDER GOVERNANCE ROADMAP:

### 1

#### Purpose and Strategy

- Has the company identified its ecosystem (or network) of stakeholders and partnerships necessary to fulfill its purpose, and incorporated related actions in its corporate strategy?
- Have key stakeholders been consulted and engaged in determining the company's strategic priorities and in providing input into the company's purpose and vision?
- How does the corporate strategy create value for stakeholders and how is this measured?
- What are the positive and negative impacts of the corporate strategy on stakeholders and how are they addressed? Are there key issues and areas where stakeholders are not in agreement or in conflict with each other or with the company? Have the stakeholders agreed to a fair and open process to resolve these issues?
- Do the CEO and Executive performance objectives include stakeholder goals?

### 2

#### Stakeholder Engagement

- Does the company have a board-approved stakeholder policy and has management set an appropriate stakeholder strategy including goals, targets, plans, metrics, process, and program?
- Does the stakeholder strategy support business-decision-making, drive innovation and transformation (both inside and outside of the organization) and strengthen the business model?
- What is the process for identifying and prioritizing stakeholders and for proactively soliciting their input? Are there voices within stakeholder groups that are unheard? Are there effective engagement mechanisms in place to raise those voices?
- What is the quality and nature of key stakeholder relationships and how might they uniquely contribute to the achievement of the corporation's stakeholder goals?
- Does the company have sound, appropriate, co-creative and mutually beneficial stakeholder relationships and is the company seeking to mobilize its stakeholders around its purpose?

### 3

#### Culture and Decisions

- Does the corporate culture support positive stakeholder relations and engagement, and ensure stakeholders are considered in decision-making?
- Does the CEO have the competencies, character, strategic acumen, and agility to create value that meets the expectations of relevant stakeholders? Is the ability to engage stakeholders effectively a key factor in the CEO succession plan and included in the CEO's role profile?
- Is progress on the stakeholder strategy (i.e., goals, targets, plans and metrics) a factor in the incentive program?
- Do board and management consider the impacts and dependencies the company has on stakeholders when making strategic decisions and are stakeholders a factor in risk models?
- Does the board have sufficient information to ensure that the corporation's stakeholders have been fairly treated and that none of the stakeholders' interests have been unfairly disregarded?

## CREATE YOUR STAKEHOLDER GOVERNANCE ROADMAP:

### 4

#### Governance Protocols

- Does the board charter include a responsibility to consider the interests of, and ensure the company is creating value for, stakeholders?
- Is there a committee with responsibility for overseeing the organization's stakeholder policy, strategy and engagement processes?
- Does the board skills matrix, used to assess current and desired board member competencies, include knowledge of key stakeholder issues, and does the board's self-assessment evaluate the board's stakeholder knowledge and understanding?
- Does the board have a process in place to receive unfiltered information from stakeholders? Is there a dedicated email address or some other way to contact the board? Does the board have access to external insights into the evolving societal landscape from an expert advisory panel?
- Are effective mechanisms in place for directors to engage directly with key groups of stakeholders?

### 5

#### Monitoring and Reporting

- Is progress on the stakeholder strategy, (i.e., goals, targets, plans, and metrics) monitored through regular reports to the board and does management have systems and processes in place to manage and report on stakeholder value creation?
- Does the annual report describe how stakeholder interests were considered in corporate decision-making, and include progress on the stakeholder strategy?
- Does the board review stakeholder-related disclosures?
- Does the board commission third-party reviews of stakeholder relations to gain an independent perspective?
- Are stakeholders recognized for the contribution they make to the company and its purpose?

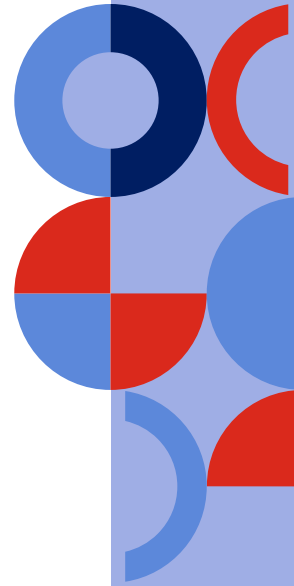
### 6

#### Knowledge and Education

- Does the board understand how the company creates value for each key stakeholder in furtherance of its purpose and does it have sufficient knowledge of stakeholders to inform its decisions?
- Does the board understand how stakeholders support or constrain fulfillment of the purpose?
- Does the board understand the ways in which the organization could materially have a negative impact on stakeholders and how those negative impacts are being addressed?
- Does the board receive education on best practices in stakeholder engagement and on stakeholder concerns and have opportunities to gain more insight from stakeholders?
- Do subject-matter experts and stakeholder groups attend any board meetings to enrich directors' understanding of business-critical stakeholder issues?

# Embed Purpose and Stakeholder Oversight in Committee Mandates

This section provides sample text companies can use and tailor when amending the terms of reference of their board committees to reflect either purpose or stakeholder governance roles.



## Governance Committee

### **Purpose:**

Responsible for ensuring purpose is authentically embedded across the company's operations and relationships.

### **Stakeholder relations:**

Responsible for providing oversight of the company's approach to its stakeholder relationships and stakeholder value creation and evaluating the board's knowledge and consideration of stakeholder interests.

## Risk Committee

### **Purpose:**

Responsible for ensuring the company's risk management framework incorporates purpose into its decision-making processes and clearly articulates the company's risk appetite and tolerance limits regarding purpose.

### **Stakeholder relations:**

Responsible for ensuring that the company's risk management framework considers the risks and opportunities of the company's stakeholder relations.

## Audit Committee

### **Purpose:**

Responsible for ensuring the company has a robust and effective assurance program in place that provides valuable and relevant information to support the execution of the company's purpose.

Responsible for ensuring the company's purpose disclosures are accurate.

### **Stakeholder relations:**

Responsible for receiving independent assurance that the company is in compliance with the stakeholder policy, goals and targets in effect.

Responsible for ensuring the company's stakeholder disclosures are accurate.

## People Committee

### **Purpose:**

Responsible for ensuring that the CEO's role profile includes purpose responsibilities and competencies.

Responsible for ensuring that the company has appropriately incorporated purpose into its people strategy, policies, and processes.

### **Stakeholder relations:**

Responsible for ensuring that the CEO's role profile includes stakeholder responsibilities and competencies.

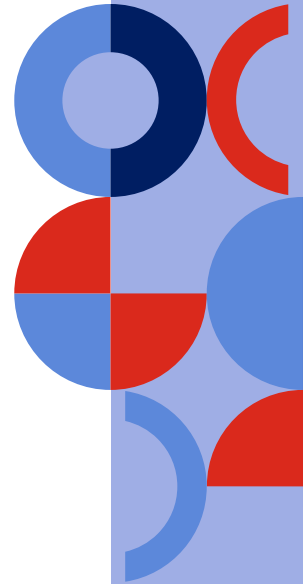
Responsible for ensuring that the company has the culture and competencies to meet its stakeholder responsibilities and that stakeholder objectives are built into executive performance expectations.

# Learn About Board Approaches to Purpose and Stakeholder Governance

This section summarizes the approach four corporate boards are taking to purpose and stakeholder governance. The companies are profiled for their approach to purpose and stakeholder governance. They were selected for their public commitment to purpose and stakeholder governance to understand how boards are developing their practices in this area. They are followed by a number of additional examples of purpose governance in practice at these and other companies.

Review these case studies to pick up ideas for your own approach to purpose and stakeholder governance.





## BC Lottery Corporation

BC Lottery Corporation (BCLC) is a Canadian Crown corporation offering a range of gambling products including lottery tickets, casino games, and legal online gambling.

BC Lottery Corporation was rated “platinum”, the highest level, by Corporate Knights in its [national rating of Canadian social purpose governance and implementation in 2022](#).

### Purpose Governance

This is the purpose governance story of BCLC’s board of directors over a three-year period as it went from learning about social purpose, to approval of a social purpose and finally, to oversight of social purpose integration.

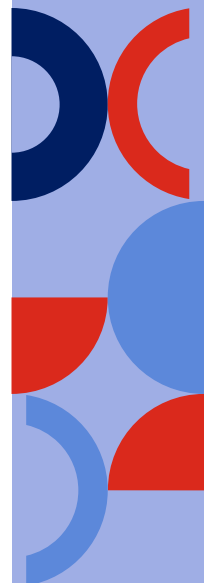
“A board-approved corporate purpose, i.e., why the company exists, is the “north star” or “guiding light” for the board and management to co-develop the corporate strategy. Without this basic understanding, it is difficult for a board to fulfil its fiduciary duty to act in the best interests of the corporation.”

Christine Carter, Corporate Secretary and Director of Governance, BC Lottery Corporation

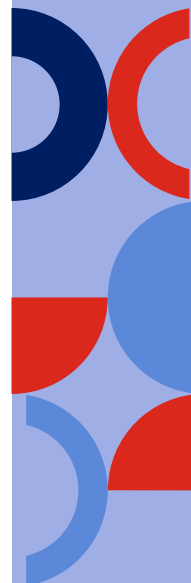
### BCLC Purpose Governance Roadmap 2019 - 2022

<b>EDUCATION AND DIRECTION-SETTING</b>	<b>16 September 2019</b> – The board of directors held an education session on social purpose at a regular board meeting.
	<b>24 October 2019</b> <ul style="list-style-type: none"><li>• The board approved a ‘Strategic Vision’ which included the aspiration for BCLC to become a social purpose organization, giving direction to management to explore this opportunity.</li><li>• That month the board also included social purpose objectives in the CEO’s Performance Goals.</li></ul>
	<b>14 January 2020</b> – The board approved a new 3-year corporate strategy that included social purpose goals and priorities, e.g., hiring a new VP, Social Purpose, and Stakeholder Engagement to develop a roadmap to entrench BCLC as a social purpose organization.
	<b>12 June 2020</b> – The board approved a restructuring that included a chief social purpose officer position (Chief Social Purpose Officer, and VP, Player Experience).

<p><b>EDUCATION AND DIRECTION-SETTING-CONTINUED</b></p>	<p><b>28 July 2020</b></p> <ul style="list-style-type: none"> <li>• The board amended its roles and responsibilities to include oversight of purpose.</li> <li>• The board changed the name of its Governance and Corporate Social Responsibility Committee to Governance and Social Purpose Committee, and amended its terms of reference to include purpose oversight.</li> <li>• The board amended the terms of reference of the People and Culture Committee to indicate the committee’s purpose is to act in an advisory and oversight capacity to assist the board in fulfilling its people, culture and compensation systems oversight responsibilities relative to BCLC’s purpose.</li> </ul> <p><b>16 October 2020</b> – The Governance and Social Purpose Committee included social purpose questions in the board and Director Evaluation Survey, which was administered by a third-party consultant.</p>
<p><b>SOCIAL PURPOSE DEVELOPMENT AND APPROVAL</b></p>	<p><b>22 September 2020; 3 December 2020; 12 January 2021</b> – The board actively participated in development of the Corporation’s social purpose, along with management and stakeholders.</p> <p><b>30 March 2021</b> – The board formally approved the Corporation’s social purpose, which is “to generate win-wins for the greater good”.</p>
<p><b>SOCIAL PURPOSE IMPLEMENTATION PLAN</b></p>	<p><b>April 2021</b> – The People and Culture Committee provided input on social purpose engagement questions to be included in the annual employee engagement survey.</p> <p><b>12 May 2021</b> – The board reviewed and provided input on the social purpose implementation plan, to guide management’s approach to implementation of the purpose.</p> <p><b>Since 12 May 2021</b> – The board began to receive quarterly updates on progress on the social purpose implementation plan.</p>
<p><b>DECISION LENS AND CULTURE</b></p>	<p><b>July 2021</b> – Social Purpose Implications are added as a category of information to be provided in the Cover Memo template for all board materials to ensure that the social purpose is considered in board decision-making.</p> <p><b>28 July 2021</b></p> <ul style="list-style-type: none"> <li>• The board approved updated corporate Values to make a link to the social purpose, specifically “Community: We create a positive impact for people and the planet”.</li> <li>• The board approved replacement of the old corporate Mission statement with the new Social Purpose.</li> <li>• The board reviewed and provided input into a prototype of a social purpose decision lens for front-line staff.</li> </ul> <p><b>26 October 2021</b> – The board approved an updated Compensation Philosophy and Plan to include social purpose and embed updated Corporate Values (that address the social purpose) in the merit program.</p>



<b>BUSINESS AND COMPENSATION PLAN</b>	<p><b>14 December 2021</b> – The board approved the annual business plan that includes social purpose deliverables.</p> <p><b>7 January 2022</b> – The Governance and Social Purpose Committee reviewed and provided feedback on a social purpose and sustainable procurement policy.</p>
<b>CEO SEARCH</b>	<p><b>11 January 2022</b> – The board included <a href="#">social purpose qualifications in the CEO search</a>, including in the CEO success profile and questions. (Short-list question: Competency: Social Purpose: Tell us how you see BCLC implementing its Social Purpose? Selection question: How does a social purpose company differ from a non-social purpose company and how does the CEO's role change in a social purpose company?)</p>
<b>STRATEGIC PLAN</b>	<p><b>2 March 2022 and September 19 2022</b> – The board participated in workshops to develop a stakeholder governance framework that will help to implement the social purpose.</p> <p><b>11 May 2022</b> – The board approved assessment criteria, which includes social purpose, for use when determining whether a new strategy/ initiative/ project should be board vs. management approved. The board also approved terms of reference for a Strategy &amp; Risk Committee of the Whole, whose purpose includes: (1) establishing an effective process for the development and/or monitoring of BCLC's short- and long-term strategic and service plans, consistent with BCLC's purpose; and (2) taking reasonable steps to ensure BCLC establishes and implements an effective Enterprise Risk Management program for the identification, assessment, and management of purpose, and strategic and operational risks.</p> <p><b>1 December 2022</b> – The board kicked off the development of a new 3-year strategic plan and corporate vision to advance the Corporation's social purpose.</p> <p><b>31 January 2023</b> – The board approved the annual business plan that included a strategic focus to continue to embed social purpose into the business, with a KPI that measures progress against achievement against the <a href="#">United Way BC social purpose scorecard assessment</a>.</p> <p><b>31 January 2023</b> – The board approved an ESG (Environmental, Social and Governance) Policy and Framework that sets out the Corporation's approach to aligning its ESG priorities to its social purpose.</p>
<b>MONITORING AND REPORTING</b>	<p><b>26 October 2022</b> – The board provided input into the Corporation's ESG report, which describes its journey to social purpose.</p> <p><b>At least quarterly</b> – The board regularly includes social purpose in its board discussions and ensures that the strategies it approves have a link to the Corporation's social purpose.</p>
<b>CONTINUOUS IMPROVEMENT</b>	<p><b>31 January 2023</b> – The board approved a change to the name of the Governance and Social Purpose Committee to Governance Committee recognizing that purpose is the responsibility of all committees. The Terms of Reference of the Governance Committee, including oversight of the development and implementation of the company's social purpose, remain unchanged.</p>





## Stakeholder Governance

“Taking a stakeholder-centric approach to governance has helped BCLC focus its efforts in a way that adds value for the company and fosters resilience during turbulent times. Even more stakeholder groups will benefit from the board’s Stakeholder Governance Framework currently under development.”

Christine Carter, Corporate Secretary and Director of Governance, BC Lottery Corporation

## BOARD AND COMMITTEE STAKEHOLDER RESPONSIBILITIES

In 2020 the BCLC board of directors approved revisions to its terms of reference to include stakeholder oversight responsibilities, specifically:

“The Board has the responsibility to oversee the organization’s public accountability, stakeholder relationship management and crisis management to ensure it operates in consideration of the best interest of its stakeholders. This includes but is not limited to the following responsibilities:

- Identify with management the key stakeholders that can materially affect or be affected by BCLC in the short- and long-term and encourage BCLC to foster effective relationships through appropriate policies, plans, joint ventures, partnerships, collaborations, risk management and related monitoring.
- Monitor BCLC’s stakeholder perception and confirm that risk management policies, communication plans, and monitoring are in place for timely response and reporting of developments that have a significant and material effect on BCLC.”

The board delegated the following responsibilities to the Governance and Social Purpose Committee:

- Oversee the company’s:
  - o stakeholder performance relevant to the delivery of its Mandate and purpose
  - o stakeholder relationships towards the achievement of the company’s Mandate, purpose and its corporate strategy
  - o approach to fostering effective, collaborative, mutually beneficial and reciprocal stakeholder relationships
- Duties and responsibilities
  - o Identify with management the key stakeholders that can materially affect or be affected by BCLC in the short and long-term
  - o Recommend to the Board and provide monitoring of BCLC’s plan to foster effective, collaborative, mutually beneficial and reciprocal relationships through appropriate policies, plans, joint ventures, partnerships, collaborations, risk management and related monitoring systems
  - o Monitor BCLC’s stakeholder perception and confirm that risk management policies, communication plans, and monitoring are in place for timely response and reporting of developments that have a significant and material effect on BCLC
  - o Monitor BCLC’s public perception, understand BCLC’s public accountability responsibilities, and support the Board in making decisions in consideration of the public interest and directing management to put in place effective and timely communications response plans.

The Governance and Social Purpose Committee has oversight responsibility for all stakeholder relationships except for people and culture, which is the mandate of the board’s People and Culture Committee.

## BOARD DECISION-MAKING

The Cover Memo template for all board materials was amended to include stakeholder impacts. This enables the board to consider the positive and negative impacts on stakeholders in its decisions.

### Board Evaluation

The board's 2020 Third Party Evaluation canvassed the board on whether the board as a whole is performing well in the area of Stakeholder Relations Oversight as outlined in the Board Manual. The results of this review generated interest in better understanding the board's role in this area.

## STAKEHOLDER GOVERNANCE FRAMEWORK

In 2022, the board began the process of developing a Stakeholder Governance Framework to formalize its approach to stakeholder governance. It held two stakeholder governance workshops with management to identify the company's primary and secondary stakeholders and agree on the qualities of effective and mutually beneficial stakeholder relationships.

In 2023, the board plans to adopt a Stakeholder Governance Framework that will set out its principles for effective stakeholder relationships to guide the Corporation's approach.

## STAKEHOLDER STRATEGIES

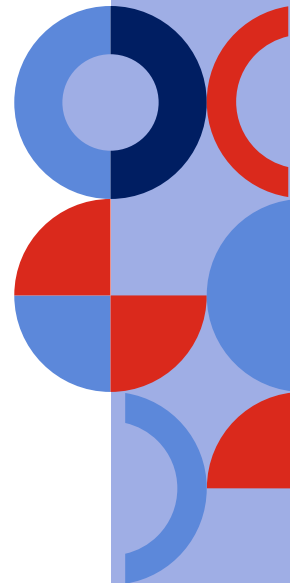
In 2022, the board reviewed and provided input into the Stakeholder Engagement Strategy and Indigenous Reconciliation Plan. The board also approved the Government Relations Strategy. The People Strategy is routinely addressed by the board's People and Culture Committee.

## BOARD COMPETENCY AND ATTRIBUTES MATRIX

The Board Competency and Attributes Matrix indicates the desirability of at least 3 years of experience or significant knowledge in the areas of human resources, Indigenous relations, and the public sector (government). Potential board members are also requested to voluntarily disclose any knowledge acquired through community service and/or personal experiences in understanding a citizen, client or user perspective.

## STAKEHOLDER GOAL

In January 2023, the board approved BCLC's ESG Framework which includes a 2030 Goal to "Govern in the Public Interest". One of its objectives is: **"Stakeholder Accountability: Build transformational relationships with stakeholders."**



## Maple Leaf Foods

Maple Leaf Foods Inc. is a Canadian consumer packaged meats and protein company.

*Note: the reference to page numbers refers to the placement in the [2021 Report to Shareholders](#).*

*Maple Leaf Foods was rated “gold”, the second highest level, by Corporate Knights in its [national rating of Canadian social purpose governance and implementation in 2022](#).*

### Purpose Governance

**“ All board and management strategy sessions are grounded in our purpose and Blueprint and are foundational to the board’s significant decisions.”**

Suzanne Hathaway, Senior Vice President, General Counsel, Communications and Corporate Secretary, Maple Leaf Foods.

### BOARD PURPOSE MANDATE

Maple Leaf Foods’ purpose is “To Raise the Good in Food”. The board adopted this purpose in 2017 and at the same time approved the corporate vision “to be the most sustainable protein company on earth”. Together, the purpose and vision are the overarching framework within which the company developed its strategy.

This is what “raise the good in food” means to Maple Leaf Foods:

**Raise:** Is an aspirational statement – it means to move forward, to be better, to continuously improve. It acknowledges progress if not perfection.

**Good:** Refers to everything that is good in our business and what the food industry can deliver to society, from what is in the food all the way through to what it means to the people who consume it.

**Food:** Is about goodness, taste and irresistibility, and connecting with people in all aspects of that goodness.

The **Board Mandate**, which spells out the board’s roles and responsibilities, specifies that “the board has oversight responsibility to participate directly, and through its committees, in reviewing, questioning, and approving the mission of the corporation and its objectives and goals”. In this instance, mission refers to the company’s purpose.

## CORPORATE PURPOSE STRATEGY

The same year it approved the company's purpose and vision, the board adopted a multi-faceted strategy to articulate the purpose and guide the journey to achieving the corporate vision as set out in its Blueprint strategy below:



The commitment to becoming the most sustainable protein company on earth in fulfillment of its purpose led to the creation of two operating segments offering different products. These operating segments have separate organizational structures, brands, financial and marketing strategies: Meat Protein Group and Plant Protein Group (i.e., refrigerated plant protein products, premium grain-based protein, and vegan cheese products). The board approved this restructuring.

The board has regular oversight of business objectives, including purpose objectives, via a scorecard that includes purpose metrics. At its quarterly meetings, the board further monitors progress on the over 30 initiatives that underpin the company's strategy.

Some of these are reported in the company's [2021 Report to Shareholders](#) (p. 2), under its "leveraging leadership in sustainability" foundational strategy. They include the company's sustainability investments, such as becoming carbon neutral, total conversion of sow barns to be gestation crate free, and minimizing use of antibiotics, which helped drive strong double-digit sales growth in sustainable meats in 2021. (They have a target to transition key brands to 100% "raised without antibiotics"). The same year, under its "broadening reach into new geographies, channels and protein alternatives" foundational strategy, the company launched several plant-based products including pepperoni; the first pea-protein based hot dog in North America; and the first fresh plant-based chicken fillets and tenders.

The board oversees the following pillars to execute on its vision:

- **Better Food** – addressing diet-related health issues, including reducing artificial ingredients, antibiotics use and sodium levels, and advancing food safety leadership.
- **Better Planet** – eliminating waste in any resource the company consumes, including food, energy, water, packaging, and time.
- **Better Care** – striving to be a leader in animal welfare, i.e., its treatment of animals, both raised and sourced.
- **Better Communities** – reducing food insecurity in collaboration with external organizations through the independent charity Maple Leaf Centre for Action on Food Security, which the company established in 2016. The company has a target to work collaboratively to achieve a 50% reduction in food insecurity by 2030. The board was briefed on the proposed target and invited to provide input on it before it was finalized.

The board mandated the **Safety and Sustainability Committee** of the board to review on its behalf “the company’s progress in meeting its objective of being a sustainable company” to advance on its vision and purpose.

Since the purpose and Blueprint were adopted, all board and management strategy sessions are grounded in them. Strategy meetings start with a review of the purpose and Blueprint, and how the company’s strategic priorities fit with the purpose and relate back to it.

They are also foundational for most of management’s presentations and for approving significant decision and capital projects, where the question is asked: how does this fit into our purpose and Blueprint?

Board meetings consistently include purpose-related discussions. In 2022, the focus was on how to accelerate and elevate the company’s purpose and the board received regular updates on that work. The CEO includes updates on the purpose at every board meeting through the CEO report to the board, and in between meetings he provides periodic written updates on the topic by email.

At future board meetings there will be time on each agenda to make sure the purpose, vision, and strategy are clearly and visibly integrated. Each session will consider a different strategic lens related to the purpose, vision, and Blueprint to ensure they are embedded in the business model, and that this is done with an understanding of what is happening in the outside world.

## CORPORATE PURPOSE VALUE

The company updated its **corporate values** in 2020. They were presented to the board for discussion and debate before the company adopted them. There are eight values, including this one which is aligned to the company’s purpose:

### “ Shared Value

**In our quest to become a sustainable company we create enduring benefit to those we serve: our consumers, our customers, our people, our communities, our shareholders, and the environment.”**

## EXECUTIVE PURPOSE PAY

In both the company’s short- and long-term incentive plans approved by the board, there is some weight given to plant protein performance. This is considered a purpose-related target given its focus on plant protein and tie to the company’s purpose-driven vision to be the most sustainable protein company on earth.

## CORPORATE PURPOSE DISCLOSURE

The board approves the company's corporate disclosures, including progress on the company's purpose as set out in its Blueprint. Maple Leaf Food's 2021 Report to Shareholders includes the following achievements, for example (p. 2 – 3):

- Financial performance of its Plant Protein segment
- 100% conversion of its sow barns to be gestation crate free
- Double-digit sales growth in sustainable meats

## Stakeholder Governance

**“The board routinely discusses stakeholder value creation at its meetings and it's a routine factor in decision-making, whether capital allocation or other topics.”**

Suzanne Hathaway, Senior Vice President, General Counsel, Communications and Corporate Secretary, Maple Leaf Foods.

## MULTI-STAKEHOLDER BUSINESS MODEL

The company's commitment to deliver shared value for the benefit of all stakeholders is fundamental to its purpose to raise the good in food (p.32).

Its Blueprint strategy “on a page” (image above) sets out that the company expects to “deliver value for our stakeholders including consumers, customers, people, communities, and shareholders”.

According to the [CEO's 2022 Letter to Shareholders](#) the company believes that “the best path to creating enduring value for shareholders is by creating value for all stakeholders”.

## BOARD STAKEHOLDER DECISION-MAKING

Stakeholders are a regular topic of discussion at board meetings. The board has discrete discussions on stakeholder value creation. Stakeholders, including and beyond shareholders, are a routine factor in decision-making, whether capital projects, executive compensation, or other topics. The company's board seeks to make sure the company is generating benefits for other stakeholders in addition to shareholders.

## BOARD STAKEHOLDER EDUCATION AND UPDATES

In 2021, the company brought in [Mark Kramer](#), co-founder with Michael Porter of the Shared Value Initiative, and senior lecturer of business administration at Harvard Business School, to participate in the board's annual 2-day strategy session and educate and engage the board on how to create shared value with stakeholders.

The CEO includes stakeholder updates at every board meeting through the CEO report to the board. In between meetings, he provides periodic written updates on the topic by email.

The board receives regular presentations from the executive on industry trends, key issues, and stakeholder engagement, and also receives at least annual updates from the Maple Leaf Centre for Action on Food Security on the Centre's food security initiatives.

## CORPORATE STAKEHOLDER VALUE

The company's **corporate values**, which were reviewed and discussed by the board, were adopted in 2020. There are eight values including this one which is aligned to both the company's purpose and its stakeholder value creation philosophy:

### “ Shared Value

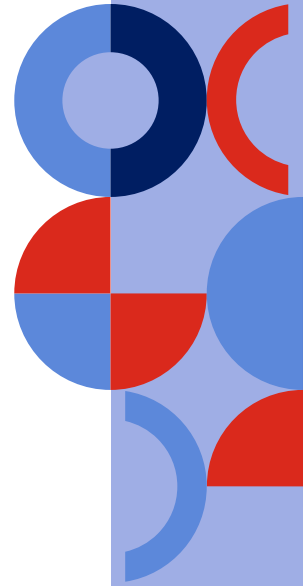
**In our quest to become a sustainable company we create enduring benefit to those we serve: our consumers, our customers, our people, our communities, our shareholders, and the environment.”**

## BOARD STAKEHOLDER ENGAGEMENT

A board strategy session held a few years ago included a 2-hour panel and discussion with a food social justice activist, an active animal rights campaigner, and an expert on the impact of food and meat production on climate. The purpose of the session was to discuss the multiple impacts that food companies have on climate, food security, and animal rights, and how the company can advance its progress in this area. Panelists joined the board and management for dinner afterwards. The company seeks to be open to these kinds of relationships, especially where there is tension.

The board is regularly invited to the company's annual food security symposium, a day-long, multi-stakeholder, invitation-only event to discuss and strategize on how to reduce food insecurity in Canada through collaboration. In 2022, the session was attended by businesses (including competitors), academics, food activists, governments (including two federal ministers), and a few board members. The night before, the CEO held a dinner with members of the board and the company's retail partners to discuss how to build a sustainable food system. A thought leader in sustainable food systems, Dr. David Nabarro, the United Nations Secretary-General on Food and Nutrition, and an architect of the United Nations Sustainable Development Goals, joined the discussion.

Board members are regularly invited to attend the company's annual food safety symposium.



## Rio Tinto

Rio Tinto Group is an Anglo-Australian multinational company that is the world's second-largest metals and mining corporation.

*Note: the reference to page numbers refers to the placement in the [2022 Annual Report](#).*

### Purpose Governance

“In order to build and maintain trust in their business and create long-term sustainable value for their shareholders, companies are increasingly considering their social contribution and impact alongside generating profit. In this changing societal context, a company's purpose can help anchor decision making, navigate complexity, identify strategic risks and opportunities and, critically, promote enhanced engagement for the workforce and customers.”

Steve Allen, Group Company Secretary, Rio Tinto

### BOARD PURPOSE GOVERNANCE FRAMEWORK

Rio Tinto's purpose is to “Find better ways to provide the materials the world needs”. The board approved refreshment of the company's purpose in 2022.

The [Board Charter](#), which spells out the board's roles and responsibilities, stipulates that the board is “collectively responsible for pursuing the company's purpose, and the Group's long-term strategy, and reviews annual and long-term plans for Rio Tinto based on proposals made by the Chief Executive for achieving this purpose and strategy”. It goes on to say that the board “seeks to promote and sustain a culture and set of values that will enable Rio Tinto to fulfil its purpose and achieve its long-term strategic objectives”. The Board Charter was updated and approved by the board in December 2021.

The board has established a “[Schedule of Matters Reserved for the Board](#)”. The purpose elements of this state that the board has responsibility for:

- The overall management and leadership of the companies [Rio Tinto plc and Rio Tinto Ltd.] and establishing the Group's values, purpose, and strategy
- Assessing and monitoring the Group's culture and ensuring that it is aligned with the Group's values, purpose, and strategy



## CORPORATE PURPOSE STRATEGY AND RISK APPETITE

The board approved a new corporate strategy in 2021, with three key elements to implement the company's purpose:

- Accelerate the decarbonization of our assets
- Develop products and technologies that help our customers decarbonise
- Grow in materials essential for the energy transition

These three priorities are underpinned by four objectives, including earn trust by building meaningful relationships and partnerships, and strengthen the company's ESG track record and transparency.

The company's assessment of principal risks related to its corporate purpose discussed and approved by the board, include these top-three risks (p. 79):

- Transforming our culture, enabling us to live our values
- Achieving our decarbonization targets competitively
- Growing our iron ore business to meet the demand for green steel

## CORPORATE PURPOSE VALUE

The board approved the company's corporate values in 2021, including this one which is closely linked to its purpose:

Care: for people, for the communities in which we operate and for our environment. We act with care by prioritising the physical and emotional safety and wellbeing of those around us. We respect others, build trusting relationships, and consider the impact of our actions. We look for ways to contribute to a better future for our people, communities, and the planet.

The company's 2022 Annual Report states: "Our purpose is a unifying force that is underpinned by our values of care, courage and curiosity". (p. 11)

## ROLE OF CHIEF EXECUTIVE

The board's Governance Framework sets out that the CEO has delegated responsibility for the executive management of Rio Tinto, consistent with the Group's purpose and strategy. (p. 100)

## CORPORATE PURPOSE DISCLOSURE

The board approves the company's corporate disclosures, and its 2022 Annual Report includes details on the company's strategy to foster the low-carbon transition in pursuit of its purpose. (p. 13)

## Stakeholder Governance

“Our business touches the lives and livelihoods of many people around the world. We recognise our responsibility to listen to – and hear – their views and take account of their interests. Our board is finding better ways to understand, measure and grow the trust and support we have amongst our broad range of stakeholders.”

Steve Allen, Group Company Secretary, Rio Tinto

### MULTI-STAKEHOLDER BUSINESS MODEL

The board has established a “[Schedule of Matters Reserved for the Board](#)”. The stakeholder elements of this include:

- Ensuring effective engagement with, and participation from, the Group’s shareholders and stakeholders, including the workforce. Reviewing engagement mechanisms to ensure they are effective.
- Understanding the views of the company’s key stakeholders and describing in the company’s annual report how their interests, and the matters set out in section 172 of the UK Companies Act 2006, have been considered in discussions and decision-making.
- Considering the balance of interests between shareholders, employees, and other stakeholders (including customers and the community).

### STAKEHOLDER RISKS

The company’s 2022 assessment of principal risks related to its stakeholders were discussed and approved by the board, include these three risks (p. 117):

- Attracting, developing, and retaining talent
- Developing products and technologies that enable our customers to decarbonize (by partnering with suppliers and innovating with our customers)
- Building trusted relationships with communities

### BOARD STAKEHOLDER ENGAGEMENT

The chair’s introduction of the company’s 2022 annual report foreshadows that the board will be stepping up its plans for stakeholder engagement in 2023 and beyond. He states: “we will continue to explore how we can find better ways for the board and its committees to ensure the success of the business, for the benefit of shareholders and all of our other stakeholders”. (p. 89)

**Employees:** In 2022 Directors took part in a range of employee engagement activities, including employee-listening sessions, podcast recordings and in-person meetings. Non-Executive Directors provide the board with feedback from these engagements at each board meeting. Board members also recorded podcasts to give employees more of an insight into who they are, both professionally and personally. The board has designated a director for workforce engagement, who oversees the company’s program of workforce engagement events and reports to the board twice a year on feedback received via these engagements.

**Communities:** Board members meet community representatives at regular site visits.

**Governments:** In 2022 members of the board engaged directly with representatives of the Governments of Australia, the US, Canada, and the UK and discussed a wide range of issues.

## BOARD STAKEHOLDER PANELS

The board has two stakeholder panels that inform the board of country-level developments, priorities, and concerns:

- Australia Forum: Advises the Board and Executive Committee on political, economic, and social developments in Australia and how they could affect the business.
- China Advisory Panel: Provides context and analysis to the Board and Executive Committee on political, commercial and policy developments relevant to the company's operations in China and with Chinese partners.

## BOARD EVALUATION

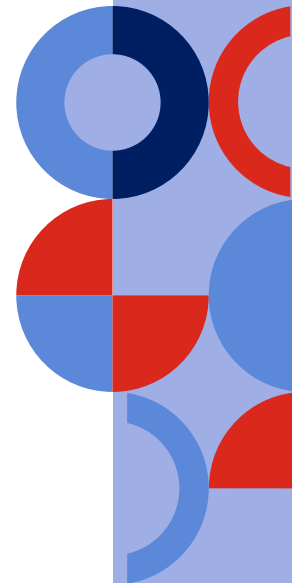
In 2021 the board's evaluation included questions regarding "Stakeholder Oversight". The Board's understanding of investors received a high rating in the evaluation, while knowledge of other key external stakeholders received positive ratings overall. The value of the Board engaging with external stakeholders directly was highlighted by several respondents, for example through site and community visits, and the importance of maintaining a balanced understanding of stakeholder relationships was stressed. A few respondents indicated that there was scope to improve the understanding of communities and civil society organisations. The importance of the monitoring of employee sentiment and culture was highlighted. The decision to appoint a designated director for employee engagement was supported. The evaluation results also demonstrated an interest in gaining additional external perspectives on the company. (p. 146 of [2021 Annual Report](#))

## BOARD SKILLS MATRIX

**"Communities and social performance" is one of fourteen skills and experience qualities for the board. Currently all of the non-executive directors have this expertise which is defined as "experience of working with communities to optimise the benefits and minimise negative impacts of business activities".**  
(p. 105)

## STAKEHOLDER DISCLOSURE

The company reports on the board's stakeholder engagements during the year, and how the board takes account of stakeholder interests. This is a requirement of the UK Companies Act 2006, Section 172 Statement. (p. 95 – 98)



## Unilever

Unilever plc is a British multinational consumer goods company.

*Note: the reference to page numbers refers to the placement in the [Unilever Annual Report and Accounts 2021](#).*

Unilever was rated “gold”, the second highest level, by Corporate Knights in its [national rating of Canadian social purpose governance and implementation in 2022](#).

### Purpose Governance

**“We have a purpose, to make sustainable living common place, that we execute through our strategy.”**

Gary Wade, CEO, Unilever Canada

### PURPOSE GOVERNANCE POLICY

Purpose is the overarching framework within which the company is governed, according to Unilever’s “[Governance of Unilever](#)” policy updated in January 2022. This document begins with “The Fundamentals: **Unilever has a simple but clear purpose: to make sustainable living commonplace.** We want to help create a world where everyone can live well within the natural limits of the planet. Our multi-stakeholder model is at the core of everything we do and we put sustainable living at the heart of this – including our brands and products, our high standards of corporate behaviour towards everyone we work with, and our partnerships, which drive transformational change across our value chain. **Our purpose is supported by our vision: to be the global leader in sustainable business, with a strategy to ensure that our purpose-led and future-fit business model drives superior performance, delivering long-term sustainable growth for the benefit of all our stakeholders.**”

### PURPOSE VALUE CREATION OBJECTIVES

Unilever’s value creation objectives to fulfill its purpose are defined through its stakeholders and include:

- **Shareholders:** We aim to deliver consistent, competitive, profitable, and responsible growth.
- **Our people:** We aim to reward people fairly for the work they do, while helping them find their purpose so they become the best they can be at Unilever.
- **Consumers:** We aim to provide superior-quality products and purposeful brands that take action on the issues that matter to people and planet.
- **Suppliers and business partners:** We partner with thousands of suppliers to help innovate our products and support mutual and sustainable growth.
- **Planet and society:** We aim to improve the health of the planet while contributing to a fairer and more socially inclusive world.

## CORPORATE PURPOSE STRATEGY

Unilever's purpose and vision together are the overarching framework within which the company's strategy is formulated and implemented. The corporate vision reflects the purpose. They reinforce each other.

Clear and measurable goals, actions, and accountability for purpose achievement are incorporated into Unilever's corporate strategic plan and individual strategies. The board first approved a corporate strategy to fulfill the purpose in 2009, and in 2020 refreshed the strategy, now called Unilever Compass. The strategy includes five strategic choices and related goals, targets, and actions to help the company realize its purpose and vision, including (pages 13-14):

### **DEVELOP OUR PORTFOLIO INTO HIGH GROWTH SPACES**

- Plant-based foods (e.g., 1 billion EU in annual sales from plant-based meat and dairy products)

### **WIN WITH OUR BRANDS AS A FORCE FOR GOOD, POWERED BY PURPOSE AND INNOVATION**

- Improve the health of the planet (e.g., net zero emissions across our value chain by 2039)
- Improve people's health, confidence, and well-being (e.g., improve health and wellbeing and advance equity and inclusion reaching 1 billion people per year by 2030)

Contribute to a fairer, more socially inclusive world (e.g., ensure that everyone who directly provides goods and services to Unilever will earn at least a living wage or income by 2030)

### **BUILD A PURPOSE-LED, FUTURE-FIT ORGANIZATION AND GROWTH CULTURE**

- Be a beacon for diversity, inclusion, and value-based leadership (e.g., help equip 10 million young people with essential skills by 2030)

Here is a link to [Unilever's Compass Strategy](#).

The board ensures that the company's purpose is executed through the corporate strategy. Each business group has a headline goal that ladders up to Unilever's purpose, and the business group presidents report to the board on their progress against these goals.

## PURPOSE BUSINESS MODEL

Unilever's business model delivers on the company's purpose. It shows that the company depends on "purposeful people" (employees who are helped to define their purpose) and "committed partners" (including governments, customers, NGOs (non-governmental organizations) and other organizations around the world who help Unilever increase its impact). The business model also describes how marketing develops purposeful and inclusive brands that connect with consumers (p. 15). Ultimately the company's business model aims to create value for stakeholders, as listed under Purpose Value Creation above.

## COMMITTEE PURPOSE RESPONSIBILITIES

The remit of the Corporate Responsibility Committee (CRC) as described in the [2021 Annual Report](#) (p. 83) is to oversee Unilever's conduct as a responsible global business, including its governance of progress on Unilever's sustainability agenda as set out in the company's integrated business strategy, the Unilever Compass. As sustainability is integral to the company's purpose, pursuing sustainability is directly related to purpose execution. In 2021, the CRC set new Sustainability Progress Index (SPI) KPIs aligned with sustainability/purpose elements of the Unilever Compass. It also reviewed progress on two of the company's core purpose pillars of improving the health of the planet and contributing to a fairer and more socially inclusive world.

*Note that the Responsibilities of the board and the CRC do not explicitly reference oversight of the company's purpose.*

## BOARD CONSIDERATION OF PURPOSE IN DECISIONS

The board takes the company's purpose into account in its decisions. For example, as outlined in its 2021 Annual Report, the board approved the acquisition of [Paula's Choice](#), considering the strength it would bring to the business in terms of its appeal to customers, particularly those seeking cruelty-free options and transparency on ingredients. The board also approved the company's Climate Transition Action Plan, which sets out how the company will transition to net zero emissions by 2039, including reducing the carbon footprint of its products among other initiatives. The board noted it was a critical move for the long-term benefit of the business and society. These measures will help the company further its purpose to make sustainable living commonplace.

## BOARD PURPOSE COMPETENCIES

Unilever's board Skills Matrix includes a "Purposeful business and sustainability experience" competency. Seven of its non-executive (independent) directors demonstrate this competency (p. 76).

## PURPOSE INCENTIVE COMPENSATION

The board's Compensation Committee Terms of Reference specify that the committee will review Unilever's remuneration policy, especially for Directors and the Unilever Leadership Executive. This will be done on a continuous basis to assess alignment with Unilever's purpose and values, clearly linked to the successful delivery of the company's long-term strategy, the Compass. The committee is also responsible for periodically reviewing remuneration of the workforce and related policies to assess alignment to Unilever's purpose, values, and strategy, and report on its finding to the board ([The Governance of Unilever](#), p. 16).

In 2022, the board approved an executive incentive plan that includes purpose metrics, incorporated into a Sustainability Progress Index. The Sustainability Progress Index (SPI) has been a feature of the long-term incentive (LTI) scheme since it was introduced in 2017. The SPI was originally based on a selection of KPIs from the Unilever Sustainable Living Plan (Unilever's corporate strategy) which ran until 2020. In 2021, when Unilever introduced the Compass and a new set of purpose commitments for the business, it updated the SPI. The Compass three strategic actions are underpinned by eight key pillars, which are represented in new SPI KPIs. Each of the eight KPIs are equally weighted and have specific annual KPIs that are fixed for the next three years. These enable the evaluation of progress against the overarching mid- to long-term Unilever Compass KPIs.

The eight KPIs are agreed on between the Unilever board's Corporate Responsibility Committee and the Compensation Committee. The two committees work together to review a detailed quantitative and qualitative update on performance against each KPI. They also look at the overall performance across the strategic actions of the Unilever Compass strategy. This information together is used to make a recommendation on the performance outcome for each year in the range of 0–200% for the Compensation Committee to consider (p. 88). The 2022-2024 LTI plan assigns a weight of 25% to the Sustainability Progress Index.

The eight SPI KPIs agreed on between the CRC and Compensation Committee for the executive's 2022 bonus are as follows (p. 91):

- Climate action: The total number of suppliers with whom we have signed agreements to develop renewable or recycled carbon surfactants (surface active agent).
- Protect and regenerate nature: percentage of volume of supply of palm oil, soy, paper and board, cocoa and tea purchased and/or contracted from low-risk sources.
- Waste-free world: Total tonnes of recycled plastic material content ('recycled plastic') used in our plastic packaging portfolio as a percentage of total tonnes of plastic packaging used in products sold.
- Health and wellbeing: Number of people reached by brand communications and initiatives that help improve health and wellbeing, and help advance equity and inclusion.
- Positive nutrition: Total sales (euros) of Unilever's products containing plant-based meat and dairy alternatives.
- Raise living standards: Value of contracts including the living wage requirement.
- Equity, diversity and inclusion: Monetary value (euros) of all invoices received from Tier 1 suppliers that are either verified as a diverse business by an approved certification body or have self-declared as a diverse business.
- Future of work: % of employees with a future-fit skills set.

## CODE OF CONDUCT

The company's Code of Business Principles Standard of Conduct, which is approved by the board of directors, includes the statement: "Through living our Code, we will bring our values and purpose to life, every day in everything we do."

## CORPORATE PURPOSE DISCLOSURE

The board approves the company's corporate disclosures, including progress on its purpose achievements as set out in the Compass Strategy. The Audit Committee is responsible for reviewing the Annual Report and Accounts, including a review of the non-financial KPIs to ensure they are fair, balanced, and understandable (Unilever Governance, p. 19). Unilever's 2021 Annual Report discloses information on the company's purpose targets and progress achieving them (pages 10-11), for example:

- Health and wellbeing (p. 34)
  - o Unilever's brand-led initiatives helped to improve health and wellbeing and advance equity and inclusion for almost 700 million people in 2021.
  - o 63% of Unilever's portfolio meets WHO-aligned nutrition standards.
- Plant-based foods (p. 25)
  - o Unilever's plant-based meat and dairy replacement business saw strong double-digit growth in 2021, in pursuit of 1 billion EU annual sales by 2025-2027.

## Stakeholder Governance

“We have a multi-stakeholder model that includes shareholders, employees, customers, suppliers, business partners, planet, and society. Not only does the company need to take these perspectives into account, it needs to collaborate with these stakeholders on its purpose – and its in the board’s interest to be sure this is underway.”

Gary Wade, CEO Unilever Canada

## MULTI-STAKEHOLDER BUSINESS MODEL

The company has defined the stakeholders and partners necessary to achieve its purpose, specifically its employees, suppliers, and “committed partners”, which include governments, customers, NGOs and other organizations around the world that help the company increase its impact (p. 15).

The company describes its business model as “building on our relationships and resources, our business model allows us to create sustained value for our key stakeholders”. These key stakeholders, those with the greatest relevance to the business and agreed to by the board include shareholders, employees, consumers, customers, suppliers and business partners, and planet and society. Its business model describes the value it is creating for them, as set out in the image below (p. 12 – 13).

The value we create for....	
<p><b>Shareholders</b></p> <p>We aim to deliver consistent, competitive, profitable and responsible growth.</p>	<p><b>Contributing to the Sustainable Development Goals</b></p>
<p><b>Our People</b></p> <p>We aim to reward people fairly for the work they do, while helping them find their purpose so they become the best they can be at Unilever.</p>	
<p><b>Consumers</b></p> <p>We aim to provide superior-quality products and purposeful brands that take action on the issues that matter to people and planet.</p>	
<p><b>Customers</b></p> <p>We partner with large and small retailers around the world to grow our business and theirs.</p>	
<p><b>Suppliers and business partners</b></p> <p>We partner with thousands of suppliers to help innovate our products and support mutual and sustainable growth.</p>	
<p><b>Planet and Society</b></p> <p>We aim to improve the health of the planet while contributing to a fairer and more socially inclusive world.</p>	



This board-approved business model cascades into business leader goals. For example, the CEO of Unilever Canada has a business goal to collaborate with the industry to advance the circular economy in Canada.

## BOARD STAKEHOLDER RESPONSIBILITIES

Unilever describes its approach to governance in "[The Governance of Unilever](#)" document, last updated on January 1, 2022. Unilever's board oversight responsibilities regarding stakeholders are described within it. The first section, "The Fundamentals" sets out Unilever's stakeholder-centric approach enshrined within its governance, per the highlights below: "Unilever has a simple but clear purpose: to make sustainable living commonplace. We want to help create a world where everyone can live well within the natural limits of the planet. **Our multi-stakeholder model is at the core of everything we do** and we put sustainable living at the heart of this – including our brands and products, **our high standards of corporate behaviour towards everyone we work with, and our partnerships, which drive transformational change across our value chain**. Our purpose is supported by our vision: to be the global leader in sustainable business, with a strategy to ensure that our purpose-led and future-fit business model drives superior performance, **delivering long-term sustainable growth for the benefit of all our stakeholders.**" (p. 3)

The board's specific stakeholder responsibilities include: "In all its dealings, the Board has regard to the interests of Unilever as a whole, including its stakeholders, such as shareholders, employees, customers, consumers and suppliers, together with Unilever's social and legal responsibilities in the communities in which it operates and to the environment. These interests are, among other things, represented by pursuing a policy aimed at sustainable long-term value creation. The Board has the final responsibility for the management, general affairs, direction, performance and long-term success of Unilever, as well as for the effective engagement with Unilever's stakeholders."

The Chair's responsibilities include:

- Guarding the corporate reputation, including, in conjunction with the Chief Executive Officer, relations with major shareholders, government, academia and other relevant stakeholders and commentators.
- Ensuring that effective engagement with stakeholders can take place.

While the Corporate Responsibility Committee Terms of Reference do not spell out explicit reference to stakeholders, the company's 2021 Annual Report states that as the committee is charged with ensuring that Unilever's reputation is protected and enhanced, it must consider the company's influence and impact on stakeholders. "The Committee has responsibility to consider the views of interest groups, academic and opinion formers, and issues of growing importance to the general public."

One impact of the board's multi-stakeholder focus is that key executives have taken on industry leadership roles to advance sustainable business. For example, the former CEO, Alan Jope, was the Vice-Chair of the World Business Council for Sustainable Development, and the Co-Chair of the Plastic Waste Coalition of Action. The Chief Financial Officer, Graham Pitkethly is a Vice-Chair of the Task Force on Climate Related Financial Disclosure, co-created by another former CEO, Paul Polman).

## CODE OF CONDUCT STAKEHOLDER REFERENCES

The company's Code of Business Principles Standard of Conduct, as approved by the board of directors, includes statements that:

- We shall similarly respect the legitimate interests of those with whom we have relationships.
- We will build transparency into all our operations, ensuring that all stakeholders can trust what we do and can be assured of our integrity through our value chain.

## BOARD STAKEHOLDER ENGAGEMENT

The board directly engages with two stakeholders, shareholders and employees, as described below and summarized in its [2021 Annual Reports and Accounts](#).

- **Shareholders:** The board speaks directly to shareholders on a broad range of issues, including ESG (environment, social and governance) issues, for example, innovation and alternative approaches to animal testing (p. 66). The chair also canvassed the views of investors on the company's Climate Transition Action Plan.
- **Employees:** The board decided the most effective way to organize its engagement with employees was to share responsibility among all Non-Executive Directors (independent board members) as a collective point of contact. In 2021, the board endorsed a [Board Workforce Engagement Policy](#) that sets out its approach to workforce engagement, including face-to-face engagement sessions with Non-Executive Directors, engaging with employee representatives, townhall meetings, site visits, employee engagement survey and Code of Business Principles reports. Unilever's board believes that taking into account feedback from its workforce widens the diversity of its views when making decisions. The board is given an opportunity to input questions into the annual employee survey in order to gain insights from employees on particular topics. Its 2021 Annual Report summarizes the board's employee engagement activities of the past year (p. 72-73). For example, the chair of the Compensation Committee met with employees at a virtual townhall where she shared Unilever's approach to remuneration. "I was able to share that the Board considers topics on pay, such as living wage and pay equity, because the Board understands the issue of income equality, how it is expressed in society and what corporations can do to address it." (p. 89). In an employee engagement session on the Unilever Compass, employees asked the Non-Executive Directors to leverage their networks to help expand Unilever's ability to influence stakeholders on sustainability (p. 73).

## STAKEHOLDER-CENTRED DECISION-MAKING

According to Unilever's 2021 Annual Report (p. 73), the board considered stakeholders including shareholders, people, consumers, customers, planet, and society in its discussions and decisions related to strategic priorities in its corporate strategy (Unilever Compass).

## STAKEHOLDER ENGAGEMENT DISCLOSURES

The company's approach to stakeholder engagement is disclosed in its annual report, approved by the board. This is required by S. 172 of UK Company's Act 2006. Page 12 of the Annual Report provides a summary of the disclosures by stakeholder under the heading: "Our Growth Creates Value through a Multi-Stakeholder Model".

## Creating a Purpose-Driven Culture

To steward a purpose-driven culture, boards ensure the company's purpose is reflected in the CEO's position description and performance objectives and corporate values.

Here are examples of companies with these practices. They are taken from "[The Social Purpose Transition Pathway: Helping Companies Move from Say to Do](#)" published by Corporate Knights, a Canadian media and research company. It rated 34 Canadian companies on their social purpose governance and implementation and profiled a number of their best practices.

**VALUES** Best practice companies ensure at least one or more of their corporate values have an explicit tie to the purpose because they are seeking to embed their purpose in their culture.

### Examples: BMO and Coast Capital Savings

These companies have corporate values that explicitly link to their stated social purpose "to boldly grow the good in business and life" in the case of BMO and "to build better futures together" in the case of Coast Capital Savings.

#### BMO

BMO has four corporate values, including integrity, empathy, diversity, and responsibility. Their responsibility value, "Responsibility: Make tomorrow better" has a direct tie to their social purpose.

#### Coast Capital Savings

All three of Coast Capital's corporate values connect to their social purpose:

**"We Build Connection:** We believe in connecting with people and partners on a deeper level to rise to our full potential. We nurture our relationships, connecting with kindness and humility. We empower people to be who they are and ask what actions we can take to be more inclusive. Moments of celebration matter here as we drive forward as one team toward our purpose.

**We Act with Courage:** We know doing the right thing isn't always easy, but we make it happen. We understand that the success of Coast, our members and our communities are connected and have the drive and spirit to overcome any hurdle in pursuit of our purpose. We value authenticity, regularly challenge assumptions, including our own. Here, obstacles are opportunities to rise to our best.

**We Re-Imagine:** We believe in curiosity and asking "what if" to imagine a better future for everyone. In a rapidly changing world, people need better, bolder solutions to overcome today's financial and social challenges. We embrace diversity to drive smarter decision and make the complex simple. We see the status quo as standing still and we're compelled by our purpose to move, turning ideas into real impact."

**CEO ROLE** Best practice companies disclose their purpose performance against purpose goals, targets and metrics in their main disclosures, enabling stakeholders to assess their progress.

**Examples: BC Lottery Corporation (BCLC) and HSBC**

BCLC and HSBC make specific reference to the CEO's role in purpose execution, creating clear purpose responsibilities for the CEO "to generate win-wins for the greater good" in the case of BCLC and "opening up a world of opportunity" in the case of HSBC.

**BCLC**

"Reporting to the BCLC Board of Directors, the President and Chief Executive Officer (CEO) leads the Executive team, executes the corporate strategy, supports BCLC's operations, enacts our social purpose, and implements decisions of the Board of Directors."

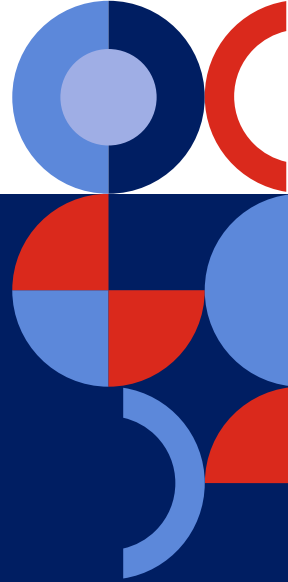
**HSBC**

"The Group Chief Executive is responsible for directing the Group's resources towards the fulfilment of HSBC's purpose and strategy in adherence to all relevant laws, regulations and standards."

**CEO PERFORMANCE OBJECTIVES** Best practice companies include clear purpose deliverables within the CEO's annual performance objectives, against which they are evaluated on an annual basis. This is a main route by which a board can ensure that the CEO is implementing priority purpose goals.

**Example: Co-operators**

In 2021, the CEO goals that support Co-operators' social purpose were: "(1) realigning our organization's investments and operations to a net-zero world which reduces society's systemic risk from climate change, and (2) expansion of sustainable and impact investing opportunities, which will enable the transition to a society that is financially secure in the long-term." Co-operators' purpose is "to strengthen the financial security of Canadians and their communities."



## About the Author

Coro Strandberg is the President of Strandberg Consulting and the Chair of the Canadian Purpose Economy Project. She is a nationally recognized leader in corporate sustainability, social purpose and ESG (environment, social and governance) and social purpose governance. Coro is a sought-after speaker and advisor to boards and executive teams on these topics. She is a faculty member for Director's College and Governance Professionals of Canada where she trains Directors and Governance Professionals on ESG, Sustainability and Purpose Governance. She has over 20 years of corporate governance experience and is currently on the board of British Columbia Lottery Corporation. Coro publishes her research and thought leadership on her website at [www.corostrandberg.com](http://www.corostrandberg.com)

## About the Canadian Purpose Economy Project

The Canadian Purpose Economy Project exists to accelerate the transition to the purpose economy. It engages national ecosystem actors to create an enabling environment for social purpose businesses to start, transition, thrive and grow. It convenes, connects, curates, and collaborates to drive the social purpose business movement in Canada toward an economy where social purpose business is the norm, attracting capital, talent, and partners. In this economy businesses unlock all their assets, influence, reach and scale in collaboration with others to help Canada address its societal challenges and realize a flourishing future. Register for updates here [www.purposeeconomy.ca](http://www.purposeeconomy.ca)

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