

Corporate Governance & Sustainability



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Athens

The Challenge:

Taking Sustainability at a Board Level



BLACKROCK®

A Sense of Purpose

Dear CEO,

A new model for
corporate governance

Your strategy, your board, and
your purpose



LARRY FINK'S ANNUAL LETTER TO CEOS

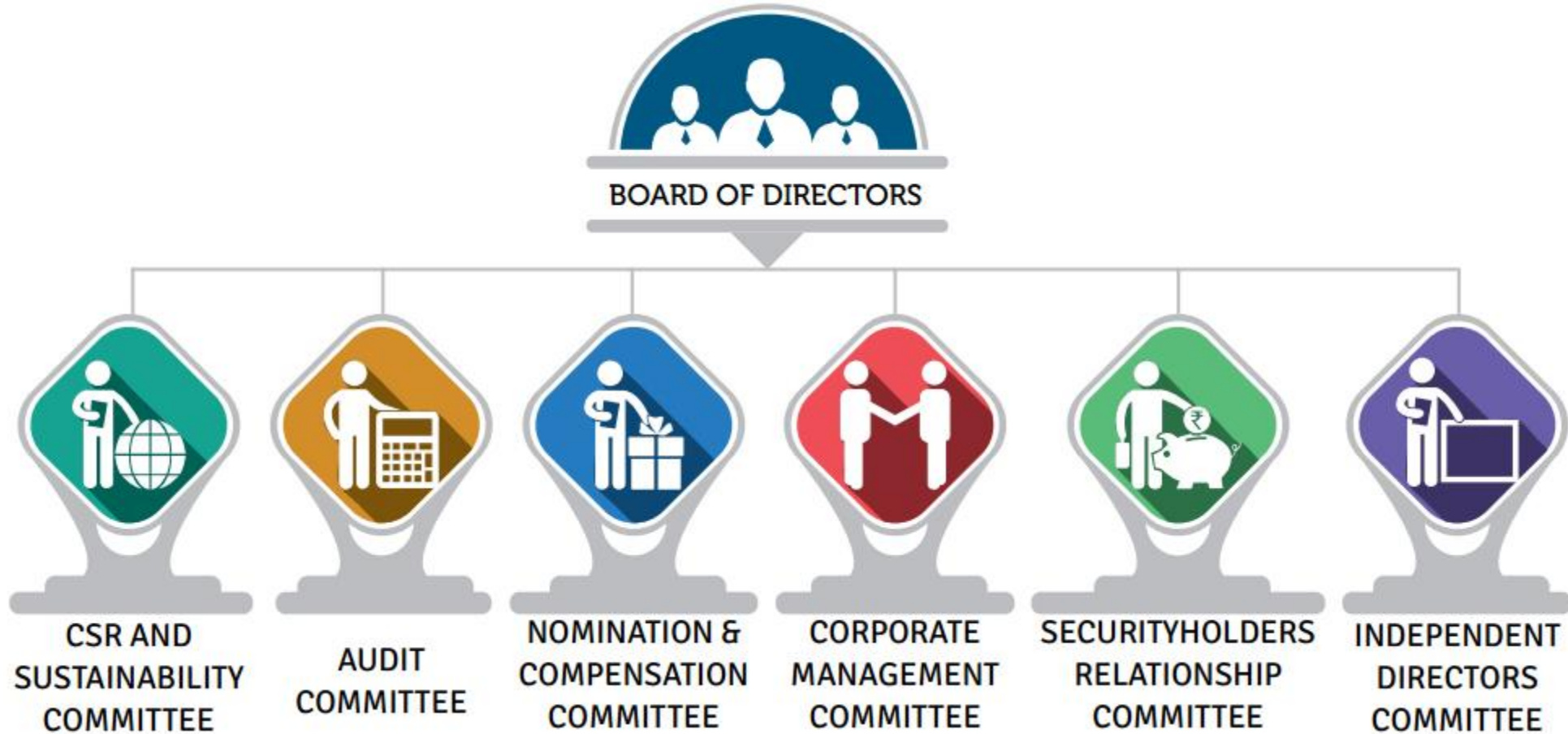
Sincerely,

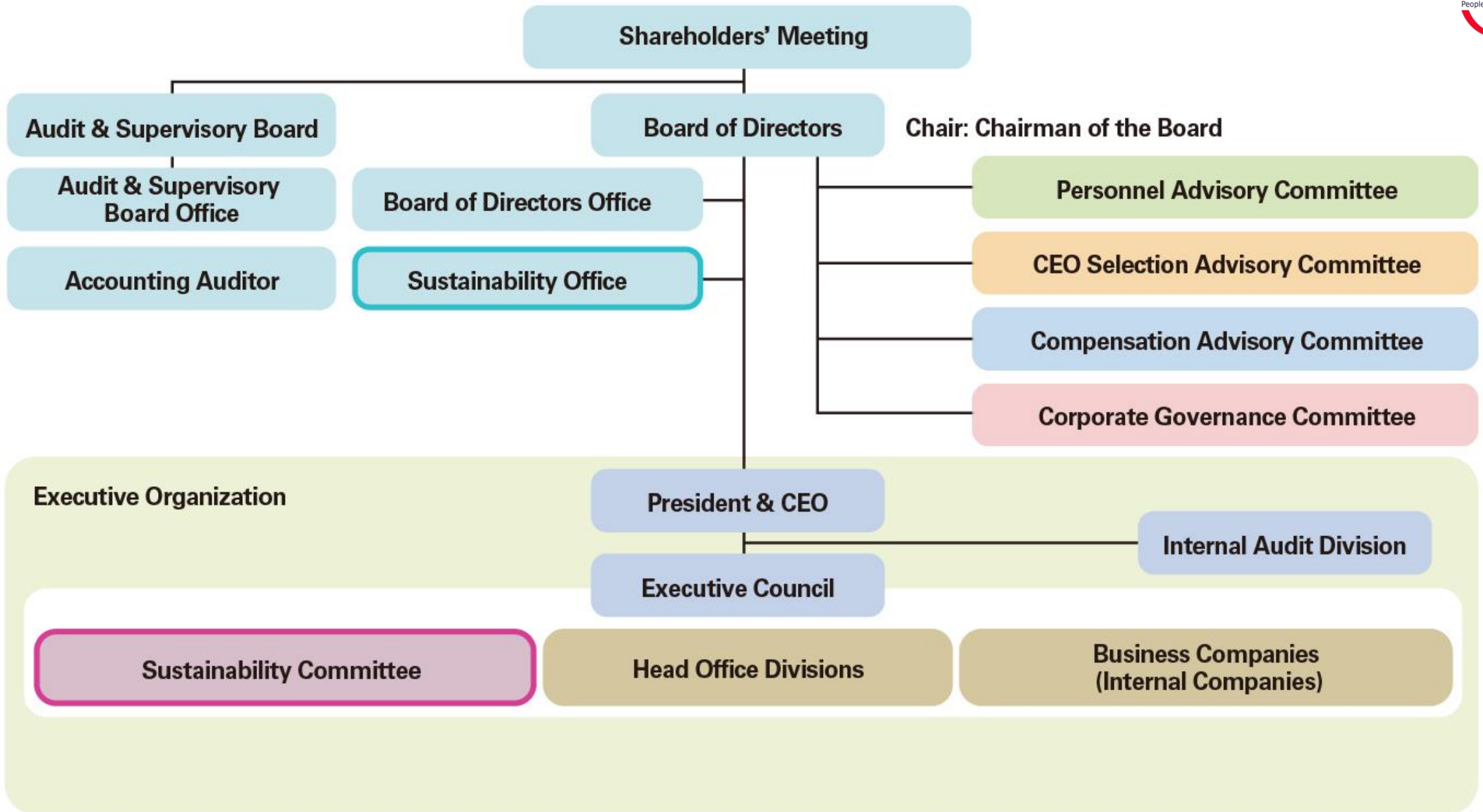
Jan. 2018











Global Sustain Benchmarking Research

Internal Committees & External Councils



Benchmarking Identity

- Research period: Nov. 2017-Feb. 2018
- 20 Investigated Companies
- Fortune Global 100 firms
- Pre-agreed questionnaires
- One hour sensing call interviews
- Interviews with C-suite executives
- Desktop research
- Corporate filings
- Financial & Non-Financial Reports
- Committee Charters & Terms of Reference
- 200 slides of material produced
- Comparative (tabulated) tables
- Executive Summary for the Board



PART A – INTERNAL SUSTAINABILITY COMMITTEE (Questions 1-8)

1. Do you have an Internal Sustainability Committee?
2. **When** was your Internal Sustainability Committee established?
3. Is your Internal Sustainability Committee a **Board** Committee?
4. **How many Board members** are on your Internal Sustainability Committee?
5. What are the **responsibilities** of the Internal Sustainability Committee?
6. **How often** does your Internal Sustainability Committee meet?
7. Have your internal Board members gone through any additional **training or education** on sustainability issues?
8. **Who feeds the information/agenda** of the meetings to the Internal Sustainability Committee?

PART B – EXTERNAL SUSTAINABILITY ADVISORY COUNCIL (Questions 9-16)

9. Do you have an External Sustainability Advisory Council?
- 10. When** was your External Sustainability Advisory Council established?
- 11. How many** External members do you have on your External Sustainability Advisory Council?
12. What **expertise** do they bring to the Council?
13. Do you have members from your **Internal** organization (i.e. top or middle level executives) on the External Sustainability Advisory Council?
If Yes, from what **functions**/disciplines?
Which **top three** do you feel are most essential ?
13. What function in the organization is responsible for **managing/coordinating** the External Sustainability Advisory Council?
- 14. How often** does your External Sustainability Advisory Council meet?
15. What are the **primary objectives** of the External Sustainability Advisory Council?
16. What are the **main issues** that you discuss during your meetings?

Top 10 Findings:

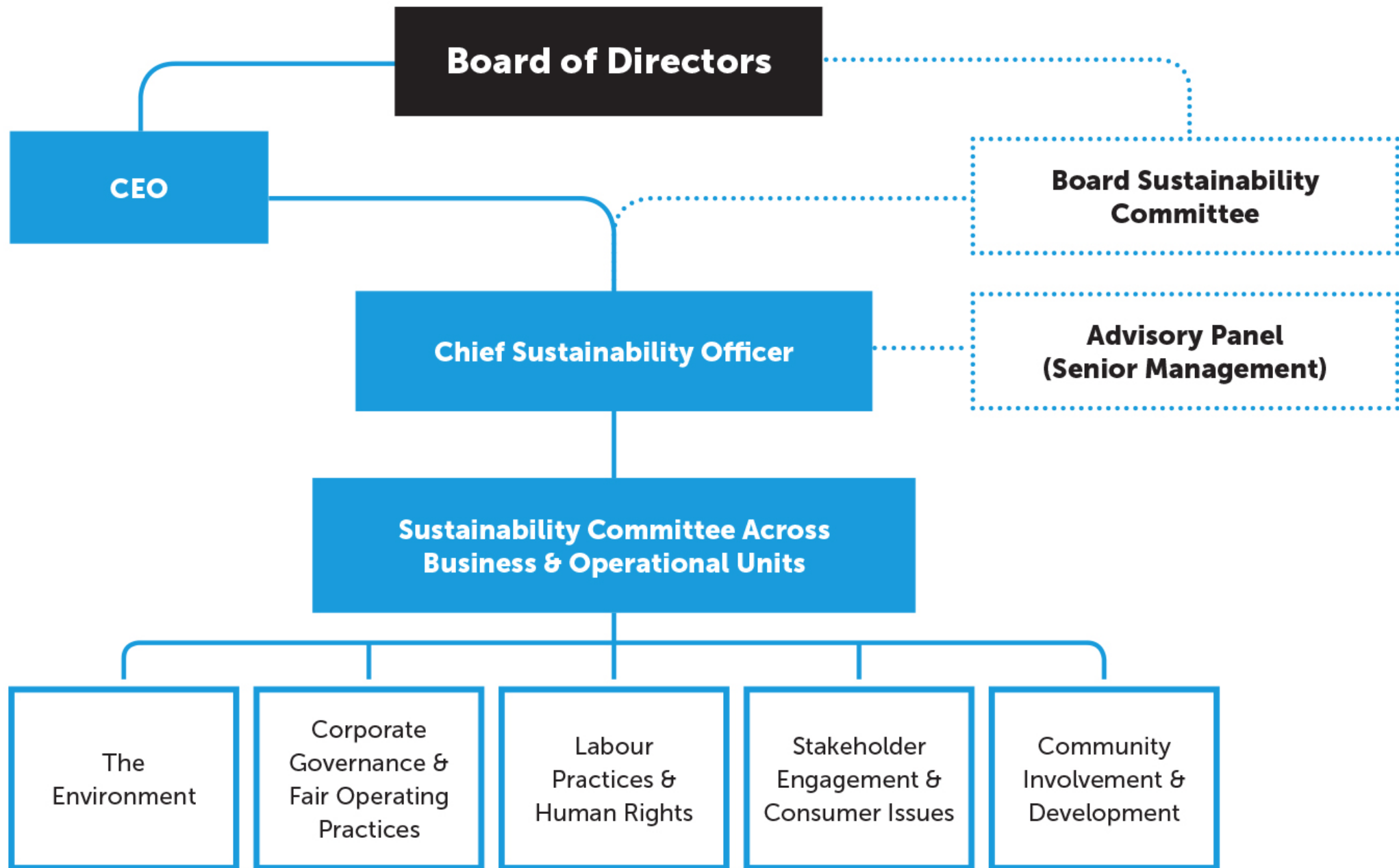
A. Internal Sustainability Committees

1. Few companies have Internal Sustainability Committees at **Board level**
2. Committees at a Board level usually engage **three to five Board members**
3. Most companies have Internal Sustainability Committees at a **Management level**
4. Internal Committees tend to meet from **once a month to once a quarter** (one mentioned once a week)
5. Internal Committees include representatives from all **corporate functions**
6. The majority of them reports to the **CEO**
7. **CSR/Sustainability Officer** acts as the coordinator and facilitator
8. Internal Committees are usually supported by **functional working groups**
9. Some Internal Committees engage **external advisors/experts** in their meetings
10. All Committee members undertake **training and executive** education regularly

Top 10 Findings:

B. External Sustainability Councils

1. Few companies have External Sustainability Councils.
2. All that they have one, say that it brings a **great value** to the company.
3. **The purpose** of such a Council is to strengthen company's sustainability program, and make it an integral part of business and operations strategy.
4. External Councils members range from **4 to 10** (one mentioned 20).
5. The **mandate** of the Council members is between 2-4 years.
6. **C-level executives** present at the meetings and receive constructive criticism from Council members.
7. External Councils usually meet **twice a year** for a duration of **1-2 days**.
8. **Main competencies and skills** of External Council Members include Risk, ESG, Human Rights, Diversity & Inclusion, Innovation, Community Relations, Legal/Compliance/Regulatory.
9. **The Head of CSR/Sustainability of HSQE** is responsible for the operation of an External Council.
10. Some companies hire **external facilitators** to run the meetings and prepare the agenda.



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Testimonials

*The International Stakeholder Committee is an action initiative between the Company and its stakeholders about the key topics impacting the company not only in theoretical overview but with **practical examples and proposals**.*

*Sustainability Advisory Board contributes to further understanding of sustainability issues, seeks for **collaboration** opportunities and provides its expertise to **innovation**.*

*External Citizenship Advisory Panel provides "**outside perspectives**" on sustainability matters from experts with good knowledge and experience to social, governance and environmental topics.*

*The Panel provides an informal forum for **deep discussions on global trends** shaping the world in which the Company operates, identifies ways that the Company can **shape its vision and strategy** consistent with these trends and enables the Company to maximize its **positive impact on clients and the communities** in which it operates.*

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Testimonials

ESG issues are raised by stakeholders and the Board is exploring those issues and their complexities of how they integrate into business.

The Advisory Panel for sustainability offers **insights throughout the value** and strengthens the ability of the company to fulfil its sustainability program.

The External Council brings a **diverse outside - in perspective** on environment, health and safety, the sustainability issues and helps identify **stakeholder concerns, attitudes and perceptions**.

External Advisory Council contributes to the **identification of global megatrends**, the interpretation and prioritization of **stakeholders issues**, the company's engagement around **innovation, R&D** and the review of the sustainability goals/metrics

Sustainability has become an integral part of business and operations strategy and through external's members expertise to Business, Networking, NGOs, Legal, Responsible Investments, Technology, and Sustainability area this **purpose is strengthened**.

Educating the Board and the Executives



FMC Corporate Information

- FMC Corporation is an American chemical manufacturing company headquartered in Philadelphia, Pennsylvania.
- FMC provides innovative and cost-effective solutions to enhance crop yield and quality by controlling a broad spectrum of insects, weeds and disease, as well as in non-agricultural markets for pest control. It's lithium products are utilized in energy storage, specialty polymers and pharmaceutical synthesis.
- FMC's 2017 revenue was **\$4 billion**.
- FMC employs **more than 7,000 people** throughout the world and operates its businesses in two segments: FMC Agricultural Solutions and FMC Lithium.
- Sustainability is an enduring, fundamental part of FMC's structure, built into who they are as a company. They develop products for their modern, solution-oriented, global customers and an increasingly aware public.
- [Sustainability Report 2016](#)
- In 2017, FMC set up an External Sustainability Advisory Board



FMC External Sustainability Advisory Council



Robynne Anderson,
President,
Emerging
Ag Inc.



Richard Ellis, Group
Head CSR,
Walgreens
Boots
Alliance



Bruce Klafter,
VP, Corporate
Social &
Environmental
Responsibility,
Flex



Brad Molotsky,
Lawyer,
Partner,
Duane
Morris
LLP



Julie O'Brien,
Manager,
Corporate
Sustainability,
Air Products &
Chemicals, Inc.



Dale Sands,
SVP & Global
Practice
Director,
Private Client
Sector, CH2M



Katherine Sierra,
Senior Fellow,
The Brookings
Institution, ex-VP,
Sustainability,
World Bank



Michael Spanos,
Managing
Director,
Global Sustain



John Streur,
CEO, Calvert
Research &
Management



Gary Survis,
Venture Partner,
Insight Venture
Partners,
Fellow, Wharton
School





Thank you!

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