

Board Oversight and CSR - Obligations and Considerations

January 19, 2012 by [Sarah A. Altschuller](#)



[Gwen Jaramillo](#) and I recently authored an article for [BNA Corporate Governance Report](#) on the role of the board of directors in overseeing a company's CSR initiatives and commitments. A copy of the article ("Board Oversight and Corporate Social Responsibility: Obligations and Considerations") is available [here](#) (.pdf).

At the conclusion of the article, we identify a number of questions that board members may wish to consider when thinking about their role in overseeing a company's approach to, and implementation of, CSR commitments. These questions are set forth below:

Considerations for CSR Positioning

1. How does the company currently perceive CSR? Is CSR seen as a foundation for risk management and compliance, philanthropic efforts, and/or sustainability reporting?
2. What are the major legal, operational, and reputational challenges faced by the company and its industry peers? Are the company's CSR initiatives, along with other company policies and practices, preparing the company to meet those challenges?
3. Who are the company's stakeholders? How does the company's CSR program enable the company to engage with, and assess the concerns of, those stakeholders?
4. How does the company compare with its industry peers in terms of its view and implementation of CSR? What value do industry members derive from their CSR positioning?
5. What voluntary commitments, codes, or standards have the company's industry peers signed on to? Has the company done the same? Why or why not?
6. Does company management see the company as a leader? Does management want the company to be perceived as an industry leader or as in "the middle of the pack"? Is the company's CSR positioning appropriate given management's goals and self-perception?
7. What are potential avenues for better calibrating the company's CSR positioning with its internal and external goals?

Considerations for CSR Implementation

1. What is the company's CSR strategy? To what extent has the company implemented CSR initiatives? What is the state of awareness among company personnel of the existence and importance of these initiatives?

2. Does the board have a clearly defined role in overseeing the company's CSR strategy? If not, how can a role for the board be established? Can it be linked with existing compliance oversight functions of the board? What are the risks and benefits to the company of formalizing a role for the board with regard to CSR?
3. Is the board currently informed regarding CSR-related compliance and reputational issues? What information is regularly provided to the board regarding the social and environmental impacts of the company's operations?
4. Who is responsible for defining and overseeing CSR at the company? What oversight and accountability mechanisms reinforce the company's CSR strategy?
5. What specific resources are required to implement the company's current CSR policies and initiatives? Have those resources been effectively deployed or allocated? Have, or can, existing compliance mechanisms been utilized to build CSR capacity? What costs does the board perceive will be involved in implementing or augmenting a CSR strategy, and are such resources appropriately allocated to CSR at this time?

Ultimately, as we state at the conclusion of the article,

...the board is charged with fulfilling its duties of care and loyalty. Whether the ultimate impact of CSR lies in its ability to protect against legal, reputational, and operational risks, or its capacity to create shared value for the company and its stakeholders, the board can best fulfill these duties to the corporation, and to stakeholders, by considering CSR's value for the corporation and acting upon its conclusions.

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