

# **strategic sustainability** **via** **corporate** **governance**

mapping the “socialscape”



# **sustainable**

Long-term organizational activity that strategically seeks to add value and invest in relationships with society in a synergistic manner with its regular activities.



# 01

"What should corporate governance aim to achieve through a sustainability strategy?"

1

To empower the board in the identification and control of corporate sustainability policies.

2

To integrate the entire organization and its stakeholders into sustainability management.

3

Understand and review the most relevant social impact factors for the company's sustainability.

4

To identify risks and new opportunities for added social value.

5

To make a more precise and consistent selection of indicators over time.

# 02

How can the board begin the work of developing a sustainability strategy?

Directors must consider that strategy is, in this case, built according to a threefold integration, namely:

- + BUSINESS**
- + SOCIETY**
- + MARKETS**

# 03

What are the components of these dimensions?

## + SOCIETY

**ENVIRONMENT**  
(conservation)

**COHESION**  
(unity)

**NORMATIVE**  
(COMPLIANCE)

**CULTURAL**  
(integrity)

**CIVIC**  
(philanthropy & social assistance)

**QUALITY**  
(wellbeing)

**SCIENCE**  
(innovation)

## + BUSINESS

**PRODUCTS & SERVICES**  
(commercialization)

**EMPLOYMENT**  
(organization)

**PRODUCTION & OPERATIONS**  
(efficiency)

**CAPITAL**  
(profit)

## + MARKETS

**SUPPLIERS & CONSUMERS**  
(channels)

**HUMAN CAPITAL**  
(labor supply)

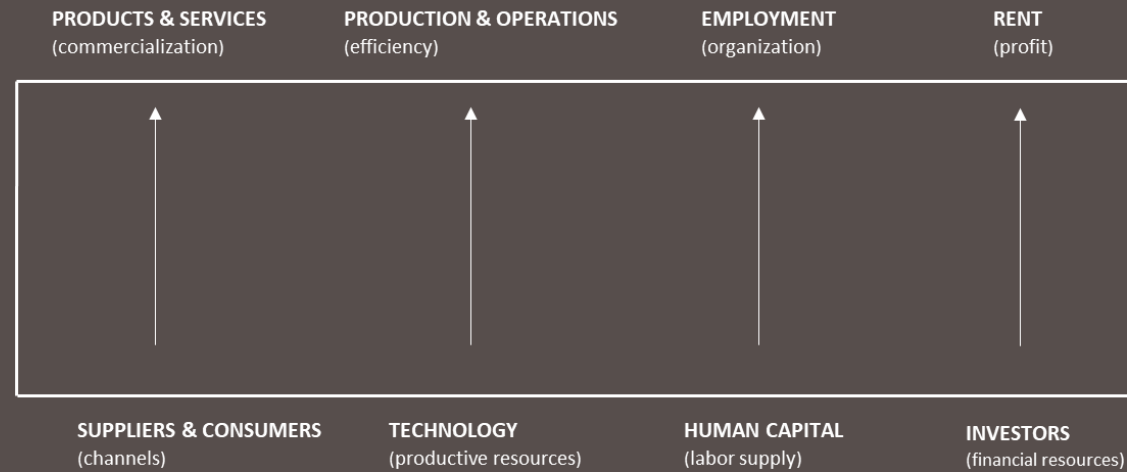
**TECHNOLOGY**  
(productive resources)

**INVESTORS**  
(financial resources)

# 04

How are the business and market parameters interlinked in a sustainability assessment?

## + BUSINESS



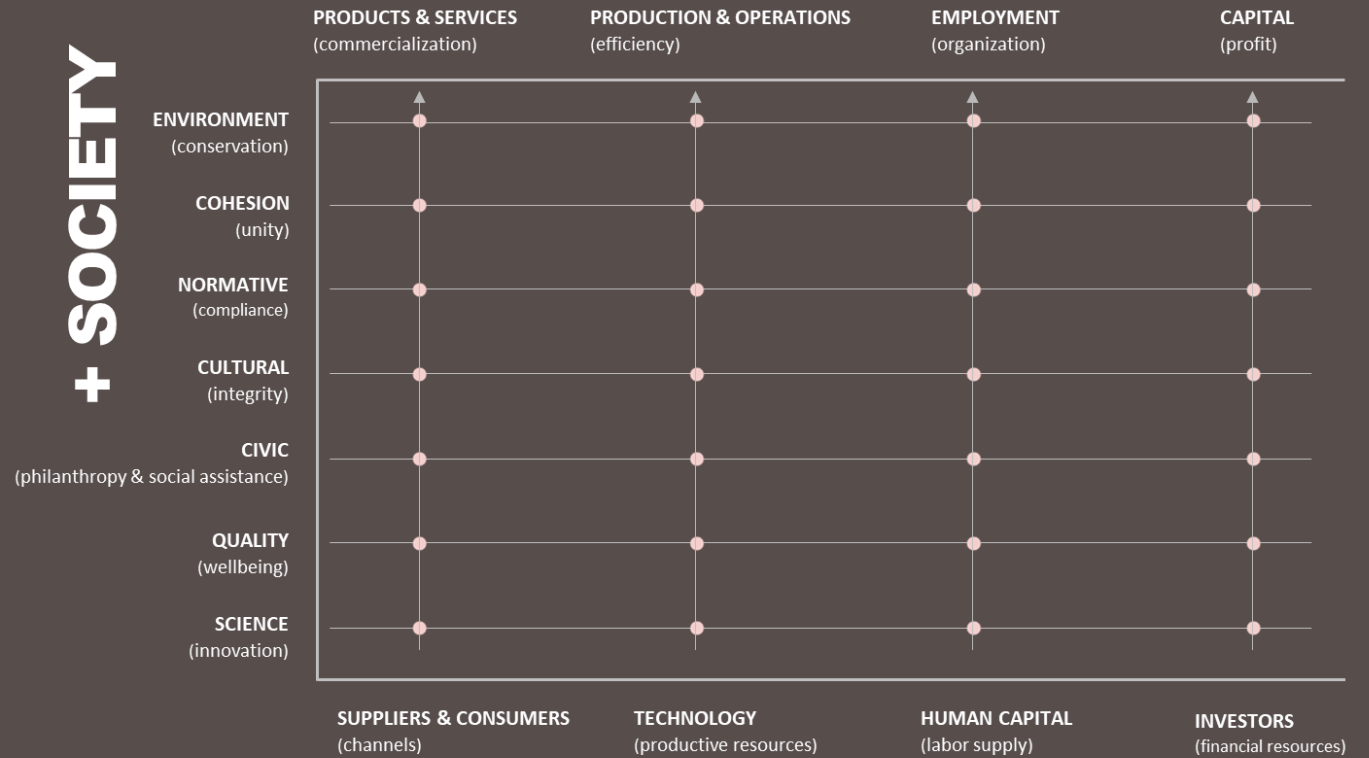
## + MARKETS

From a business perspective, firms need specific dimensions of markets in order to maintain their activity in the long term

# 05

How can we graph sustainability metrics between firms and markets?

## + BUSINESS



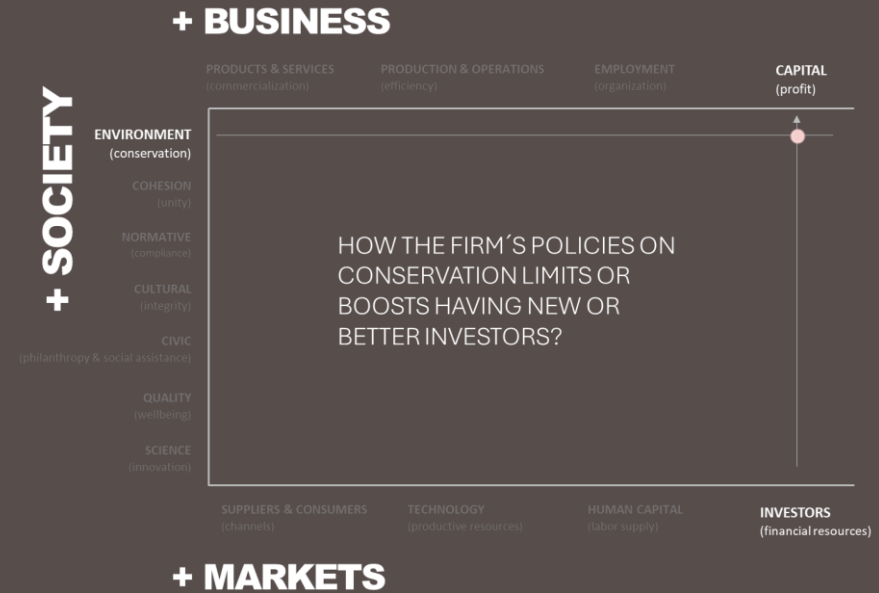
## + MARKETS

From a business perspective, firms need specific dimensions of markets in order to maintain their activity in the long term

# 05

How can the concept of a sustainability map be explained alongside its practical applications?

A- Let's consider the case of environment for capital and investors form a simple question:



B- Thereafter, is important to take into consideration risks and added value as shown:





06

Do firm do this?

Deloitte.



## Towards sustainable investing: How retail investors can create an impact

The long path from heart to wallet

2024

Towards sustainable investing - How retail investors can create an impact

## 5 highlights from our research

1

### Potential for more sustainable investing waiting to be unlocked

- Among the surveyed investors 78% find sustainability important in their daily lives, but what sustainability means varies widely. Although environmental (E) topics are more top of mind, investors also value social (S) and governance (G) aspects.
- Already 62% have some sustainable investments, yet the allocations to this investment class are relatively low, even for those who find sustainability important.
- This indicates a potential for more integration of sustainable investments that could be unlocked.

2

### Regulation helps to put sustainable investment preferences on the agenda, but investors use their own values to define sustainability

- The MiFID and IDD directives help put sustainable investment on the table. Investors confirm it adds value, even if some indicate that it can be difficult to match their personal values with the concepts defined in the regulations.
- People want to reflect their personal values in their sustainable investments and create a positive impact on topics important to them. This is also reflected in how they qualify products as sustainable: they look at their own values rather than the definitions set forth in the regulations. This leads to a mismatch between products investors consider sustainable and those qualified as sustainable by the regulations.
- Communicating sustainability preferences is usually done interacting with an advisor as part of a broader conversation. Investors who have already communicated their preferences show more sustainable investments in their portfolios. With only 38% indicating they have already communicated their sustainability preferences to their financial institution this creates opportunities to interact on the subject.

3

### Information is a key factor for sustainable investment decision-making

- Investors rely on their financial institutions<sup>5</sup> for information, via conversations with their advisors or their website or app. Still, a multichannel approach is required to achieve maximum coverage.
- There is room for improvement on communication, both in terms of understanding the information currently available and making available additional information. Although the preferred channels vary between the different age categories, personal interactions are highly valued across all age categories.
- Investors expect their advisors not only to be knowledgeable about the topic, but also want them to bring a convincing story that is carried out through the entire financial institution.

4

### Potential for labels to provide an objective assessment, but transparency is key

- Labels can potentially serve as a tool to provide a transparent and independent perspective on sustainability characteristics of investment products. Investors are inclined to put trust in these labels and tend to report a preference for products with a label.
- Nevertheless, investors are also sensitive to unsubstantiated marketing and greenwashing, creating a need to provide assurance on label objectivity and independence.

5

### Sustainable and financial performance influences investor behaviour

- Financial return is important when investing and this is no different for sustainable investments. Younger generations are even more sensitive to financial return than older investors.
- There is no consensus on the financial performance of sustainable investments compared to traditional non-sustainable investments.
- Investors value information on the sustainability performance of their investments: they want to track the impact they make with their investments. Some quote it as a condition to invest sustainably, while others are even inclined to accept a lower financial return in exchange for a proven sustainability performance.

4

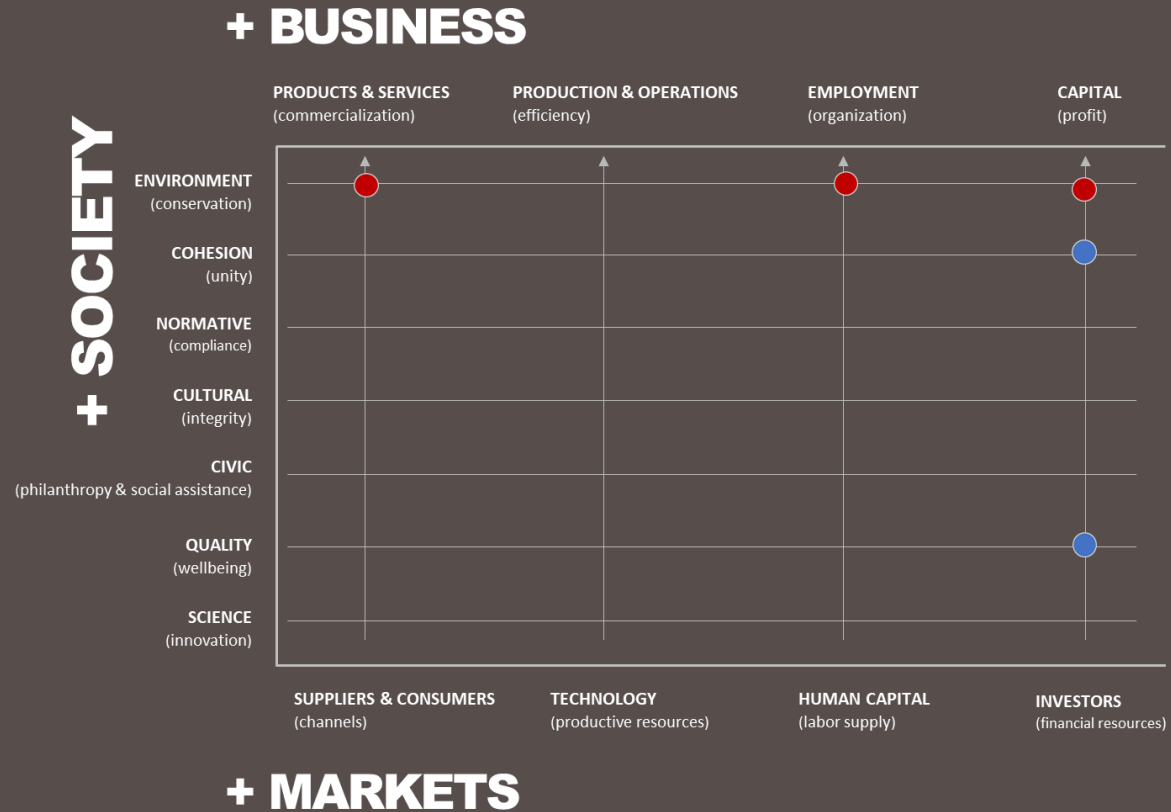
# 07

How can we define each social factor?

- 1. ENVIRONMENT**  
(conservation)  
Companies that add value to ecosystem **conservation**.
- 2. COHESION**  
(unity)  
Companies that promote the socio-economic **integration** of different social groups.
- 3. NORMATIVE**  
(compliance)  
Companies active in **compliance** with laws and regulations.
- 4. CULTURAL**  
(integrity)  
Companies recognized for prioritizing **human goods** over instrumental goods.
- 5. CIVIC**  
(philanthropy & social assistance)  
Companies distinguished for promoting socio-economical development and providing **assistance** in social emergencies.
- 6. QUALITY**  
(wellbeing)  
Companies that contribute value to the **quality of life** of individuals and communities.
- 7. SCIENCE**  
(innovation)  
Companies that introduce scientific advancements into society through **innovative** products and services.

# 08

Can more than one social factor be considered in a sustainability assessment?



Yes, in fact, we should integrate many social factors into a single sustainability assessment. An example of how it is possible to use this matrix with more than one social factor can be found in the fashion industry. If we analyze the phenomenon of the environmental impact of fast fashion in the sustainability map and, additionally, review the added value and risks, we could assume that there is a risk of access to investors if the environmental damage caused by unused clothing is made public. It could also be assumed that there is a risk regarding consumer preferences, or that currently, there is no access to the necessary technology to reuse discarded clothing. But, on the other hand, there is added value in terms of the opportunity for consumers with fewer resources to have access to items with a high degree of design and trends.

# 09

Are there any next steps?

Directors must consider that strategy is, in this case, build according to a threefold integration, namely:

- + MATERIALITY**
- + PURPOSE ALIGNMENT**
- + STRATEGY ASSESSMENT**

010

Are there any assessed cases to use as an example for the whole process?



## A- MAPPING

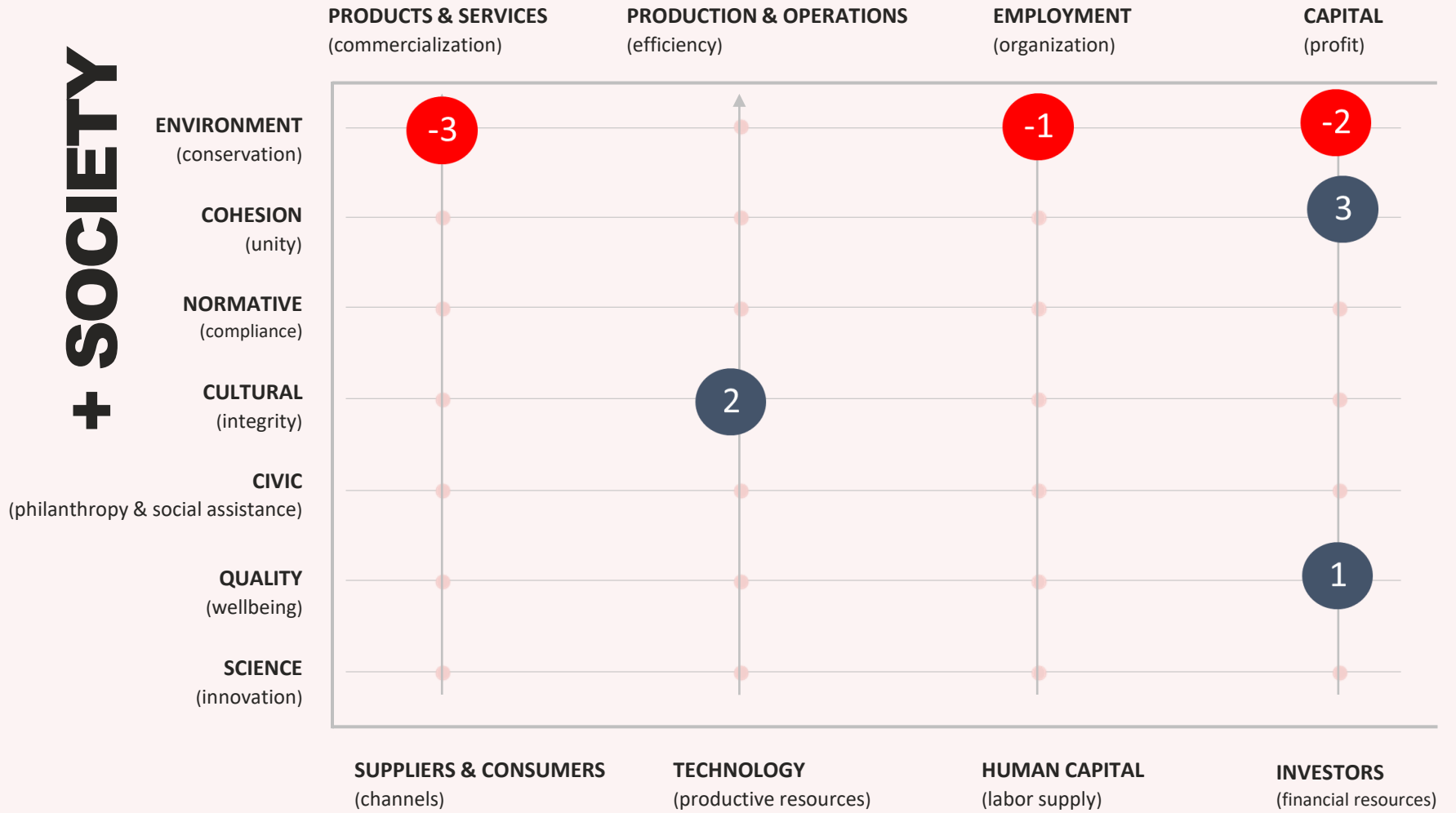
How would you consider the current situation of the company in terms of sustainability (risks and added value)?

High Risks (-3)  
 Considerable Risks (-2)  
 Low risks (-1)

High Added Value (3)  
 Considerable Added Value (2)  
 Low added Value (1)

# + SOCIETY

# + BUSINESS

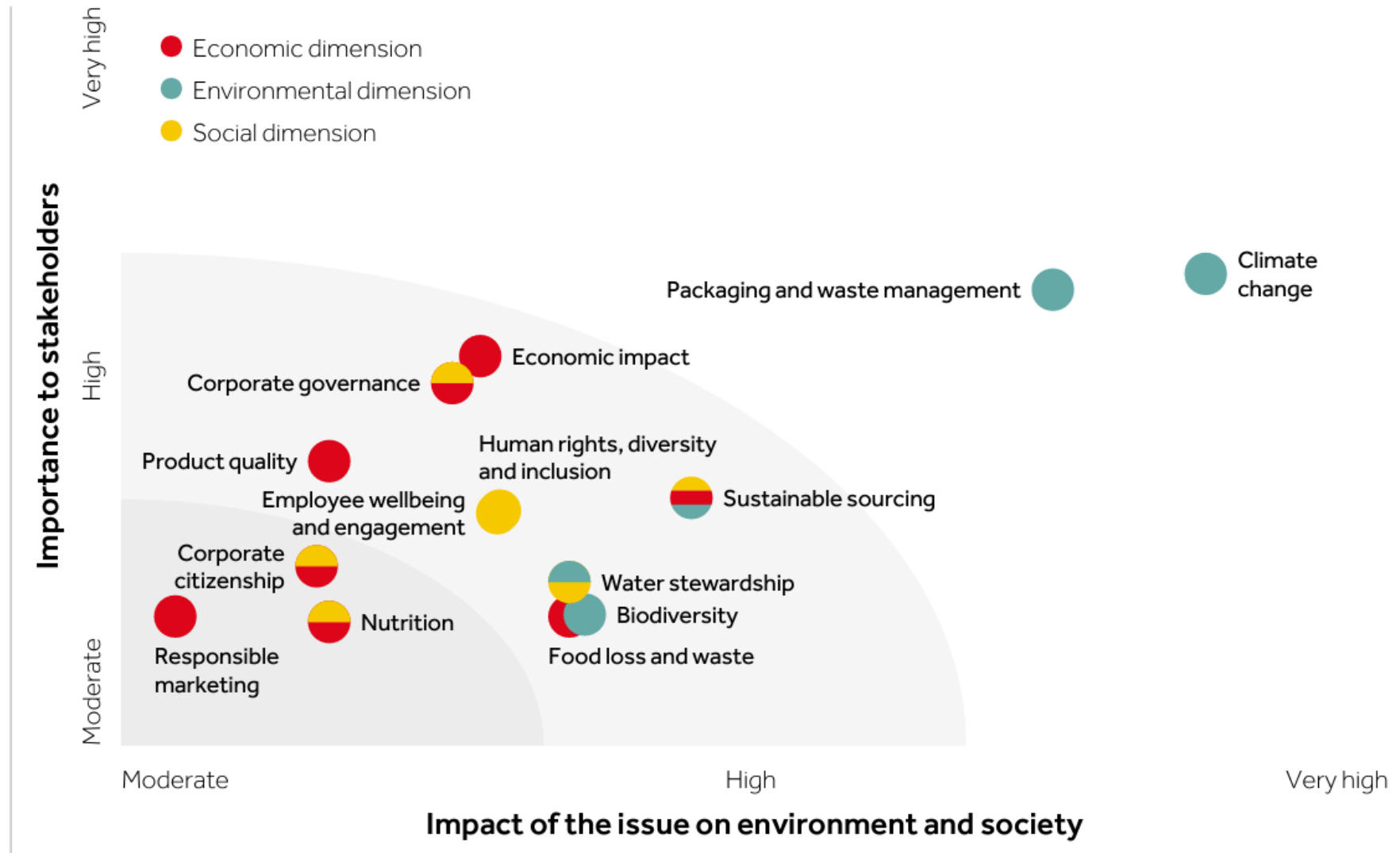


# + MARKETS

## B- ASSESSING MATERIALITY

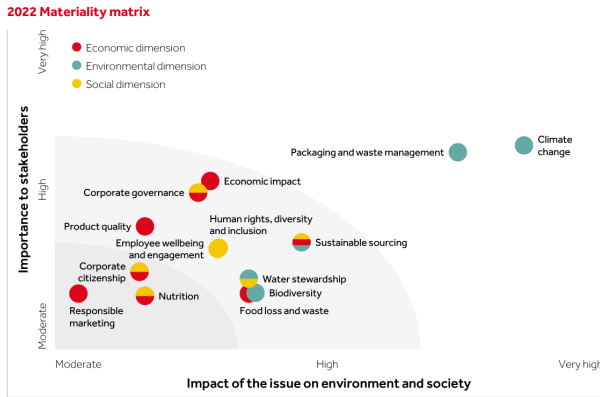
How is your assessment consistent with the materiality matrix?

### 2022 Materiality matrix

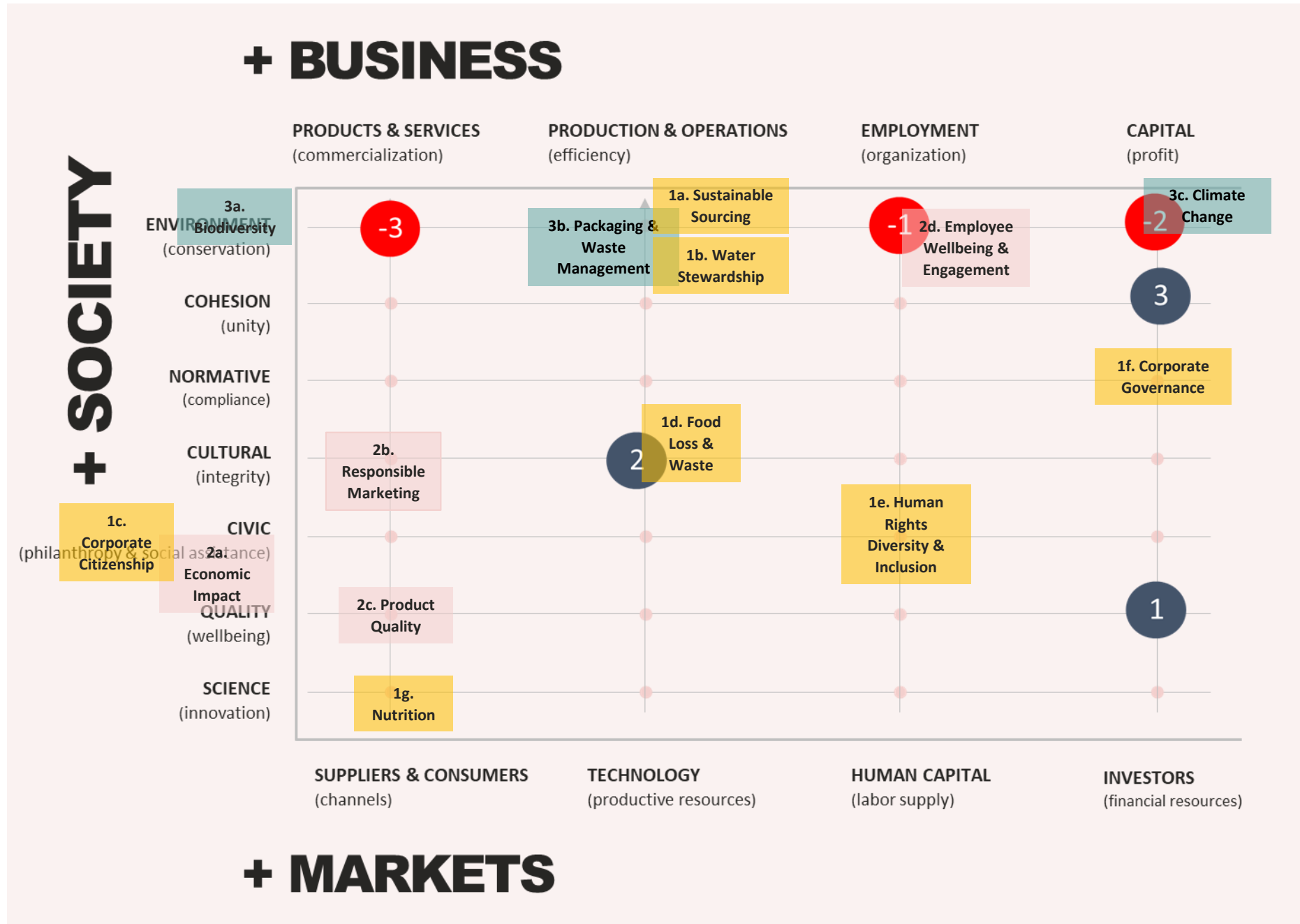


## B- ASSESSING MATERIALITY

How is your assessment consistent with the materiality matrix?



- 1
- 2
- 3

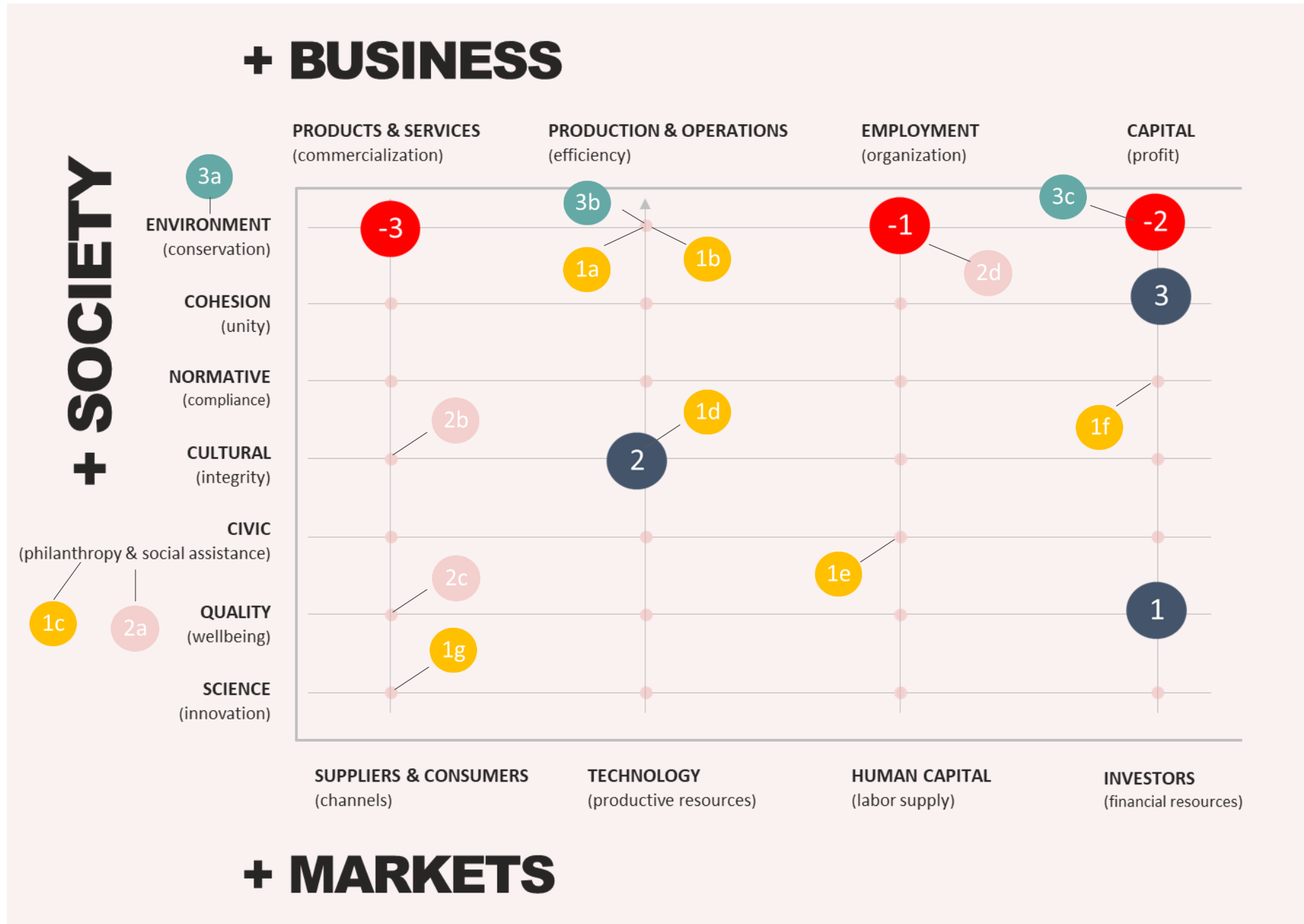




## B- ASSESSING MATERIALITY

How is your assessment consistent with the materiality matrix?

- 1a. Sustainable Sourcing
- 1b. Water Stewardship
- 1c. Corporate Citizenship
- 1d. Food Loss & Waste
- 1e. Human Rights Diversity & Inclusion
- 1f. Corporate Governance
- 1g. Nutrition
- 2a. Economic Impact
- 2b. Responsible Marketing
- 2c. Product Quality
- 2d. Employee Wellbeing & Engagement
- 3a. Biodiversity
- 3b. Packaging & Waste Management
- 3c. Climate Change



## C- ALIGNING PURPOSE

### LOVED BRANDS

1. Passion for people and their lives
2. Cutting-edge excellence in ingredients, innovation, design and marketing
3. Investment for leadership across categories in purposeful brands that consumers love
4. Act globally and locally
5. Powerful partnerships with our bottling system to bring brands to life in the market

### DONE SUSTAINABLY

6. Start with facts, based in science
7. Grow our business while reducing our sugar
8. Make packaging a circular economy, with a focus on getting 100% collection to enable reuse for World Without Waste
9. Be water balanced, improving water security where needed most
10. Reduce our carbon footprint
11. Source more sustainably and ethically

### FOR A BETTER SHARED FUTURE

12. Invest in employees' personal growth and talent
13. Empower people's access to equal opportunities, build inclusion
14. Create value for customers—big and the many small
15. Support our local communities, both to achieve more and in times of need
16. Deliver returns to our investors.

How is the company's purpose consistent with your sustainability assessment?

# + BUSINESS

# + SOCIETY

(philanthropy & social assistance)

1c 2a

1 (6)

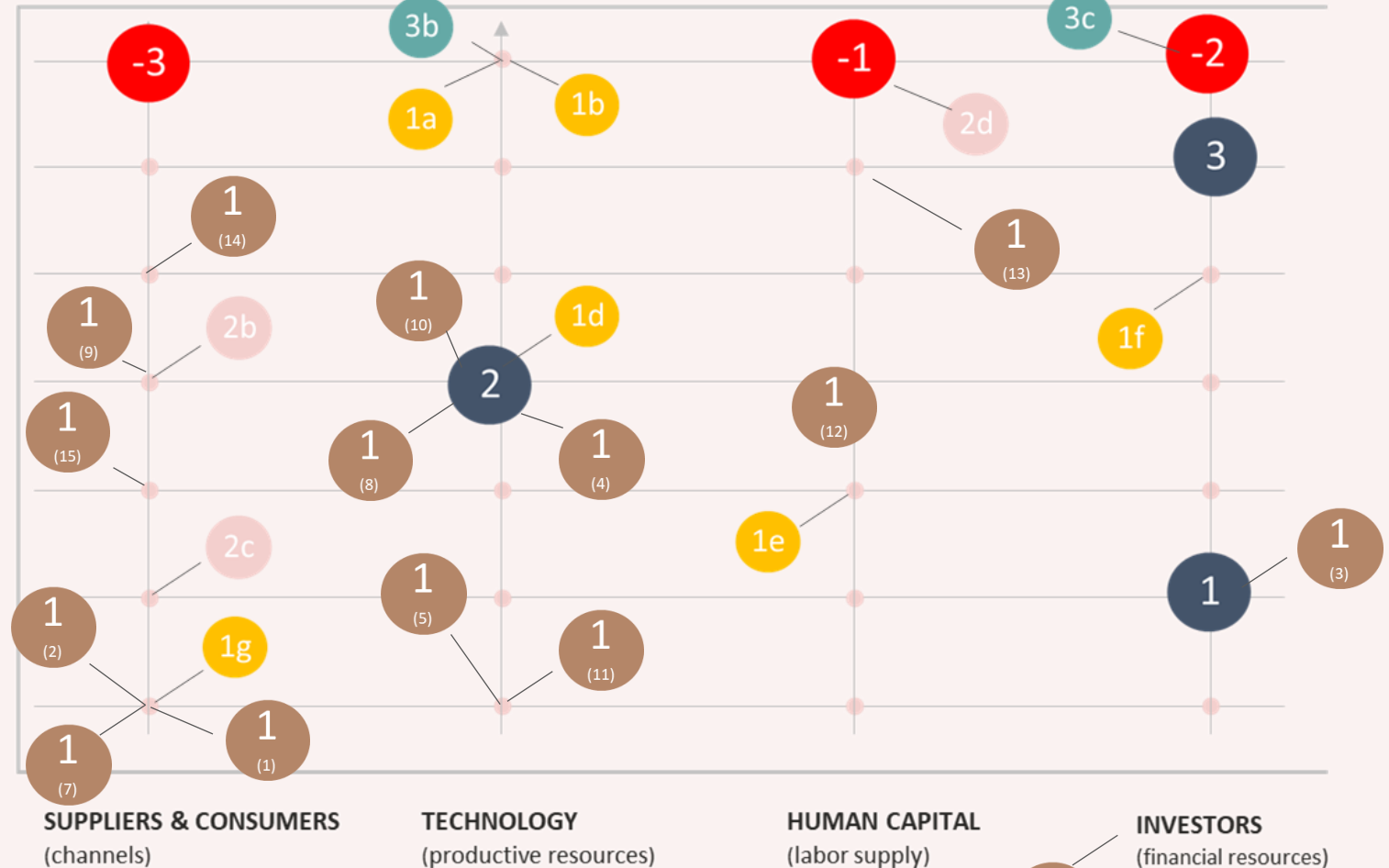
3a  
ENVIRONMENT (conservation)  
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NORMATIVE (compliance)  
CULTURAL (integrity)  
CIVIC (philanthropy & social assistance)  
QUALITY (wellbeing)  
SCIENCE (innovation)

PRODUCTS & SERVICES (commercialization)

PRODUCTION & OPERATIONS (efficiency)

EMPLOYMENT (organization)

CAPITAL (profit)



# + MARKETS

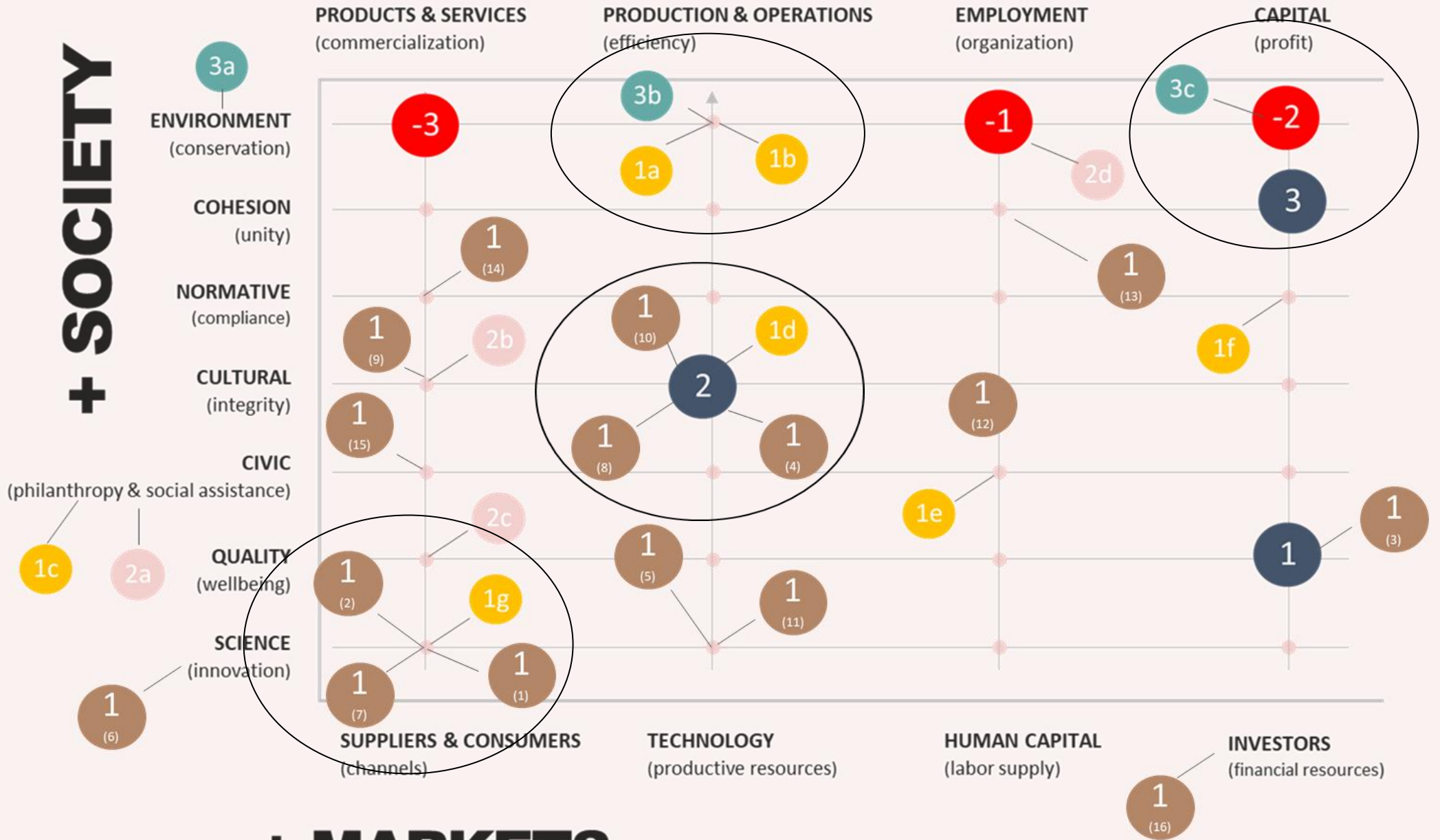
1 (16)

# + BUSINESS

## D- ASSESSING THE SCENARIO

Should the board redesign the sustainability strategy according to purpose, materiality and their own assessment?

# + SOCIETY



# + MARKETS