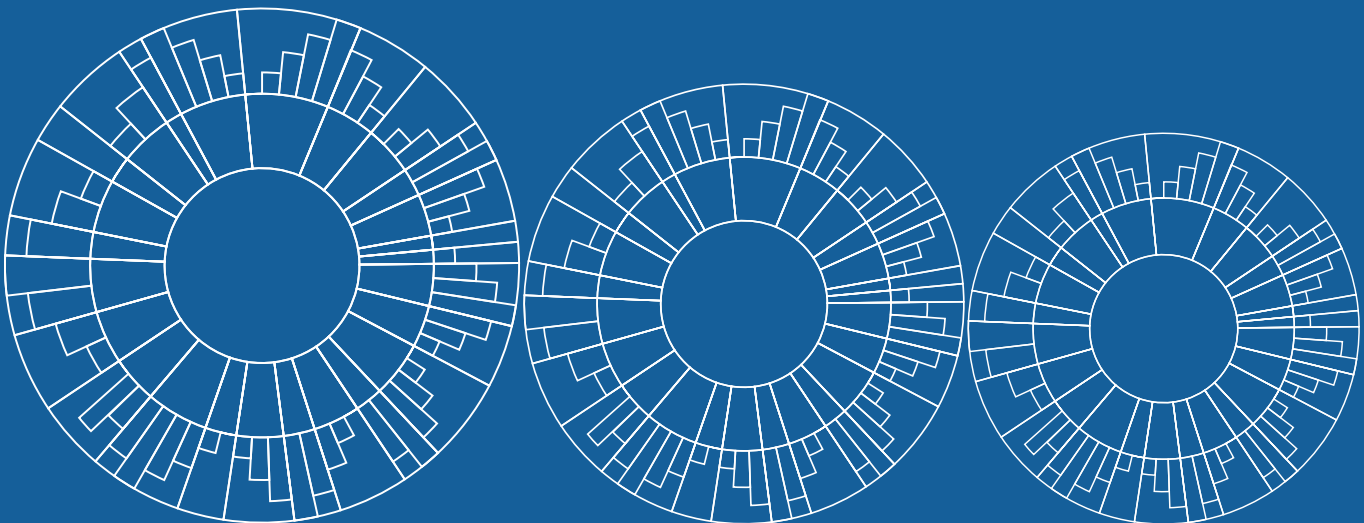


# Developing Position Statements on Sustainability Issues

A GUIDEBOOK FOR SUPPORTING YOUR BOARD



With support from



Stephanie Bertels  
Brandon Toews

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Prepared by Stephanie Bertels and Brandon Toews

Stephanie Bertels and Brandon Toews. (2022). *Developing Position Statements on Sustainability Issues*. Embedding Project. DOI 10.6084/m9.figshare.7037459

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Originally published in 2018 by Embedding Project.

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# Introduction

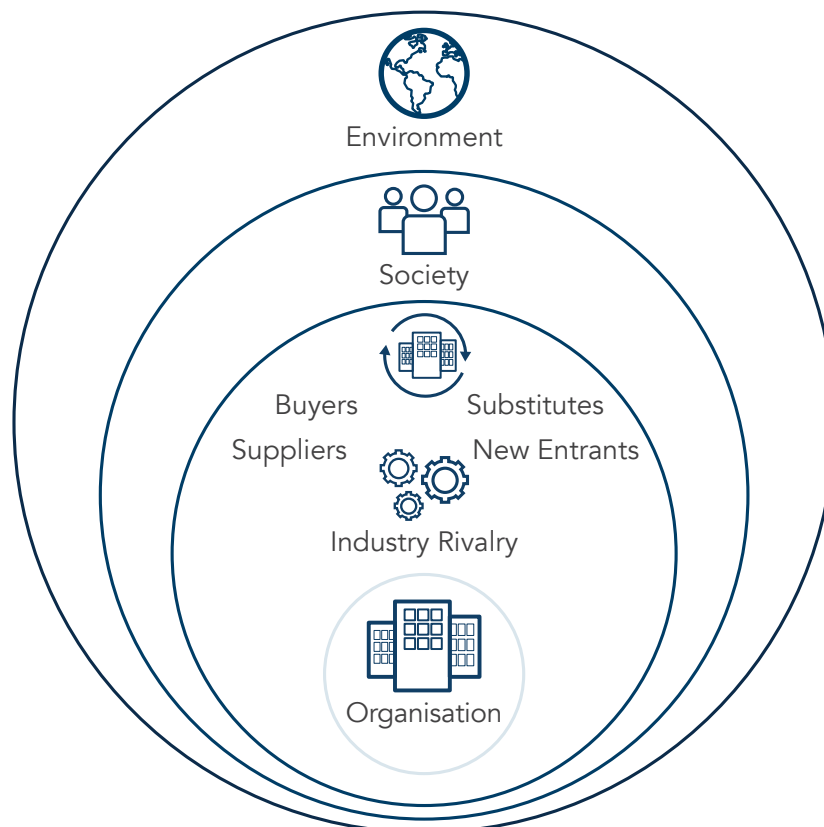
This newly updated Next Generation Governance guide offers guidelines for the content and structure of credible position statements. It supports companies and their boards as they articulate a clear position around relevant environmental, social, and governance issues that takes into account the context in which that company operates.

The latest update draws on more than 200 interviews with CEOs, directors, and board chairs, a systematic review of almost 4000 position statements from global companies, as well as the involvement and review of our partner companies. It also builds on concepts we outline in our [Embedded Strategies for the Sustainability Transition guide](#).

To see current examples of leading statements, consult our free, searchable [position statement database](#). Our position database is updated regularly and currently features more than 250 commitments made by a range of global companies on social and environmental issues such as water, human rights, financial inclusion, and community resilience. We have also developed a [companion guide](#) that offers more specific guidance on the development of climate position statements.

# What is context and why does it matter?

While many companies now acknowledge that environmental and social factors have an impact on their strategy, a shift to 'triple bottom line' and 'shared value' thinking has only taken them so far – too often leading them to frame key strategic choices as trade-offs. An increasing number of companies see their operations as part of an economy that is embedded in and bounded by the social and environmental systems around them. This attention to better understanding a company's environmental and social context is part of a shift towards contributing to 'systems value'. These companies recognise that their actions both impact and are impacted by those surrounding systems (a concept that has come to be called double materiality) and that they need to adjust and adapt their strategies accordingly.



[An embedded view of strategy]

## Why position statements?

In the past, it was common for companies to issue broad positions on environmental management, sustainability, or corporate responsibility that addressed multiple (and often overlapping) issues. Too often, the result was lengthy documents that fail to make a clear strategic connection between specific issues and their implications for business decision-making.

Yet, as stakeholder expectations for social and environmental performance expand and intensify, companies are under increasing pressure to account for their impacts on the environment and on communities and to clearly convey their position on a range of sustainability issues. Vague statements and lofty commitments are subject to increasing scrutiny. A credible position statement specifically addresses a company's understanding of the context in which it operates and clarifies its role and commitments to address these challenges.

While it is not necessary for your company to develop position statements on every issue, you may benefit from doing so for your most salient sustainability issues. For instance, it is now expected that companies clearly articulate their position on climate change. In fact, of the more than 4000 position statements we have reviewed, over 2,000 were climate position statements. There is also mounting pressure for companies to articulate their positions on modern slavery and biodiversity.

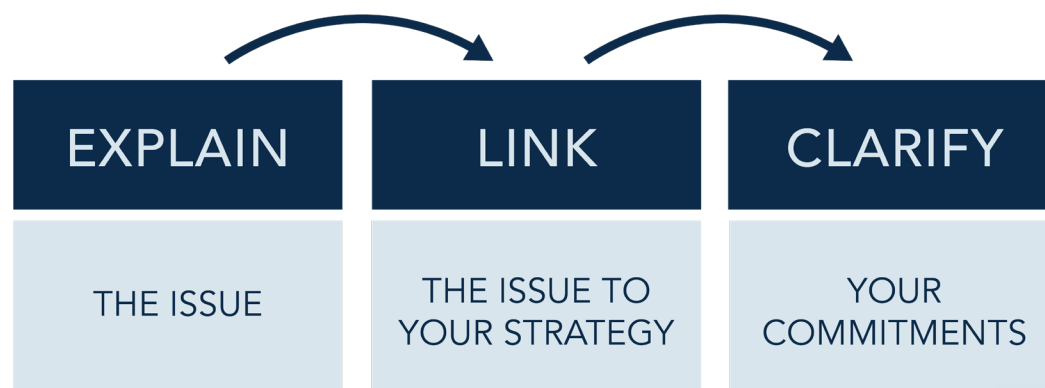
In our conversations with leading directors, we heard that by developing credible position statements focused on specific issues, boards and executive teams can deepen their own understanding of these issues, clarify how they link to the company's overall strategy, clarify their position for other key stakeholders, and provide the direction and confidence for management and employees to act. Our conversations also surfaced multiple requests for better guidance on how to develop a comprehensive yet concise position statement.

# A framework for writing position statements

This guide presents a clear framework for companies seeking to produce credible, contextual position statements on sustainability issues. A concise position statement will do three things:

1. Explain the issue,
2. Link it to your company's strategy, and
3. Clarify your commitments to take action

We summarise these three steps here and provide more information in the pages that follow, incorporating examples of content from statements across a range of industries and global settings.



KEEP IT SHORT AND ACTIONABLE

# A checklist for writing position statements

## EXPLAIN THE ISSUE

- ☐ Explain your understanding of climate change and the crisis it creates
- ☐ Explain the limits that safeguard resilience

## LINK THE ISSUE TO YOUR STRATEGY

- ☐ Identify the strategic implications of climate change for your business, including key constraints
- ☐ Discuss your direct operational and value chain impacts on climate change

## CLARIFY YOUR COMMITMENTS

- ☐ Clarify how you will do your part to address the impacts of your direct operations
- ☐ Clarify how you will do your part to address the impacts of your value chain
- ☐ Clarify how you will support positive systems change
- ☐ Articulate a pattern of past decision-making and clarify future accountability

## KEEP IT SHORT AND ACCESSIBLE

- ☐ Make sure your position is publically accessible
- ☐ Avoid reporting on short-term performance or discussing awards and accolades
- ☐ Consider briefly addressing what motivated the statement and/or the process that led to its development

Developing position statements will be an iterative process, and you may find that you are unable to complete every step in the checklist the first time you communicate your company's position. In these cases, be transparent about your limitations (for instance, you may need to improve your understanding of your direct or indirect impacts) and clarify what you will do to overcome these gaps (for instance, you may commit to gather the data you need to improve this understanding).



# Developing your position statement

These next sections help unpack this process further, providing examples to support you as you work through your own position statement.

## Explain the issue

### Explain your understanding of the issue.

Begin with a summary of the issue – what are the relevant trends, and why do they matter? This information is not meant to be company specific. Instead, your goal is to demonstrate your understanding of the issue and its relevance to society. You may want to begin with the causes of the issue, and finish with the predicted outcomes of the issue. It is helpful to cite any sources that informed your understanding. Outlining relevant trends helps to convey your company's understanding of the magnitude and direction of effects.

*Example: "From wildfires to flooding to extreme heat events and droughts, the impacts of climate-related weather events were felt around the world in 2021. Calls for action on climate change continued to grow, with the World Economic Forum's 2021 Global Risks Report identifying climate action failure as the most impactful long-term risk facing the world." (Teck)*

*Example: "Modern slavery is a grave violation of human rights, universally prohibited, victimising millions of people globally. It encompasses slavery, servitude, human trafficking, forced labour and other slave-like practices, usually affecting the most vulnerable in society. Modern slavery is a global issue that typically occurs in industries that are labour intensive, low-skilled, and often underregulated." (Equinox)*

*Example: “The global economy has been built on carbon intensive foundations over centuries. Since the industrial revolution, the global economy has grown in lockstep with rising greenhouse gas (GHG) emissions. Industrial development, playing out over centuries, has seen global carbon emissions from fossil fuel use risk to around 40 billion tonnes each year. Meeting net zero goals will demand a reversal of the carbonizing impact of that journey in under a generation.” (Schroders)*

You may also consider discussing relevant international, national, or regional commitments on the part of governments or others.

### **Explain the social and/or environmental limits that safeguard resilience.**

Identify and explain what your company sees as the limit (what others sometimes call the ‘tipping point’, threshold, or boundary) for which there is a compelling need for action. It can be helpful to reference key sources of authority, as well as your rationale for choosing them, as this can help clarify your company’s understanding of the issue and its limits - helping your readers to quickly gauge your company’s approach to this issue.

*Example: “...climate scientists, through the Intergovernmental Panel on Climate Change (IPCC) published an eye-opening report showing the significantly greater risks we face if we don’t limit climate change to 1.5°C. The scientific consensus on the need for urgent action is clear.  
(Mars – Climate Statement)*

*Example: “According to the Planetary Boundaries model, in order to maintain a healthy and sustainable ecological balance that can support humanity, no more than 15% of land globally (excluding that permanently under ice) should be cultivated for crops. As of 2017, around 12% of land globally is classified as cropland (FAOSTAT, 2019).” (Mars – Land Use Statement)*

In addition to sources of authority, you can also identify any frameworks or initiatives that you subscribe to or participate in and explain why you chose them. For instance, companies reference frameworks or initiatives such as the Science Based Targets Initiative (SBTi), the Corporate Human Rights Benchmark, the UN Sustainable Development Goals, The Planetary Boundaries Framework, The Doughnut of Social and Planetary Boundaries, The Natural Step's Four System Conditions of a Sustainable Society, The Future-Fit Business Benchmark to support their understanding of relevant social and environmental trends and their associated limits.

*Example: "In line with the UN Guiding Principles on Business and Human Rights, we base our human rights policy commitment on the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We follow the OECD Guidelines for Multinational Enterprises and are a founding signatory to the United Nations Global Compact."*  
(Unilever)

This section is also a good place to explain your understanding of how this issue may be linked with other issues or limits.

*Example: "Population growth and economic activity mean that water is being used faster than it can be replenished by nature. Climate change is also responsible for creating temporary water shortages or surpluses, with their attendant droughts and flooding." (ACTIAM)*

For more guidance on understanding and defining environmental and social limits, consult our Embedded Strategies Guide: <https://embeddingproject.org/resources/embedded-strategies-for-the-sustainability-transition>

## Link the issue to your strategy

Having shared your understanding of this social and/or environmental issue, including what action is required to adhere to relevant limits, the next step is to link this issue to your business strategy by explaining why the issue matters to your company, and the impact your company and its value chain is having on the issue.

### Link the issue to your business, including its strategic impact and the constraints it will place on your decision-making.

Here you need to demonstrate that you understand the strategic importance of this issue, including the risks and opportunities that it presents to your company's long-term strategy. Could it impact access to raw materials, or perhaps threaten operations within a specific region?

*Example: "As a global food company, General Mills recognizes the risks that climate change presents to humanity, our environment and our livelihoods. Changes in climate not only affect global food security but also impact General Mills' raw material supply which, in turn, affects our ability to deliver quality, finished product to our consumers and ultimately, value to our shareholders." (General Mills)*

*Example: "Healthy employer-worker relations can yield significant performance improvements. Several academic and company studies indicate that increased employee satisfaction, due to a working environment where workers rights are respected and supported, leads to higher quality products and improved productivity. Effective resolution of worker grievances results in improved trust between workers and management. Good relationships with workers and their representatives limits the potential for work stoppages due to worker dissatisfaction (e.g. strikes), which can result in delays in production, by identifying and solving issues before they escalate into conflict." (PVH)*

### Discuss your direct operational and value chain impacts on the issue.

Provide a concise description of your company's direct and indirect impacts and identify which activities generate the greatest impact or offer the greatest potential for influencing positive change.

*Example: "We recognize that upstream agriculture emissions and our manufacturing are the largest sources of emissions in our value chain and will focus on efforts on achieving emissions reductions in these two areas." (Kellogg's)*

*Example: "The largest part of our exposure to carbon emissions comes from the investments we manage for our clients. This is also where the greatest challenges and opportunities lie, and therefore the main focus of our climate transition plan is on that investment exposure. We are under no illusions about the scale of the challenge. Our financed emissions – the indirect exposure to carbon we have through the investments we make – equated to 39 million tonnes of CO<sub>2</sub>e in 2019, based on mandatory in-scope asset classes for SBTi, which represented 62% of our AUM. If we were to extrapolate and estimate this for our full AUM, it could equate to 63 million tonnes of CO<sub>2</sub>. That volume of emissions implies significant exposure and influence; it is greater than the emissions of American Airlines (59Mt), or the national emissions of Singapore (67Mt) or Ireland (62Mt)." (Schroders)*

Transparently outline how you determined your impact on the issue. If your company is still developing its understanding of its impacts, then outline how you plan to gather the information you need.

*Example: "We recognize that our company operates in an industry that relies heavily on water to do business and that the people who work in the factories and on the cotton farms we source from often live in places that are considered "highly water stressed"...Women, already disproportionately burdened by climate [], comprise 70% of our value chain. The majority of people who make our clothes are women, and access to and affordability of water, sanitation and hygiene (WASH) services is a major challenge for many women in our key sourcing countries. As women in those communities are largely responsible for household duties such as cooking, cleaning and collecting water, they bear a disproportionate burden when it comes to water stress, and often have to spend hours each day walking to collect water. This is especially true in India, an important location for both growing cotton and making textiles." (Gap)*

## Clarify your commitments

Next, you will need to distinguish between the limits to systems resilience and your company's "allocation" or "share" of the responsibility for action. You will also address how you will approach the impacts that are within your sphere of control and how you will support or influence others in your value chain, in your industry, and/or in the companies in which you invest.

### Clarify how you will do your part to address the impacts of your direct operations.

Clearly state your commitment to 'doing your part' by working within relevant limits. Be clear on both your starting point and your desired endpoint, and the timeframe it will take to get there. Explain your approach to determining your responsibility and be explicit about your rationale and key assumptions. Outline what portion of the gap your company will tackle through changes within its own operations, discuss how this commitment will shape your strategy going forward, and acknowledge where you will need to collaborate with others in order to achieve this.

*Example: We've set a goal to become a nature positive mining company by 2030 and are working to achieve this through conserving or rehabilitating at least three hectares for every one hectare affected by our mining activities...by 2030, our conservation, protection and restoration of land and biodiversity will exceed the disturbance caused by our mining activities from a 2020 baseline. (Teck)*

*Example: "Our ultimate vision is to use only as much water as replenishes naturally, wherever we operate. To this end, we are changing how we define successful water stewardship manufacturing. Since 2011, we have delivered on targets that prioritize the application of Water<Less© finishing techniques and the use of recycled water wherever possible. Our peers have forged similar approaches, driving water efficiency improvements across the apparel supply chain. Now that we've successfully scaled Water<Less©, it's time to scale its impact...we are committing to helping all of our key factories and fabric mills, which represent 80 percent of our production, to become distinguished Water<Less© facilities by 2025." (Levi's)*

*Example: "...we're announcing an ambitious commitment for Microsoft to be water positive for our direct operations by 2030. We're tackling our water consumption in two ways: reducing our water use intensity – or the water we use per megawatt of energy used for our operations – and replenishing water in the water-stressed regions we operate. This means that by 2030 Microsoft will replenish more water than it consumes on a global basis. (Microsoft)*

### Clarify how you will do your part to address the impacts of your value chain.

Articulate clear commitments to leverage your influence to help others operate within social or environmental limits and discuss how these commitments will shape your strategy going forward. These commitments should align with your understanding of the issue and your company's potential for influencing its value chain and investments.

*Example: "Our goal is to ensure that workers in our supply chain have not paid money for their jobs. This is an ongoing commitment for Patagonia and our suppliers. We work together to continuously monitor hiring and employment systems and to make sure workers are protected from recruitment fees and other exploitation." (Patagonia)*

*Example: "Mars' water stewardship goal is to ensure water use in our value chain is within annually renewable levels by watershed. We chose this target because it is context-based, and so focuses on playing our part in solving water availability issues in the watersheds we operate in or source from... Over time, we will cascade our water targets to our suppliers. We will encourage them to be transparent about their water impacts, such as through the CDP water disclosure, and to participate in water stewardship initiatives and collaboration platforms." (Mars)*

### Clarify how you will support positive systems change.

More companies are starting to think about their business as a part of the social and environmental systems where they operate. When they do so, they realize that to enact sustainable change, they need to engage in systems level action. For example, you may go beyond water stewardship in your value chain to collaborate with other companies and steward the entire shared watershed you rely on. Demonstrate how you will drive broader systems change through measures such as advocacy, financing, or public resource-building. You may want to include partnerships and other facilitators you use to create systems change.

*Example: “Water stewardship plans are complex. To support local transformation, our goal is to share our expertise in the collaborative preservation and restoration of healthy watersheds, through a new Danone water platform. It will share open-source data, studies, knowledge and water stewardship approaches. The platform will leverage systematic data creation and /or collection, with local and international academic partnerships, to establish or strengthen scientifically-based solutions to shared water challenges. We aim to train and certify on-site field teams, Danone employees, scientists and water users, in best practices for water stewardship. To this end, we are working with Ramsar and WWF to develop a water stewardship training. The platform will also publish more specialized tools and methods to improve integrated watershed management.” (Danone)*

### **Articulate a pattern of past decision-making and clarify future accountability.**

Signal your organisation’s commitment by providing examples of prior decisions that help to convey a pattern of acknowledging the issue and acting to do your part in addressing it.

*Example: “A cross-functional Human Rights Task Force was established in 2017 which elaborated tools and processes to identify and mitigate human rights risks (with focus on modern slavery) in our supply chain. By assessing our critical business suppliers, a scalable Human Rights risk algorithm and risk heat map were put in place. This methodology provided the necessary transparency among the higher tiers of the supply chain. We globally implemented and apply a systematic risk management approach for both our critical business partners and the critical non-tier 1 suppliers.” (Roche)*

Also identify the parties responsible for overseeing any commitments made in the statement as well as any expectations around reporting and/or links to compensation. Commit to a transparent cycle of review and include a timeline for the next review of the statement.

*Example: “An annual review of progress on the commitments made in this policy will be presented to the Enbridge Executive Leadership Team and Board and publicly disclosed in the company’s Annual CSR report.” (Enbridge)*

For the vast majority of position statements that we reviewed, there was no indication of who signed off on the statement or when the statement came into effect. Be explicit about whether your position statement has received the endorsement of management and/or the Board and include the date of sign-off.



# Keep it concise and accessible

Position statements should provide clear guidance and direction to the organisation with respect to relevant ESG issues. A common problem with position statements we reviewed is that they were hard to locate, too long (sometimes dozens of pages), difficult to navigate, and often contained too much extraneous information.

## Avoid reporting on short-term performance or discussing awards or accolades.

While it is important to reference overall trends in your past performance and patterns of decision-making, we recommend that you save reporting on recent performance, achievements to date, awards and accolades, and unrelated sustainability initiatives for your annual sustainability reports or your website.

## Consider briefly addressing what motivated the statement and/or the process that led to its development.

Consider including a section that outlines the motivation for this position statement and/or the process that led to its development. Provide a brief background on why and how the position statement came to be. Were there specific questions, learning outcomes, or impacts that motivated this statement? For instance, some position statements are a response to investor demands.

*For example, you could note: This position statement was motivated by shareholder concerns over the strategic impact that climate change and extreme weather events may have on our strategy and future success.*

## Make sure your position is publicly accessible.

Position statements should be concise and accessible, both in terms of the language used and also in terms of locating them. Your position statements should be publicly available, for instance by including them in the sustainability and/or governance sections of your company's website.

*Example: DuPont consolidates its position statements into a single web-page, noting "Position statements represent DuPont's informed views and opinions on industry-related issues. They cover a range of topics that reinforce our commitment to sustainable growth and are important to stakeholders."*

# Further Resources

Position statements are essential to show your audience that you understand relevant social, environmental, and governance issues and how these issues are linked to your strategy. They also show that you are committing to take action.

This guide can help you create a position statement, and our [Next Generation Governance: Emerging Trends in Climate Change Position Statements guide](#) will help you ensure your position statement on climate change is leading and current. We also maintain a [position database](#), with leading position statements from companies in a variety of industries.

Is your company in the process of developing or revising a position statement on a key sustainability issue? Or has your company recently developed one? Either way, reach out to us. We would love to hear from you!  
[community@embeddingproject.org](mailto:community@embeddingproject.org)

# Acknowledgements

The Embedding Project is hosted by the Beedie School of Business at Simon Fraser University.



This research was supported by the Social Sciences and  
Humanities Research Council of Canada



Social Sciences and Humanities  
Research Council of Canada

Conseil de recherches en  
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