

1 FUNCTION DESCRIPTION

The Government Relations & Public Affairs (GRPA) function deals with how the company interacts with governments, legislators and regulators, and how the company tries to influence and inform public policy issues, including indirectly through business associations, other interest groups and the media.

2 VALUE PROPOSITION

So far, only 3 out of 10 companies have, according to a study from 2013, aligned public policy engagement with their corporate sustainability commitments. Such misalignment - for example on climate change - is increasingly a main reason why corporate sustainability is often met by skepticism and claims of inauthenticity.

Avoiding to directly and indirectly support policy positions that are seen to impede progress on social or environmental questions is thus essential for a company's ability to credibly engage internal and external stakeholders on sustainability and an increasingly important measure in building trust and protecting the brand.

Moreover, proactive public policy engagement in support of for example more environmentally friendly policies can help demonstrate the need, benefits and viability of progressive positions and plans, and give policy-makers the courage and support they need to act. For corporate sustainability leaders, such policy advocacy can provide tangible business benefits by supporting the establishment of a 'level playing field' and the creation of policies that reward responsible business behavior and grow markets for sustainable products and services.

3 STRATEGIC INTEGRATION

Integrating sustainability into the GRPA function begins with a decision to align all policy positions with the company's sustainability commitments. It should be made a priority across all the company's public policy engagement practices to avoid undue influence and to refrain from directly or indirectly supporting positions that contradict the company's own strategies and goals on sustainability priorities. Further, GRPA can improve its value to the company by working closely with the sustainability function to evaluate opportunities to more proactively support for example environmentally friendly policies that can be a source of competitive advantage for the company.

4 OPERATIONAL INTEGRATION

To operationally align public policy engagement with the company's sustainability commitments, a company should make sure the right policies, procedures and guidelines are in place. These should cover both direct relations with governments and policy makers and support for electoral campaigns as well as the influence a company more indirectly has through its PR campaigns, membership of business associations, and support for think tanks and research organizations.

The company should regularly identify - ideally working with both internal and external decision makers and experts - its various channels of influence on policy and the positions that the company directly or indirectly is providing support for. On that basis, it should seek to align its positions and influences to ensure consistency and accountability. Finally, companies are advised to include in its reporting to stakeholders, information about its channels of influence and its involvement of stakeholders in developing or debating its positions.

5 CULTURAL INTEGRATION

Traditionally, the GRPA function has been mostly preoccupied with basic business environment issues such as protection of intellectual property rights and taxation, and they have mostly engaged on social and environmental policy issues from the perspective of reducing operating costs. Individuals and teams from public affairs have typically been in dialogue with civil society organizations on such issues and have an experience of their positions being in opposition to the interest of business.

To enable a better alignment with the company's sustainability commitments and strategies it is important to foster a good understanding also among public affairs professionals of how effective public policies to advance sustainable development

can in fact strengthen core pillars of business success by reducing corruption, fostering a healthier and better-educated workforce and improving the purchasing power of the billions of people currently living in poverty.

More specifically efforts should be made to clearly frame the alignment of public policy engagement with the company's sustainability commitments not only as a measure to protect the company's reputation and brand, but also as an opportunity to over time increase the return on investment from the company's responsible business practices and support a growth in the markets for company's social and environmental-friendly products and services.

6 EMERGING TRENDS AND INNOVATIONS

Reviewing membership of business associations

One of the most important and most challenging issues for responsible public policy engagement are the defensive or obstructive positions on for example climate policy taken by business associations that the company is a member of. In light of the increased scrutiny that companies are likely to face as a result of their membership, leading companies are starting to more carefully review the policy positions of the associations that they are members of. On that basis, companies can either try to push from within for a more constructive engagement, discontinue membership and/or form alternative business coalitions that proactively support policies that align with the company's sustainability commitments.

Advocating for a price on carbon

A very prominent and proactive policy engagement trend is the now more than one thousand companies and investors publicly calling on governments to set a price on carbon. By joining for example the Carbon Pricing Leadership Coalition and becoming a Carbon Pricing Champion of Caring4Climate, companies and investors lend their explicit support to policy mechanisms set a price on carbon and thereby create the necessary incentives for companies at scale to help deliver the transition to a low-carbon economy. See e.g. <http://caringforclimate.org/>

Finding common ground with Civil Society Organizations (CSOs)

Working in partnerships and coalitions to inform public policy is a well-established strategy for pooling insights, information, and experience and thereby increase the impact on public policy. Increasingly, companies are not only working with other private sector organizations, but also forming joint positions on for example national water policies or the need for a global climate change agreement with civil society organizations. Joining forces with civil society organizations can help build trust and prevent allegations of 'policy capture'. Coalitions between business and civil society - typically seen as antagonistic - will give an impression of broad societal support and often be more successful in encouraging governments and policy-makers to act.

Supporting market acceleration

Bringing entirely new types of products to market, for example in the area of green business, the distribution networks might have to be very different, consumers may need more information and persuasion, and the enabling environment may need more of a kick. In such cases, leading companies are exploring different market acceleration strategies, including the creation of coalitions that advocate for a conducive policy environment.