



Oxford-GlobeScan Corporate Affairs Survey

2020 Survey Report

Contents

Introduction

Welcome to the first Oxford-GlobeScan Corporate Affairs Survey Report. This report supplements the webinar presentation on Wednesday 24 June attended by over 500 people from the global corporate affairs community. It captures the views and insights of over 200 senior professionals who were surveyed between February and April 2020 on issues and themes of relevance to the corporate affairs function. A smaller group of over 80 professionals was asked a set of supplementary questions in June 2020 to better understand the impacts of the COVID-19 crisis on corporate affairs.

Oxford University's Saïd Business School is the home to the Corporate Affairs Academy ('the Academy')¹. Each year the Academy invites leaders from the corporate affairs, corporate responsibility, corporate communications, community engagement and investor relations functions of major corporations around the world to spend time discussing critical trends, themes and insights of relevance to organisational stakeholder engagement and insight. By way of example, over the last three years discussion threads have emerged around metrics and measurement, corporate activism and advocacy and organisational purpose. In the first ten years, since its founding in 2011, the Academy has hosted over 152 leading professionals from Asia, Australasia, China, Russia, Europe, the Middle East, Africa, Scandinavia and the Americas. Each year the Academy publishes a summary of its discussions in a white paper, copies of which are available through the Corporate Affairs Academy website.

GlobeScan, an insights and strategy firm, was established in 1987 and has offices in Cape Town, Hong Kong, London, Paris, San Francisco, São Paulo and Toronto. GlobeScan are recognised experts in purpose, reputation and sustainability research, advising organisations on their stakeholder engagement strategies, with the ultimate aim to help clients be trusted leaders. In 2016 it launched a platform of research and engagement amongst leading Corporate Affairs Directors, developing deep insight and expertise in the issues and trends affecting the corporate affairs and corporate communications functions globally².

The University of Oxford and GlobeScan formalised a partnership in 2019 to deliver enhanced insight into the roles, responsibilities, challenges, opportunities and themes facing leading global corporate affairs professionals around the world. The primary purposes of the partnership are to generate valuable research findings for organisations, senior executives and corporate affairs leaders through a regular 'pulse' of novel, timely and data-driven insights about the evolution of the corporate affairs agenda.



¹ <https://www.sbs.ox.ac.uk/programmes/corporate-affairs-academy>

² <https://globescan.com/>

2. The most pressing global risks to business

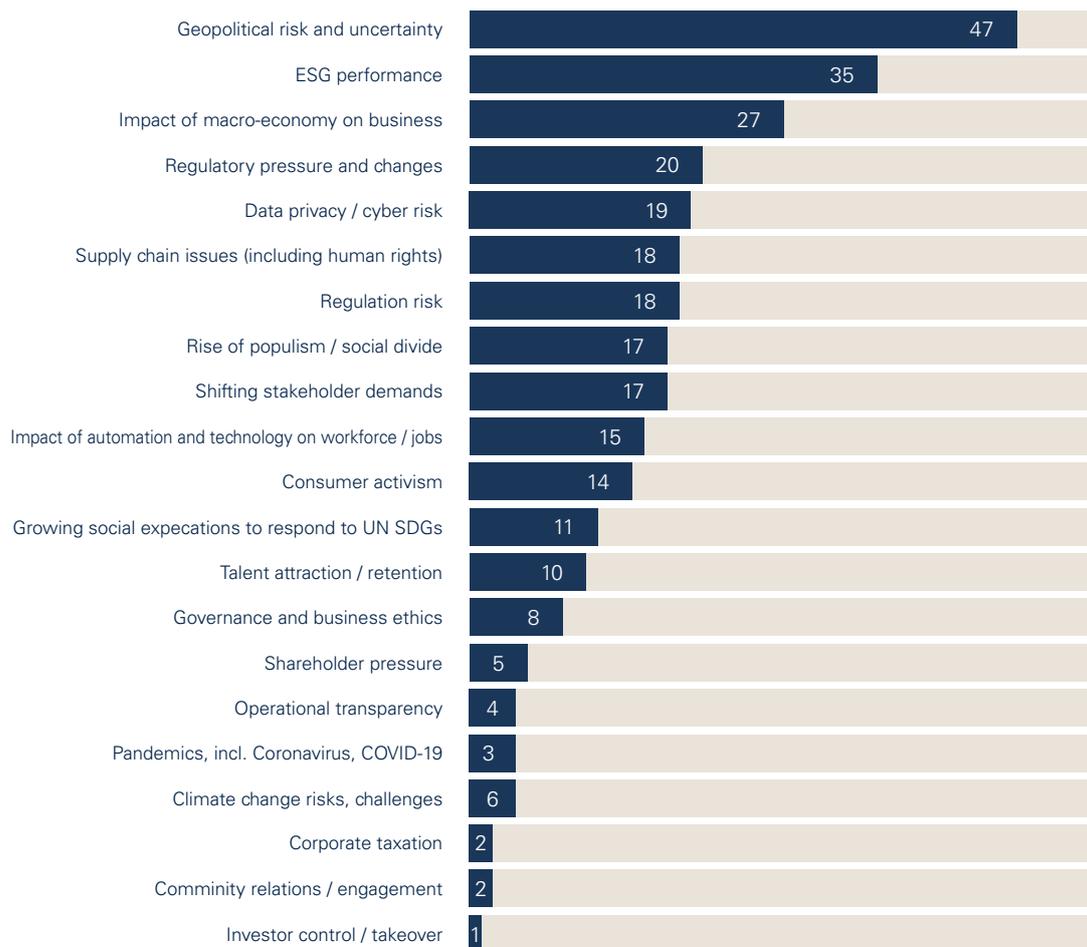
In the survey, respondents were first asked to state their views of the most pressing risks to business over the next two years. The survey presented a list of thematic areas, but also provided open-end response options for respondents to insert other areas that they felt were not covered in the

existing list. Three critical risks dominate the responses, namely, geopolitical risk (47%), ESG risks (35%) and macroeconomic risks (27%).

A full breakdown of the responses can be seen in Figure 1.

Figure 1

Anticipated risks in upcoming 24 months: Sharp rise in geopolitical risk and uncertainty and a greater demand to deliver on ESG goals



Q1 Selecting from the list below, in which areas do you see the most pressing risks to global businesses over the next two years? Respondents were asked to select the top three pressing risks

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Perhaps unsurprisingly, geopolitical risks receive the most mentions, with around half of those polled placing geopolitics in the top three risks. This reflects worries about the VUCA³ nature of global politics, uncertainty around the increasing role of government in business, a perception of increasing regulatory intervention and the rise of nationalism and populism. Regionally, concerns are evenly distributed (again at around 50% of respondents), except for Latin American organisations, who are more sanguine with only a third of respondents naming geopolitics in the top three concerns (Figure 2). Consumer activism (42%) is identified as the most-mentioned risk in Latin America but only ranks 11th globally at 14 percent.

By sector, the highest levels of concern related to geopolitical risk and uncertainty come from the energy, extractives and manufacturing sector (60%), followed by food, forestry and agriculture (50%) and NGOs, Research, IGOs and foundations (50%) (Figure 3).

The second most-mentioned risks are those relating to ESG⁴. Just over a third of respondents put ESG risks in their top three. It is clear from a review of the wider coverage and insights from GlobeScan associates as well as previous cohorts of attendees at the Academy, that ESG issues have moved firmly onto the Board agenda. This is partly due to broader societal engagement around such issues – especially environment (Figure 4) – and because of the increasing governance and oversight emphasis on climate factors within the global investing community. The survey delved deeper into the specifics around ESG risks and a sub-set of questions revealed that there is a preponderance of E (Environment) in the ESG concerns, with 94 percent of ESG concerns revolving around the environment compared to just over 50 percent each for social and governance.

Figure 2
Geopolitical risk and uncertainty across regions

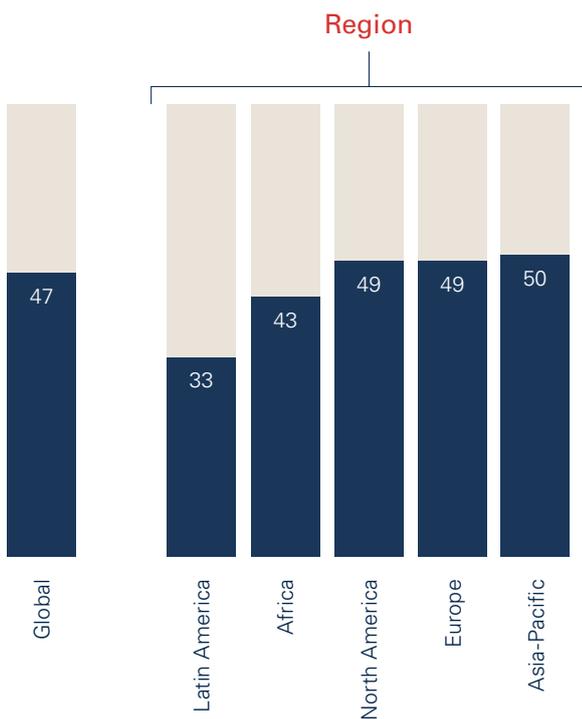
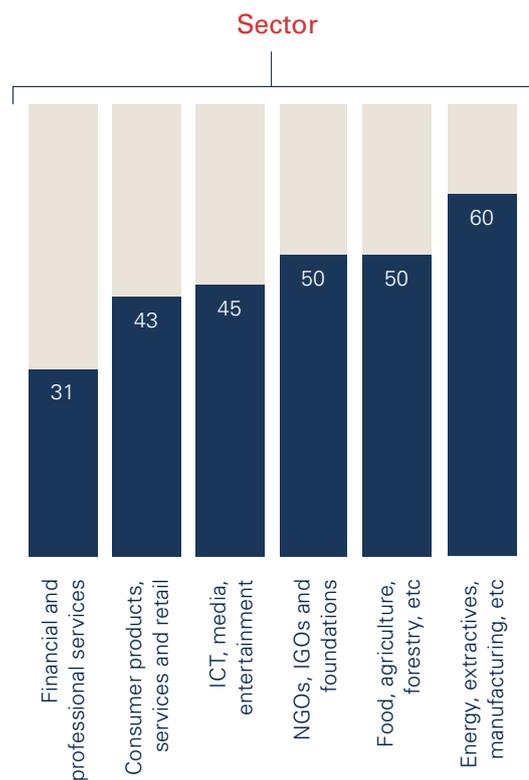


Figure 3
Geopolitical risk and uncertainty across sectors



● Percentage mentioning Geopolitical uncertainty as risk

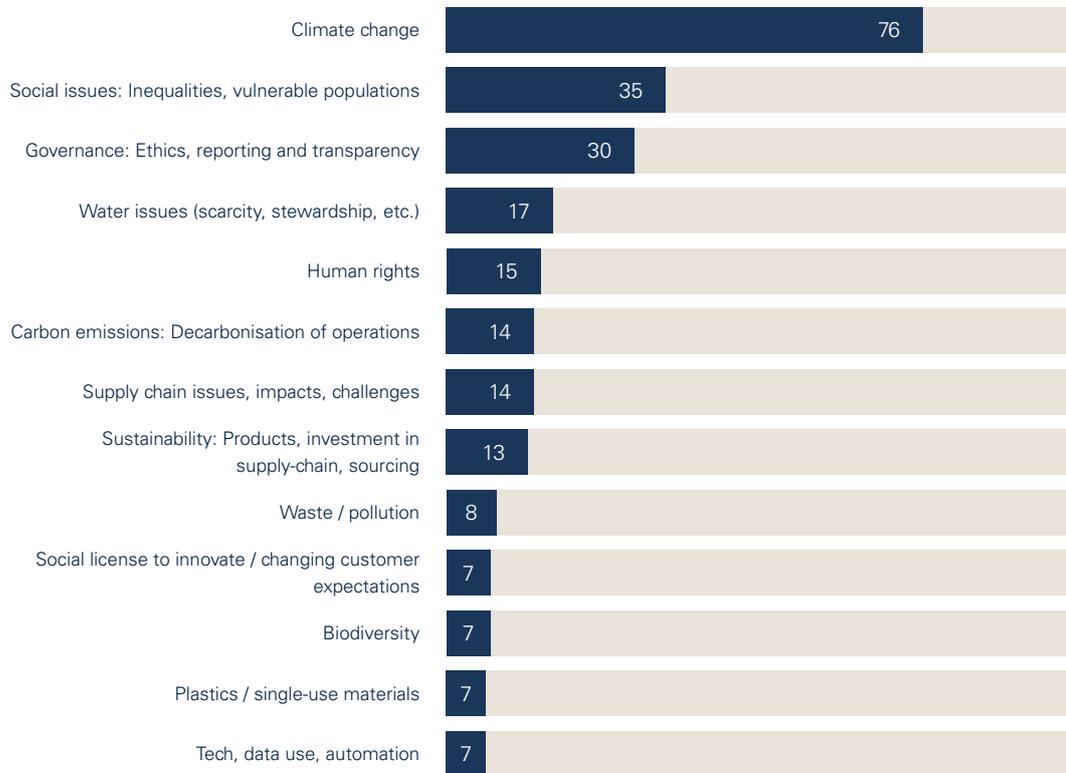
Q1 Selecting from the list below, in which areas do you see the most pressing risks to global businesses over the next two years? Respondents were asked to select the top three pressing risks

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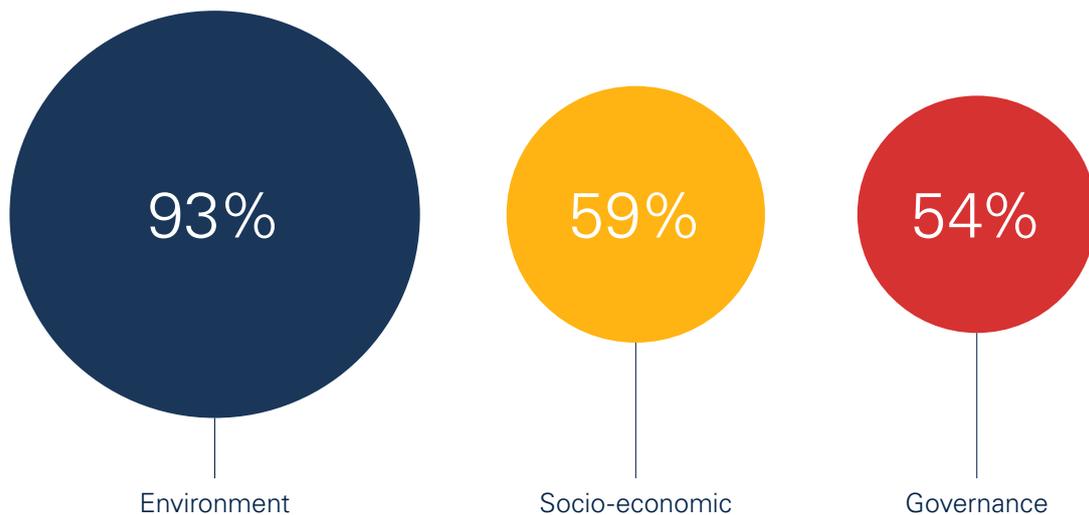
³ VUCA stands for volatile, uncertain, complex and ambiguous. The term was introduced by the US Army War College to describe the changing global landscape after the cold-war.

⁴ ESG stands for environment, social and governance issues.

Figure 4
A deeper dive into specific ESG issues



Grouping detailed issues (above) into broad ESG categories



Q1.1 Which ESG issue is the most prominent? Second most prominent? And third? Above table reflects Total Mentions

Organisations based in the Americas are less likely than others to point to ESG, with only a quarter of respondents in North America and Latin America (24% and 25% respectively) reporting that ESG issues were in their top three of global business risks (Figure 5).

Figure 5
Delivering on ESG performance is mentioned as second most prominent risk

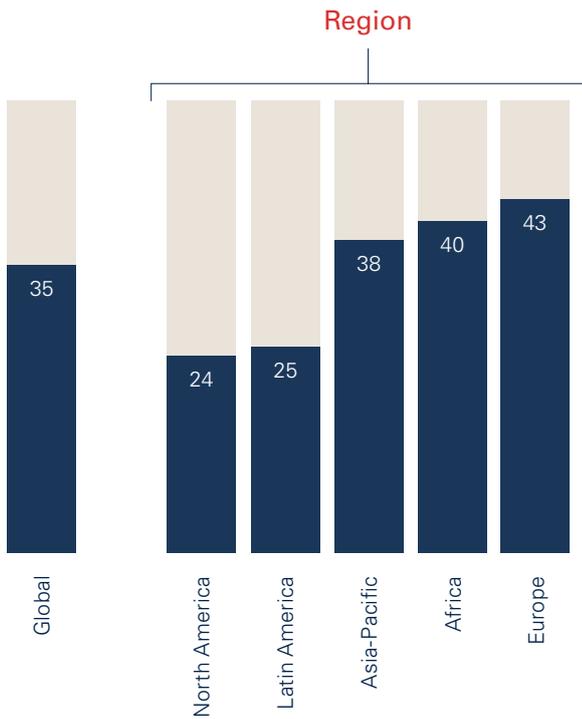
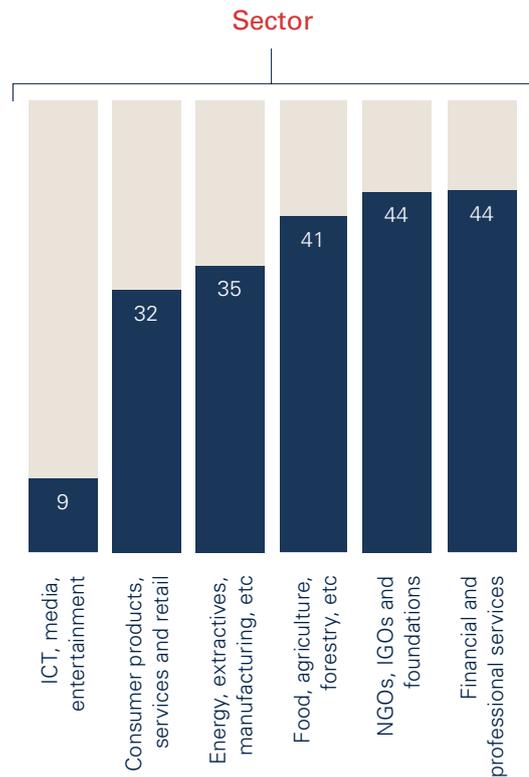


Figure 6
Delivering on ESG performance is mentioned as second most prominent risk



● Percentage mentioning ESG performance as risk

Q1 Selecting from the list below, in which areas do you see the most pressing risks to global businesses over the next two years? Respondents were asked to select the top three pressing risks

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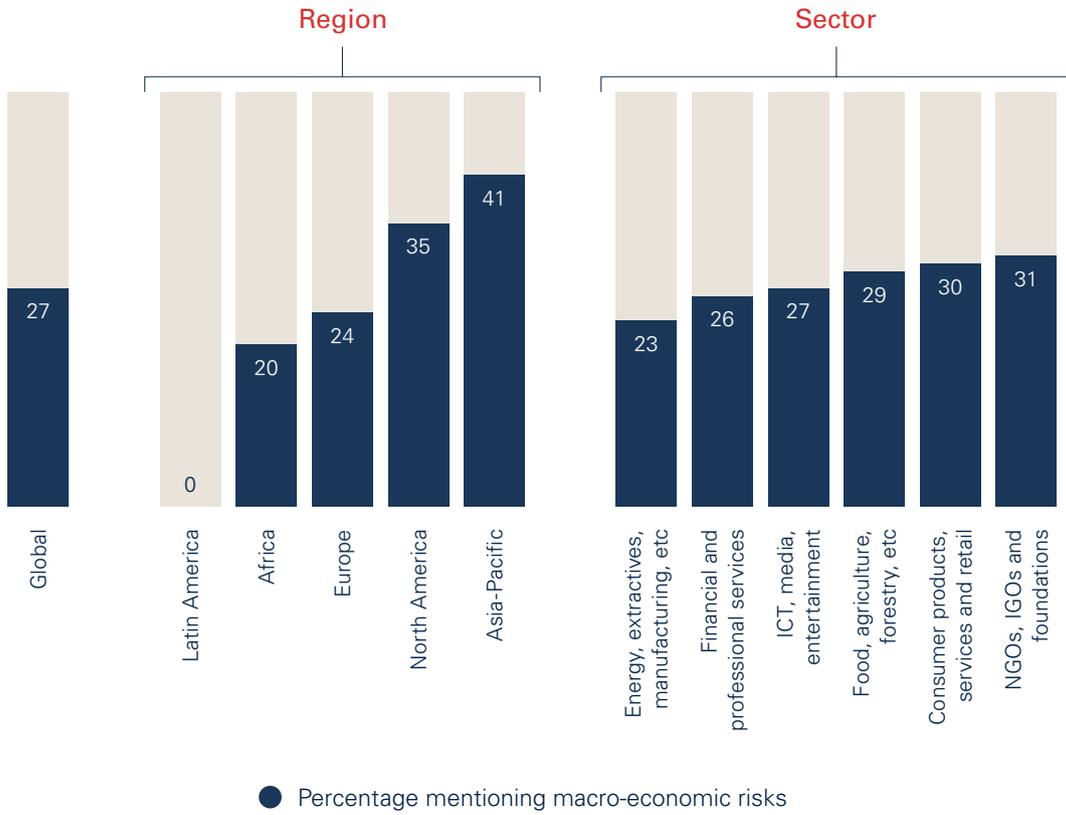
By sector, finance and professional services organisations are most concerned about ESG issues (44%) followed by food, forestry and agriculture (41%). Almost as interesting is the low level of concern expressed among ICT, media and entertainment sector (9%). A full breakdown by sector is included in Figure 6.

Macroeconomic risks are the third most-mentioned global business risk (27% of respondents). Within this, Asia-Pacific and the US show the highest levels of concern (41% and 35% respectively) but perhaps a more interesting picture emerges when looking at this issue by sector. Consumer products and

retail express the most concern, being most immediately influenced by global macroeconomic worries, but NGOs, research, IGOs and foundations show equal levels of concern (31%, most likely reflecting funding worries) (Figure 7).

Finally, it is worth noting the low scores attached to issues around taxation (only 2% of respondents) and shareholder pressure (5% of respondents). We find this notable given that these issues have been more significant risks discussed within the Academy over the last five years and also within the broader surveys conducted by GlobeScan since 2016.

Figure 7
Macro-economic risks mentioned as the third most important risk



Q1 Selecting from the list below, in which areas do you see the most pressing risks to global businesses over the next two years? Respondents were asked to select the top three pressing risks

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3. Priorities of the Corporate Affairs function

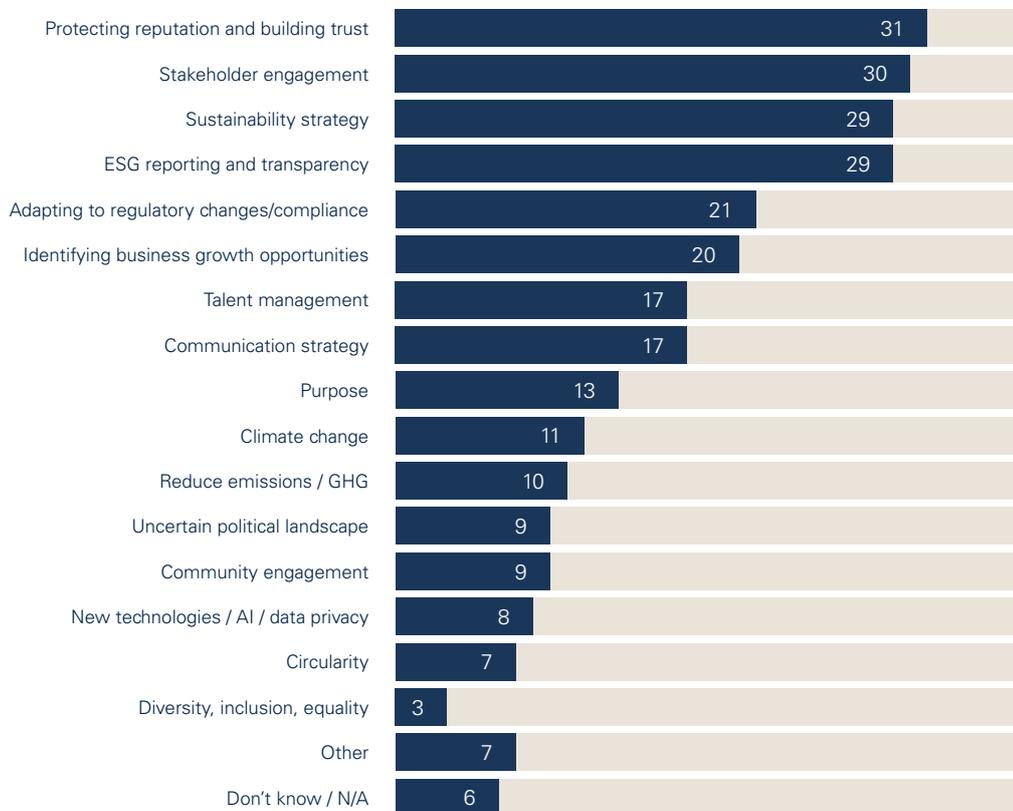
3.1 Importance

The survey asked Corporate Affairs professionals to state the three most important priorities that they have been tasked to deliver over the next 12 months. Four critical areas emerged – protecting reputation and rebuilding trust, stakeholder engagement, sustainability strategies and assisting with ESG reporting and transparency initiatives.

Around 30 percent of all respondents focused on these four issues (Figure 8), with reputation/trust and stakeholder

engagement taking the top slots. These two issues are critical to the function, and are of great importance when it comes to priorities. The addition of ESG reporting and transparency reflects the growing importance of these issues within Executive Committees and the Board, while the inclusion of sustainability strategies speaks well to a more strategic engagement of the function within critical business decision making.

Figure 8
Protecting reputation, ensuring effective stakeholder engagement and sustainability strategy are key priorities

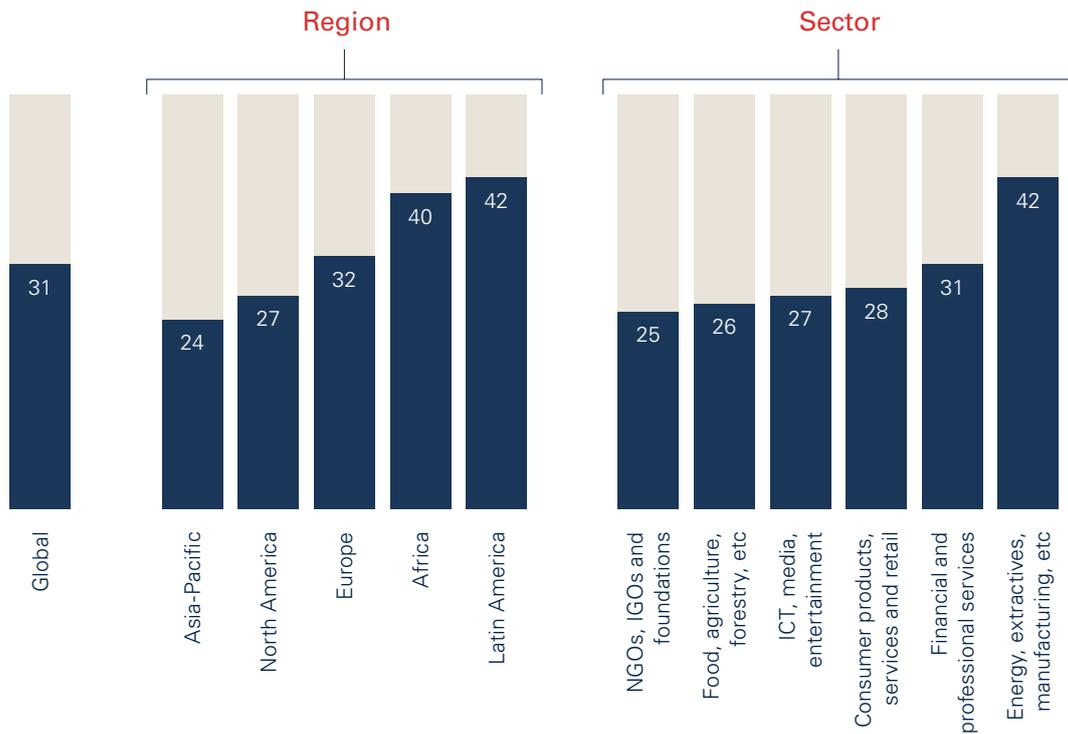


Q3 Could you name the 3 most important priorities that you have been tasked with to deliver on in the next 12 months?

Reputation, trust and creation/protection of social licence is the most mentioned priority (31%), especially in the Global South (Africa and Latin America – 40% and 42%, respectively) and also in the energy, extractive and

manufacturing sector (42%) – see Figure 9. Scores outside of the energy, extractives and manufacturing sector are fairly consistently recorded as priorities for between 25 percent and 30 percent of respondents.

Figure 9
Top priority: Protecting reputation and building trust



● Percentage mentioning protecting reputation and building trust as a priority

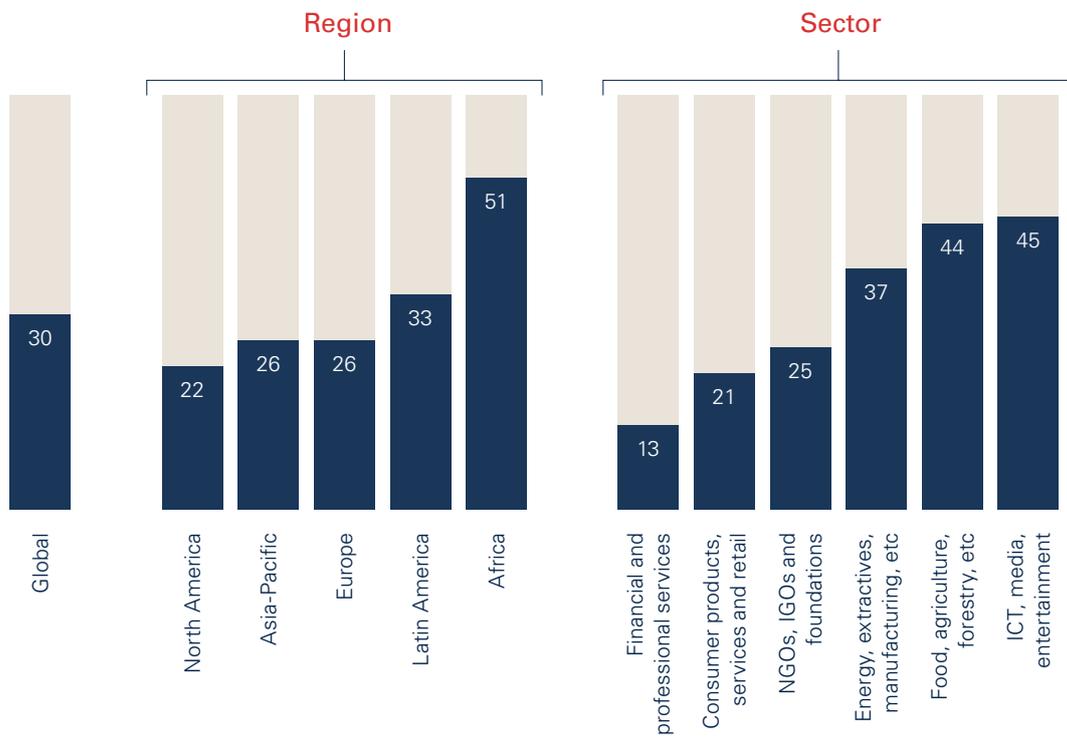
Q3 Could you name the 3 most important priorities that you have been tasked with to deliver on in the next 12 months?

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The second most mentioned priority is stakeholder engagement. Notably, the highest proportion of responses mentioning this as a key priority come from African organisations (51%). By sector, the most mentions come from food, agriculture and forestry (44%) and energy, extractives and manufacturing (37%) reflecting the traditional role of corporate affairs in long-term and long-tail community

and stakeholder engagement practices in these sectors. Also of note is the high level of priority expressed for stakeholder engagement from ICT, media and entertainment (45%), perhaps reflecting greater regulatory and political scrutiny of these types of business over the last two years – and concerns about greater regulatory and government oversight in the coming year (Figure 10).

Figure 10
Second most-mentioned priority: Stakeholder engagement



● Percentage mentioning stakeholder engagement as a priority

Q3 Could you name the 3 most important priorities that you have been tasked with to deliver on in the next 12 months?

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Sustainability strategies are mentioned by 29 percent of respondents. Within this grouping sit activities related to climate response, sustainable products and supply chain management and packaging. The inclusion of this as a priority reflects in our view the increasing role of corporate affairs in decoding the external issues as they relate to product development and in-market strategies, and in collaborating internally with other strategic functions on this agenda. We expand on this in Section 5 – ‘Governance of Corporate Affairs.’

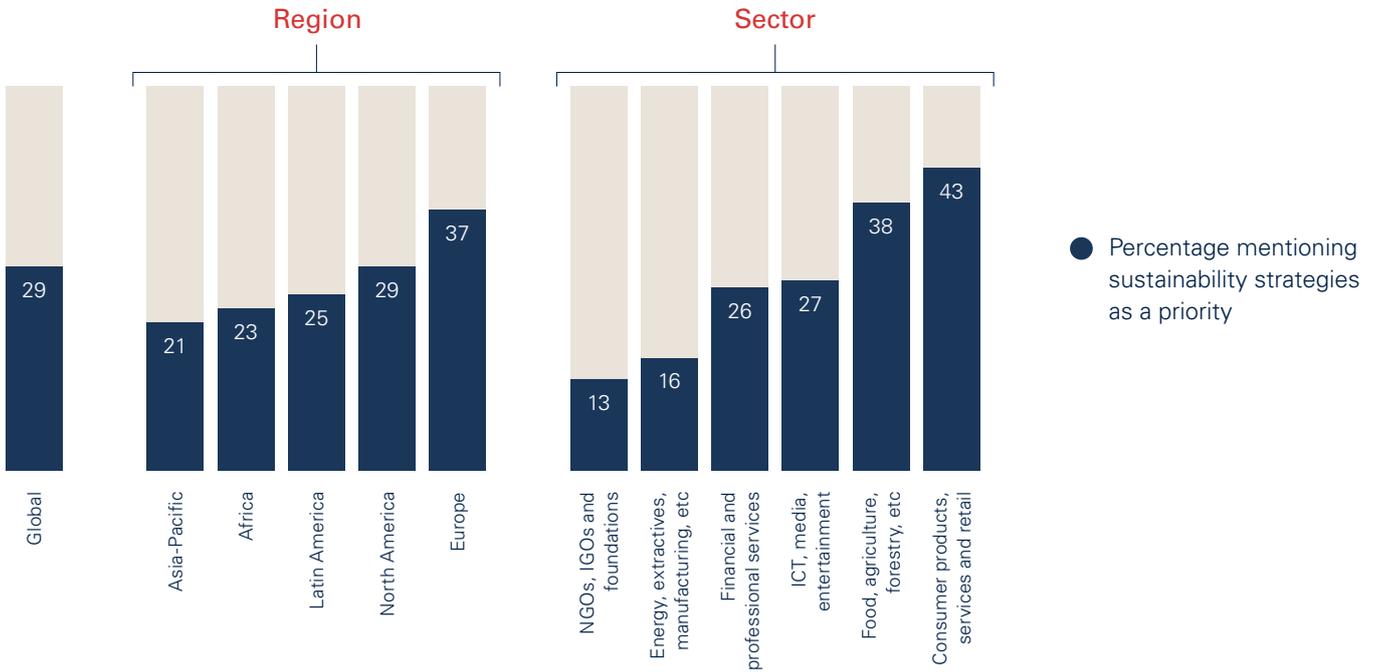
Geographically, sustainability strategies have a greater prominence within European organisations (37%) and the least prominence within organisations based in Asia-Pacific (21%). Within the different sectors, consumer products and retail are most engaged on this topic (43%) while NGOs, research, IGOs and foundations are least engaged (13%), likely as result of the fact that the core of their work revolves around these issues – see Figure 11.

Finally, ESG reporting and transparency secured 29 percent of mentions from respondents. Corporate Affairs professionals are seeing requests for help and leadership not only when it comes to demonstrating stated priorities, through reporting and the management of specific ESG initiatives, but also by being involved in the origination and definition of the top-line goals and ambitions within the Executive committee discussions.

There was a fairly even distribution by region to this question (between 23% and 33% of respondents), with a higher proportion of respondents in the ICT, media and entertainment sector (36%) and the consumer products and retail sector (34%) perhaps reflecting regulatory fears in the former and consumer preferences in the latter (Figure 12).

Figure 11

Third most-mentioned priority (tied with ESG reporting below): Sustainability strategies

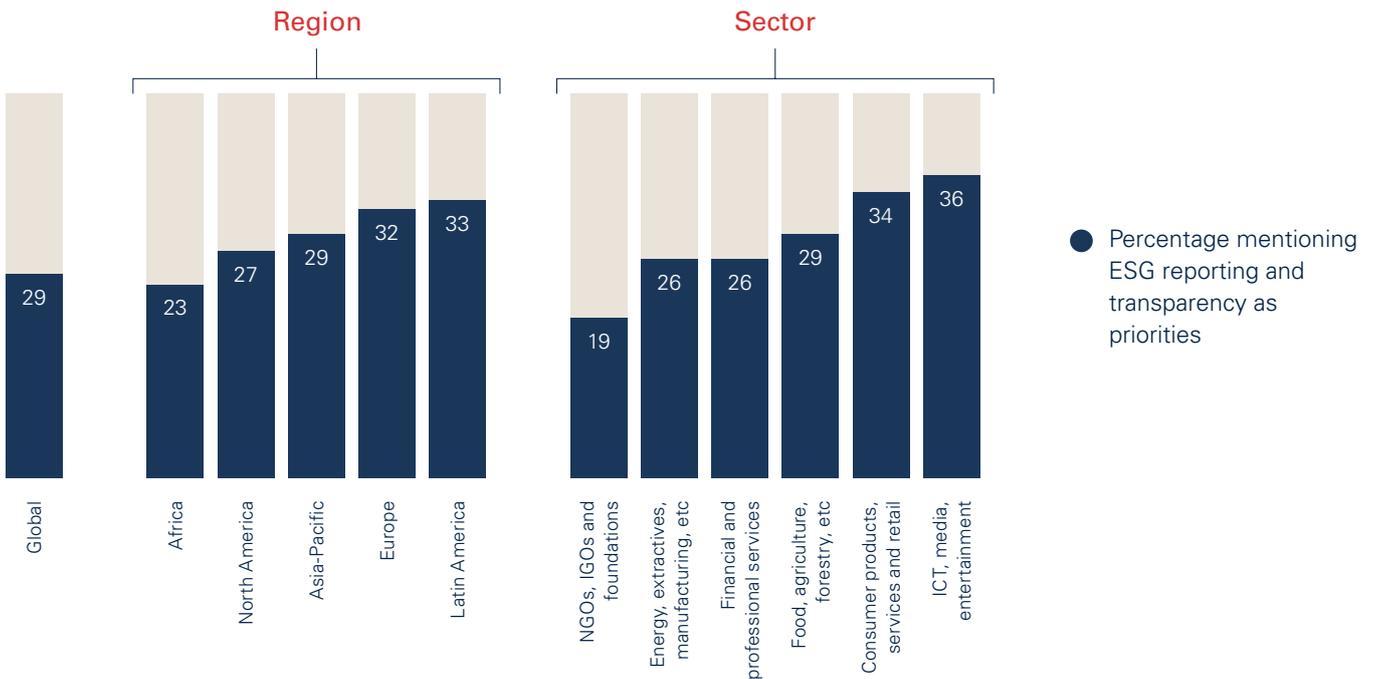


Q3 Could you name the 3 most important priorities that you have been tasked with to deliver on in the next 12 months?

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Figure 12

Third most-mentioned priority (tied with Sustainability strategy above): ESG reporting and transparency



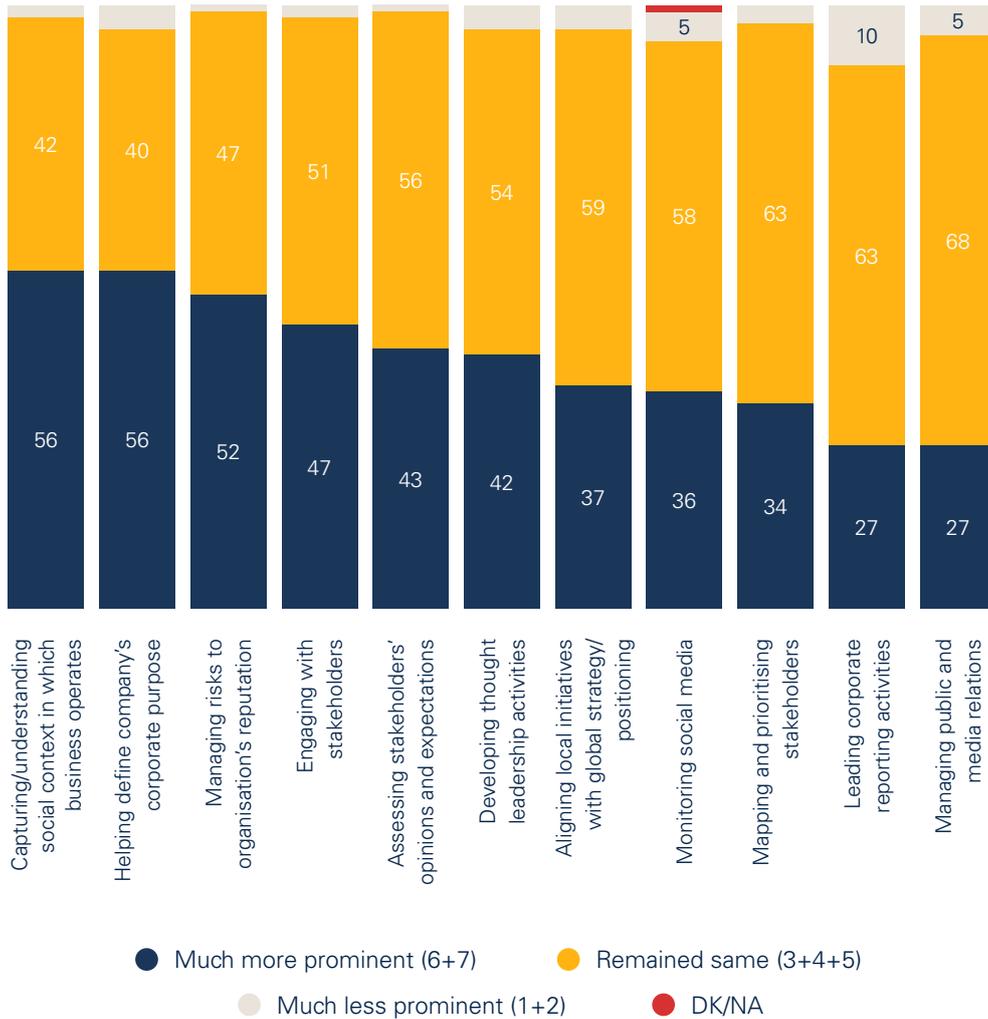
Q3 Could you name the 3 most important priorities that you have been tasked with to deliver on in the next 12 months?

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3.2 Prominence

We also asked respondents to state which areas are a more prominent part of their role today compared to three years ago. Respondents were presented with a list of activities, with their responses in Figure 13, below.

Figure 13
Compared to three years ago, greater prominence today on understanding social context, defining purpose and managing reputation



Q4 In thinking of each of the following activities that may be part of your professional responsibilities, would you say that they have become a more or less prominent part of your role compared with three years ago?

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Overall, we identify three dominant themes seen as more prominent than three years ago – mapping purpose, mapping context and mapping risks.

Mapping purpose was mentioned by 56 percent of respondents, with a particular focus identified in the Global

South (African-based organisations – 62%; Latin American organisations – 83%) and in the ICT, media and entertainment space (68%) with high levels seen in almost all other sectors (between 54% and 58%). The only exception, perhaps unsurprisingly given the nature of their work, is NGOs, research, IGOs and foundations (40%). See Figure 14.

Mapping context receives equally large scores, with 56 percent of respondents again stating that this had become a bigger part of their activities compared to three years ago. Corporate Affairs professionals are particularly valuable when it comes to decoding the issues and themes that organisations face when interacting with external stakeholders. High scores are seen in all regions with the lowest being North America (46%) and the highest being Latin America (75%). By sector, particularly high scores are seen in the consumer products and retail sector (64%), the

energy, extractives and manufacturing sector (61%) and also in the NGO, research, IGO and foundations sector (60%).

Mapping risks is the third largest area (52%) with a particular focus on this seen in organisations based in the Global South – Latin America (75%) and Africa (62%). By sector, energy, extractives and manufacturing lead the ranking (6%), with high priority on this area also seen in ICT, media and entertainment (56%) and consumer products and retail (52%).

Figure 14
Mapping purpose has become a more prominent priority



● Percentage listing mapping purpose as more prominent priority than three years ago

Q4 In thinking of each of the following activities that may be part of your professional responsibilities, would you say that they have become a more or less prominent part of your role compared with three years ago?

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3.3 COVID-19 Impact

Finally, we asked respondents in the June supplementary survey to identify how and where the priorities of the function have changed in response to the COVID-19 pandemic.

The most significant change was seen in internal communications activity, as corporate affairs leaders helped

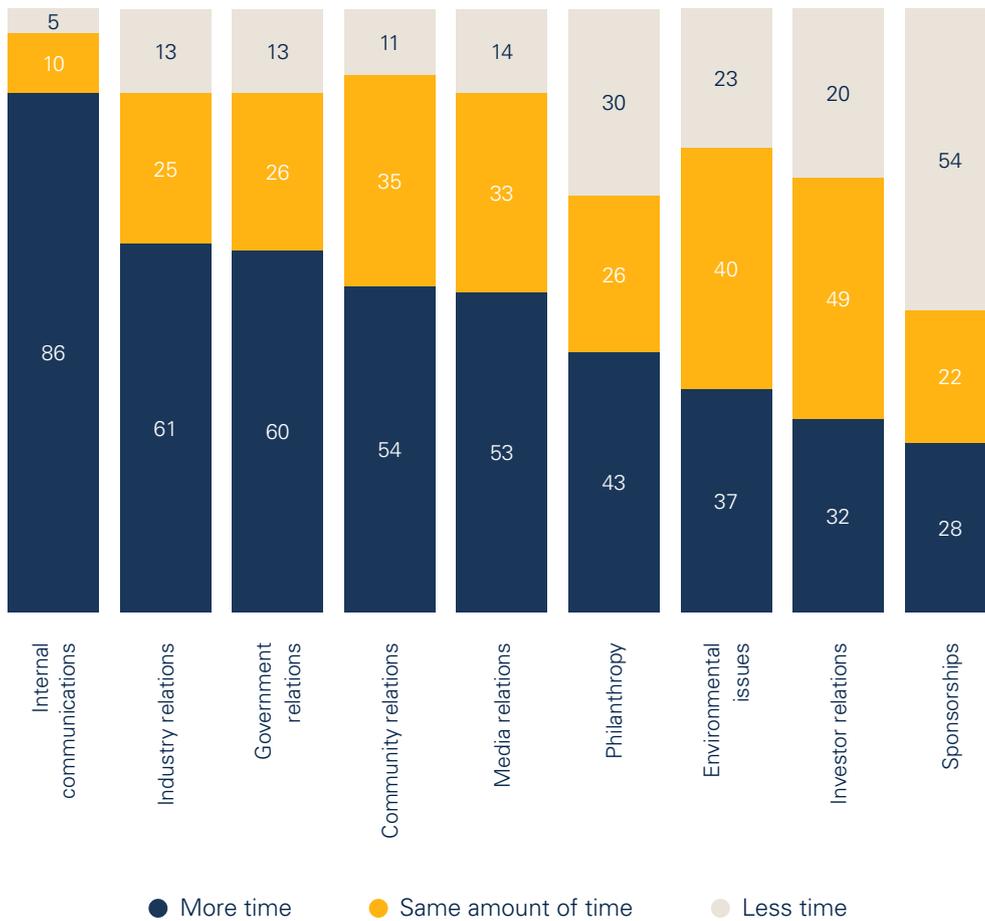
their organisations explain their internal safety and logistical decisions and their external societal engagement actions to colleagues. More than eight in ten (86%) of respondents stated that they were spending more time on internal communications during COVID-19.

Second, a grouping of activities related to explaining the organisation’s role and responsibilities within society are highlighted as major areas for engagement. Industry relations is a particularly important area as organisations seek to collaborate with peers on critical issues (61%), government relations reflecting the dramatic increase in governmental and regulatory expectations as to what business can do to help during the pandemic (60%) and community relations activity

as organisations ramp up the support and protection of the local communities where they operate (54%).

Finally, it is worth pointing out that the number of activities where there is much more time demanded greatly exceeds those where less time is required. This speaks to the large increase in the volume of work required of Corporate Affairs professionals (see Figure 15).

Figure 15
Internal communications followed by industry and government relations is taking centre stage during COVID-19 crisis



Q: We would like to understand whether your daily focus has changed in this period of lockdown and response to the COVID-19 pandemic. Are you spending more, the same or less time in the following areas?
Survey of 80 respondents conducted in June 2020

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4. Purpose and trust

Of the issues identified as critical for Corporate Affairs professionals, there are two that stand out – the work on purpose and the drivers of trust. The survey asked a specific set of questions related to these two themes, resulting in a deeper dive into the details behind each. Critical insights include the conclusion that much more has to be done for

purpose to be embedded firmly into strategy, articulated to employees and effectively stewarded by corporate leaders; while on trust, the survey confirms evidence elsewhere that there are generally low-to-mid levels of trust in business and that corporate character dominates drivers of trust.

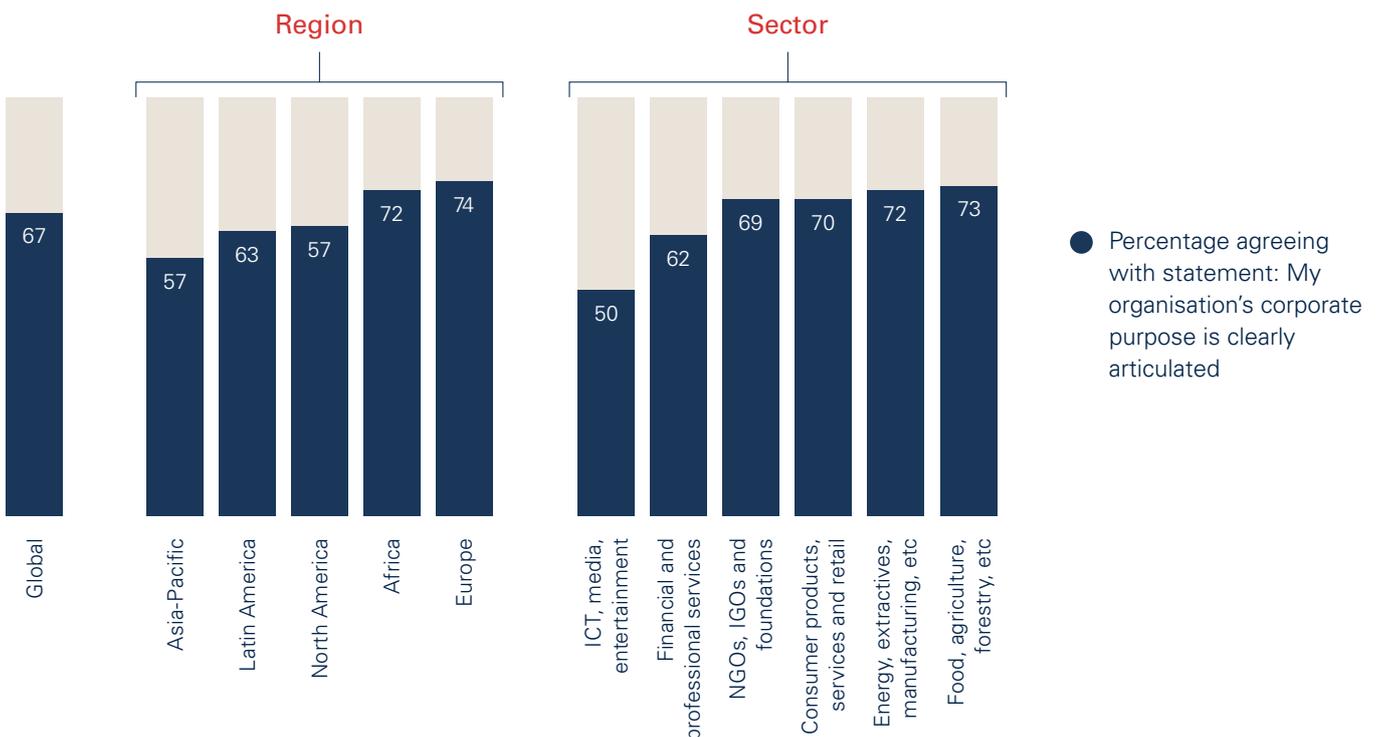
4.1 Purpose

Five specific issues emerged from the survey relating to purpose.

The first concerns the question of whether respondents felt that their organisation has a corporate purpose. Over eight in ten (85%) feel that their organisations have a well-defined purpose, with the highest levels recorded in Africa (91%) and the lowest in Latin America (67%).

However, it is interesting to see that a smaller number (67%) report that they feel their company's corporate purpose is well articulated. The sector that feels purpose is least well-articulated is the ICT, media and entertainment sector (50%), versus scores of between 62% and 73% in other sectors surveyed – see Figure 16).

Figure 16
My organisation's corporate purpose is clearly articulated



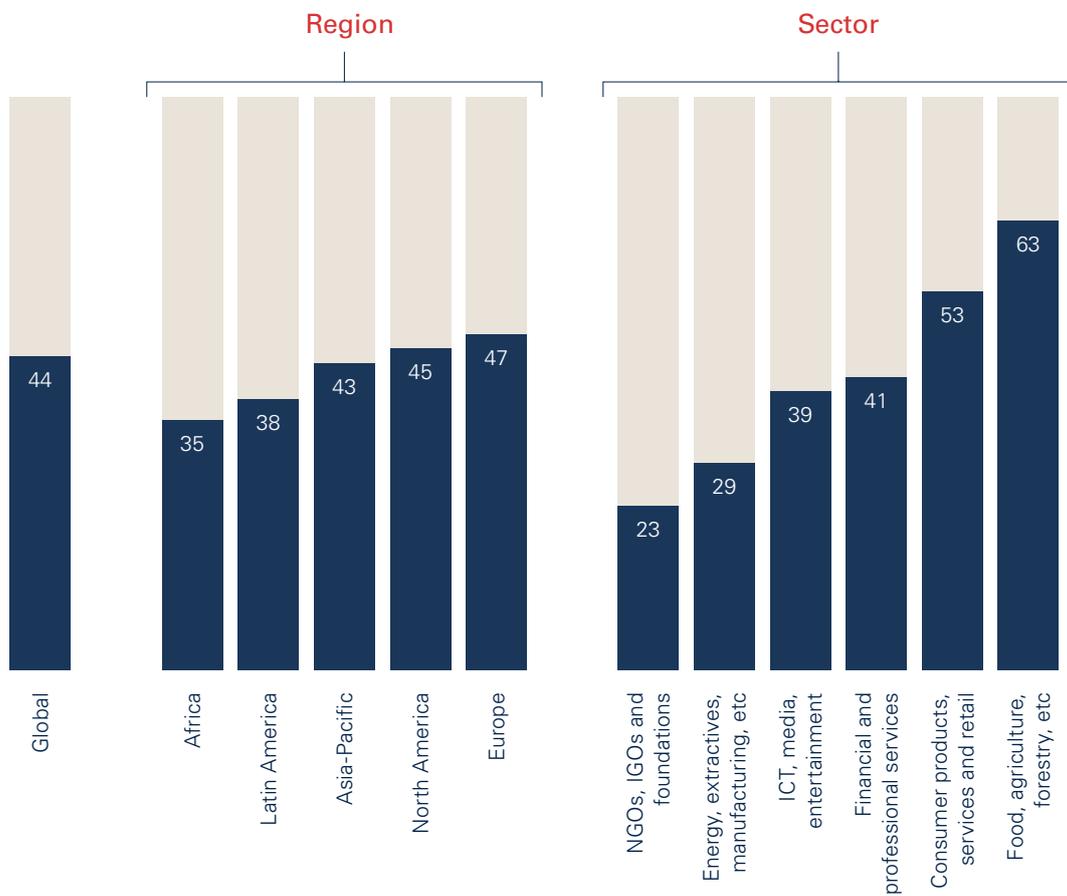
Q72 To what extent do you agree or disagree with each of the following statements related to your company's corporate purpose? © Oxford-GlobeScan Global Corporate Affairs Survey, 2020

The survey also asked if respondents felt that purpose is effectively communicated across all corporate communication channels. There were no regions that scored higher than 50 percent on this question (see Figure 17). By sector, the food, forestry and agriculture sector is the most positive (63%) with the energy, extractives and manufacturing (29%) and the ICT, media and entertainment (23%) showing the lowest scores.

The third question relates to whether purpose is perceived to play an important role in major business decisions, which

we paraphrase as corporate strategy (Figure 18). Here, Asia-Pacific-based organisations report the highest scores (64%) while Latin American-based organisations feel purpose is least well connected to strategy (25%). By sector, consumer products and retail report high levels of connection (73%), with the energy, extractives and manufacturing and the financial and professional services sectors reporting the least connection (33% and 44%, respectively).

Figure 17
Corporate purpose of the company is effectively communicated



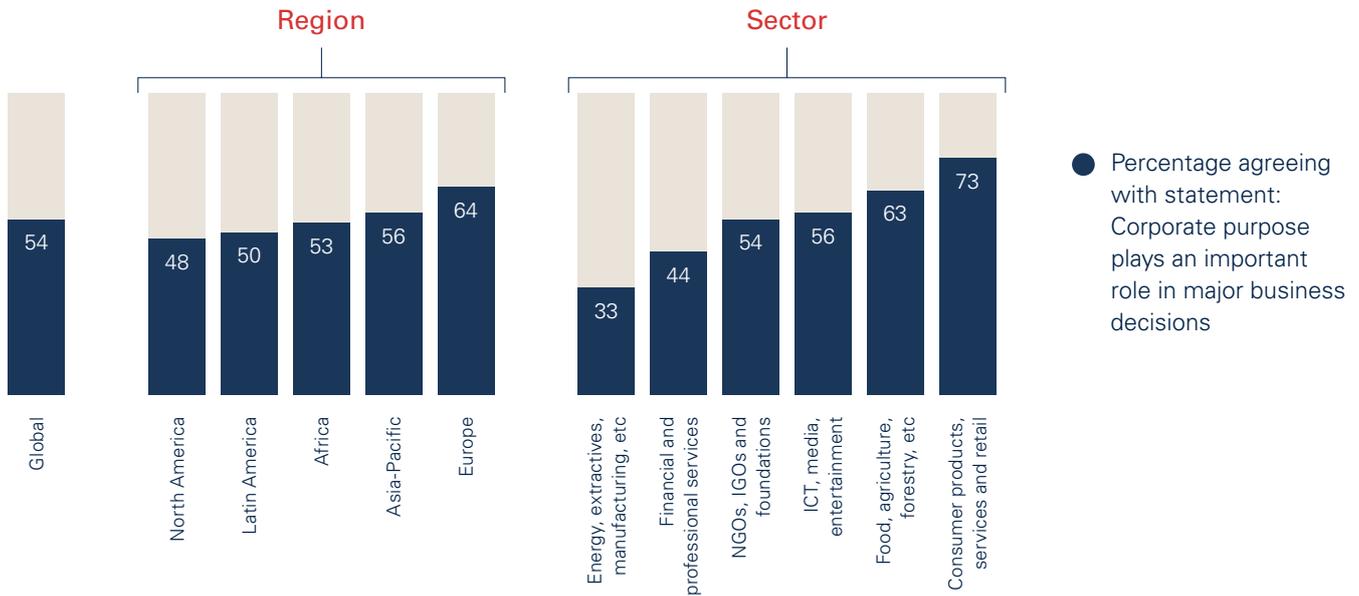
● Percentage agreeing with statement: My organisation's corporate purpose is effectively communicated across all corporate communication channels

Q7.2 To what extent do you agree or disagree with each of the following statements related to your company's corporate purpose?

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Figure 18

My organisation's corporate purpose plays an important role in major business decisions



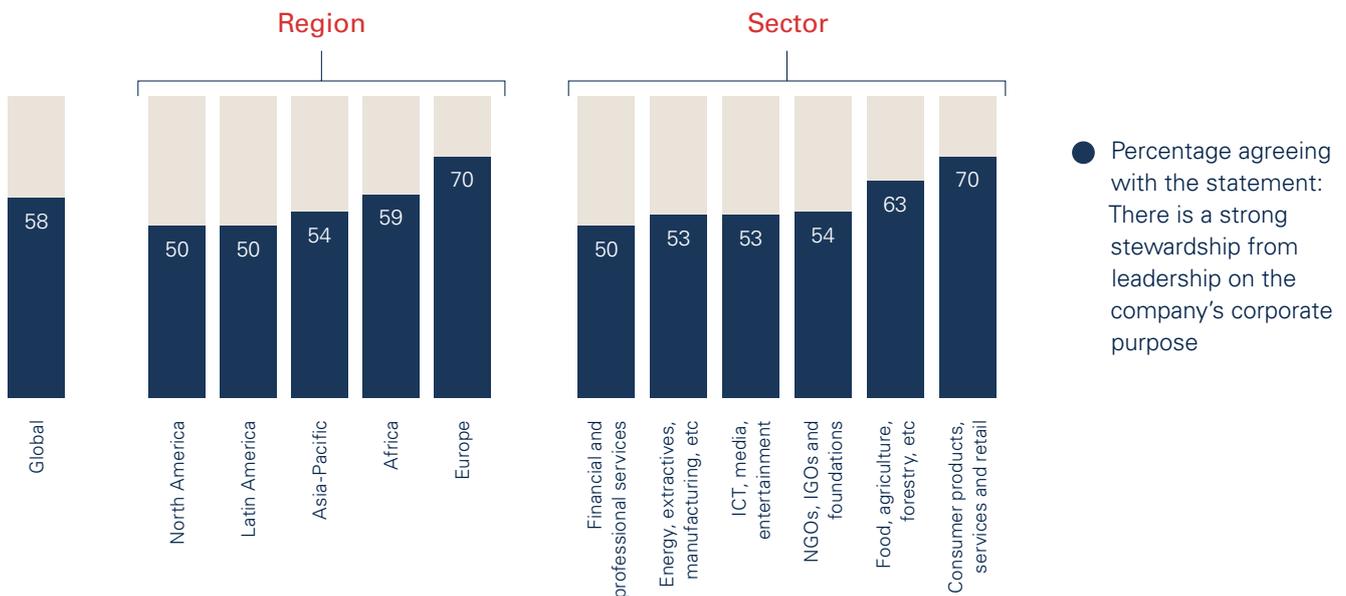
Q7.2 To what extent do you agree or disagree with each of the following statements related to your company's corporate purpose? © Oxford-GlobeScan Global Corporate Affairs Survey, 2020

The fourth question related to corporate stewardship, in particular the level of senior leadership engagement on purpose. Here the strongest engagement was seen within European organisations (70%), reflecting the more integrated way in which purpose has been historically embedded in

corporate governance in Europe. The Americas see the lowest levels of stewardship from senior leaders (50% each). By sector, consumer products and retail organisations again lead the pack (70%) (Figure 19).

Figure 19

There is a strong stewardship from leadership on the company's corporate purpose

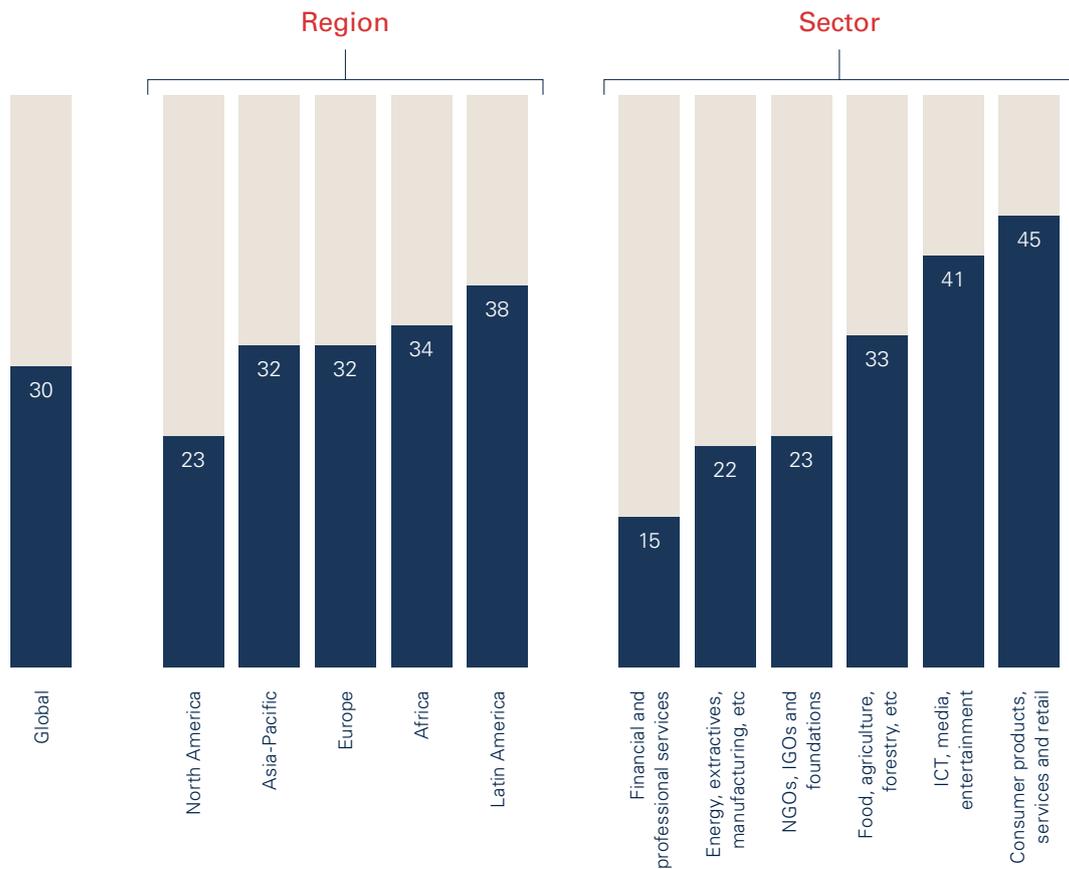


Q7.2 To what extent do you agree or disagree with each of the following statements related to your company's corporate purpose? © Oxford-GlobeScan Global Corporate Affairs Survey, 2020

The fifth question in this series of questions around purpose measured perception of employees' understanding of how much they help to deliver on corporate purpose. Generally, across all respondents, the scores are low (30%), with low ratings across all regions (between 23% in North America and 38% in Latin America). By sector, the picture is even more fractured. Consumer products companies lead the ratings with 45 percent who say that they think that

employees understand purpose, followed by ICT, media and entertainment at 41 percent. At the other end of the scale, financial and professional services see the lowest score (only 15%), which should be a major cause for concern within the leadership teams of these organisations – and a major priority as corporate affairs professionals seek to engage and protect corporate reputations within this sector during COVID-19 and as the economy is rebuilt (Figure 20).

Figure 20
Employees understand how they help to deliver on the company's corporate purpose



● Percentage agreeing with the statement: Employees understand how they help to deliver on the company's corporate purpose

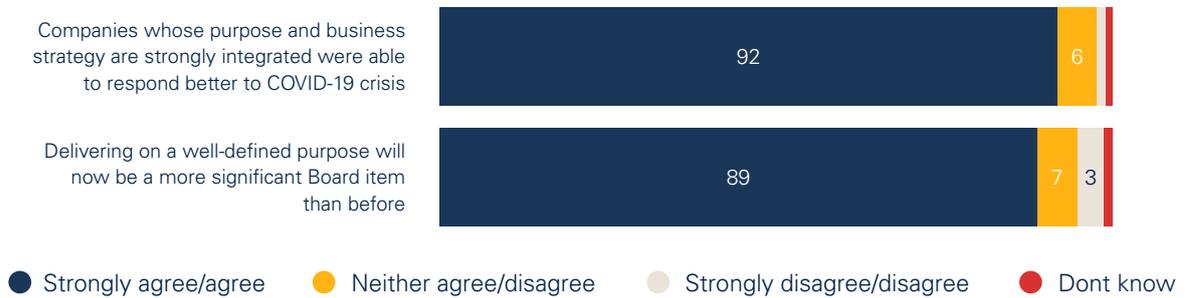
Q7.2 To what extent do you agree or disagree with each of the following statements related to your company's corporate purpose?

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Finally, around purpose, we asked respondents whether they felt that companies that have managed to integrate purpose and strategy have been better able to respond to COVID-19. The overwhelming response to this is 'yes' (92%) which rises to 98 percent when neutral responses are included.

We followed this up with a second question relating to whether COVID-19 would lead to more Board pressure for a well-defined purpose, and the response here is overwhelmingly positive (89%), rising to 96 percent if neutral responses are included (Figure 21).

Figure 21
Importance of integrated corporate purpose now and in the future



Q1: Do you strongly agree, agree, neither agree or disagree, disagree or strongly disagree with the statements.
Base: All respondents who completed a short, supplementary survey. n=80. Fieldwork between 27 May and 22 June 2020

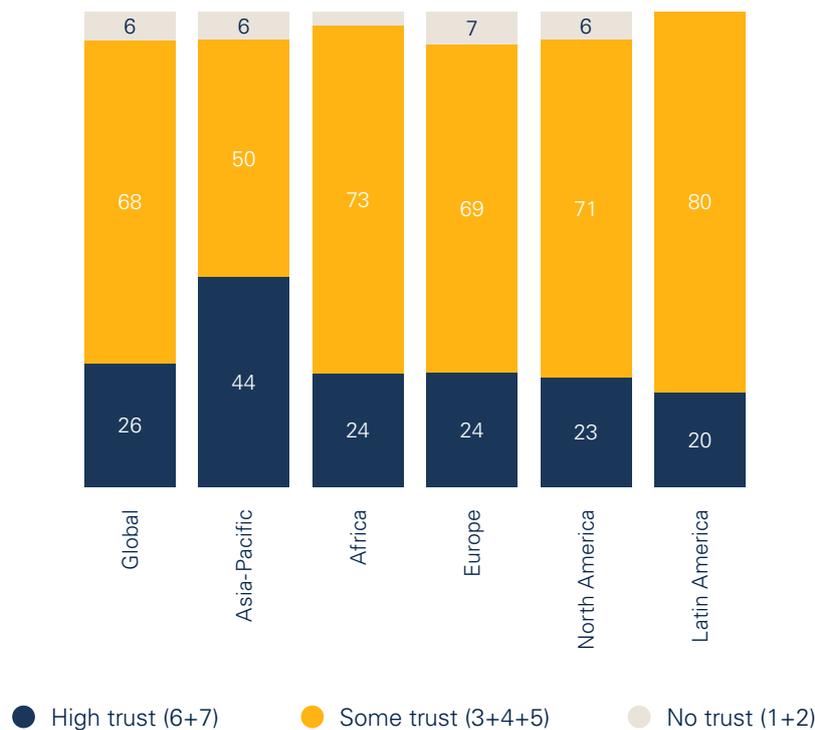
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4.2 Trust

Overall, this survey shows that the levels of trust in business are similar to those in other surveys, namely that there remains a trust deficit when it comes to the way business is perceived (Figure 22). Only 26 percent of respondents feel that there are high amounts of trust, and this is consistent in all regions surveyed except for in Asia-Pacific-based

companies where the scores are higher (41%). By sector, the energy, extractives and manufacturing sectors see especially low levels of trust (12%), with the NGO, research, IGO and foundations sector perhaps unsurprisingly seeing the highest levels (44%).

Figure 22
Trust in own company is low, with Asia-Pacific companies being the exception



Q5 Public opinion research shows that multinational companies face a lack of trust. Overall, how much do you think your stakeholders trust your company to operate in the best interests of society today?

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The picture becomes much more interesting when we examined perceived drivers of trust. We asked respondents to rank drivers of trust from a long list, covering capability and character traits (Figure 23)⁵. Particularly strong drivers of trust emerged around integrity and honesty (53%), providing quality products and services (42%) and building

effective stakeholder relationships (40%). What becomes clear is that perceived character traits – intangible elements of reputation – outweigh perceived capability traits – more functional aspects of reputation – when it comes to drivers of trust, with character being almost double the weighting of capability.

Figure 23
Drivers of trust: Character and capability

Character		Capability	
Integrity and honesty	(53%)	Product quality	(42%)
Stakeholder relationships	(40%)	Financial strength / profitability	(28%)
CEO profile	(39%)	Strategic clarity	23%
Purpose	(34%)	Job creation	(17%)
Employee treatment	(30%)	Product innovation	(12%)
Transparency	(30%)	Market position	(7%)
Environmental stewardship	(29%)		
Accountability	(27%)		
Regulatory compliance	(21%)		
Community engagement	(20%)		
Human rights	(11%)		
Philanthropy	(8%)		

Q6 What do you think drives trust in your company today? * Respondents were asked to select the five most important sources of trust.

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⁵ Mayer, Davis & Schoorman are the authors of one of the most cited papers (1995) on trust namely, "An Integrated Model of Organisational Trust" in *Academy of Management Review* (1995), vol 20 no 3: 703-734. They identify three dimensions of trustworthiness – ability, benevolence and integrity - now widely known amongst trust scholars as 'the ABI model'. We have placed this ABI framework within the two-dimension capability/character drivers of reputation – ability relating to capability, and benevolence and integrity relating to character.

5. Effectiveness of the Corporate Affairs function

This section of the survey produced some important insights into the effectiveness of the function when it comes to creating and protecting business value.

5.1 Delivering value to the business

Overall, just over half of respondents (52%) believe that the function generally creates significant value, while less than half of those surveyed (42%) believe that their own function creates significant value. Digging deeper, the problem seems

particularly acute within North American organisations (31%), and in terms of the sectoral findings, this is even more marked in financial and professional services, where only 19 percent believe that their function creates significant value.

Figure 24

Main reasons for lower impact of Corporate Affairs in creating business value



Q11 You indicated that you believe that the Corporate Affairs function is not delivering well in terms of creating and protecting business value. What are the main reasons why you believe the impact of Corporate Affairs in creating and protecting business value is lower?

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'Outdated approaches based on previous era. Slow pace of change in responding to evolved expectations, power structures, risks and opportunities.'

C-level. United Kingdom.

'It could be leveraged as a business driver / growth mechanism more than it generally is. There's too much focus on protecting than on promoting.'

C-level. United States.

There are three main reasons for why the impact of Corporate Affairs is less significant than it should be that stand out from the research (Figure 24).

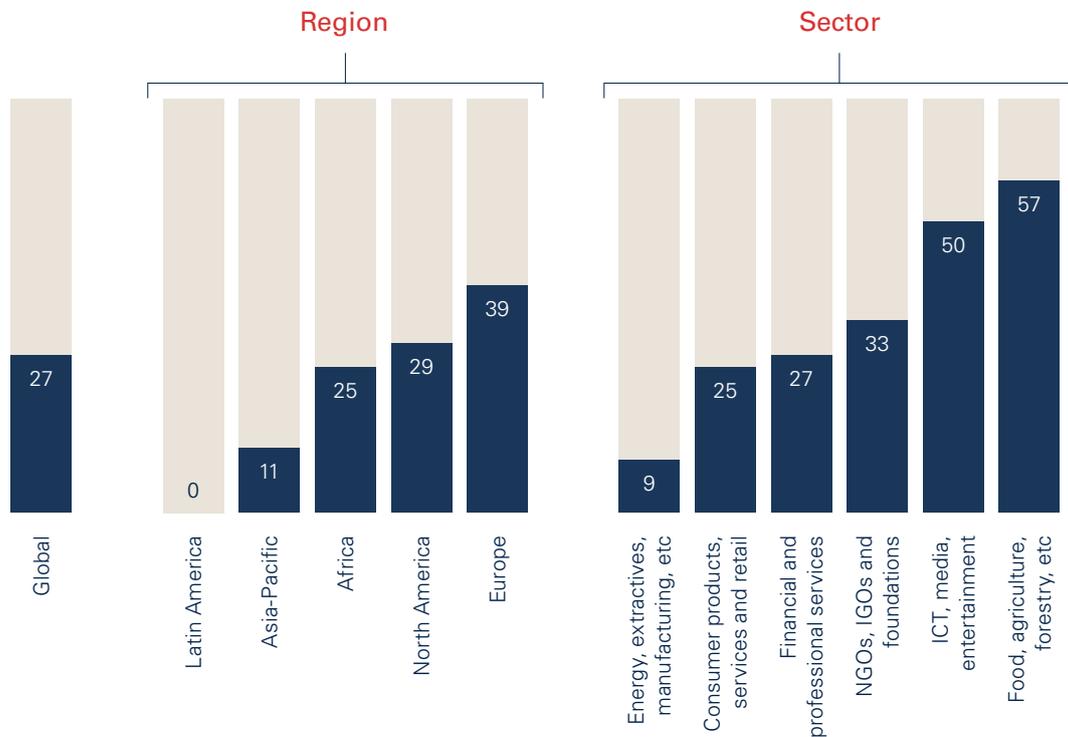
The first reason relates to the poor levels of connection between Corporate Affairs and other critical business functions (27%), leading to a disconnect when it comes to insights into wider business strategy. Regionally, this is a bigger problem in Europe (39%). By sector, the two that seem most disconnected are food, forestry and agriculture (57%) and ICT, media and entertainment (50%). These findings are shown in Figure 25.

The second relates to the function being too tactical and reactive (25%), with this being a particular problem within North American companies (36%) and also especially so within the ICT, media and entertainment sector globally (50%).

The third is perceived to be a lack of senior investment and support for the function (25%), with this being especially acute in African companies (75%) and within the finance and professional services area (40%).

Figure 25

Top reason for low impact in terms of creating business value: lack of integration across business functions



● Respondents mentioning lack of integration across business

Q11 What are the main reasons why you feel that the impact of Corporate Affairs in creating and protecting business value is lower?

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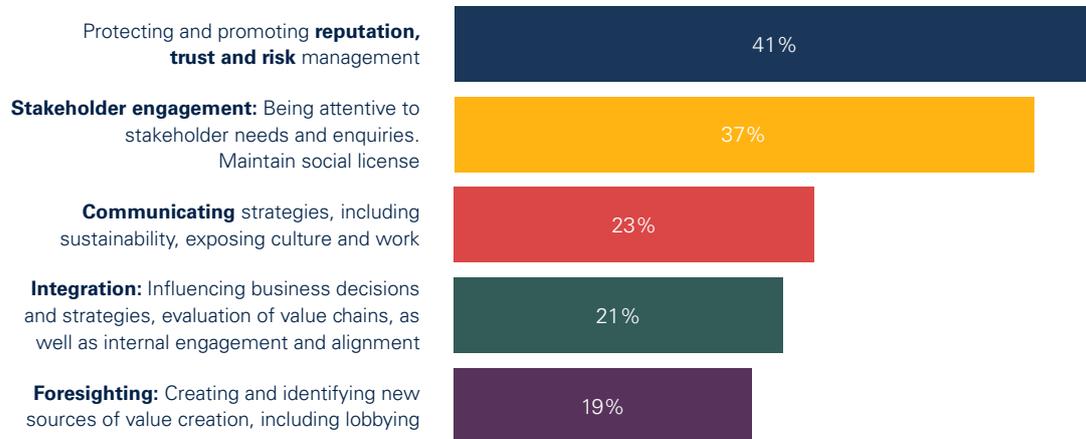
By contrast, respondents identified two principle reasons why the function can or does have a significant impact on business value (Figure 26).

The first of these relates to the ability of the function to engage with stakeholders, building social licence to operate (37%). This is strongly felt within Latin American companies in particular (60%), within the food, agriculture and forestry sector (46%) and the energy, extractives and manufacturing sectors (44%).

The second relates to the traditional role of Corporate Affairs, with 27 percent citing protecting and promoting reputations, maximising reputational upsides as a manifestation of driving greater impact in terms of business value. By region, this is especially true in Africa (42%) and within the ICT, media and entertainment sector (40%).

Figure 26

Top reasons why Corporate Affairs creates and delivers business value



Q12 You feel that Corporate Affairs has some or significant impact on creating and protecting business value. What do you believe Corporate Affairs is getting right in creating and protecting business value?

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‘Society’s expectations are captured, interpreted and brought internally, informing some of the decisions we take as a business. The area has been “infiltrating” in most decision forums and respect increases year by year. Also responsible for taking the inside world out, exposing our culture and work to external stakeholders and protecting our reputation.’

Respondent, United Kingdom

‘Success of Corporate Affairs requires the implementation of reputation management plan that entails the key drivers of reputation, maximising its robustness, thus preventing reputation risks.’

Respondent, Portugal

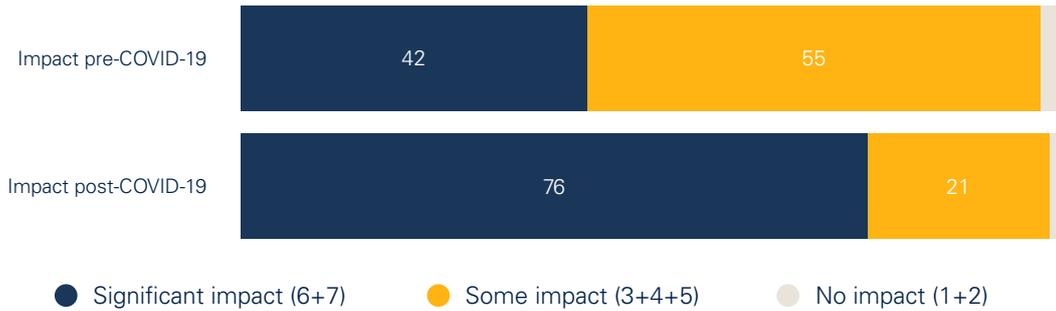
‘Quantifying risk management and demonstrating value comes in different forms – it’s not just about avoiding bad PR but about cost saving, trust building, growth etc. Holding the mirror up to ourselves – self-reflection is essential but easy to skip in such volatile, fast-changing times – corporate affairs holds that mirror up and challenges business decisions understanding the dynamic stakeholder landscape – activist citizens, gen Z etc., and different needs and perspectives for companies to consider.’

Respondent, United Kingdom

When asked whether the function was effective in terms of having impact on business value pre- and post-COVID-19, it is clear that there is seen to be a significantly larger impact from the function on business value during this crisis (Figure 27). While only 42 percent of respondents globally feel that

Corporate Affairs has had a significant impact on business value pre-COVID-19, this increases to 76 percent who believe that the function has had an impact during this crisis, a significant increase of 34 percentage points.

Figure 27
Corporate Affairs will have a significantly more impactful role to play in post-COVID-19 world



Q10.2 And thinking about your organisation, how would you rate the impact that the Corporate Affairs Division has on creating and protecting business value?

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5.2 Leadership in Corporate Affairs

In the survey we asked respondents to share with us what they considered to be the hallmark of a successful Corporate Affairs function. We were able to distill five broad characteristics of success. Firstly, their business and social goals are usually integrated into a single overarching intention or strategy. Secondly, organisations with an outstanding Corporate Affairs function all have a clear purpose and values which are supported by a coherent narrative that is articulated in a consistent manner across the organisation.

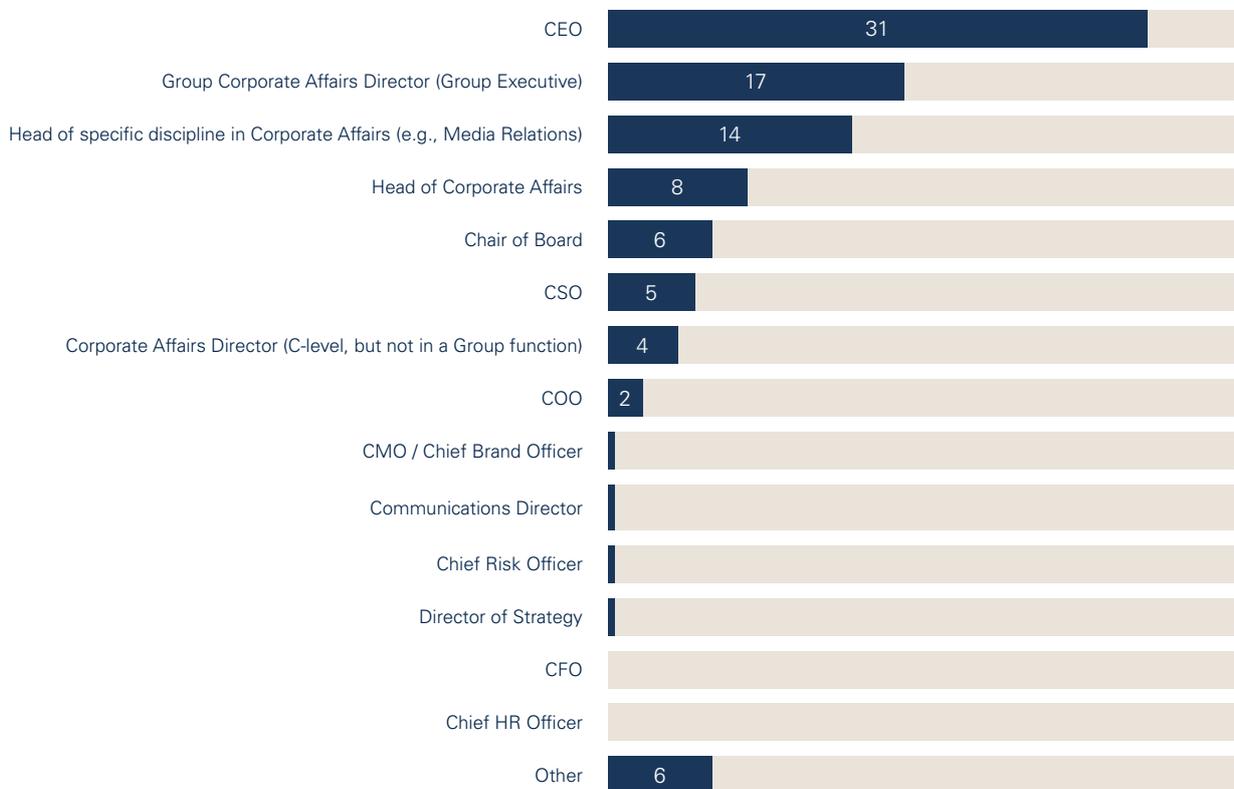
A third hallmark is that such organisations are transparent and quite clear about their goals, which are mostly aligned with the UN Sustainable Development Goals. They exhibit strong and visible leadership both within their organisations and externally, and finally they demonstrate effective stakeholder engagement.

6. Governance of the Corporate Affairs function

In the survey we posed a number of questions related to how the function is governed. Corporate Affairs professionals were asked to identify their direct reporting line, and to describe what responsibilities are included in the function. These questions pick up on the observation that the Corporate Affairs, Corporate Communications, Corporate Responsibility and External Affairs remits often include a widely different set of important corporate outreach functions. Finally, we asked respondents to reflect on the governance changes within Corporate Affairs during COVID-19.

At a global level, the majority of those surveyed (just under one-third) report directly to the CEO, with 68 percent of those in Europe reporting directly to the CEO. This is followed by the US at 50 percent, with Latin American respondents reporting the smallest percentage (12%). While the numbers reporting to HR or the CFO are much smaller globally and by region, it was clear from supplementary discussions that this formal reporting line question obscures the very strong informal links between Corporate Affairs professionals and their counterparts in HR, IR and other corporate functions and divisions (Figure 28).

Figure 28
A majority of respondents report to C-level or the Board

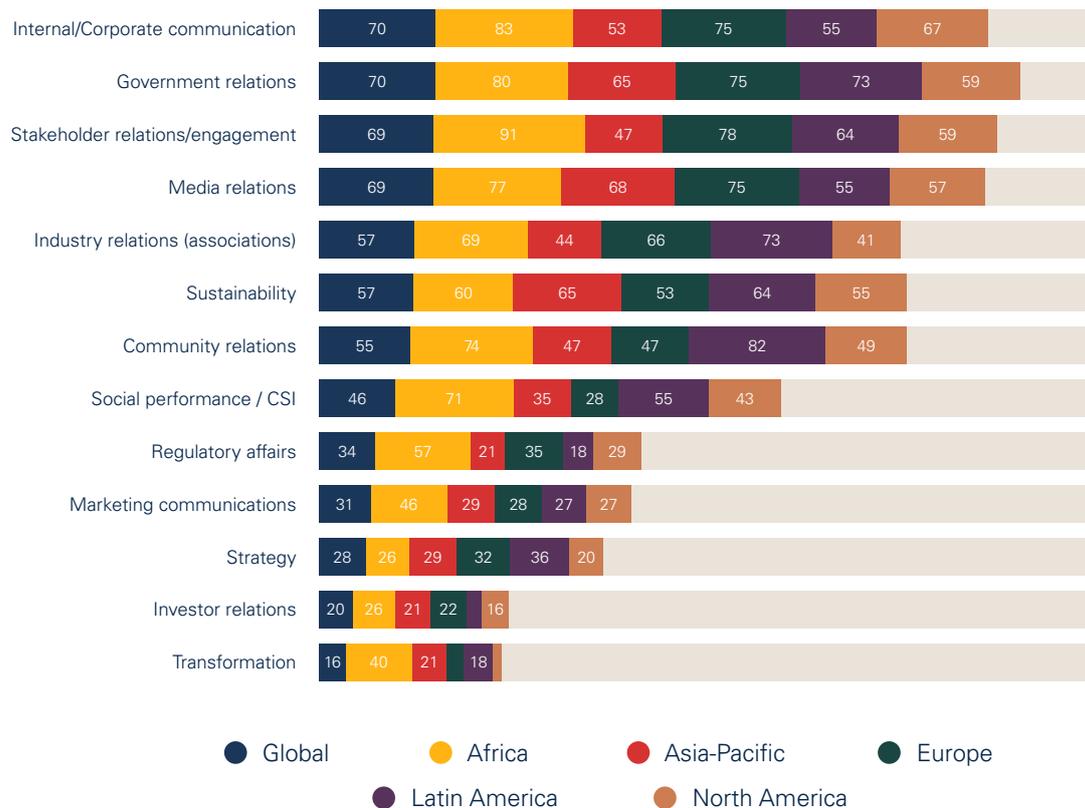


Q14. Who do you currently report to?

When looking at the overall composition of the broader Corporate Affairs function, we asked respondents to list the functions that they include within their remit. Investor relations has among the lowest levels of responsibility by region. A similar picture emerges if analysed by sector – with 20 percent of Corporate Affairs functions listing Investor relations as part of their remit. The most-cited functional responsibilities included are Government relations and

Internal communications (both at 70%), reflecting the increasing role of Governments within business affairs, and the increasing focus on building strong employee engagement strategies. These high scores are followed by the more traditional functions of Media relations and Stakeholder relations/engagement (both 69%). Industry relations and sustainability follow at 57 percent (Figure 29).

Figure 29
Scope of the Corporate Affairs function – by region



Sample size by regions: Africa n=35, Asia Pacific n=34, Europe n= 32, Latin America n=11, North America n=49, United Kingdom n=36

Q15.1. Which disciplines or sub-functions are included in the Corporate Affairs (or corresponding function) division in your organisation?

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Within these global figures, some interesting variations emerge by region and by sector.

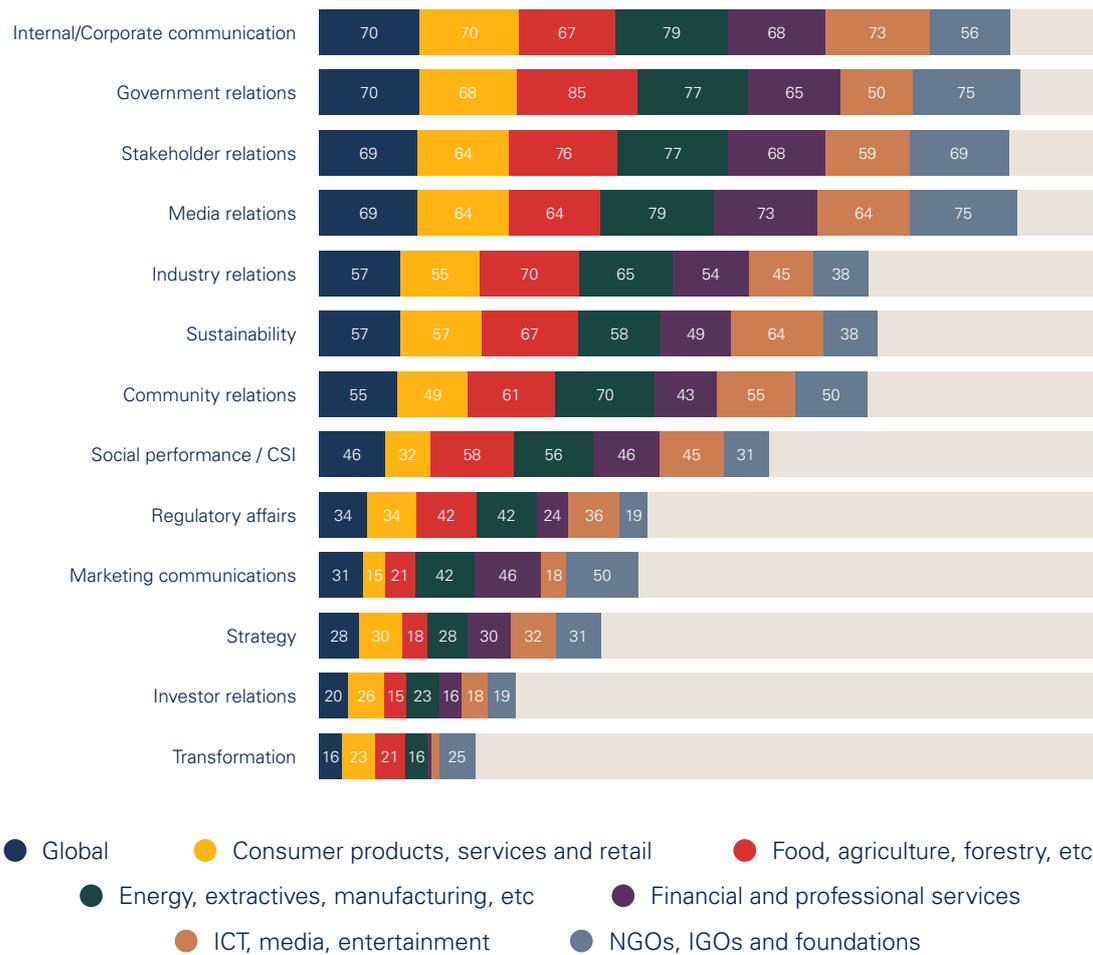
By region, an overwhelming majority of Latin American professionals report a responsibility for community relations (82%), while only one in ten (9%) state that they have responsibility for Investor Relations (Figure 29). The largest functional responsibility for North American organisations is internal and corporate communications (67%) with Investor Relations being the least-cited in North American organisations (16%) followed by Strategy (20%). For European organisations, the most common

responsibility is seen for Stakeholder relations (78%) and Media relations (75%), followed by Government relations (75%) and Internal communications (75%). For Africa-based organisations, the top responsibilities in their scope are Stakeholder relations (91%) followed by Internal communications and corporate communications (83%) and Government relations (80%), with Media relations (77%) and Community relations (74%) being the most common responsibilities. Media relations tops the table of functional roles in Asia-Pacific organisations (68%), followed by Government relations and Sustainability (both 65%).

By sector, Government relations tops the list in food, agriculture, and forestry (85%) and sees high levels of responsibilities in nearly all other areas, again reflecting the growing importance placed on strategic and consistent engagement with national and international governments (Figure 30). In contrast, there seems to be a much smaller percentage of professionals responsible for Regulatory

affairs (between 19% and 42% across sectors), reflecting the traditional responsibility of Group Legal Affairs for such activities. Interestingly, and contrary to expectations, the responsibility for Marketing communications is recorded in only 15 percent of consumer products and retail companies, perhaps reflecting the traditional responsibility of marketing and brand in this area.

Figure 30
Scope of the Corporate Affairs function – by sector



Q15.1. Which disciplines or sub-functions are included in the Corporate Affairs (or corresponding function) division in your organisation?

7. Corporate Affairs function in a post-COVID world

Throughout the report we have demonstrated how the advent of COVID-19 impacted on the day-to-day functioning of the Corporate Affairs function: it has impacted priorities in terms of responsibilities; it has elevated the importance of having a clearly defined and well-demonstrated purpose; and it has placed the function at the centre of delivering on a company's purpose.

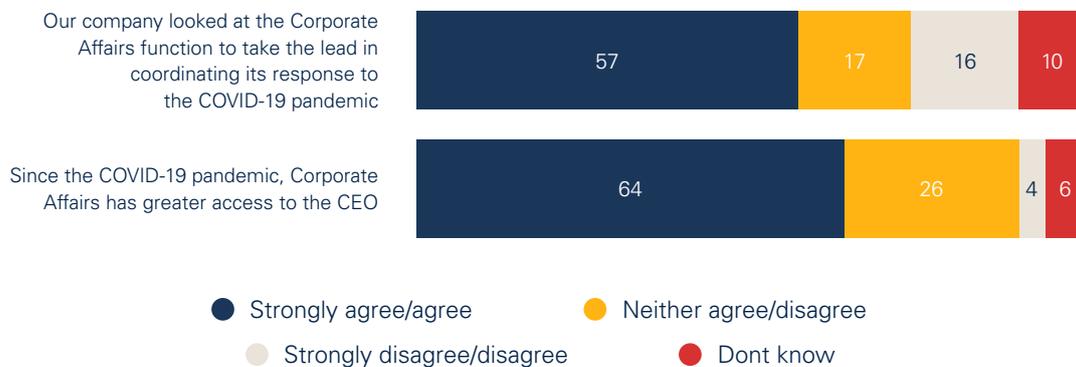
COVID-19 has changed the way in which the Corporate Affairs function is expected to contribute and be governed. Nearly six in ten respondents (57%) state that Corporate

Affairs is expected to take the lead in their organisation's COVID-19 response. This increases to 74 percent with neutral responses included, compared to only 16 percent who say that this was not the case (Figure 31).

Over six in ten (64%) report greater access to the CEO as a result of the COVID-19 crisis, which increases to nine in ten (90%) if neutral responses are included. In contrast, only 13 percent (22% including neutral responses) believe that the crisis has marginalised the function.

Figure 31

In a post-COVID-19 world, Corporate Affairs could play a leading role with greater access to the CEO



Q1: Do you strongly agree, agree, neither agree or disagree, disagree or strongly disagree with the statement?

Survey of 80 respondents conducted in June 2020

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In a post-COVID-19 world, the combination of a disruption to traditional governance structures, the heightened requirements for organisational flexibility and resilience and a requirement to over-communicate in a socially distanced

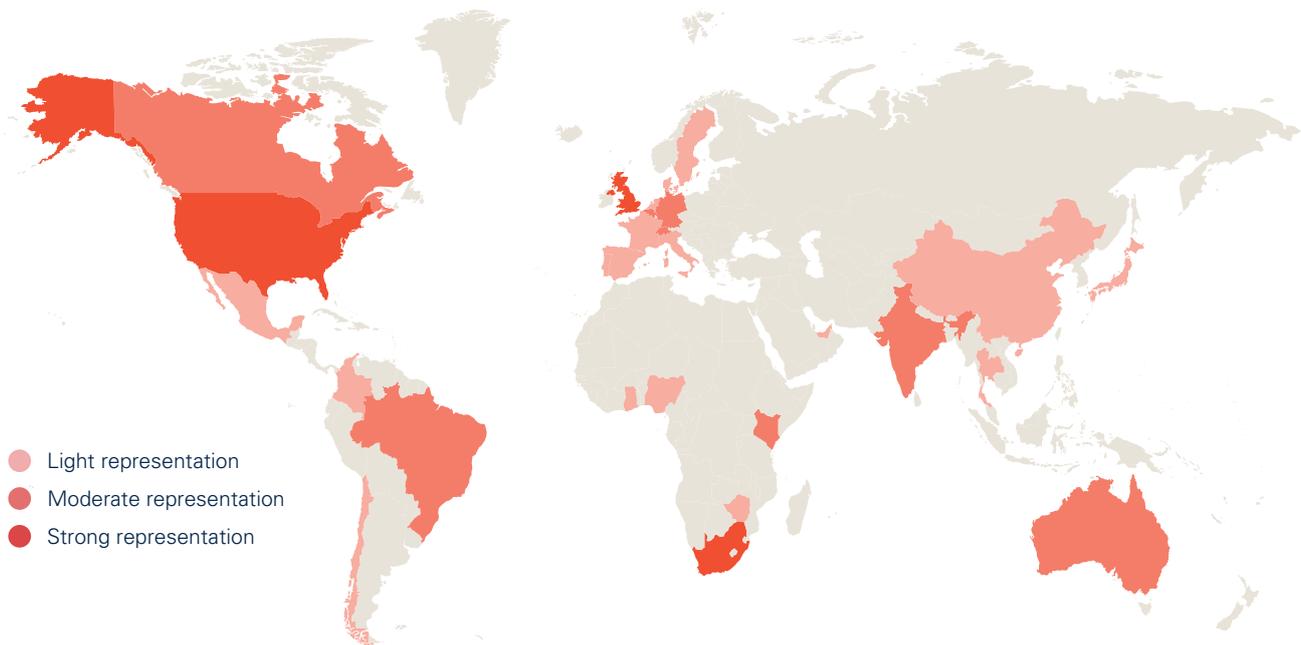
world creates new opportunities for a powerful Corporate Affairs contribution at executive Board levels within organisations.

8. Respondents and methodology

The main survey was conducted between 23 February and 18 April 2020. One thousand two hundred Corporate Affairs professionals were invited to participate in the main survey and 200 completed the online survey. In June 2020 we conducted a supplementary survey to understand the impact of the COVID-19 pandemic on the Corporate Affairs function. A total of 80 respondents completed this short online survey. The composition of the realised sample offers good representation both in terms of geography and sector.

Corporate Affairs functions based in North America are the most balanced in terms of gender, while Asia-Pacific-based organisations have male-dominated teams with with seven in ten employees being male. NGOs, IGOs and foundations tend to be more male dominated (75% men to 25% women), while the ICT, media and entertainment sector sees more women (55%) to men (41%) in their ranks. Men still outrank women at the C-level, but we see greater representation for women (54%) in positions below C-level. See Figures below.

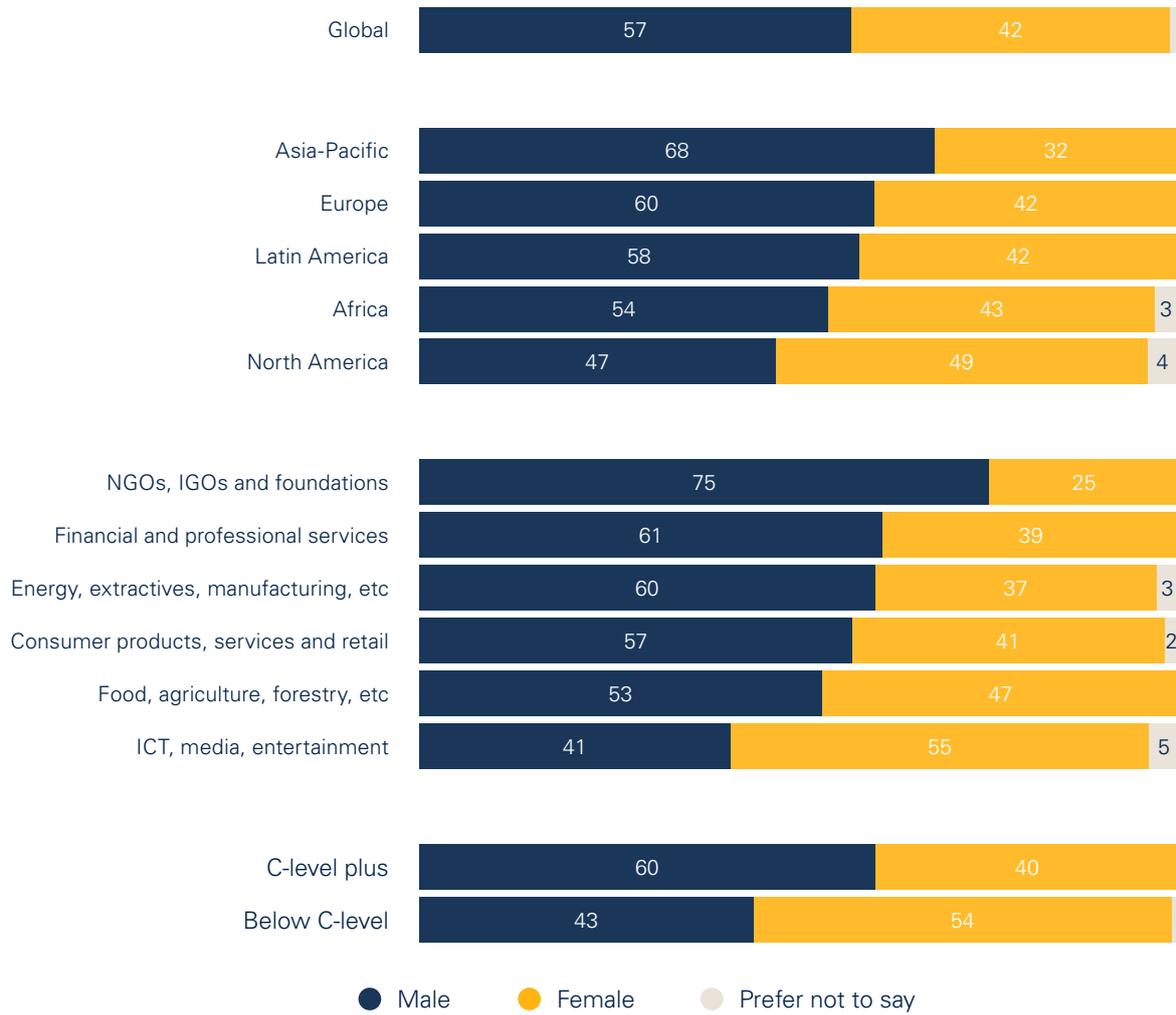
Geographic coverage of respondents



Sector representation

Consumer products, services and retail	24%
Energy, extractives, manufacturing, etc	21%
Financial and professional services	19%
Food, agriculture, forestry, etc	17%
ICT, media, entertainment	11%
NGOs, IGOs and foundations	8%

Gender breakdown of respondents



Q17. How would you describe yourself?

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9. The research partners

8.1 The Corporate Affairs Academy, Saïd Business School, University of Oxford

Connecting reputation with strategy and business performance

Informed and strategic Corporate Affairs activity helps create significant business value and prepares organisations to best recover from downside risks and crises. Organisations operating in fast-paced information overload environments are counting on Corporate Affairs professionals to make the judgements that are required to build long-term success.

The Academy focuses on three core, interrelated themes:

- Reputation research, theory and thinking
- Reputation engagement, trends and practices
- Professional development as reputation experts; high-value purpose, practices and resources

The Corporate Affairs Academy is delivered over two sessions augmented by a series of summer workshops. Each session features a dinner at one of Oxford's historic colleges. Attendees benefit from a balance of leading academic research and functional best practices.

www.sbs.oxford.edu/caa

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8.2 GlobeScan

Advising organisations on building trust with stakeholders

GlobeScan, an insights and strategy firm, was established in 1987 and has offices in Cape Town, Hong Kong, London, Paris, San Francisco, São Paulo and Toronto. GlobeScan are recognised experts in purpose, reputation and sustainability research, advising organisations on their stakeholder engagement strategies, with the ultimate aim to help clients be trusted leaders. In 2016 it launched a platform of research and engagement amongst leading Corporate Affairs Directors, developing deep insight and expertise in the issues and trends affecting the corporate affairs and corporate communications functions globally.

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