



Four Ways To Progress With Corporate Governance

by [Steve Brown](#)  [leadership](#) [employees](#) [management](#)

Summary: Deloitte finds that 47% of respondents say it will be a very high priority for their institutions to improve their ability to manage ESG (environmental, social, and governance). We provide community financial institutions with four ways to do this simply and easily including: determining focus, starting small, communicating your commitment, and boosting volunteer efforts.

The term “corporate governance” became official when it was entered into the US Federal Register in 1976. After this addition, regulators and companies had a way to classify business best practices and create benchmarks.

Not surprisingly, when it comes to corporate governance, many shareholders want companies to be responsible. But, these days, that often includes environmental and social elements too. Consider findings from [Deloitte’s 2020 global risk management survey](#), in which 47% of respondents say it will be an extremely or very high priority for their institutions to improve their ability to manage ESG (environmental, social, and governance).

How should community financial institutions approach this trend?

Community financial institutions (CFIs) are more likely to wait a bit to make any sweeping changes, as opposed to some of their big bank cousins. But that doesn’t mean that progress can’t be made, if that is the goal.

Here are four ways CFIs can start simply and easily.

1. Determine areas of focus

When it comes to ESG, there’s no shortage of initiatives to choose from and you can easily break things down into smaller, more manageable tasks within your chosen categories of focus. There are environmental factors such as energy use, water use, or climate risk. There are also social factors, such as employee diversity and community development. CFIs could also choose to place more effort on initiatives such as [board diversity](#) and shareholder rights.

2. Start small

Once you pick an area of focus, break it down even further. Let’s say you decide to start with environmental aspects. You don’t have to aim to change the carbon footprint in one fell swoop. Rather, there are small steps you can take to head in the right direction. For instance, shifting toward paperless is an environmentally-friendly move that can prove popular with customers and shareholders. Many customers today prefer e-statements to paper ones, so it wouldn’t be a hard task to ask for their preferences and encourage them to go green. One CFI for which environmental improvement is a concern recently reported it had converted more than 137K customers to e-statements, saving an average of 69 trees per year.

3. Communicate your commitment to ESG

Some financial institutions have started to produce annual Environmental, Social and Governance reports. In them, they reiterate their commitment to ESG principles and lay out their areas of emphasis. Some are also using their website to highlight their ESG activities. For instance, one Midwestern CFI recently created a new link on its website, which outlines its commitment and approach to ESG and makes available its annual ESG report as well as other ESG resources.

4. Boost your volunteer efforts

This is an area where many CFIs already shine, but there still could be ways to step it up. Why not commit to increasing the number of volunteer hours your staff performs? You can make it a fun contest for employees and teams who rack up the most hours. Especially amid the pandemic, there are plenty of opportunities for employees to give back to their communities, in a safe and socially-distanced manner. Stay tuned for our Community Banking Month issues in April as we highlight some of the amazing ways community banks have compassionately served their communities.

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ECONOMY & RATES

Rates As Of: 03/29/2021 11:25AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.01	-0.02	-0.05
6M	0.03	-0.02	-0.05
1Y	0.06	-0.01	-0.05
2Y	0.14	0.02	0.02
5Y	0.89	0.16	0.53
10Y	1.72	0.31	0.81
30Y	2.42	0.27	0.78
FF Market	FF Target	Fed Disc	
0.07	0.25	0.25	
SOFR	Prime	Unemp	
0.01	3.25	6.20	

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