

AN INTERVIEW WITH ANDRÉ HOFFMANN

Integrating sustainability into strategy, governance and culture



André Hoffmann

André Hoffmann is a serial NED, investor, environmentalist and philanthropist. Most notably André is the vice chairman of Roche, Member of the governing board of the World Economic Forum and founder and chairman of the advisory board of the Hoffmann Global Institute for Business and Society.

This interview was conducted by Ron Soonieus, founder of Camunico, Senior Advisor at the Boston Consulting Group and an Executive-in-Residence with INSEAD. The interview first appeared in the Camunico Bulletin, a global briefing on Sustainable Corporate Governance. The bulletin aims to inform, inspire and motivate corporate directors, investors and executives, enabling them to accelerate business as a force for good. It showcases examples, and the people who make it happen. If you are interested you can sign up here, its free! ([click here](#) to subscribe)

What would be effective practical steps boards can take today?

I see a lot of my peer group who only recently woke up to the realisation that we have been managing our businesses in a too narrow way and with a too short-term agenda. The idea that you can set a short-term mission, without taking into account the long-term consequences no longer works. This idea first needs to sink in.

Then board discussions need to evolve, over and above delivering a 5-year plan and the idea that you are only serving shareholders. You need to figure out how to serve society as a whole. A board committee for sustainability helps to focus the mind and to have deep dives but it's not enough. Every decision made by the board needs to take sustainability into account.

What are more systemic obstacles and how can these obstacles be overcome?

The board's knowledge about the company is very much based on financial capital. Natural, human and social however are the other capitals to look at. The value a company creates is the result of all four, and yet we only measure one.

So, the day we start measuring for impact, i.e. not only looking at the financial consequence of what we do but also on the social, human and environmental, we will release an awful lot of information which can help to make right decisions.

But its complex. That's why I'm so excited that the financial industry (those who manage money for their clients) are setting these criteria more and more. They increasingly look at overall impact, not *only* the financial return.

Any recent insight, practice or 'Aha! moment' you found useful?

The main function of the board, apart from strategy, is to identify risk and to ensure the creation of long-term value. With the pandemic we failed to do that. The risk was quite



obvious, we have been speaking about a pandemic for years, we knew it was about to come. We failed because we allocate our assets *only* on a financial basis. The French government destroyed the stock of facemasks six months before the pandemic hit us. They deemed it too expensive to keep the stock. A sound business decision based on the financial information at hand but a complete neglect of any other risks. Risk management needs to be redefined completely.

Board directors and governments who did not anticipate this crisis – and it's important to emphasize this – are not incompetent. It's just that they didn't have the right information. We are measuring the wrong things. It's an accounting problem, we don't have all the information in front of us to really understand the implications of our decisions.

What is needed to be a good director in the twenties?

Humility and the ability to listen are key. You cannot come in and say right, I have done twenty years of executive roles, now I've been made a non-executive and I'm now going to tell you how it's done. The world is changing and fast. Systems and ideas of the past are not future proof. Companies need to start making a net contribution to the system. Those that don't will fail. The future belongs to people who think longer term and in a regenerative way. People who are always ready to change and adapt, to be resilient and opportunistic but who are above all humble.

Who or what is your key source of inspiration?

Nature is a part of me and helps me to regenerate. If you want to understand how recreation works and want to connect with the *real* world, nature is unbeatable. But don't picture me as someone only interested in nature, that's not the case.

Our planet (our only planet) is available for helping humanity to continue to grow and to prosper. We will not be able to do that if we don't restore the balance, a certain amount of give and take.

Any personal 'sustainability sin' you dare to share? What would it take to change it?

Printing almost everything. Okay, I use recycled paper but still. I'm of a generation who finds it difficult to think on a screen, so I like reading from paper and make notes on it. I don't think I will be able to change it easily, but I can definitely compensate for it.

If you would have asked me a year ago, I would have said, without hesitation, I travel too much. But that's finished. I also gave up on red meat. Not only because of its impact on the environment, but I also started realise that I like vegetables just as much.... nearly.
