

# **The Conference Board's ESG Center**

## **Working Group on The Roles of the Board in the Era of ESG and Stakeholder Capitalism**

**Series of Chatham House Rule Convenings  
Session One – May 19, 2022**



# Overview of Working Group Sessions:

**Session 1 – May 19. Impact on Key Board Decisions.** At the kick-off meeting, will discuss the trends underway relating to ESG and stakeholder capitalism and the impact on boards then discuss how to incorporate these trends in key board decisions including in the overall business strategy, operating budget, capital budget, M&A, disclosures and more.

**Session 2 – August. Board Composition, Capabilities, and Structure.** At the second session, we'll discuss what these trends mean in terms of (i) board composition, capabilities, and education, and (ii) board leadership and committee structure.

**Session 3 - September. Communication and Engagement.** At this session, we'll discuss emerging best practices for (i) effectively communicating *with* the board on these broader array of issues, (ii) the role of the board *in* communicating and engaging either directly or indirectly with other internal and external stakeholders.

**Session 4 - November. Effectiveness and Evaluation.** At final session, we'll discuss (i) how the board can best evaluate the company's progress in executing a business strategy that addresses ESG issues in a multistakeholder world; and (ii) how the board can best assess its own performance as it navigates this new era.



# AGENDA – Today’s Session: The Implication of these Trends on Boards

Time (Eastern)	Topic
2:00 PM	Welcome
2:05 PM	The Environment & Impact on Boards to Date
2:45 PM	Incorporating ESG and Stakeholder Capitalism in Key Board Decisions
4:00 PM	Next Steps and Adjournment

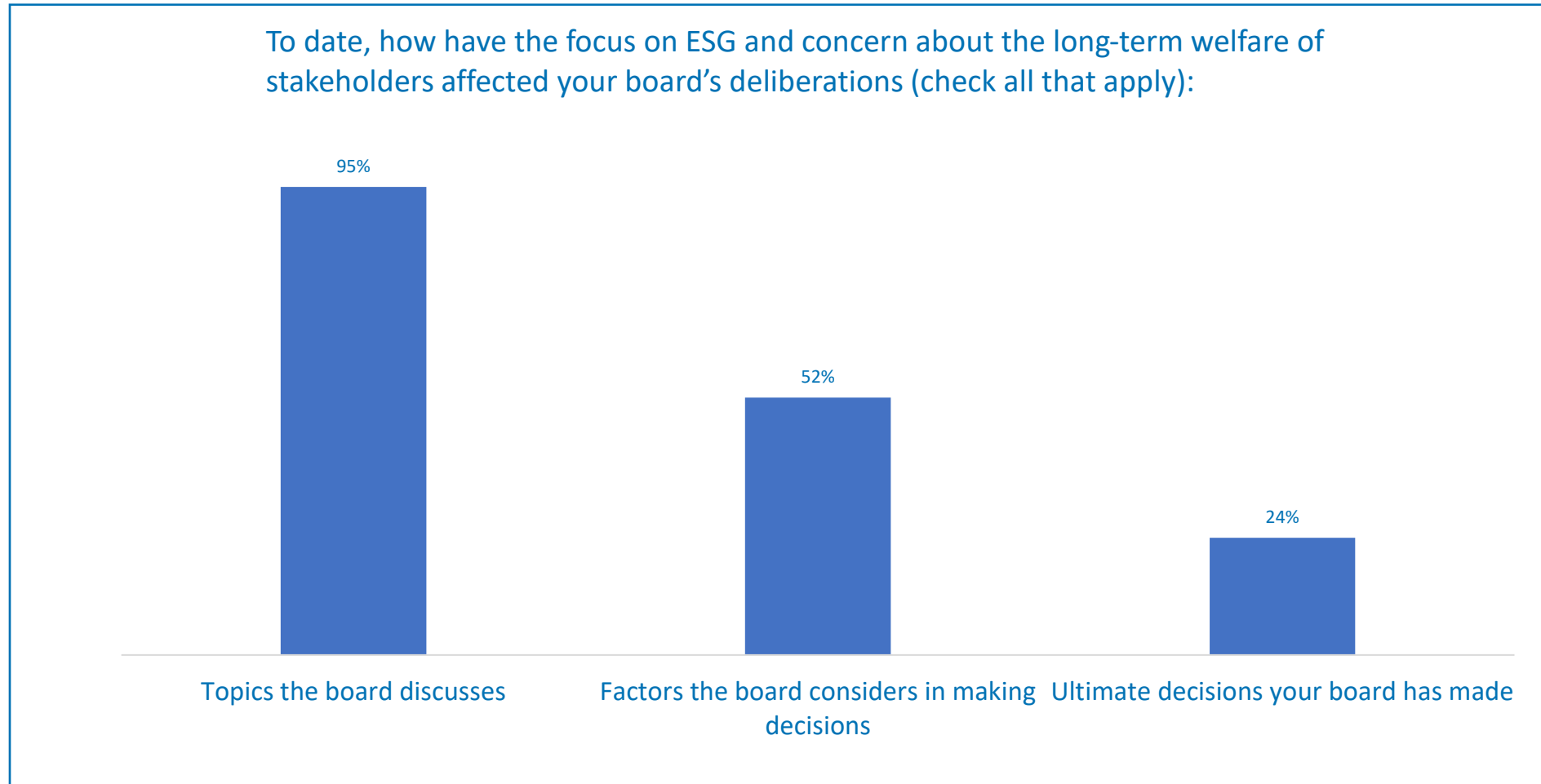


## Lead Participants

- ***Claus Aagaard*** – Chief Financial Officer, **Mars, Inc**
- ***Dan Hesse*** – Chairman of the Board, **Akamai Technologies**; Board Member, **PNC**; Former CEO of Sprint and Embarq
- ***Gail Lione*** – Board Member, **Badger Meter** and **Sargento Foods**; Senior Counsel, **Dentons**; Adjunct Professor of Law, **Georgetown University Law Center**
- ***Sabastian Niles*** – Partner, **Wachtell Lipton, Rosen & Katz**
- ***Pamela Passman*** - Chair, Corporate and Managing Director, **APCO Worldwide**; Board Member, **Kinaxis Inc.**, Former CVP and DGC, **Microsoft Corporation**
- ***Brad Sparks*** - Executive Director, **The Prince's Accounting for Sustainability (A4S) Project**

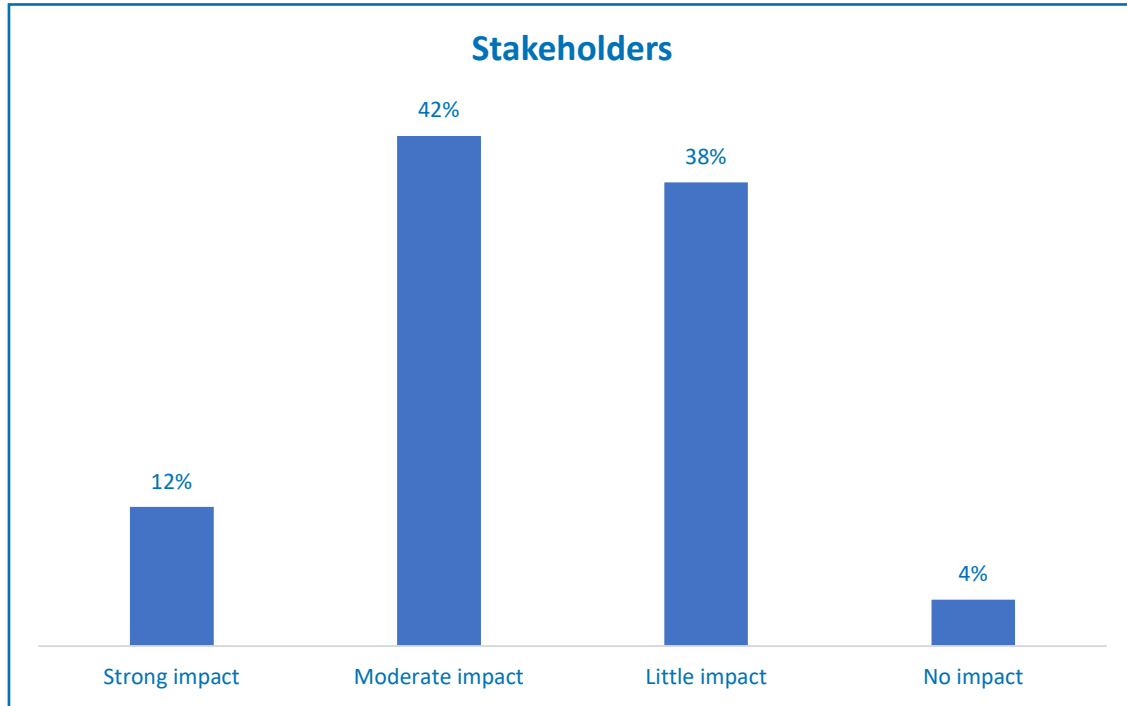


**Poll:** To date, how have the focus on ESG and concern about the long-term welfare of stakeholders affected your board's deliberations (check all that apply):

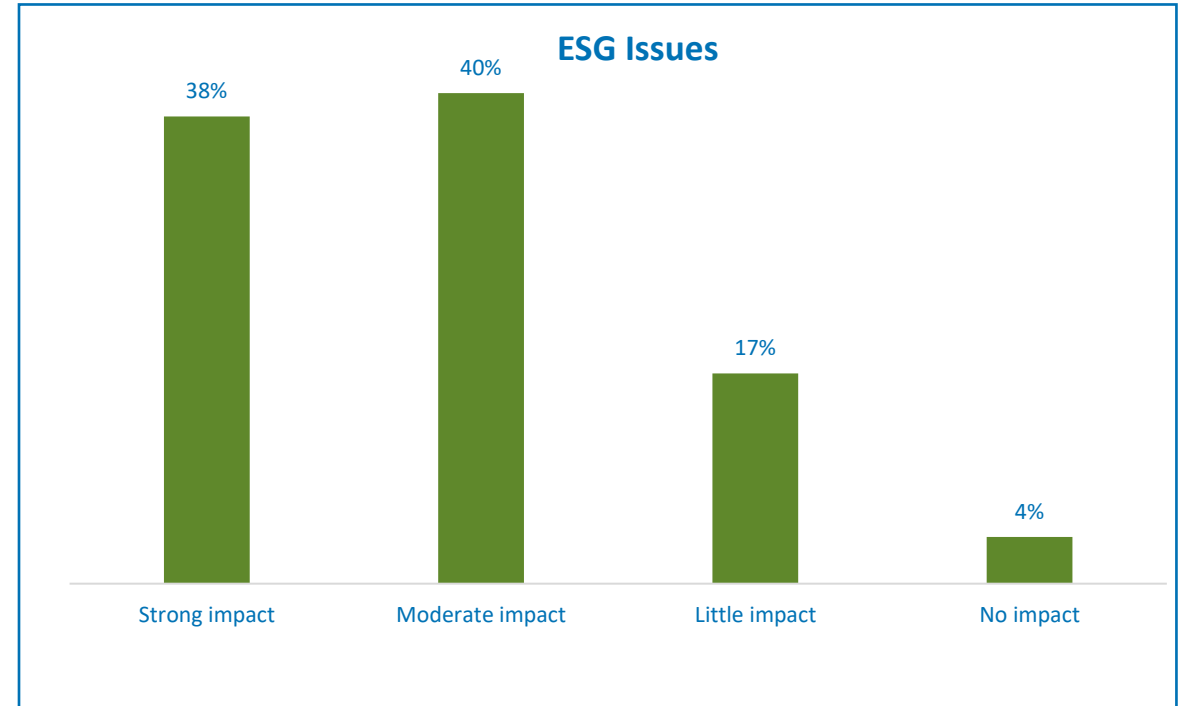


# About 3/4 see a real impact from ESG, and over half see an impact of stakeholder focus, on boards to date

To what extent has the **increased consideration** of the interests of **multiple stakeholders** affected your board in the past two years?



To what extent has the **increased focus** on **ESG issues** affected your board of directors in the past two years?

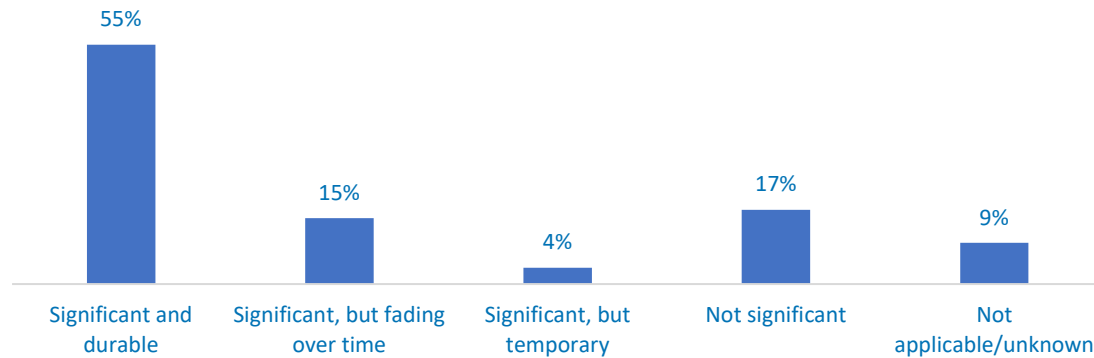


# Similar percentages see these effects continuing for next five years

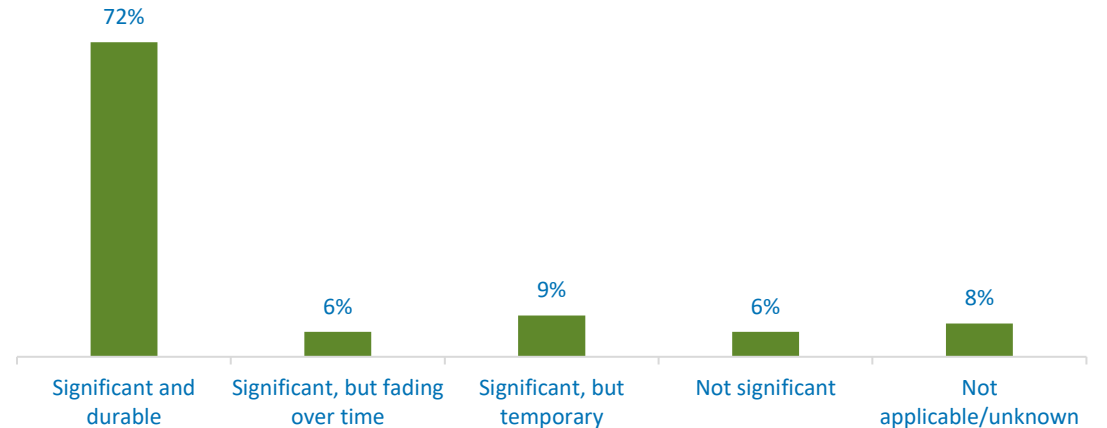
How would you describe the impact of **stakeholder capitalism** on the board over the next five years?

How would you describe the impact of **ESG issues** on the board over the next five years?

### Impact on Boards: Stakeholder Capitalism



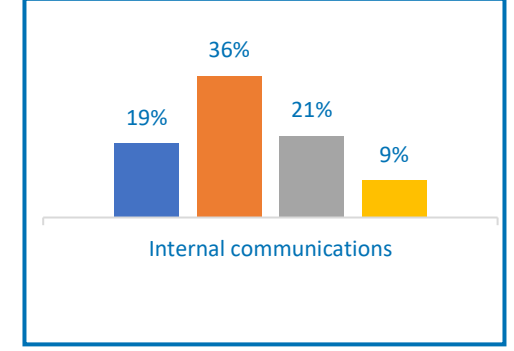
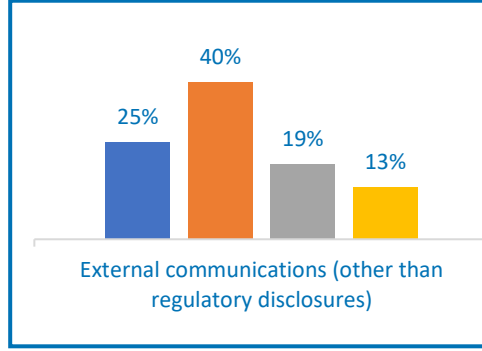
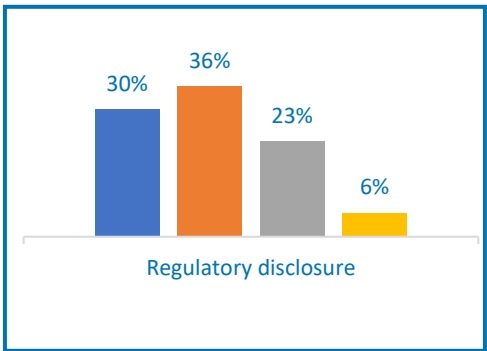
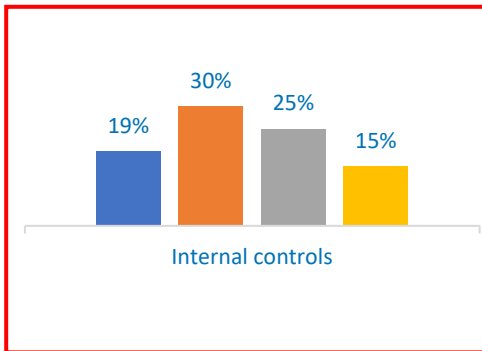
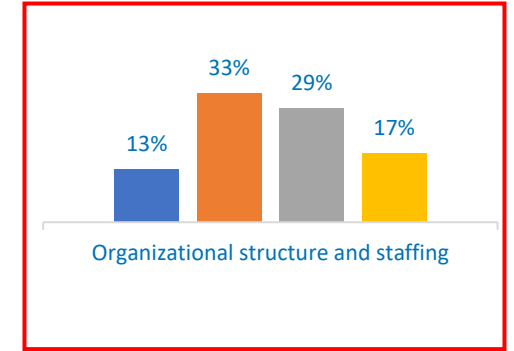
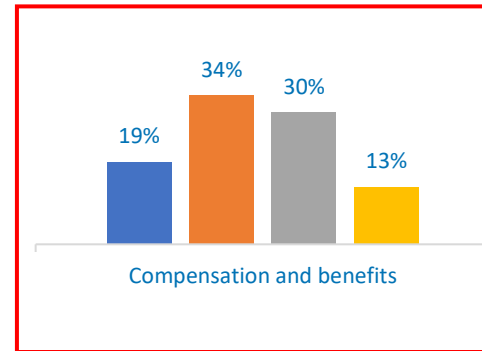
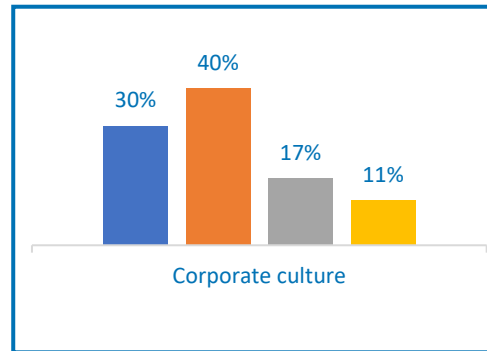
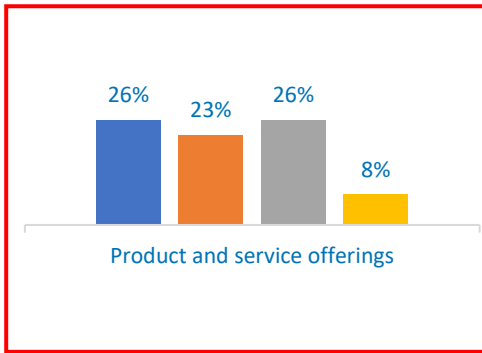
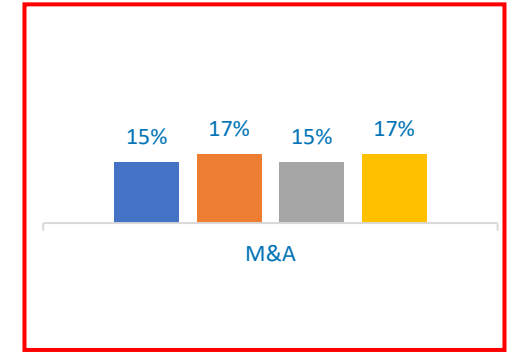
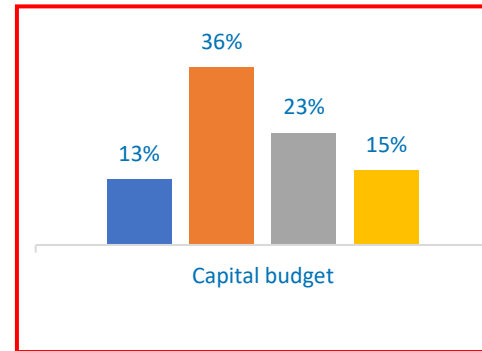
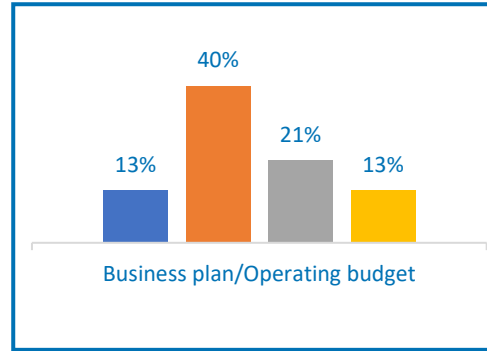
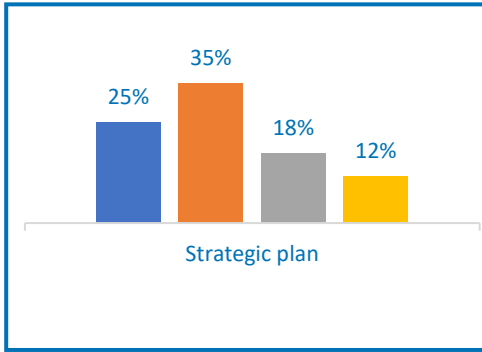
### Impact on Boards: ESG Issues



Please rate how well your board has incorporated relevant **ESG issues** into its consideration of the following:

Red = < 50%  
 Blue = > 50%  
 (Very well + Moderately well)

■ Very well                      ■ Moderately well  
 ■ Slightly well                ■ Not well at all

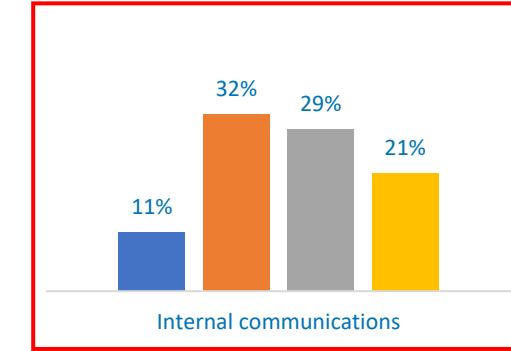
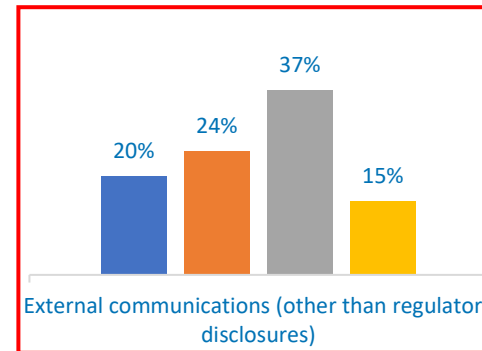
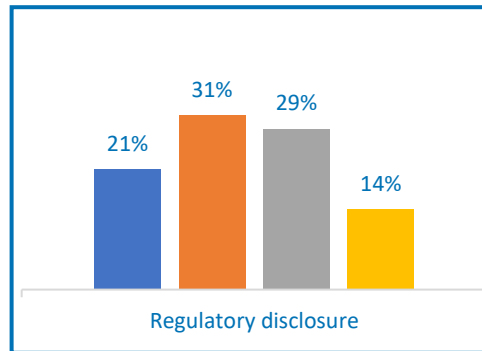
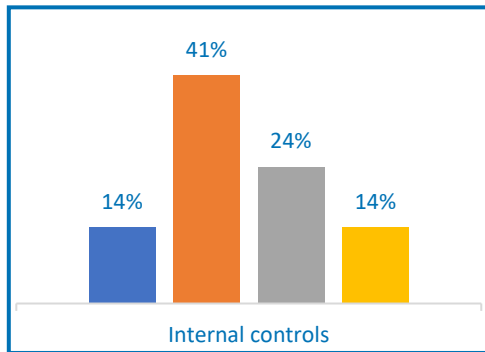
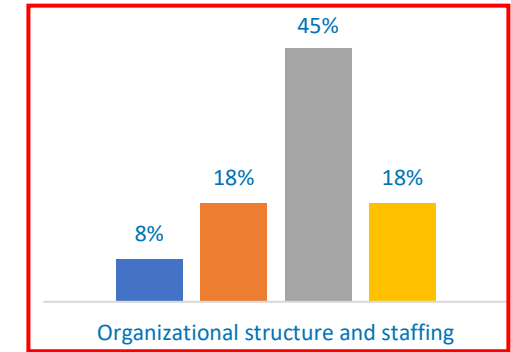
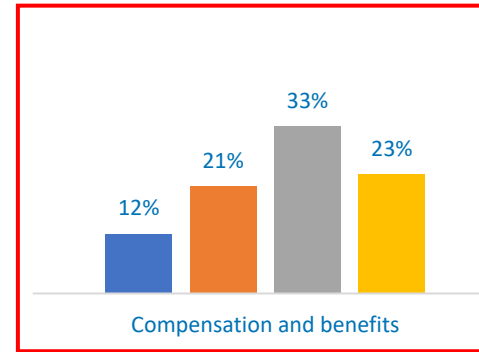
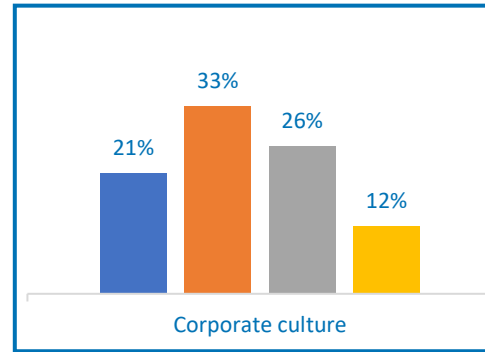
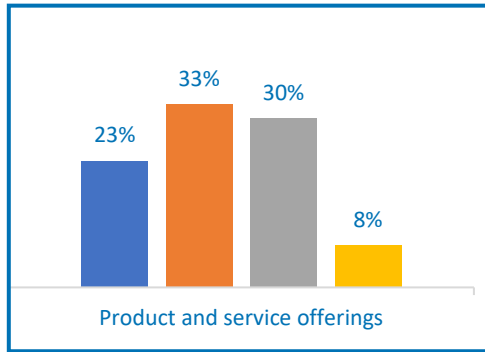
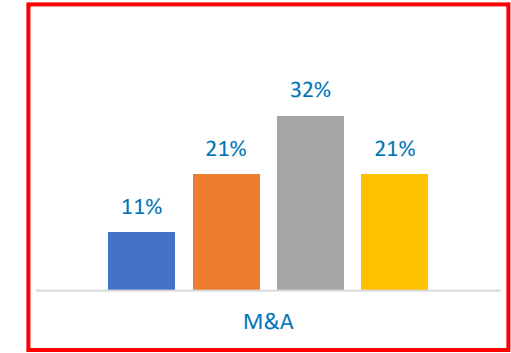
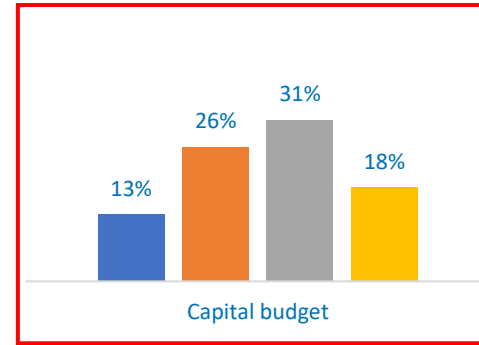
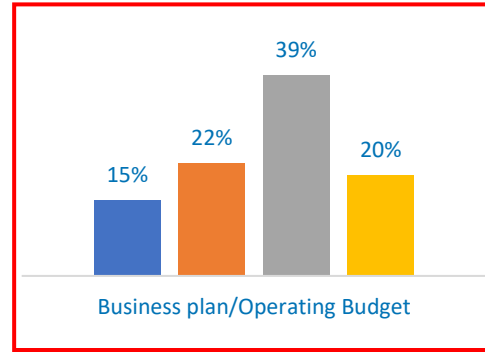
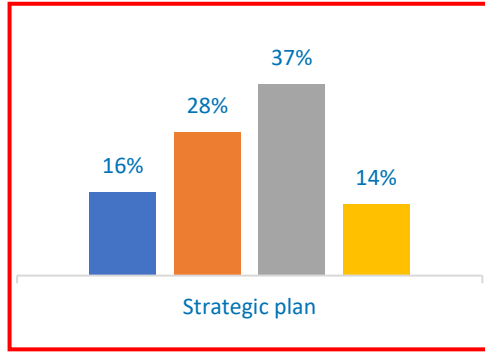




Please rate from how well your board has incorporated the interests of, and impact on, **multiple stakeholders** into its consideration of the following:

Red = < 50%  
 Blue = > 50%  
 (Very well + Moderately well)

■ Very well  
 ■ Moderately well  
 ■ Slightly well  
 ■ Not well at all



# How Well Boards Consider ESG Issues and Stakeholders in Key Decisions

## Very Well

- Corporate Culture
- Regulatory Disclosure

## Moderately Well

- Strategic Plan
- Business Plan and Operating Budget
- Product and Services
- Internal Controls
- External Communication
- Internal Communications

## Not Well

- M&A
- Organizational Structure and Staffing
- Compensation and Benefits
- Capital Budget

