



Sustainability in the Spotlight: Board ESG Oversight and Strategy

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Presenters



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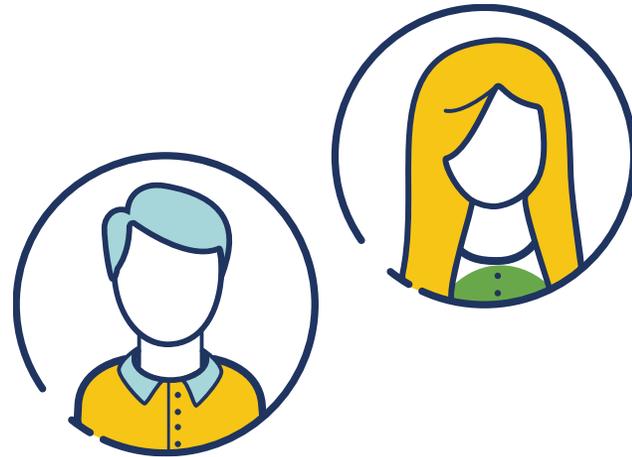
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Methodology

In an effort to better understand how boards are structuring and integrating ESG oversight, we surveyed 780 global corporate leaders from February 10 to March 14, 2022, spanning both public and private companies and every industry group.

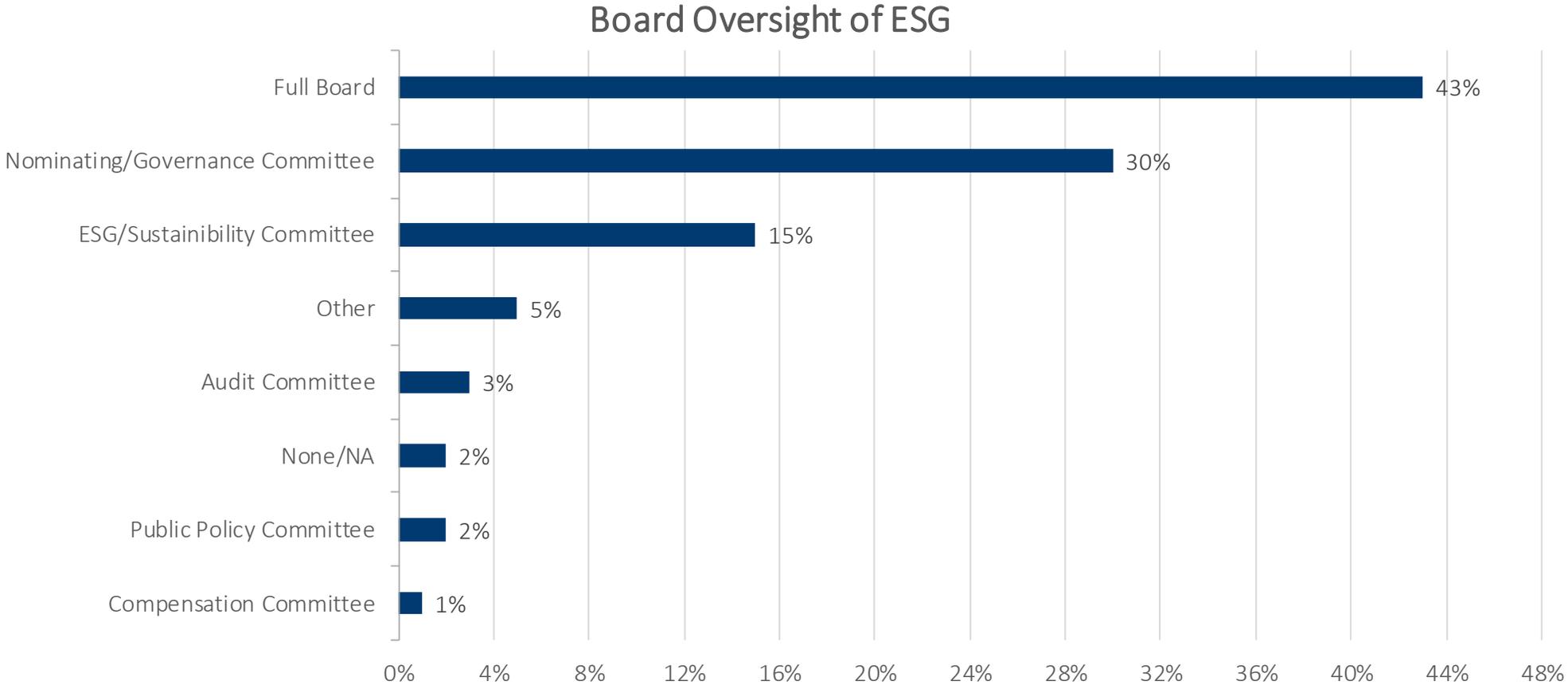
590



The number of completed responses from **corporate directors** with 72% representing U.S. based companies.

How are Boards Structuring Oversight of ESG Issues?

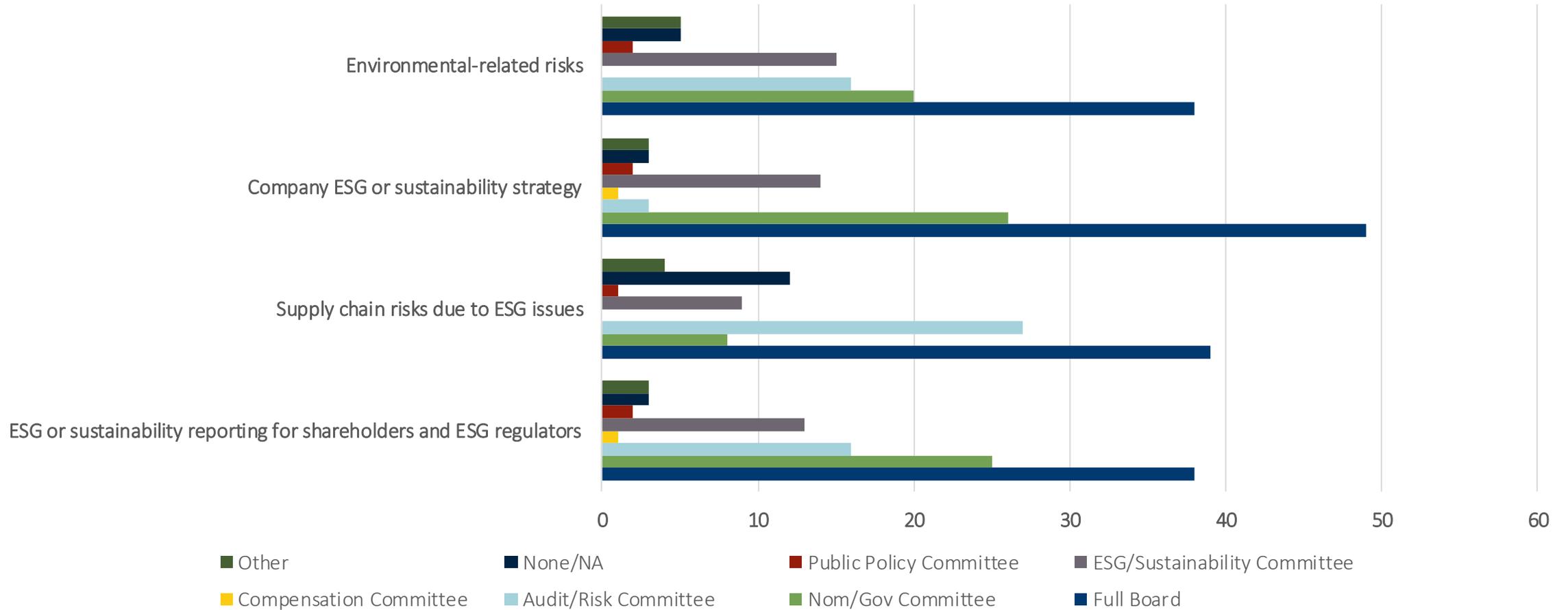
As a whole, primary oversight of ESG is at the full board level



When broken
down by the
“E”, “S” and
“G”...

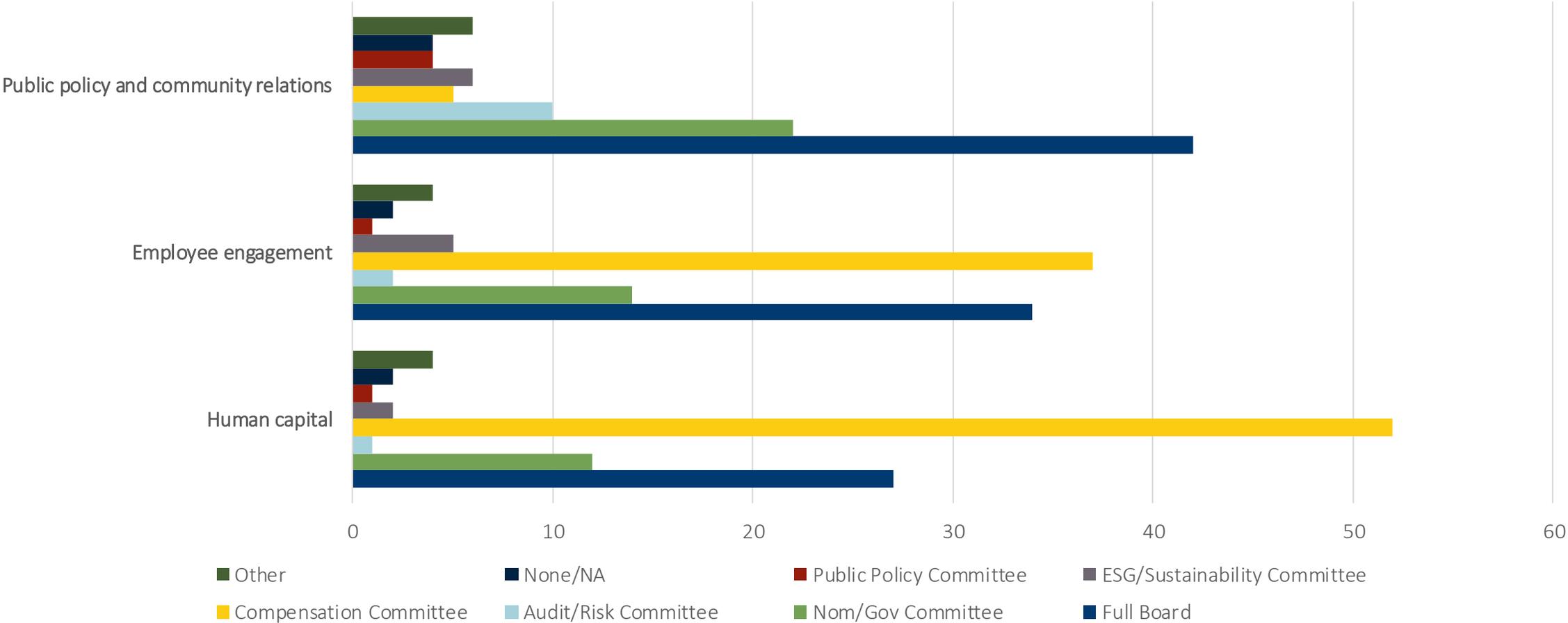
Oversight of environmental issues are most likely delegated to the full board

Board Oversight of Environmental Issues



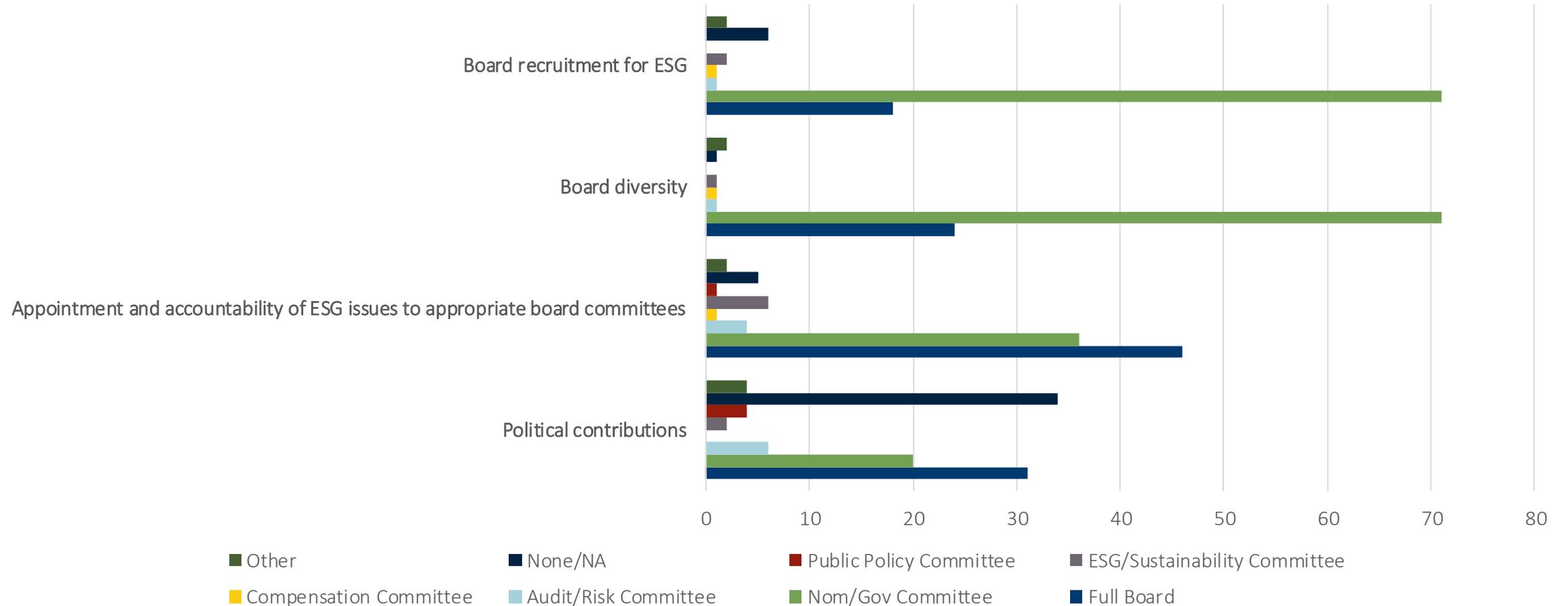
The compensation committee most commonly has primary oversight of social issues

Board Oversight of Social Issues



Oversight of ESG-related governance issues is most often delegated to the Nominating and Governance Committee

Board Oversight of Governance Issues

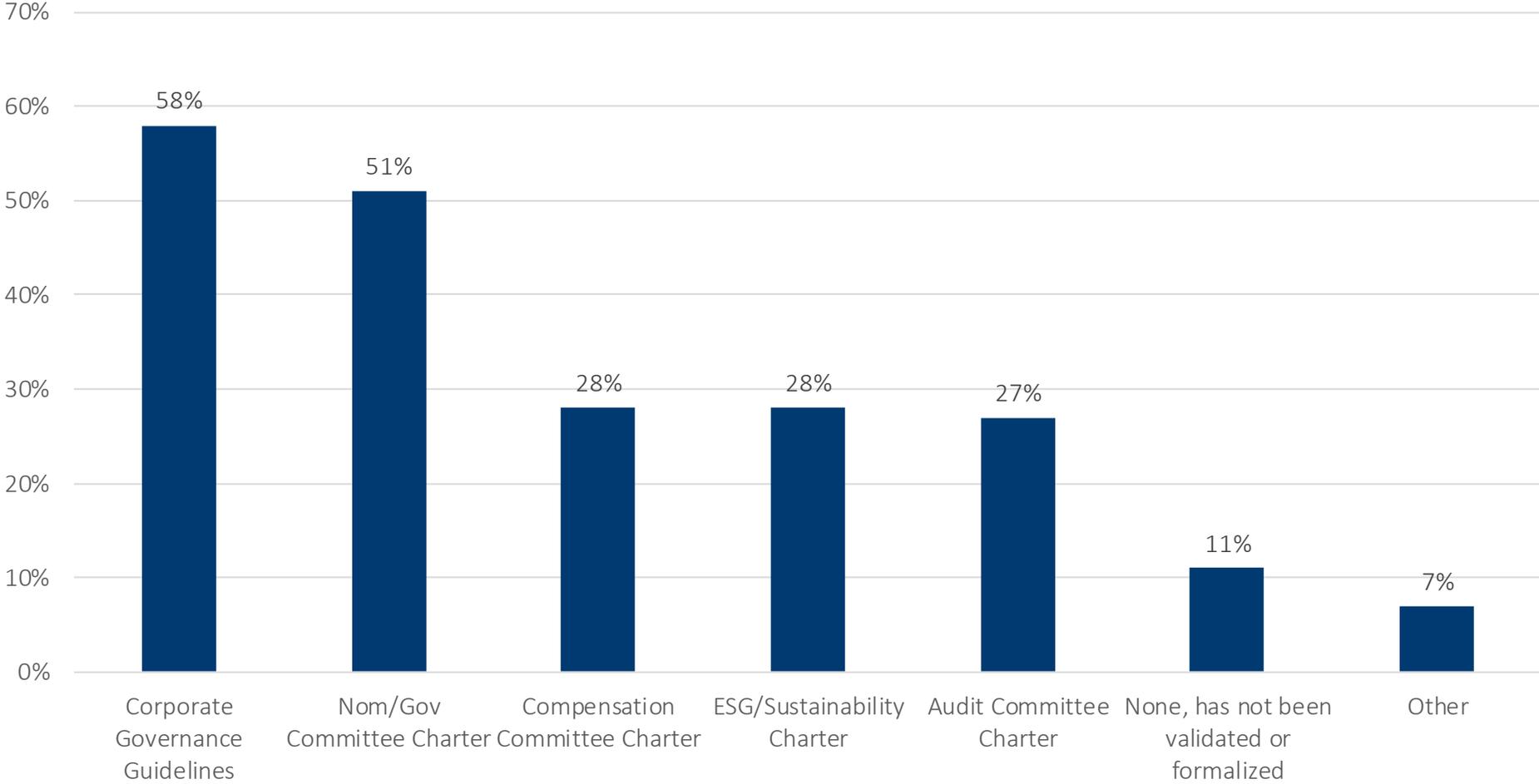




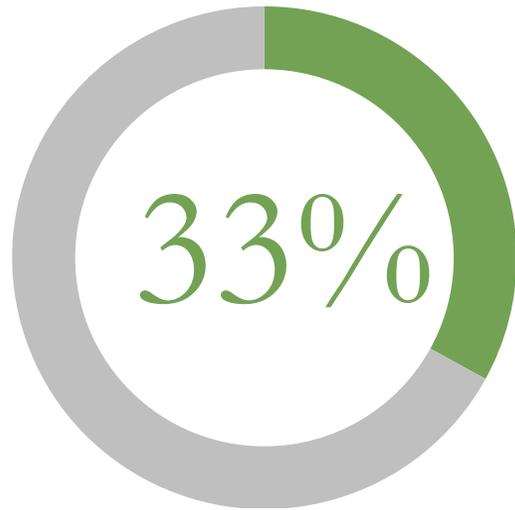
Where Is ESG Oversight Formalized in Board Governance Documents?

ESG oversight is formalized in several different places

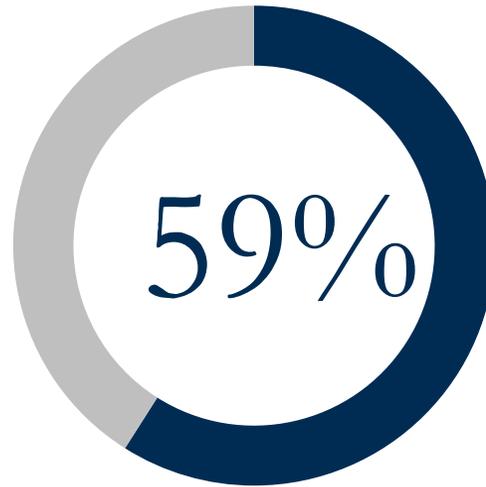
Where ESG Oversight is Formalized in Board Governance Documents



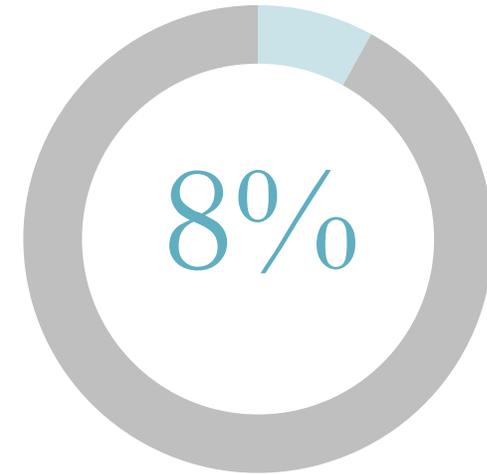
Few boards are reconsidering their current structure around ESG despite increasing attention from stakeholders



Yes



No



N/A, Don't know

How Has the Pandemic Impacted ESG Discussions in the Boardroom?

The pandemic has accelerated ESG discussions in the boardroom

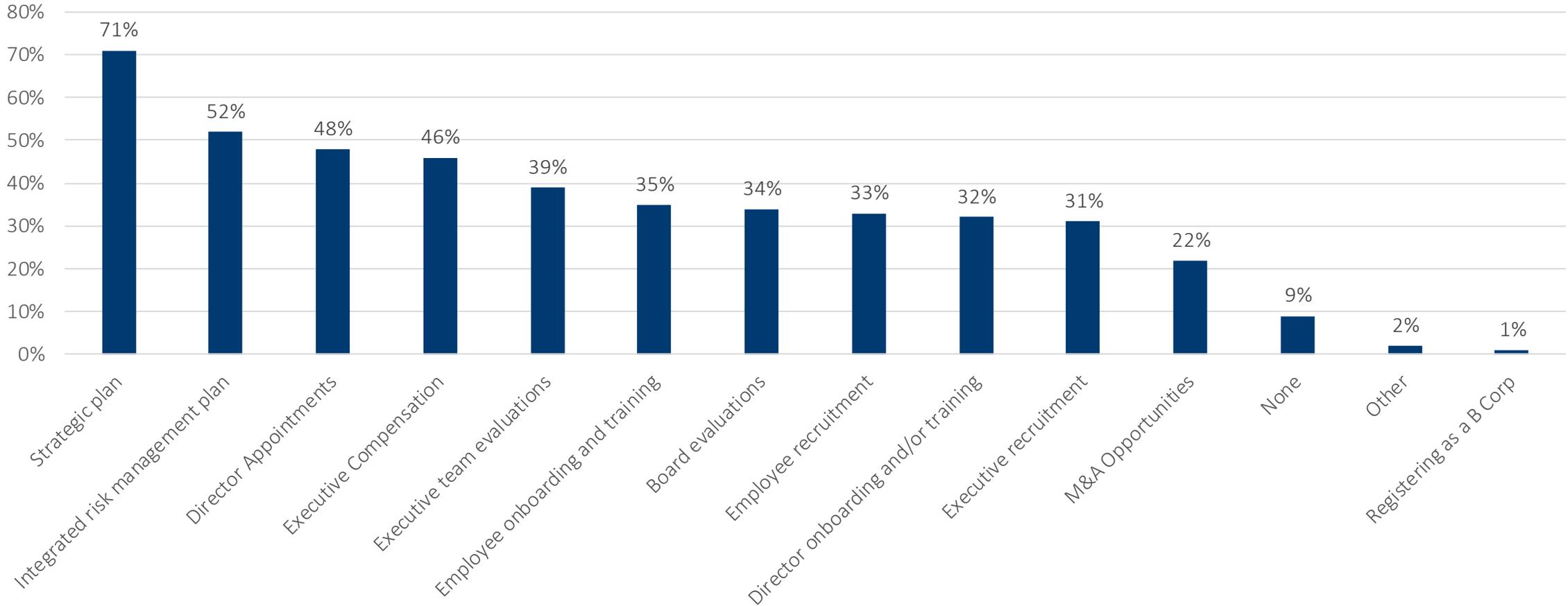
Frequency of ESG discussions in the Boardroom

	Prior to March 2020	Since March 2020
Rarely/Never	20%	4%
About once a year	31%	10%
At least twice a year	20%	22%
Quarterly	14%	29%
At nearly every meeting	10%	20%
At every meeting	5%	14%

How are boards integrating ESG-related risks and opportunities into other aspects of the business, like strategy and executive compensation?

ESG goals and metrics are increasingly incorporated into other elements of business

How Boards Are Incorporating ESG Goals and Metrics



Organizations are using a variety of methods to upskill their boards

7
out of
10

is the average level of confidence in a board's competency and fluency around ESG

Methods to Increase Board ESG Fluency



Public vs. Private Companies: Differences in ESG Oversight and Integration

Key Differences between Public and Private Companies

		Private Companies	Public Companies
Private Companies More Likely to Delegate ESG Oversight to the Full Board	% ESG oversight assigned to the full board	63%	37%
Private Company Directors Less Confident in ESG Alignment to Strategy and Director Fluency	Confidence in current level of board competence and fluency in ESG issues	6 /10*	7 /10*
	Degree of alignment between ESG goals and long-term strategy	6 /10*	7 /10*
Public Companies More Likely to Bring in Outside Consultants and Engage in Director Education	% Likely to Bring in outside consultants	33%	44%
	% likely to engage in director education	29%	41%

U.S. Compared to the World

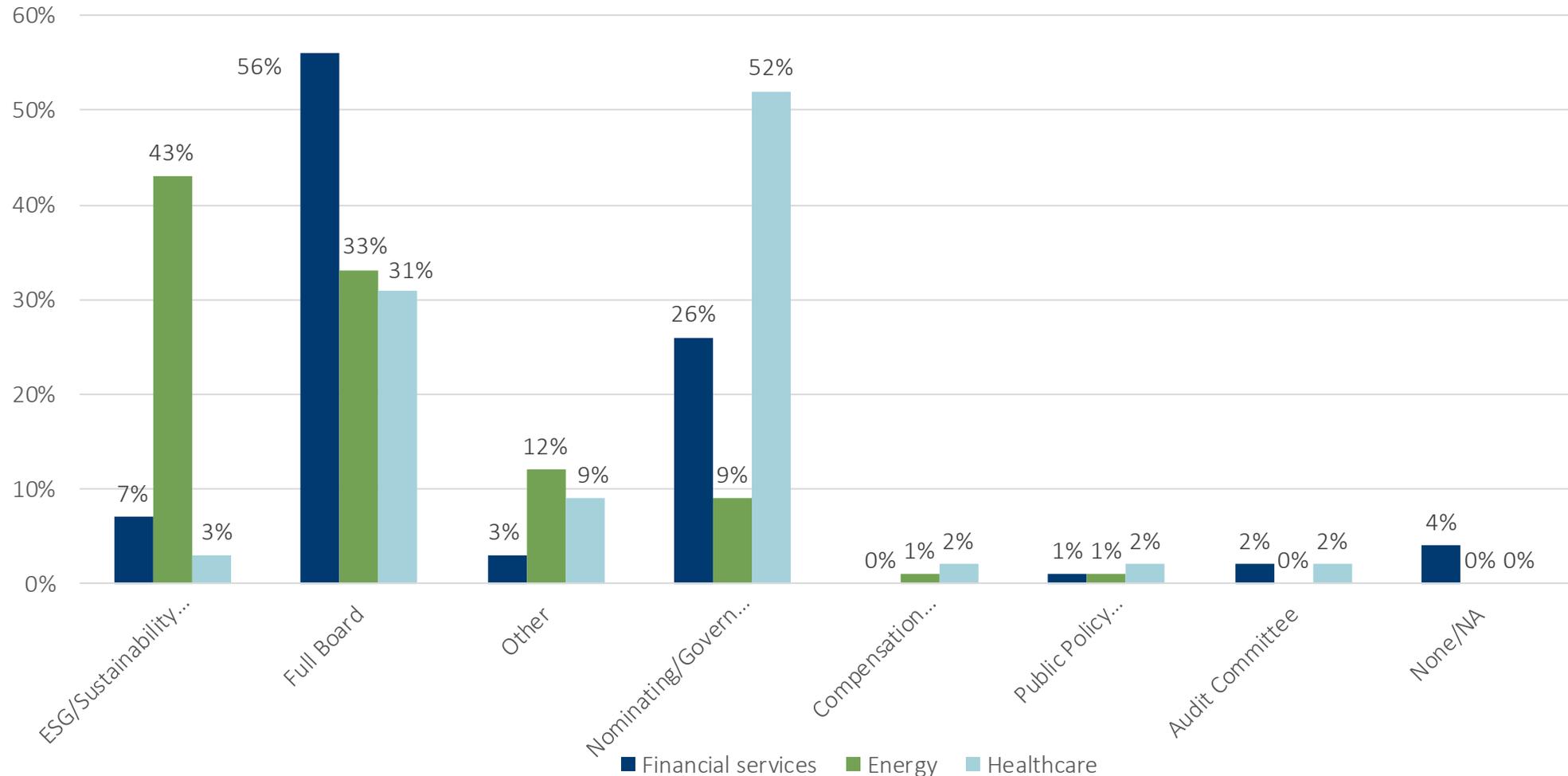
Key Differences between U.S. and Non-U.S.

		U.S.	Non-U.S.
U.S. Companies More Likely to Delegate ESG Oversight to Nominating/Governance Committee	% ESG oversight assigned to the nominating/governance committee	39%	8%
Non-U.S. Boards More Likely to Be Reconsidering ESG Structure and Practices	% Reconsidering structure or practices around ESG	30%	39%
Non-U.S. Boards More Likely to Incorporate ESG into Strategic Plan	% Incorporating ESG Goals and metrics into the strategic plan	68%	80%

Industry Breakdowns: Financial Services, Energy and Healthcare

The financial services, energy and healthcare sectors all show different trends on board oversight of ESG

Board oversight of ESG for financial services, energy and healthcare sectors



Thank you for attending!

For questions and inquiries, please email:

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