

Why sustainability plays a key role in shaping future boardrooms



COMPETENT
BOARDS

The Future Boardroom™

Executive summary

Welcome to the first Competent Boards white paper on [The Future Boardroom™](#)

This Competent Boards initiative will bring together the business leaders of today and tomorrow, people who have the insight and influence to design the roadmap that will shape future boardrooms. Over the coming months, we will ask leaders to share their questions, concerns, views and wisdom, so that we can curate then share those back to the wider business community through our website, newsletters and white papers such as this one.

We ran a series of LinkedIn polls in February 2023 to take the temperature of current and aspiring board directors on some issues that will shape current and future boardrooms. Topics included the importance of sustainability knowledge for present and next generation directors, the drivers of sustainable change around the boardroom table, and where current board directors draw their knowledge of environmental, social and governance (ESG) topics.

The Future Boardroom™ initiative that I discussed in Davos during the World Economic Forum's annual meeting in January 2023 is steadily gaining buzz around global leadership tables. The time has come to raise the bar to generate more positive outcomes for both business and society.

Helle Bank Jorgensen,

Founder and CEO at Competent Boards

Helle is an internationally recognized expert on sustainable business practices, with a 30-year record of turning environmental, social, and governance (ESG) risks into innovative and profitable business opportunities. She works with many global Fortune 500 board members and executives, as well as smaller companies and investors.



Helle is the founder and chief executive of Competent Boards, which offers online ESG and climate & biodiversity education programs that draw on the experience of renowned board members, executives and investors from all over the world. Hundreds of directors and senior executives have enrolled in these programs to mitigate the risks and seize the opportunities presented by ESG.

A regular keynote speaker at major events, Helle is also the author of the Amazon bestseller, [Stewards of The Future: A Guide for Competent Boards](#), and is the author of many thought-leading articles in international publications

Helle serves at:

- Nasdaq Center for Board Excellence's Sustainability & ESG Insights Council;
- World Economic Forum (WEF) Expert Network for Corporate Governance, Leadership, and Emerging Multinationals;
- A4S Accounting for Sustainability Global Expert Panel;
- Canadian Climate Governance Experts -- a Commonwealth Climate & Law Initiative;
- Chair of the Advisory Committee of the ESG Exchange.

Why sustainability plays a key role in shaping future boardrooms

The vast majority (95%) of business leaders surveyed by Competent Boards in February 2023 believe that sustainability plays an important or very important role in shaping successful future boardrooms.

Board directors are under scrutiny and pressure like never before. With global businesses facing significant changes as they transition to net-zero, now is the time to start forming the future boardroom we want and need to steer the successful companies of the future.

The Future Boardroom™ will bring together the leaders of today and tomorrow from all over the world to pool their knowledge and insights for a common goal: to gather insight from a wide range of global experts that will help board directors and senior business leaders plan for and navigate the transitions to come. And then to share it with all leaders who can benefit.

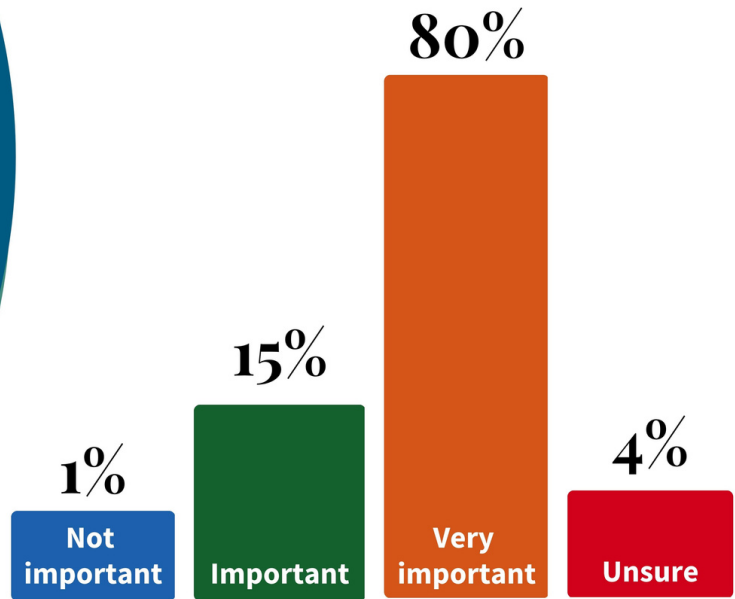
Key issues to be addressed include:

- How will this transition impact directors, companies and society as a whole?
- What or who will accelerate the changes?
- What are the best- and worst-case what-if scenarios?
- How can we enable leaders to make the best and most innovative decisions?

Company oversight and future leadership are worldwide concerns. According to PwC's [26th Annual Global CEO Survey](#), 40% of the global CEOs surveyed think that their company will no longer be economically viable in 10 years' time, if it stays in its current strategic direction. Most of those CEOs also believe that it is critical to reinvent their businesses for the future.

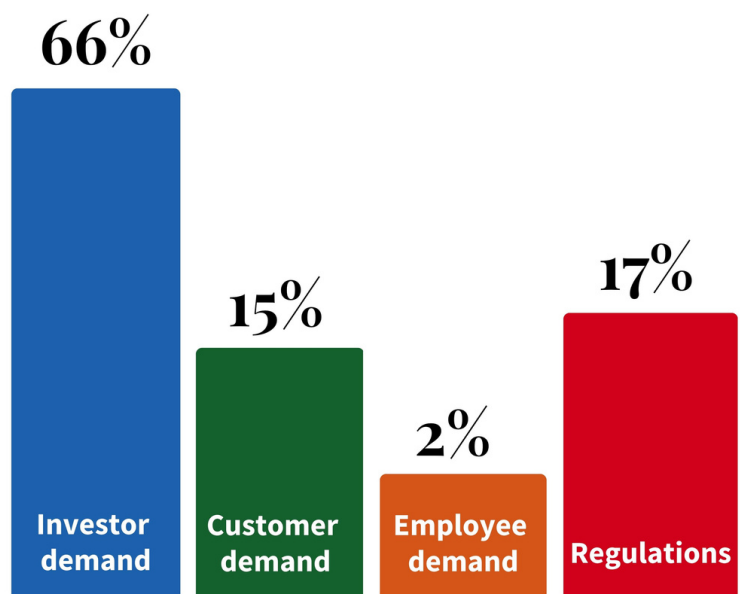
To gain further insights into this startling projection, we ran a series of five polling questions on the Competent Boards LinkedIn page. The results from just under 350 responses, mainly drawn from board directors and other senior business executives, were fascinating.

How important is sustainability knowledge as a key consideration in the selection of new board members?



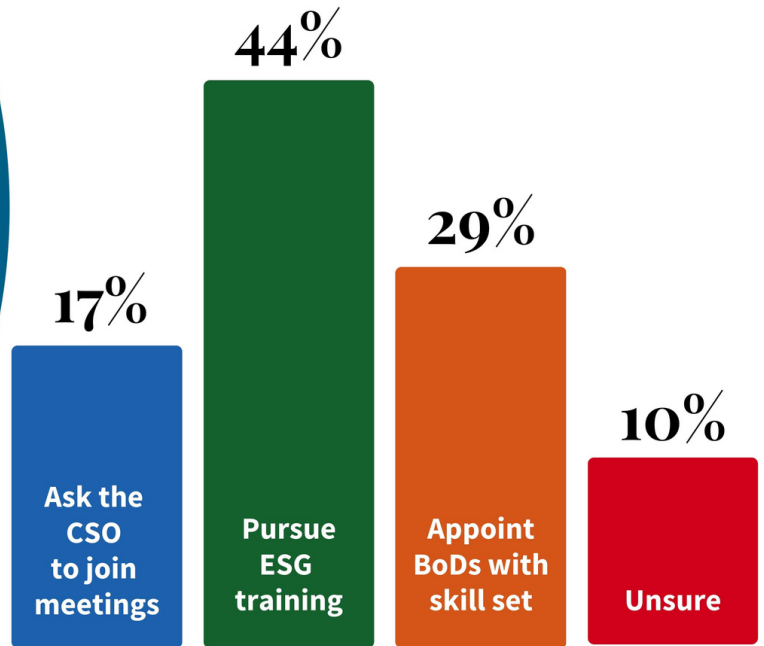
Visit us at: <https://competentboards.com/the-future-boardroom/>

What drives sustainable change in the boardroom?



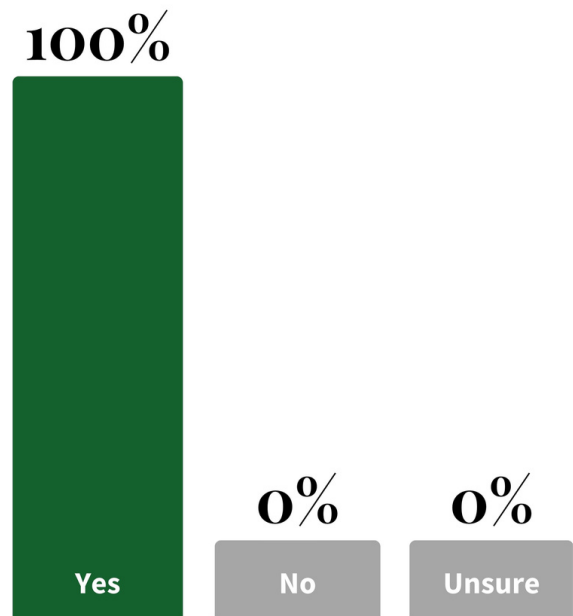
Visit us at: <https://competentboards.com/the-future-boardroom/>

How does "today's" boardroom get insight to provide oversight on ESG?



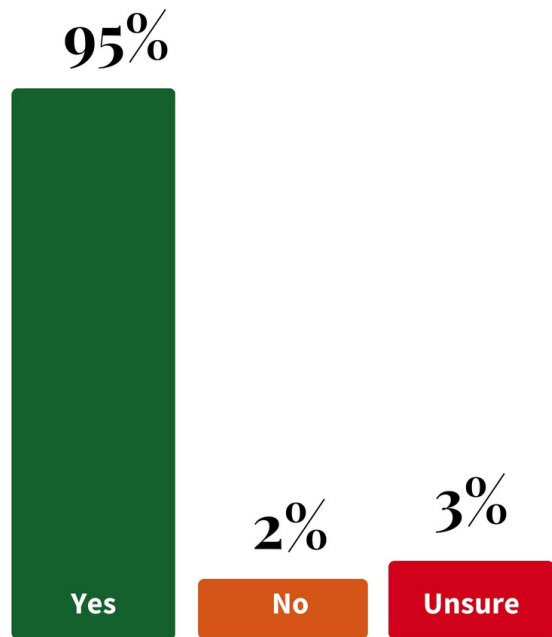
Visit us at: <https://competentboards.com/the-future-boardroom/>

Do you see new competencies (e.g. climate, biodiversity, DE&I, human rights, cyber security, etc.) as necessary for The Future Boardroom?



Visit us at: <https://competentboards.com/the-future-boardroom/>

Will proactive addressing of ESG factors by board members be an asset for a company to out-pace competition and add value creation?



Visit us at: <https://competentboards.com/the-future-boardroom/>

The data clearly shows that knowledge of and insights into environmental, social and governance (ESG) risks and opportunities are not just a nice-to-have, they are a **must-have** for future board directors. Boards will therefore need to set criteria around education and experience in these areas, and reflect their type and depth of competencies in the skills matrices.

A [recent commentary in Barron's](#) by Paul Washington, Executive Director of the Conference Board ESG Center, also echoed the importance of this knowledge. “Along with having the appropriate people in the boardroom, investors should expect boards to have a robust and ongoing education program that ensures board fluency in key areas. They should be alert to boards that are suited to a passive oversight role, populated with subject matter experts with narrow experience, or where directors’ experience is overstated or outdated.”

Competent Boards poll respondents were almost unanimous on another area. Proactively addressing ESG risks and opportunities now will help their companies stay ahead of the competition and enhance their value creation.

Despite that, today’s boardrooms are uncertain as to how they should gain those vital insights. ESG training, tapping into the Chief Sustainability Officer’s expertise and appointing board directors with the necessary skill set are not alternatives, but are all important avenues.

Based on nearly 50 responses, investor demands were the biggest driver of sustainable change in boardrooms for two-thirds of our respondents. However, it would be interesting to ask this question again in a year's time when the growing mountain of ESG, climate and biodiversity regulations, not least from the SEC, International Sustainability Standards Board (ISSB), Taskforce for Nature-Related Financial Disclosures (TNFD) and the Corporate Sustainability Reporting Directive (CSRD) have all actively kicked in. Respondents also noted stakeholder demands and board members' fiduciary duty having an impact.

One of our respondents also noted: "In the future, it will be losses and litigation charges related to climate disasters, loss of customer base, and cross border taxes. Organisations that don't start addressing this now are unlikely to be going concerns and will not last beyond current generations."

Deloitte's [agenda for 2023 for American board directors](#) has also highlighted board composition and skills as priority items, especially in areas where there are the biggest knowledge gaps.

Board directors have many priorities facing them, including risk management, cybersecurity, cryptocurrency and blockchains, climate disclosures, board diversity, geopolitical instability, supply chain disruption and executive compensation. Shaping future boardrooms by choice, not by chance, around the world will be a mighty challenge for all companies.

Are you ready to help us shape the future?

[Sign up today!](#)

About Competent Boards

Competent Boards™ is the original and world-leading provider of online environment, social, governance (ESG), climate and biodiversity education programs for board directors, senior business leaders and investors across the globe. The faculty members who deliver the programs comprise many of the world's top board members, C-suite executives, investors and other experts. Program alumni represent 50 countries around the world. Competent Boards was founded by Helle Bank Jorgensen, who is also the author of the Amazon bestseller, [Stewards of the Future: A Guide for Competent Boards](#). For more information visit CompetentBoards.com



To learn more, visit

competentboards.com/the-future-boardroom

competentboards.com/programs

Follow us on:



Join the conversation using
#TheFutureBoardroom