

SEPTEMBER 17, 2024 | ROUNDTABLE

Navigating the ESG Landscape: Board and Executive Oversight of Strategic ESG Priorities

On September 17, 2024, Paul, Weiss and BSR hosted a senior level roundtable to discuss how Boards, Executives, and Corporate Counsel can provide meaningful oversight and leadership on priority ESG topics, and navigate challenges posed by lack of concrete guidance, capacity, and experience.

The event featured facilitators Dave Curran (Paul, Weiss), Aron Cramer, and David Korngold (BSR), who revealed notable insights into the challenges, expectations, and opportunities for overseeing strategic ESG priorities. Key themes included:

- Value of disclosure – voluntary and mandatory disclosures can help align strategy with company goals
- Compliance as the baseline – companies may continue to build off of that baseline to address risk and align with business goals and societal impact
- Strategic impacts – ESG also goes beyond compliance, and it is valuable for companies to consider the strategic implications and real world impacts that drive business risks and opportunities
- Fostering a culture of continuous improvement – proactively identifying areas of risk and addressing them in Board communications and public commitments

The attendees agreed that disclosures — both voluntary and mandatory — are a key component to aligning strategies with company goals and provide an opportunity for companies to develop their ESG processes. They emphasized the importance of transparency and consistency in communicating values, and the challenges faced by multinationals navigating disclosures across the globe without established universal best practice guidelines. They also discussed the value of balancing shareholder and stakeholder interests when considering voluntary disclosures and strategies to mitigate potential associated risk.

The group further focused on the demand for action from consumers and employees, who are pushing for corporations to address ESG issues, and the potential exposure to business, reputational, and legal risk from not meeting expectations. Companies can work not only towards baseline compliance, but can institute longer-term goals and commitments. However, the attendees recognized that taking action can

expose an organization to risk, such as regulatory scrutiny, shareholder litigation, and reputational damage. They shared strategies to manage this risk and discussed the opportunities available to do more.

The attendees concluded that despite risks and challenges, taking action on various issues presented opportunities for corporations to innovate and evolve. They emphasized how a company culture rooted in transparency, growth, and continuous improvement is crucial for both identifying and addressing risks within the ESG space. Additionally noting that executives and boards who are prepared to engage in the challenging conversations that ESG issues bring can help effectively allocate resources to resolve problems and proactively mitigate risk. Furthermore, participants highlighted the importance of acknowledging areas for improvement in sustainability and ESG initiatives, and the responsibilities of leaderships and boards to set realistic goals for improvement.