

Podcast

From the Breakroom to the Boardroom: ESG and the Life Sciences Industry

By Laura A. Mitchell & Margaret J. Strange

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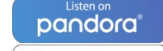
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Details

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Life sciences employers are being asked to demonstrate how they manage risks and opportunities related to environmental, social, and governance—or ESG issues.

Jackson Lewis P.C. · From the Breakroom to the Boardroom: ESG and the Life Sciences Industry



Transcript

Alitia Faccone:

Welcome to Jackson Lewis's podcast, 'We Get Work.' Focused solely on workplace issues, it is our job to help employers develop proactive strategies, strong policies, and business oriented solutions to cultivate an engaged, stable, and inclusive workforce. Our podcast identifies issues that influence and impact the workplace, and its continuing evolution and helps answer the question on every employer's mind. How will my business be impacted? Life sciences employers are being asked to demonstrate how they manage risks and opportunities related to environmental, social, and governance, or ESG issues. On this episode of 'We Get Work' we discuss why ESG is contributing to a more stakeholder centric approach to doing business and how life sciences companies can demonstrate their commitment to strengthening their relationships with employees.

Our hosts today are Peggy Strange and Laura Mitchell, principles respectively in the Hartford and Denver offices of Jackson Lewis. Peggy is the life sciences industry group co-leader, and believes that proactive innovation and support are the keys to a successful client relationship in a dynamic and ever-changing workplace. Peggy looks for ways employers can achieve the same goals as their employees. Laura is the leader of the firm's environmental, social and governance group. Laura partners with her clients to evaluate, set, achieve, and monitor their organizational culture and human capital goals. She works with companies across

all industries to realize this vision for her client's ongoing success. Peggy and Laura, the question on everyone's mind today is, what is ESG and how does that impact my business?

Peggy Strange:

Hi, I am Peggy Strange from the Hartford Office of Jackson Lewis, and I help clients, particularly national clients, stay on top of updates and ready for legal developments as they come down the pike. Today I'm here with my friend Laura Mitchell, and she's going to talk to us about ESG, a big hot legal item right now. So, hello, Laura.

Laura:

Hi, Peggy. Happy New Year. Happy to be here.

Peggy Strange:

So happy to have you. And Laura, can you help me understand something we've been hearing and things so much about ESG? What does it stand for and what exactly is it?

Laura:

Yeah, so ESG is actually a concept that's been around for quite some time, but it was really limited to publicly traded companies who were invested in and focused on demonstrating the largest profits for their shareholders. So ESG at its very basic level stands for environmental, social and governance. And again, it was an area where companies were focusing to give the biggest returns to their shareholders. It has now expanded beyond just the public sector into private companies and nonprofit organizations. It's about how do organizations, how do companies demonstrate their values with respect to employees and the environment and society as a whole?

Peggy Strange:

So we are employment lawyers and you mentioned employees and we advise companies about compliance with state and local laws and defending claims. So how would we pivot that and be involved? What's the employee aspect to ESG?

Laura:

Yeah, the employee aspect really proliferates everything from pay to benefits and leave to what are we investing in our 401K for our employees. Again, it's really this notion of how do we demonstrate that we value our employees and that we care about the things that they care about today.

Peggy Strange:

And what should companies be doing today to prepare for all this?

Laura:

I think the most important thing is to understand what position they're going to

take or what is a company's personality and stance on issues. It's really not beneficial to be reactionary right now. You need to understand what position you're going to take on these hotbed topics that could come up at any point in time. So taking the time to have a thoughtful measured approach to potential issues or to think through concerns that are coming from the employee population or things that are happening in society at large. Understanding what you are going to say as a company if you get questions on those topics.

Peggy Strange:

So Laura, in the past I've heard you say things like, "From the break room to the boardroom." How does that apply to ESG?

Laura:

Yeah, so that's one of my favorite sayings. Because ESG really has morphed into this concept of values based governance, it really has proliferated every aspect of the workplace from wage and hour issues, time clock, paid time off, paid sick leave, to pay equity issues to, our benefits offerings, to data privacy and data breaches, how we react to those, even to executive compensation and required government filings and reportings. So really everywhere from the break room to the boardroom, we're seeing ESG topics come up.

Peggy Strange:

So Laura, what are some of the topics our life science clients are discussing in relation to ESG?

Laura:

We are seeing a lot of focus and a lot of conversations around diversity, equity, inclusion, and access. These are conversations that have been happening for some time. They're now getting the attention of the boardroom, especially with disclosures, annual corporate responsibility reports. We're seeing continued focus and discussion around pay equity with a focus on executive compensation. We're seeing conversations and concerns around just societal issues. If it's trending on Twitter, your employees are likely talking about it in the break room, which is another great reason why a climate or a culture survey is a really good idea to take the temperature of the employee population to really understand what is mattering to them, what are they concerned about, and how as an organization can you proactively address it before you become the subject of a viral post.

Peggy Strange:

And you talked about how we react and not being reactionary, and the whole world of public relations has changed for all of us. And for our clients, we find it so much different. A story hits it sometimes unfortunately goes viral. It may not be flattering to the company. And the old days we'd have time to kind of reflect about our response and think about a PR strategy and release a statement a few days later. How has that changed and what should companies do, particularly in response to ESG publicity and the ESG discussions that are going on?

Laura:

Everything happens at lightning speed these days, and with that though, there's a record of everything. So it's this balance of being reactionary and quick without being knee jerk, being thoughtful and being consistent. So I think the worst position for a company is to have a quick response that's not thoughtful or inconsistent with messaging that they've had before. Or if they have someone who is speaking out on behalf of a company who's not really authorized or hasn't been in the loop on the company's position or the stance that they want to take about a notion. So this goes back to that idea that knowing ahead of time and having all of the key players involved in that decision-making and in the loop on communications is critically important. This is not just about our PR departments anymore. This is about the PR department's leadership, executive, marketing, employee relations, diversity and inclusion, all of those really important stakeholders have to have a seat at the table and a say in the development of the responses.

Peggy Strange:

And how does that apply to stories about a company's commitment to its employees or their ESG?

Laura:

I think where we're seeing that is companies are going to be held accountable. What they say, they're going to have to demonstrate that they're achieving, that they're going to have to put their money where their mouth is and show what progress that they're making. They're going to have to have goals in whatever it is that they're setting, and then be able to demonstrate how they're making progress towards those goals.

Peggy Strange:

And what are some of the specific things that companies can do today to get ready for ESG?

Laura:

I think one of the top of mind things is pay, right? If a company is not evaluating its pay practices, conducting a proactive pay, privileged pay equity analysis, they're really behind the times. You need to ensure that you are able to demonstrate and communicate a commitment to pay equity in order to keep up with one of the fastest growing areas that we're seeing within the law and compliance. I think also just listening to the employee population, asking them what's important to them, soliciting that feedback and then actually acting upon it. We don't want organizations to go out and solicit this feedback and then it goes into some black box somewhere and there's never a readout or there's never any closing the loop with the employee population. So conducting a climate survey with your employee population to find out what's working, what's not working, where they would like to see progress made, or where they may even have suggestions for an organization to embark on something new that will help both employee relations and potentially the bottom line of the organization.

Peggy Strange:

Well, Laura, it sounds like our companies and their boardrooms need to start talking about these things and getting themselves prepared, and I know many of them are. So thank you very much. I hope we can revisit this discussion and this whole area as it develops.

Laura:

Absolutely. Happy to chat anytime.

Alitia Faccone:

Thank you for joining us on 'We Get Work.' Please tune in to our next program where we will continue to tell you not only what's legal, but what is effective. 'We get Work' is available to stream and subscribe on Apple Podcasts, Google Podcasts, Lipson, Pandora, SoundCloud, Spotify, Stitcher, and YouTube. For more information on today's topic, our presenters, and other Jackson Lewis resources, visit jacksonlewis.com. As a reminder, this material is provided for informational purposes only. It is not intended to constitute legal advice, nor does it create a client lawyer relationship between Jackson Lewis and any recipient.

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