

The Year Ahead 2024: ESG in the Boardroom

By Laura A. Mitchell & Monica H. Khetarpal

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Transcript

Alitia Faccone:

Welcome to We get work™ and The Year Ahead 2024 podcast series. Covering workplace issues from both subject matter and industry perspectives, the 19 episodes in our series provide both big picture trends and detailed tactics that can help employers achieve their workplace ideal, while remaining real about regulations, compliance challenges, and more in 2024. Jackson Lewis invites you and others at your organization to experience the report's legislative, regulatory, and litigation insights in full at our website, JacksonLewis.com, or listen to the podcast series on whichever platform you turn to for compelling content.

Laura Mitchell:

Hello. Happy New Year. Thank you for joining us for the special episode of We get work™ for the year ahead, 2024. Today, we are talking about board members and how to manage leadership through tumultuous times. I am Laura Mitchell. I am a principal in our Denver office. I co-lead our ESG group with my friend and colleague, Monica Khetarpal, who has joined me today to talk about this really exciting and, I think, pressing topic.

Monica, I know we are getting questions all the time from crisis management perspective. How do we help our leadership address these issues? Because what is hitting the news every day is showing up in our boardrooms. Our clients are asking for our assistance with that. Other than just the impending nature of it, why is this something that you really want to bring attention to, and why we should be talking about it today?

Monica Khetarpal:

Yeah. Thanks, Laura. We have been receiving a lot of questions about senior leadership and, particularly, boards. Board members are unique. On the one hand, they're not employees. We have to manage them and set expectations in a little bit of different ways than we do for our general employee population. They're being tasked with a lot. They're sometimes handling communications internally or externally. Sometimes, they're speaking out about topics that are really important to them on their own behalf. But because of who they are and what position they hold, those communications are being imputed to their organizations. That has various types of ramifications.

We're also looking at board members making decisions about how and whether to tackle diversity, equity, and inclusion initiatives. That's changing since 2020. There's a big push for very aggressive DEI post George Floyd, and a lot of boards demanded a lot from their organizations. But the law's changing. There are different obstacles, and different challenges, and different ways to look at it now. Oftentimes, it's the board members who have to decide, "Okay, what is my organization going to do? What is our risk profile? What's the path forward?" It's a difficult place to be in, both as senior leadership looking to your board and to be a board member. Both of those things.

Laura Mitchell:

Yeah. I think, from an ESG perspective, we really focus on the G aspect when it comes to our board and have good governance hygiene practices in place. But we are seeing more and more the creep of the S, the social aspect of this. Is this personal preference and opinions versus what's for the good of the company? You have reputations at stake both for the companies and individuals. How do you balance those? Where's the line? What can you do? What should you do? I think it's a really big question. Lots of questions for organizations right now. What are things that folks should be looking to or questions that they should be asking to go about just identifying where they need to put some focus around board governance in these times?

Monica Khetarpal:

Yeah. It really goes back to what you and I talk about all the time in ESG, and that's... You're going to know where I'm going. What are your organization's values? Where do you want to be? What do you stand for? What is your risk profile? First, there are organizations who are very open to board members having their unique opinions about what's going on in the world out there. They understand that that carries some risk. They're okay with that. Others want to be more conservative, with a small C, about it and take less risk.

The first thing is a level set. What do you want to do? Where do you want to be? Then, from there, going to the governance, I would recommend policies in place in advance. Risk management and strategic communications policies. What can senior executives and board members say about what's going on in the company, what's going on in the world, what their opinions are? Calibrate. Like all things ESG, there's no no-risk answer here. You have to decide, "Okay, do I want to ask my board members to dial back what they're putting on their personal social media because we know it's going to be a reflection on our company/our organization? Or do we not want to do that because we want to make sure that we're recruiting a certain type of talent for our board?" These are really individualized decisions. There's pluses and minuses to each one. But I think what goes without saying is that you should have a plan before crisis hits rather than after.

Laura Mitchell:

Yeah. I think that's a great reminder. I think as we are starting a new year and refreshing, this is a wonderful opportunity to take that time and pause and think

about, "Okay, do we need to refresh communications about duties and responsibilities to our board member." Even though they're not employees, they do have certain fiduciary duties and responsibilities to our organization. This seems like a natural time to maybe do that. Or refresh our communications plan or our crisis management plan. Make sure that all of our stakeholders are on the same page.

Who's going to be doing what in response? Who has to sign off? Getting all of that in place. Using this opportunity to just level set with everybody and identify some of those topics that you talked about or those decision points. Get council involved to identify what we need to do. Make sure everyone is on the same page as to the risk profile because some folks may think that the organization is willing to take more risks than others. I think this year ahead look is a really good time to plan ahead as we start this out.

Monica Khetarpal:

Yeah. I totally agree. Bring in all the talent that you have. This is really a cross-disciplinary issue. It involves your legal team. It involves your HR team, and your comms team, and your existing board members who set the direction of the organization. They should be listening to your employee population and your clients or customers. You want to pull in all of the talent that you need to get the best results so that you know that, going forward, starting this fresh year, you are meeting whatever challenges that come up in a strategic way that's aligned with your values and your risk profile, and you're not surprised when something comes up. You're prepared.

Laura Mitchell:

Yep. I think very valuable and keen insights. Thank you so much. It's always a pleasure to speak with you. I hope we get to do it again soon.

Monica Khetarpal:

I agree. I'm sure we will. I totally echo that. You are my colleague and my friend. I love doing this with you.

Laura Mitchell:

Yes, you as well. Take care.

Alitia Faccone:

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