

HEIDRICK & STRUGGLES

Boards Are Committed to Addressing Climate Change, but Knowledge and Experience Gaps in the Boardroom May Impact Ability to Drive Future Change according to New Report from Heidrick & Struggles and INSEAD

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- Report shows potential competency gap as combined climate change knowledge and board-relevant business experience not widely present
- 50% of all board members expressed concerns with the level of reporting they receive on climate change progress
- 75% of boards believe climate change is important to companies' success, yet few board governance measures link executive performance to climate change goals

CHICAGO and PARIS, Dec. 13, 2021 /PRNewswire/ -- [Heidrick & Struggles](#) (NASDAQ: HSII), a premier provider of global leadership advisory and on-demand talent solutions, and [INSEAD](#), the business school for the world, released today a new report, [Changing the Climate in the Boardroom](#), that reveals how 301 board members in 43 countries, primarily in North America and Western Europe, view their boards' action on climate change.

The survey revealed signs of continued progress in corporate commitment to climate change. 75% of boards believe climate change is very, or entirely important, to the strategic success of their companies, with 72% reporting confidence that their company will reach its climate change goals.

The more concerning findings centered on competency, knowledge and implementation.

- 50% of all board members expressed concerns with the level of reporting they receive on climate change progress.
- 69% said climate change knowledge is not a formal requirement for joining their board, and climate change knowledge is not included in their board's competency matrix.
- 65% said that knowledge of climate change is not a formal requirement in CEO selection.
- 74% of boards do not prioritize climate change in executive performance metrics.

The data also revealed a talent paradox: the best leaders on climate change often do not have board experience, and those with skills to navigate board dynamics often lack true understanding of climate change.

"As companies continue to evolve their ESG efforts – marked by real shifts in priorities in this pandemic era – boards whose primary focus is enforcing good corporate governance must lead on climate change. Regulatory and other pressures are converging to influence access to capital, as insurers, investors and lenders are increasingly requiring ESG disclosure that mirrors financial reporting to secure funding," said [Louis Besland](#), Partner in Heidrick & Struggles' London and Paris offices and a member of the Industrial and CEO & Board of Directors practices.

Most companies have implemented the basic tenets of good corporate governance related to climate change. Over 80% of companies have someone that is responsible for reporting on climate change to the board. But the scope of emissions targets are limited: only 16% reported their companies have targets for carbon emissions beyond their control (including their suppliers' and end users' emissions).

"The notion of what constitutes effective climate change governance is evolving as global dynamics, stakeholders and activists' pressure take hold. It is increasingly a top focus – from investors for whom climate is a priority in their financial-backing of organizations, to boards of directors scrutinized to integrate climate transition as part of the strategy; and from increased societal scrutiny around greenwashing with clearer metrics available on impact and results that count," said [Sonia Tatar](#), Executive Director at the [INSEAD Corporate Governance Centre](#) which led the survey from the school.

The report from Heidrick & Struggles and INSEAD includes several practical measures boards can take to ensure companies are ready to meet the growing demands of stakeholders:

- Consider adding more climate change voices with relevant expertise to the boardroom.
- Create board chair accountability on the processes and dynamics that support advancing climate change as, increasingly, companies that lack the ability to prove ESG metrics or meet stated goals may find they have limited access to capital in the future.
- Anchor climate change strategy in social and organizational purpose, and connect it to specific operations.
- Integrate climate change objectives into executive compensation and search strategies, especially for the CEO.
- Build climate-related disclosures with the same rigor required of financial disclosures.

About the Report

The survey was conducted during September and October 2021 through the global INSEAD and Heidrick & Struggles corporate governance networks. 301 respondents from 43 countries completed surveys, and 74% of respondents were at companies headquartered in North America and Western Europe. Board members were from a wide-range of industry sectors and sizes. 227 respondents were non-executive directors from various board committees, with audit, nomination and remuneration being the most common functions. Notably, 77 were members of a sustainability committee.

About Heidrick & Struggles

Heidrick & Struggles (Nasdaq: HSII) is a premier provider of global leadership advisory and on-demand talent solutions, serving the senior-level talent and consulting needs of the world's top organizations. In our role as trusted leadership advisors, we partner with our clients to develop future-ready leaders and organizations, bringing together our services and offerings in executive search, diversity and inclusion, leadership assessment and development, organization and team acceleration, culture shaping and on-demand, independent talent solutions. Heidrick & Struggles pioneered the

profession of executive search more than 65 years ago. Today, the firm provides integrated talent and human capital solutions to help our clients change the world, one leadership team at a time. @ www.heidrick.com

About INSEAD, The Business School for the World

As one of the world's leading and largest graduate business schools, INSEAD brings together people, cultures and ideas to develop responsible leaders who transform business and society. Our research, teaching and partnerships reflect this global perspective and cultural diversity.

With locations in Europe (France), Asia (Singapore), the Middle East (Abu Dhabi), and now North America (San Francisco), INSEAD's business education and research spans four regions. Our 168 renowned Faculty members from 41 countries inspire more than 1,100 degree participants annually in our Master in Management, MBA, Global Executive MBA, Specialised Master's degrees (Executive Master in Finance and Executive Master in Change) and PhD programmes. In addition, more than 12,400 executives participate in INSEAD Executive Education programmes each year.

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About INSEAD Corporate Governance Centre

The INSEAD Corporate Governance Centre (ICGC) has been actively engaged in making a distinctive contribution to the knowledge and practice of corporate governance globally. Our vision is to be the leading center for research, innovation, and impact in the field of corporate governance. Through its educational portfolio and advocacy, the ICGC seeks to build greater trust within the public and stakeholder communities, so that businesses are a strong force for improvement, not only of economic markets but also for the global societal environment. www.insead.edu/centres/corporate-governance

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