Tapestry Networks

November 2021

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VIEWPOINTS

# Investors, ESG, and the board

Environmental and social issues dominated the 2021 proxy season. Companies faced pressure from investors, employees, customers, and regulators to both enhance their environmental, social, and governance (ESG) practices and broadcast the results. On the environmental side, stakeholders upped their demands related to companies' greenhouse gas emissions and climate transition plans. On the social side, shareholders overwhelmingly supported campaigns focused on increasing board and executive diversity and disclosing data aligned with the disclosure framework of the US Equal Employment Opportunity Commission's EEO-1 data collection.[1]

Faced with these trends and a prolonged pandemic, many boards are reviewing and enhancing their approach to ESG oversight. From October 4 to November 9, 2021, Tapestry Networks convened six virtual meetings at which the audit committee chairs of more than 100 large US public companies engaged with the following institutional investors:

- Ben Colton, Global Co-Head of Asset Stewardship, State Street Global Advisors
- Kristin Drake, Head of Investment Stewardship, Dimensional Fund Advisors
- John Hoeppner, Head of US Stewardship and Sustainable Investments, Legal & General Investment Management America
- Kellie Huennekens, ESG Stewardship Manager, Capital Group
- Tanya Levy-Odom, Director, Investment Stewardship, BlackRock
- Aeisha Mastagni, Portfolio Manager, CalSTRS
- Michael McCauley, Senior Officer, State Board of Administration of Florida
- Elizabeth Mooney, Accounting Analyst, Capital Group
- Danielle Sugarman, Director, Investment Stewardship, BlackRock
- Catherine Winner, Vice President, Global Head of Stewardship, Goldman Sachs

*For a full list of meetings and participants, please see the appendix that begins on page 11.*

This *ViewPoints* synthesizes discussions about three key topics that emerged in the meetings:[2]

- **Environmental and social practices are long-term value propositions**
- **Investors want companies to share more of their ESG stories**
- **Board oversight of ESG is emerging in real time**

## Environmental and social practices are long-term value propositions

Investors have become increasingly vocal with their views about the importance of business relevant ESG matters. Yet, according to a recent EY survey, directors are more confident about shareholders' expectations on governance issues than on environmental and social factors.[3] State Street's Mr. Colton said, *"The activity we are seeing today around ESG issues is not new; it just leverages an angle of financial materiality, and that shows how important these issues are to long-term strategy."* Audit chairs were eager to discuss these topics with investors and better understand their priorities.

### Climate risk is business risk

Demonstrating a commitment to the environment has gone from being a "nice to do" to becoming a business imperative. BlackRock's Ms. Sugarman said, *"In terms of the financial impact of climate change on companies, it has never been clearer. The many dimensions of climate impacts have cost companies dearly thus far—from forest fires, increased insurance premiums, extreme weather events, and loss of business time, among others. The largest global companies report almost $1 trillion at risk from climate impacts over the next several years. The science is proven as are the financial stakes; it's now a matter of the pace of change towards a net zero economy."*

A survey of the world's 2,000 largest public companies published in March 2021 found that 21% have made some form of net-zero commitment.[4] Additionally, SEC Chair Gary Gensler stated that 92% of companies in the S&P 100 have plans to set emission-reduction goals.[5] While investors applaud companies for making commitments and setting targets, the guests suggested that boards oversee that their companies establish tangible plans to attain these goals. One member asked, *"With net-zero commitments for 2050 coming out weekly, how do you actually evaluate these? Most companies have a warm and fuzzy feeling about trying to get there, but in reality, there is no true plan."* BlackRock's Ms. Levy-Odom suggested zeroing in on short- and medium-term steps based on the information available today. Legal & General's Mr. Hoeppner added, *"We provide sector-specific guides on net-zero transitions, and we have specific questions tailored to each industry."*

Investors are charting a path to measure and reduce emissions across parts or all of their portfolios. That could come at a cost for companies that are lagging or that do not have transparent paths to net zero. CalSTRS' Ms. Mastagni said, *"CalSTRS has pledged to make our portfolio net zero by 2050, so we are now going through the process of assessing it. We currently use our influence to help companies be more resilient, but we will also have to establish parameters on new investments. We may have to make hard decisions about where we invest our dollars—this is just the flow of traffic and what we have to do to get where we want to go."* US sustainable funds saw $15.7 billion in net inflows during the third quarter of 2021, according to Morningstar, with assets in these funds of more than $330 billion as of September.[6]

While most audit chairs understood and embraced the investors' emphasis on the environment, some expressed concern that investors and other stakeholders were laser focused on carbon emissions as the critical metric. One member asked, *"What if our company looks at its risks and concludes climate isn't the driver—it's these four other things, so we will focus on these because we can't boil the ocean. Would you entertain that argument?"* While most investors agree with the Sustainable Accounting Standards Board's (SASB's) stance that "climate change is likely to materially affect nearly every industry, but manifests differently in each one"[7], Dimensional's Ms. Drake assured members, *"We know not every company will be impacted by climate change in the same way, even within the same industry, depending on company strategy, so we try very hard to understand the nuances of each company."*

### Talent is a material asset

A company's future success is dependent on the skills and capabilities of its workforce. Investors look at talent strategy as both an opportunity and a risk. CalSTRS' Ms. Mastagni said, *"This risk applies universally across all companies and market caps. It's so important, yet the only required disclosure is a company's number of employees. That feels like a disconnect because all companies say that their employees are a valuable resource."* Institutional investors have significant interest in understanding companies' policies in all areas related to people and workforce oversight.

External stakeholders are starting to press companies to share more information about their people. California's legislation requiring boards to appoint directors from underrepresented groups is helping investors to push companies for more data about board and workforce diversity.[8] Legal & General's Mr. Hoepnner said, *"Based on our view that diversity creates value, we researched, talked to companies, talked to other investors to see what was reasonable, and made a policy. We want to see at least one ethnically diverse director on each board. We notified the companies that have no assessed ethnic diversity that if they make no changes in the next 18 months, we will take action against the chair."*

In a recent survey by the National Association of Corporate Directors, 43% of directors said that their boards did not dedicate sufficient time to the oversight of organizational diversity and inclusion efforts; many wanted greater board exposure to diverse voices and views as well, with 28% indicating that they would like to see more board agenda time allotted to hear presentations from an array of management voices.[9]

## Investors want companies to share more of their ESG stories

Audit chairs and investor guests concurred that as the parties seek common ground, the lack of a mandatory ESG disclosure regime is a complicating factor. SEC Chair Gensler seems to have a keen interest in creating some set of rules in this area. Speaking at a webinar titled "Climate and Global Financial Markets," he said that prior SEC guidelines on climate disclosure were voluntary, resulting in inconsistent disclosures, and that he would like disclosures to be "decision useful."[10]

In August, he added by tweet: "Investors want to better understand one of the most critical assets of a company: its people.I've asked staff to propose recommendations for the Commission's consideration on human capital disclosure … This could include a number of metrics, such as workforce turnover, skills and development training, compensation, benefits, workforce demographics including diversity, and health and safety."[11]

For now, in the absence of comprehensive regulatory requirements, companies are doing their best to disclose more about their ESG practices and results. Investors stressed that eventual SEC rules will be helpful, but ultimately each company should think about ESG disclosure as an opportunity rather than a requirement. CalSTRS' Ms. Mastagni said, *"Regulators will set the floor in terms of disclosure, but it's up to each company to tell their story. If your employee costs are high, maybe you have a good reason for that—training and development, more investment/employee benefits. We need the minimum metrics for comparability, but then it's up to you to provide that story."* BlackRock's Ms. Levy-Odom added, *"This information is so valuable, and companies should be controlling that narrative."*

## Companies look to SASB and TCFD as a starting point

Demand for enhanced ESG disclosure has sparked a call for information that is comparable across companies and over time. The lack of a common taxonomy to define, measure, and compare ESG-related metrics remains a serious challenge. However, investors and audit chairs agreed that stakeholders—especially in the United States—have started to coalesce around two key initiatives:

- **Sustainable Accounting Standards Board (SASB) standards.** Following a recent merger between SASB and the International Integrated Reporting Council, the SASB standards are maintained by the Value Reporting Foundation.[12] Because the intended audience is investors, the SASB standards include financially material issues—those that are reasonably likely to impact the financial condition or operating performance of a company and therefore are most important to investors. There are 77 SASB industry standards that recommend, for each industry in which a company operates, six disclosures on average that are most likely to be significant to investors.[13] Use of SASB standards has increased rapidly in recent years: in 2021, 1,181 public companies around the world reported using SASB metrics, up from 117 in 2019 and 559 in 2020.[14]
- **Task Force on Climate-Related Financial Disclosures (TCFD) framework.** TCFD is an industry-led group established by the Financial Stability Board. It focuses on the risks of climate change, addressing not only the direct physical impact of environmental effects such as sea-level rise but also the economic consequences of efforts to lower carbon emissions, such as carbon taxes. TCFD guidance is structured around the core elements of governance, strategy, risk management, and metrics and targets.[15] TCFD disclosure increased more between 2019 and 2020 than in previous years, with 83 of the world's largest 100 companies now supporting or reporting in line with the TCFD's recommendations.[16]

In general, the investor guests said that the SASB standards and TCFD framework are an important starting point for corporate disclosure. In some cases, however, they cautioned that disclosure should go further. For example, Legal & General's Mr. Hoeppner said, *"We think third-party frameworks are a helpful starting point. We took it a step further and put out our Climate Impact Pledge, which takes the TCFD framework and maps metrics to each of the TCFD pillars, and we use that to underpin engagement as transparently as we can."*[17] Other investors prefer to take a less prescriptive approach: *"Rather than say a company must follow a specific framework, as long as the key metrics are disclosed, that's really all that we are looking for,"* said Dimensional's Ms. Drake.

The International Financial Reporting Standards Foundation (IFRS) recently signaled that a single ESG disclosure framework is on its way. The International Sustainability Standards Board (ISSB) was formed to provide "a standard set of global sustainability-focused disclosure guidelines taking into account financial materiality."[18] The ISSB will combine the work of a number of standard setters, including both SASB and TCFD, into a new set of standards, which they plan to release in June 2022.[19]

### Third-party data is commonly used despite its limitations

While audit chairs pointed to the difficulty of providing perfectly accurate ESG metrics, the investor guests said they look to third parties to fill in the blanks. Legal & General's Mr. Hoeppner said, *"We are all aware of ESG data challenges, but if you don't provide this information, we will still get it from third-party providers. Getting the data right is everyone's responsibility."* Investors use a range of third-party data to supplement their stewardship teams' primary research:

- **Data providers.** Data providers, such as Bloomberg, scrape financial information from an exhaustive list of company's public filings and provide this raw data to investors and other stakeholders. Investors, recognizing the potential for bias and gaps between providers, use multiple data sources in their research process. Goldman Sachs' Ms. Winner said, *"Our clients are increasingly aware of ESG scores – they expect us to be able to explain and justify the differences between our view on a company's ESG performance and the ESG scores provided by the major rating agencies. Ultimately, we may not agree with all elements' of the rating agencies' methodologies, but given the rising interest it is important for us as asset managers and ultimately the companies themselves to be aware of these ratings."*
- **Proxy advisory firms.** Proxy advisory firms provide institutional investors and other clients with a suite of proxy information and voting recommendations in line with benchmark policies. CalSTRS' Ms. Mastagni said, *"While we don't take their recommendations at face value, a great benefit to proxy advisors is that they help make us*

**Third-party data is commonly used despite its limitations**

*aware of upcoming issues and new shareholder proposals on the ballot."* Investors said that proxy advisory firms help them cast routine votes in accordance with their own custom policies. This allows stewardship teams to dig deeper on controversial or high-profile issues.

- **Rating agencies.** ESG rating agencies use corporate disclosures and their own algorithms to formulate and assign ESG scores to corporations. Their methodologies are not always transparent, however, and a study from the Massachusetts Institute of Technology found that ESG scores can diverge so widely that a "firm that is in the top 5% for one rating agency belongs in the bottom 20% for the other."[20] Despite apparent inconsistencies, ESG scores command attention; Goldman Sachs' Ms. Winner explained, *"We use a variety of data providers to track what may seem like straightforward metrics – from the number of women on the board to a company's scope 1 emissions. Yet we find significant discrepancies between providers and many instances where providers are unable to catch all of a company's public disclosures. This emphasizes to us the need for further due diligence of third-party data, and direct engagement where necessary."*

Members expressed concern about the influence that third-party data could have over the proxy voting process. Florida SBA's Mr. McCauley assured members, *"There is a lot of healthy skepticism on the investor side about the quality of third-party data."*

## Demand continues to grow for climate, workforce, and diversity information

As asset owners and managers focus on ESG—particularly climate change and human-capital management—they are seeking more information about how their portfolio companies address these issues. In certain cases, they seek information beyond that which is disclosed in a SASB or TCFD report.

While the specifics vary dramatically by company and industry, investors and audit chairs discussed the importance of enhanced disclosures in three key areas:

- **Climate transition planning.** Investors are seeking comprehensive disclosures on how companies approach both reducing greenhouse gas emissions and managing the risks and opportunities associated with climate change. CalSTRS' Ms. Mastagni said, *"We are asking companies to disclose scope 1, 2, and 3 emissions. I understand that scope 3 is hard, but if you don't do it, someone else will estimate it for you and the company will always provide the more accurate figure."* Investors also desire details beyond carbon emissions—such as where and how companies get their sources of water and supplies, the energy they use, and even where buildings and offices are located—to assess climate risk, but this information is currently not included in corporate reporting.[21]

- **Workforce data.** Several investor guests pointed to the efforts of the Human Capital Management Coalition—a cooperative effort among a diverse group of asset owners—as a guide for enhanced disclosure about a company's people.[22] The coalition supports mandatory reporting of four "foundational disclosures": (1) number of workers (employees and contractors), (2) total cost of the workforce, (3) turnover, and (4) diversity data.[23] In particular, several investors stressed that for diversity data, they would like all companies to disclose the consolidated EEO-1 report that companies already file privately with the US Equal Employment Opportunity Commission. Goldman Sachs' Ms. Winner explained, *"Since companies are already required to submit the EEO-1 form to the government, we see disclosing this form publicly as a low-effort way to increase transparency. The EEO-1 form may not capture all elements of a company's approach to diversity, but it allows investors to assess diversity across companies in a consistent, comparable way."* State Street's Mr. Colton added that his firm recently developed guidance in this area: *"We came out with expectations for companies to disclose different areas of their company's racial and ethnic diversity. First, strategy: does the board have a general strategy related to their workforce and other stakeholders regarding racial and ethnic diversity? Next, metrics or targets, including EEO-1 data. And, finally, board oversight: how is board oversight formally lodged in committees?"*

- **Board diversity.** Amid the push for broader information about company diversity, several investors noted that many boards could disclose more about diversity among their own ranks. Some suggested voluntary compliance along the lines of the new Nasdaq rule that requires boards to disclose racial and gender diversity. That rule also requires boards to either meet certain diversity targets or explain why they lack the requisite diversity.[24] Legal & General's Mr. Hoeppner said, *"In the US, I think it's close to 95% of companies that do not disclose the ethnic breakdown of their boards. We realize it's controversial, but we think it's a good step in the right direction. Without it, we are trying to rely on data from third parties, but they have their own protocols and sometimes we find information is static or inaccurate."*

## The location of ESG disclosure is less important than the substance

With seemingly endless reporting options—from 10-K's to sustainability reports, proxy statements, company websites, and more—members were curious to learn investor preferences on where to disclose ESG data. Ultimately, investors care far more that critical data is disclosed than where it is disclosed. In part, this is because many investors use tools to scrape data from every possible source and put it in a format that is useful for them. Goldman Sachs' Ms. Winner said, *"It's hard to come up with a one-size-fits-all approach for companies. What we do look for is accessibility: is the data front and center as part of your business strategy, or is it buried in the dark corners of the web? It should be readily available if you are choosing to disclose it."* Legal & General's Mr. Hoeppner said that he finds the most value in longitudinal data: *"If you want to be the gold* *standard, the leading practice is to restate data if there are material changes to your business—so treat ESG data as you would financial data."*

## Board oversight of ESG is emerging in real time

Many boards are currently evaluating how to best provide oversight of ESG issues and the reporting process around those issues. Dimensional's Ms. Drake shared her view on good practice: *"We want to know what the board is thinking. What resources are they using? How are they target setting? It's also important to be sure data is being collected appropriately and being verified. Understanding how companies are managing and reporting that data is something we look for disclosure on."*

### Coordination among the full board and its committees is critical

The first question a board must face is how to allocate ESG oversight responsibility. In a 2019 survey by the National Association of Corporate Directors, 55% of directors said their boards had assigned ESG oversight to the full board, 30% to the nominating and governance committee, and 5% to the audit committee.[25] One member said, *"We are updating our charters, so we are having lots of discussions about committee governance, which metrics we are using, the controls around those, who is responsible, and are we setting targets. The whole ESG dynamic at the board is that it permeates every conversation we have."*

Several audit chairs noted that their boards have delegated part or all of ESG oversight to the nominating and governance committee. One suggested that this was partly about balancing obligations: *"How is the audit committee taking this on, given all of their other responsibilities? On my boards, the responsibility has primarily rested with nom-gov because the audit committee is so stretched with other obligations."* Nonetheless, another member said that at least part of ESG oversight is inevitably headed to the audit committee: *"As we get closer to an SEC mandate on climate disclosure and these metrics go into SEC filings, then you will see the audit committee playing a big role."*

**Direct engagement is a critical supplement to corporate disclosure**

While written disclosure is a necessary and important starting point for companies looking to tell their ESG stories, there are certain circumstances that warrant direct engagement with investors. *"How we engage is evolving. We are trying to have more direct and targeted engagements. I have challenged our team to set priorities and only take calls when there is something we want to influence—not just a call for the sake of a call,"* said CalSTRS' Ms. Mastagni.

The investor guests recommended that companies seeking to engage come with a clear set of objectives that are disclosed in advance of the discussions. BlackRock's Ms. Levy-Odom said, *"We prefer concrete agenda items in advance of engagements so we can be*

**Direct engagement is a critical supplement to corporate disclosure**

*sure we have the right team on the call."* Legal & General's Mr. Hoepnner said that engagement is most effective well before proxy season; he would rather speak to a company contemplating a change than to one defending a decision it has already made: *"The most valuable calls are when a company comes seeking information on a pending question, like setting up compensation triggers, for example. Asking our opinion allows us to provide feedback before you even arrive at your decision."*

Audit chairs were interested to learn when investors would prefer to engage directly with board members. Florida SBA's Mr. McCauley said, *"We don't go into every engagement call expecting to talk to directors, but when there are serious, persistent concerns with lots of visibility, it lends itself naturally to have a director on the line."* Other investors agreed and highlighted the importance of knowing that an issue has been escalated to the board. An audit chair shared how one board has recently put more emphasis on investor relations: *"We just finished a session where two of our directors met directly with different investors and heard very positive feedback on our proactiveness. We are also looking to upgrade our investor relations capabilities and talent to be sure the company is being responsive to changing needs."*

## ESG reporting is a unique process with emerging oversight practices

In response to demand for ESG metrics, boards are assessing the processes and controls that their companies are using to compile the data that goes into enhanced disclosures. Audit chairs were interested in investors' expectations in this area. Dimensional's Ms. Drake said, *"We don't expect the board to be hand-tallying scope 3 emissions, but we expect them to have procedures and policies in place to know how it's being done and who in management is responsible."* Some directors are grappling with how to ensure certain metrics are measured correctly over time. One said, *"I'm nervous to hear investors say they are reliant on the board to be sure we are measuring metrics correctly and overseeing the targets for these metrics; that's a big lift. So, to what extent is management responsible versus the board, and who do we look to to determine what is the right target over the next 20 years? I don't think we have that worked out yet, and it will take time to get there."*

Investors and audit chairs agreed that leading oversight practices continue to emerge. One audit chair asked whether investors expected oversight to be similar to the established processes used for financial disclosures: *"We have a series of metrics we report against over time. Are you happy taking our word for it on how it's measured, or do you see some form of additional review coming into play as we move forward?"* Several investors said that for now they are more interested in companies sharing more information than in the details of their process for gathering and reviewing that information. That said, they encouraged board members to be sure they are comfortable with their companies' processes. BlackRock's Ms. Levy-Odom added, *"We have no hard and fast rule around assurance, but we hope companies assign the same rigor to their ESG data as they do financial data."*

Some boards have enlisted their internal audit teams to oversee the disclosure processes and controls. One audit chair said, *"My company does a sustainability report with metrics and disclosure, and we want it to be accurate and have an audit trail—so, for now, that falls into the lap of internal audit. We don't want to put something out there that causes us to lose credibility without understanding the full trail."*

Many investors and audit chairs believe that these disclosures ultimately will undergo some form of external review. Legal & General's Mr. Hoeppner said, *"Independent assurance is coming, but it's still early days."* One audit chair reflected on the need for external assurance: *"The ESG data being reported in many cases is being developed outside of the company's normal reporting cycle, so it has greater risk of consistency, quality, and accuracy errors. If this data is driving decisions, I think you should lean in heavily to the option of independent assurance."* Another was hesitant to disclose certain information without formal attestation: *"Every company I work with is struggling with what information we are comfortable disclosing, because once it's out there, we need to be sure there are the right procedures and technology in place to hit those targets."* One EY leader said, *"We have been engaged by at least a handful of audit clients to do specific review procedures around disclosures on sustainability reports, and we think that will only continue to grow. Given our existing access to company systems through our audit work and our teams' understanding of client data flows, we think we are in a position to easily pivot to work on ESG measures in a very scalable fashion."*

## Conclusion

Investors believe that ESG issues are drivers of long-term, sustainable value. In response, companies and their boards are stepping up their game and grappling with how best to tell investors and other stakeholders about their progress. As the SEC considers mandatory disclosure requirements, directors acknowledge that new rules are likely to be viewed as a floor and not a ceiling. Audit chairs also noted that because companies continue to enhance their disclosure process, they expect oversight in this area to evolve as well. As ESG reporting becomes more mature, the process will likely start to resemble the financial reporting process.

## Appendix: meeting participants

*Southwest Audit Committee Network—October 4, 2021*

The following network members participated in the meeting:

- Curt Anastasio, Par Pacific Holdings
- Judy Bruner, Applied Materials and Seagate Technology *(WACN-North member)*
- Nick Chirekos, Peabody
- Marcela Donadio, Marathon Oil
- Barbara Duganier, MRC Global
- Rodney Eads, NOW, Inc.
- Paulett Eberhart, LPL Financial Holdings
- Bella Goren, Gap Inc.
- Sue Gove, IAA
- Dave Harrison, NOV
- Mercedes Johnson, Synopsys
- Don Kendall, Talos Energy
- Cathy Lego, Guidewire Software
- Gil Marmol, Foot Locker
- Ellen Masterson, Insperity
- Royce Mitchell, Pioneer Natural Resources
- Barry Pearl, Magellan Midstream Partners
- Valerie Williams, Devon Energy and DTE Energy

EY was represented by the following:

- Robyn Bew, West Region Leader, Center for Board Matters
- Scott Hefner, Senior Global Client Service Partner
- Sandra Oliver, US-West Assurance Managing Partner
- Kristin Valente, US-West Region Accounts Managing Partner

## *Central Audit Committee Network—October 6, 2021*

The following network members participated in the meeting:

- Kapila Anand, Elanco Animal Health
- Anne Arvia, GATX
- Bruce Besanko, Diebold Nixdorf
- John Bryant, Macy's
- Stuart Burgdoerfer, Progressive
- Marla Gottschalk, Big Lots and Reynolds Consumer Products
- Cara Heiden, Casey's General Stores
- Jay Henderson, The J.M. Smucker Company
- Ginger Jones, Tronox Holdings
- Ralph Nicoletti, Arthur J. Gallagher
- Neil Novich, Hillenbrand
- Cathy Ross, Ball Corp *(SEACN member)*
- Al Smith, Simon Property Group
- Pam Strobel, Illinois Tool Works
- Karin Teglia, Wintrust Financial Corporation
- Mary Winston, Acuity Brands *(SEACN member)*
- Phoebe Wood, Invesco and Leggett & Platt
- Ray Young, International Paper

EY was represented by the following:

- Julie Boland, Vice Chair, US-Central Region Managing Partner
- Cigdem Oktem, Central Region Leader, Center for Board Matters
- Steve Sheckell, Central Region Assurance Managing Partner
- Dave Sewell, US-Central Audit Leader
- Jud Snyder, Chicago Office Managing Partner

### *West Audit Committee Network-North—October 12, 2021*

The following network members participated in the meeting:

- Kimberly Alexy, Mandiant and Western Digital
- Joe Bronson, PDF Solutions
- Susan Cain, Lithia Motors
- Raman Chitkara, Xilinx
- Earl Fry, Hawaiian Holdings
- Ken Goldman, GoPro
- Mark Hawkins, SecureWorks
- Bala Iyer, Power Integrations
- Jack Lazar, Resideo Technologies
- Karen Rogge, Rambus
- Janice Sears, Invitation Homes
- Sabrina Simmons, Petco and Williams-Sonoma
- Malia Wasson, Columbia Sportwear

EY was represented by the following:

- Chris Anger, US-West Audit Leader
- Robyn Bew, West Region Leader, Center for Board Matters
- Scott Hefner, Senior Global Client Service Partner
- Frank Mahoney, Vice Chair, US-West Region Managing Director
- Kristin Valente, US-West Region Accounts Managing Partner

## *West Audit Committee Network-South—October 13, 2021*

The following network members participated in the meeting:

- Prat Bhatt, Seagate Technology
- Eric Brandt, NortonLifeLock
- Phyllis Campbell, Air Transport Services Group
- Burl East, Communidad Realty Partners
- Linda Harty, Parker-Hannifin and Wabtec
- Ginnie Henkels, LCI Industries
- Leon Janks, PriceSmart
- Diana Laing, Spirit Realty
- Sara Lewis, Weyerhaeuser
- Tim Leyden, Itron
- Steve Page, AeroVironment
- Kristy Pipes, PS Business Parks and Public Storage
- Dick Poladian, Occidental Petroleum
- Daren Shaw, Ensign Group
- Stephanie Streeter, Kohl's
- Les Sussman, East West Bancorp
- Wendy Webb, Wynn Resorts
- Janet Woodruff, Altus Group

EY was represented by the following:

- Chris Anger, US-West Audit Leader
- Robyn Bew, West Region Leader, Center for Board Matters
- Scott Hefner, Senior Global Client Service Partner
- Kristin Valente, US-West Region Accounts Managing Partner

## *Southeast Audit Committee Network—November 4, 2021*

The following network members participated in the meeting:

- Kelly Barrett, Aaron's
- Ed Coleman, Ameren
- Cynthia Day, Prog Holdings
- Kent Griffin, Healthpeak Properties
- Rich Macchia, Fleetcor
- Amy Miles, Norfolk Southern
- Wendy Needham, Genuine Parts
- Steve Raymund, Jabil Circuit and WESCO International
- David Walker, Chico's FAS
- Carol Yancey, BlueLinx Holdings

EY was represented by the following:

- Julie Boland, Vice Chair, US-Central Region Managing Partner
- Cigdem Oktem, Central Region Leader, Center for Board Matters
- Steve Sheckell, Central Region Assurance Managing Partner
- Dave Sewell, US-Central Audit Leader
- Brian Yokley, Audit Partner, Georgia, Alabama, Tennessee Market Leader

## *East Audit Committee Network—November 9, 2021*

The following network members participated in the meeting:

- John Alchin, Ralph Lauren
- Ann Torre Bates, United Natural Foods
- Carl Berquist, Beacon Roofing Supply
- Bill Cary, Ally Financial
- Mary Choksi, Omnicom Group
- Bill Creekmuir, Party City
- Marie Gallagher, Glatfelter
- Lou Grabowsky, Griffon Corporation
- Mary Guilfoile, Interpublic Group
- Jan Hauser, Vonage
- Simon Lorne, Teledyne Technologies
- Barb Loughran, Jacobs Engineering
- Gracia Martore, WestRock
- JoAnn Reed, American Tower
- Wendy Schoppert, The Hershey Company
- Greg Weaver, Verizon
- Tim Yates, CommScope

EY was represented by the following:

- Dante D'Egidio, US-East Assurance Managing Partner
- Molly Tucker McCue, US-East Audit Leader
- Dawn Quinn, Director, East Region Strategic Operations
- Carline Thompson, East Region Leader, Center for Board Matters

# Endnotes

[1] Jamie Smith, "What Boards Should Know about ESG Developments in the 2021 Proxy Season," *EY*, August 3, 2021.

[2] *ViewPoints* reflects the use of a modified version of the Chatham House Rule whereby names of participants and their company affiliations are a matter of public record, but comments are not attributed to individuals or corporations. Quotations in italics are drawn directly from these virtual meetings.

[3] Stephen Klemash, "Four Opportunities for Enhancing ESG Oversight," *EY*, June 29, 2021.

[4] Energy & Climate Intelligence Unit and Oxford Net Zero, *Taking Stock: A Global Assessment of Net Zero Targets* (Energy & Climate Intelligence Unit, March 2021), 19.

[5] Bob Pisani, "SEC Chair Gensler Says Investors Want Mandatory Disclosure on Climate Risks," *CNBC*, July 28, 2021.

[6] Kenneth Squire, "The Evolution of ESG Investing. Here's What's Next," *CNBC*, November 6, 2021.

[7] "Climate Risk – Technical Bulletin," Sustainability Accounting Standards Board, accessed November 10, 2021.

[8] James J. Miller, "2021 Proxy Season Issues and Early Voting Trends," *Harvard Law School Forum on Corporate Governance* (blog), May 20, 2021.

[9] National Association of Corporate Directors, "NACD Annual Survey Highlights 2020-2021 Governance Trends and Priorities," news release, February 25, 2021.

[10] Pisani, "SEC Chair Gensler Says Investors Want Mandatory Disclosure on Climate Risks."

[11] Bhakti Mirchandani, "SEC Chair Gary Gensler Wants to Know How Companies are Treating Workers," *Forbes*, August 30, 2021.

[12] "About Us," Sustainability Accounting Standards Board, accessed November 10, 2021.

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