



Understanding Directors' Priorities

2023/24 Emerging Themes and Hot Topics
From Board Evaluations

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Why directors' engagement matters

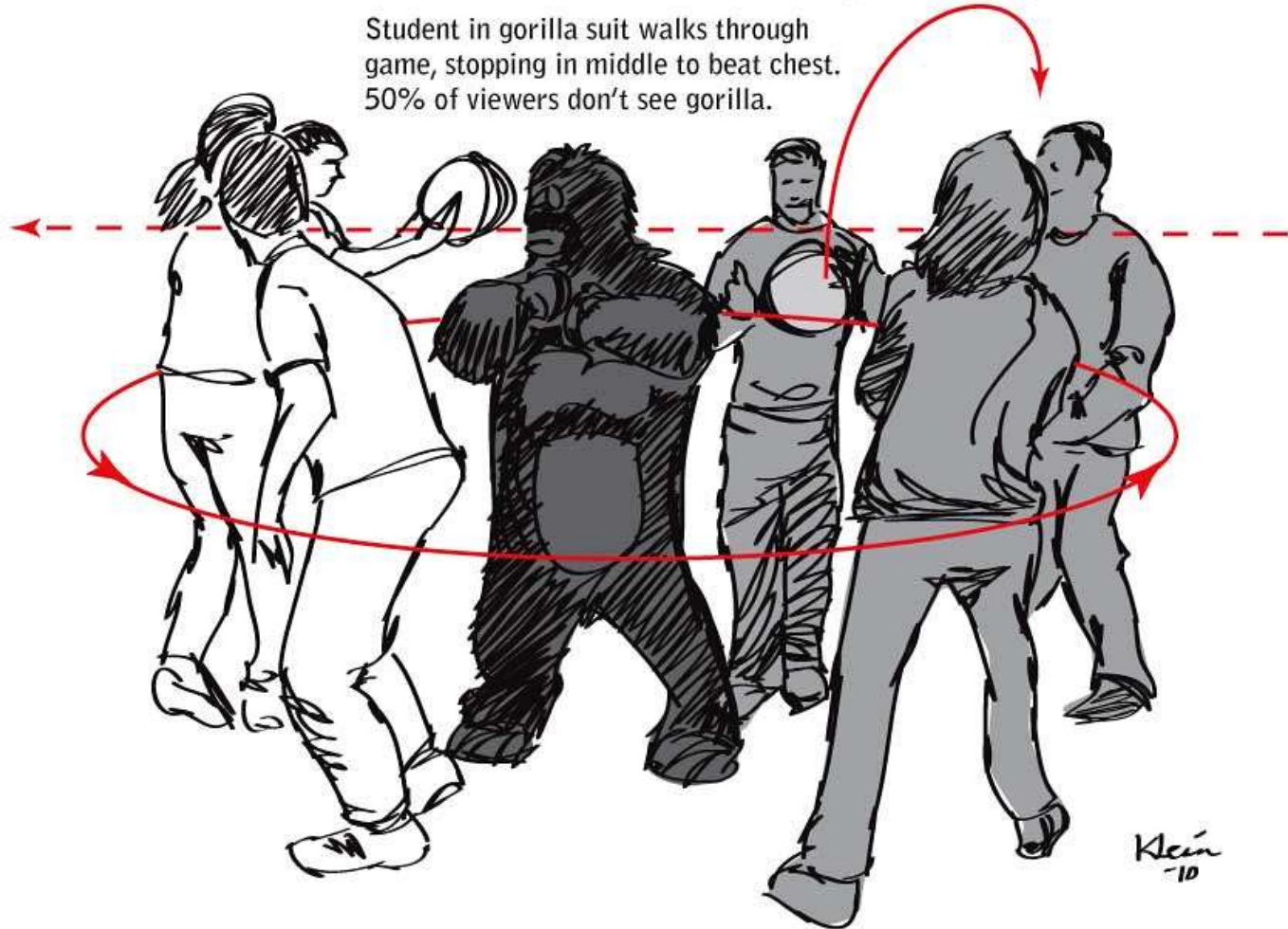


Inattentional Blindness, also known as perceptual blindness, is a psychological lack of attention that is not associated with any vision defects. It may be further defined as the event in which an individual fails to recognize an unexpected occurrence/risk that is in plain sight.

To illustrate...

Viewer is asked to count the number of passes made by the black clad team

Student in gorilla suit walks through game, stopping in middle to beat chest.
50% of viewers don't see gorilla.



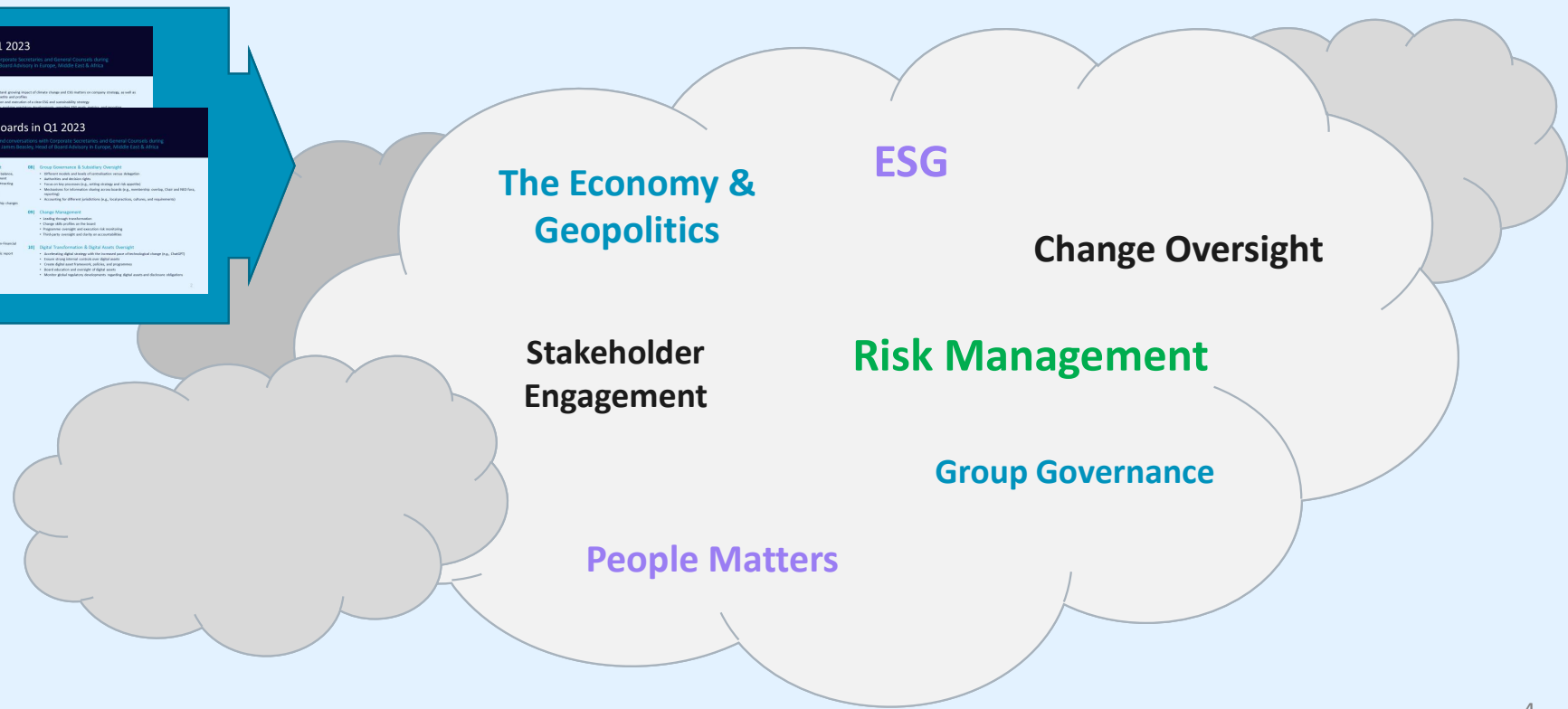
Emerging Issues for Boards in 2023/24

A snapshot of themes compiled from board evaluation observations and conversations with directors and feedback from Company Secretaries during Nasdaq's international roundtable events

Emerging Issues for Boards in Q1 2023

Compiled from board evaluation observations and conversations with Company Secretaries and Board Chairs during Nasdaq's international roundtable events held by seven directors, Board Chair and Company Secretary in Europe, Africa and Asia.

- 001 Economy**
 - Global economic uncertainty, with continued war in Ukraine, leading to high inflation, low oil and natural gas prices, growing deflation, rising interest rates, and high unemployment.
 - Energy prices
 - Supply chain
 - Cost of living
 - Labour and HR
 - Business
- 002 ESG**
 - Increased board focus on climate change and the nature-related risks, as well as on gender and diversity.
 - Climate and environmental reporting and disclosure
 - ESG and sustainability strategy
- 003 People Matters, Talent, Succession & Engagement**
 - Board focus on talent, succession, diversity, and engagement.
 - Succession planning
 - Talent development strategy
 - Board diversity and inclusion
 - Employee retention and engagement
 - Board composition and effectiveness
 - Board refreshment
 - Board evaluation
- 004 ESG Governance & Sustainability Oversight**
 - Board oversight on ESG and sustainability strategy
 - Board diversity and inclusion
 - ESG and sustainability reporting
 - ESG and sustainability strategy
 - ESG and sustainability risk
 - ESG and sustainability metrics
 - ESG and sustainability disclosure
- 005 Change Management**
 - Change management strategy
 - Change management process
 - Change management communication
 - Change management risk
 - Change management metrics
 - Change management disclosure
- 006 Digital Transformation & Digital Skills Strategy**
 - Board oversight on digital transformation and digital skills strategy
 - Digital transformation strategy
 - Digital skills strategy
 - Digital transformation risk
 - Digital transformation metrics
 - Digital transformation disclosure
- 007 Regulatory and Compliance**
 - Board oversight on regulatory and compliance
 - Regulatory and compliance strategy
 - Regulatory and compliance risk
 - Regulatory and compliance metrics
 - Regulatory and compliance disclosure
- 008 Stakeholder Engagement**
 - Board oversight on stakeholder engagement
 - Stakeholder engagement strategy
 - Stakeholder engagement risk
 - Stakeholder engagement metrics
 - Stakeholder engagement disclosure
- 009 Risk Management**
 - Board oversight on risk management
 - Risk management strategy
 - Risk management risk
 - Risk management metrics
 - Risk management disclosure
- 010 Group Governance**
 - Board oversight on group governance
 - Group governance strategy
 - Group governance risk
 - Group governance metrics
 - Group governance disclosure



The Economy & Geopolitics



Economy & Geopolitics

- Uncertainty in the wider world is a board discussion theme in itself
- Having a real impact on board and management decision making:
 - Mergers, acquisitions and divestitures
 - Looking at operational efficiencies
 - Capital and investment strategies including technology, innovation and R&D
 - Exploring supply chain resilience

Understanding Directors' Priorities

ESG / Sustainability



ESG / Sustainability

- Headwinds are impacting how effective organisations are being in communicating their ESG credentials
- Rush to understand the impact of climate change and other ESG matters on:
 - Company strategies
 - Risk Profiles
 - Cultures
- At same time, seeking to embed ESG principles into all aspects of a company's operations – moving from compliance to 'living and breathing'

Understanding Directors' Priorities

Stakeholder Engagement



Stakeholder Engagement

- Increasing focus at board-level on how to engage with stakeholders
- The expectations of stakeholders - such as shareholders and customers - has driven:
 - New focus on defining and communicating governance arrangements / accountabilities
 - More dynamic assessment of board composition
- Boards are also increasingly thinking about how to bring stakeholder 'voices' into the boardroom – aligned to relying on more qualitative vs quantitative data

People Matters



People Matters

- Seeing people matters more broadly as a key metric on how organisations are dealing with an uncertain world
- Evolving workplace post-pandemic has driven new engagement with employees through:
 - Defining talent strategies
 - Elevating the role of the CHRO / HR Director
 - Defining culture and behaviours
- Plus executive succession planning is probably the number one priority coming from our board evaluations

Group Governance



Group Governance

- Against backdrop of uncertainty, group governance / subsidiary oversight has become a key concern to multi-jurisdictional or multi-industry groups
- Traditional models are rife with exceptions – reflecting local requirements
- Challenge is being focused on how to ensure effectiveness and transparency through mechanisms including:
 - Group director representation on sub boards
 - MI building / sharing
 - Escalation protocols
 - Dedicated cross-group Chair / NED fora

Change Oversight



Change Oversight

- Seems relatively benign, but change is a big deal when facing challenges of uncertainty
- Boards overseeing changes to business models, strategies, products, technologies, customers and partners
- Execution risk has risen in profile, but is difficult to oversee
- Change expertise is appearing on skills / composition matrices

Risk Management



Risk Management

- A joint top observation from board evaluations alongside succession planning
- Rising in profile as the 'risk universe' expands, populated by difficult to quantify risks
- Some industries are better equipped than others
- Risk oversight is a key function of a board, but the nature of the new 'top risks' (e.g. cyber) means firms struggle to have the expertise around the table
- Complicated further by backdrop of ever-expanding board remit

THANK YOU



Presenter Details



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James is the Head of Board Advisory in the EMEA region. He is a governance and board effectiveness specialist, with over 15 years' experience working with some of the world's largest and most complex companies as well as smaller and high-growth organisations. James joined Nasdaq in 2021 from Deloitte, where he spent nearly a decade in governance advisory serving as Director leading its board effectiveness and wider governance transformation activities.

James is considered an international governance thought-leader and has spoken at events and had articles published across EMEA with leading institutions including the CGISA, CGIUK&I, the Frankfurter Allgemeine Zeitung in Germany, AISCA in Italy, the GCC BDI and Hawkamah in the Middle East, and Harvard Law School.

Based in London, James has experience of supporting clients in the UK, Europe, the Middle East, Africa, North America, Asia, and Oceania. James holds a Master's Degree (MSc) in Global Governance and Ethics from University College London (UCL) and is a member of the Society for Corporate Governance.

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