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## Governance: Growth of Board ESG Engagement at Top 100 Public Companies

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Governance



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The Sustainability Board Report (TSBR) in October published a report titled [Boards: Stepping Up as Stewards of Sustainability](#) and subsequently in November, a [Data Book](#).

The report shows increasing levels of ESG engagement: 80% of surveyed companies have an ESG committee, 27% of directors surveyed serve on sustainability committees (versus 16% in 2019), and 45% of the directors sitting on the committees were “ESG-Engaged,” i.e. they are knowledgeable on ESG-related issues and have capacity to act on those issues. To underscore this progress, Frederik Otto, the Founder of TSBR, stated in his foreword to the report that “many leading organizations have recognized the need to act on the climate emergency and to provide equal opportunity for their people and the communities they operate in. They are trying to make their businesses work toward more societal benefit—at least in theory. One might remember the widely published redefinition of the purpose of a corporation to promote an economy that serves all, by the influential Business Roundtable in America in 2019. A sustainable future is desirable for obvious reasons, but it is also good for business and long-term investment.”

**Taking the Temperature:** The report observes that in “many parts of the world, engagement, measurement and progress is greatest for environmental topics, as these may be easier to understand and quantify.” And in that sense, it may be more straightforward for the board to engage on climate issues as opposed to social impact issues like board or work-place diversity. Even so, the Report also observed that “many boards lack the skill and knowledge to translate” monitoring of ESG-related issues and performance into “improved governance — and that progress on setting and meeting ESG goals varies widely between companies and sectors.” In short, the Report depicts a governance environment where boards are dedicating more time and resources to sustainability issues but may lack the necessary board or management-level expertise,

**or corporate tools and sophistication, to make the information actionable. Boards should be taking steps to assure that there is sustainability-related expertise at the board and senior management levels, processes and procedures are sufficient to permit decision makers to assess and act on climate-related risks and opportunities, and disclosure regarding these and other climate-related issues is accurate, based on contemporaneously-documented information and consistent with regulatory guidance and stakeholder needs.**