

Adjusting the sails

Sustainability forces in the market are changing the governance landscape. If we cannot direct the wind, a mental shift may be in order.

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When I embarked on the Chartered Governance Qualifying Programme in 2016, Britain's EU

Referendum was touted as the crisis to end all crises. Little did I know that I would greet 2021 as a qualified professional in a dramatically different world, born from a multitude of environmental, social and economic seismic shifts. The Ukraine war and surging inflation have piled rubble on top of rubble and the Earth Overshoot Day – the date when humanity has used all the biological resources that Earth regenerates during the entire year – has this year fallen even earlier on 28 July, fuelling a sense that our foundations are crumbling.

At the same time, there is a glimmer of hope. Opposing forces of regeneration and innovation are responding to the changing landscape, affecting how we live. The rapid change of pace is trickling down to the workspace and there is mounting pressure for an increased focus on ESG matters to redress the balance. As a knock-on effect, the sustainability and ESG job markets are veritably exploding, with adverts for

'ESG experts' popping up across the map in sectors including – but not limited to – professional services, real estate, finance and energy. In a Reuters article from June 2021, it was reported that PwC would invest \$12 billion over five years to create 100,000 new jobs to help companies and investors examine their impact on the environment, review their board diversity and assist with corporate reporting. The firm would also be setting up an ESG Academy, and the other big four firms would be following suit.

In a recent panel to provide feedback on *Governance and Compliance*, I let slip my worry that governance professionals – the all-important 'G' in ESG – may be pushed aside to make room for a new generation of professionals. Interestingly, the adverts I'd seen did not seem to be specifically targeted at governance professionals or include a governance qualification in their skills and experience sections. While some of them, for example, 'Global ESG data lead', were obviously aimed at analysts or data collectors, other roles included job descriptions and **KPIs** both wide-ranging and lacking clarity, with objectives ranging from assisting with corporate reporting requirements and putting governance structures in place, to 'loftier aspirations' such as helping companies to fulfil net zero pledges, become more socially responsible

and tackle greenwashing. Some examples I found had titles such as 'Corporate Social Responsibility (CSR) and Environmental Social and Governance (ESG) Consultant', 'Diversity, Equity and Inclusion Assistant' and 'Senior Associate – Net Zero and Sustainability, ESG'. The confusion is highlighted in an article by Prerana Tirodkar entitled *The Sustainability Job Market is Booming: What Does that Mean for Hiring?*, published on the Greenbiz website. In the article, Prerana says, 'Sustainability is about to transform business like never before, yet we are at a nascent stage.'

Changing expectations

The **FRC** appears to have been listening and is proposing changes to the Corporate Governance Code; one of the impactful updates is an expanded commitment to ESG by the board. So, what does this mean for governance professionals who support boards? Can they co-exist synergistically with a new ESG C-suite executive, director or committee and support them in embedding ESG into corporate strategy, purpose and value creation? Or will conflict ensue if experts step into the more traditional governance space to dictate on reporting, compliance and internal policy creation, and act as stakeholder liaison?

The release of CGIUKI's updated



Competency Framework for Governance Professionals is timely. According to the framework, the role of the company secretary or governance professional is one of constant adaptation. One of the knowledge competencies is to have an understanding of the wider ESG issues that apply to the organisation and to which the organisation can adapt. One could conclude, therefore, that it is important for governance professionals to get stuck in in a deeper way, by being aware of the environmental and social changes happening in their sector and the impact on the company's stakeholders. They may also wish to challenge themselves to stay up to date with the ever-evolving reporting landscape and the alphabet soup of frameworks that apply – or could apply – to their company, which could help inform its strategy, outcomes and purpose.

The future of the profession

For those willing to venture out independently and do more mission-based work, setting up a consultancy business may be a viable alternative. I spoke to Anne-Marie Palmer, a Chartered governance professional with over 20 years' experience, who recently set up her consultancy company Red Bridge Advisory. Red Bridge provides advice and

practical support on corporate governance, compliance and sustainability for listed and private companies. On the sustainability side, it provides support for initiating sustainability programmes, evolving risk management frameworks, **TCFD** reporting and stakeholder engagement.

Anne-Marie's personal interests and an awareness of the changing world around her led her to questions about the future of the profession. 'I just started to think, with the growth of ESG and sustainability matters, how am I going to continue to perform my role effectively? How am I going to stay relevant in the boardroom as a trusted adviser if I am just receiving information?' Anne-Marie didn't understand all the issues around sustainability or the terminology, which is evolving all the time. She reflected, 'To stay relevant as a governance professional, I needed to upskill.' In 2021, Anne-Marie graduated from Oxford University's Saïd Business School six-week Leading Sustainable Corporations Programme, which focuses on the skills required to measure the impact and dependence of an organisation on natural, human and social capital, and sustainability leadership skills for managing climate risk, facilitating ESG integration and creating long-term value

for shareholders and society.

Upskilling has helped Anne-Marie to expand her offering by providing enhanced guidance on the board's strategy and purpose, the drivers of value creation, its business model and its impact on the corporate governance framework. One of her most gratifying experiences was with a property company with long-term tenants, where she helped shift the board's priority from a focus on maintaining shareholder value to incorporating wider stakeholder needs and expectations into the company's strategy. By realising the company was losing tenants to competitors offering greener services, the business was able to review its long-term sustainability targets, and this had a knock-on effect on its value creation and bolstered its profile.

Despite the expansion of her role as a governance professional, Anne-Marie pointed out that the core of her work has not changed. Her role is not about going into a company as an adviser and analysing its metrics or overhauling its strategy – as she puts it, 'Those are for the specialists. I am still a governance professional. But, if company purposes are shifting, if governance structures are shifting, how do we stay relevant if we're not on that journey as well?' Maybe an adjustment of our sails is well overdue.