



# TRANSCRIPTION: ENACTING PURPOSE AND ENGAGING BOARDS

DATE: **MONDAY 13/07**

THEME: **PURPOSE**

FORMAT: **WEBINAR**

## SPEAKERS

■ **Louise Fowler**, Portfolio Non-Executive Director and Customer and Marketing Consultant

■ **Charmian Love**, Chair and Co-Founder of B Lab UK and Social Entrepreneur in Residence at the Skoll Centre for Social Entrepreneurship, Said Business School, *University of Oxford*

■ **Amelia Miazad**, Director and Senior Research Fellow of the Business in Society Institute at *Berkeley Law at University of California, Berkeley.*

■ **Elizabetta Osta**, Interim CEO of *Social Finance, Inc.* and Board Adviser

■ **Nita Patel**, Sustainability Strategist, business owner and Non-Executive Director

■ **Rupert Younger**, Director of the Centre for Corporate Reputation at the *University of Oxford*

**Moderator:** *Katie Hyson*, Director of Thought Leadership at *Business Fights Poverty*

IN THIS SESSION OUR PANELLISTS DISCUSSED THE THEME OF THE DAY, BUSINESS PURPOSE, IN RELATION TO BOARDS OF DIRECTORS AND HOW MEMBERS OF THE BOARD CAN MAKE A DIFFERENCE IN STEERING PURPOSE. OUR SPEAKERS TOUCHED ON TOPICS RELATED TO THE TRENDS THAT HAVE PUT BUSINESS PURPOSE AT THE TOP OF MANY BOARDS' AGENDAS; THEY GAVE EXAMPLES OF BOARD MEMBERS WHO ARE HELPING THEIR COMPANIES NOT ONLY TO MITIGATE RISKS BUT ALSO TO MAKE THE WORLD A BETTER PLACE; AND EXPLAINED WHY HAVING DIVERSITY INSIDE BOARDS IS CRITICAL FOR COMPANIES THAT REALLY WANT TO LIVE UP TO THEIR PURPOSE.

### **Katie Hyson (00:20):**

Thank you very much for joining the session. We are going to be talking today about enacting purpose, engaging boards. What is the role of the board, how can we help them better, where are the limitations, what are the opportunities?

### **Katie Hyson (00:43):**

We've got a brilliant line-up today. We're going to be joined by a number of people both to talk about this from sort of an academic point of view, but also from a sort of reality point of view. What does this really mean for boards?

### **Katie Hyson (00:58):**

So quick wave from all the panel. Wonderful ladies. And one gentleman. Thank you, Rupert, for joining us today.

### **Katie Hyson (01:06):**

We're also playing Russian roulette with how many times we have to ask people to take themselves off mute or put themselves on mute, so let's see whether we can get a clean sheet on this one.

### **Katie Hyson (01:16):**

So what we're going to do just in terms of format for everybody who's watching and listening today, we're going to have each of our panelists very kindly are going



to share with us their thoughts initially on this question around enacting purpose and the role of boards, and then we've got a couple of questions which we'll ask. I've got a couple of questions that I'd quite like to ask the panel, but also this is your opportunity, to anybody who's listening and watching, to share your comments, your questions via the chat function, so please don't be shy in coming forward.

**Katie Hyson (01:48):**

Rupert, if you don't mind, I'd love to start with you. You are the director of the Centre of Corporate Reputation at the University of Oxford. I know that you've been doing some work specifically on this topic. Indeed you were referenced about three times by Bob Eccles earlier on in a previous session. So why is the board so important in terms of purpose? And we are obviously today thinking also about rebuilding better. 2020 has been an interesting one. What does the role of the board business purpose in light of 2020 mean? Rupert?

**Rupert Younger (02:24):**

Well first of all thank you very much for having me on this. It's such a pleasure to be able to talk in these forums around these really critical subjects.

**Rupert Younger (02:35):**

Yes, I'm leading an initiative at Oxford called the Enacting Purpose Initiative. It emerged out of an observation, really. Purpose, there's been a drumbeat to this question of purpose growing over the last five to 10 years, really after the financial crash if I think about it, with organisations starting to question whether they need to have an organising principle, some reason to exist beyond this idea of making money, and that growing drumbeat has been building.

**Rupert Younger (03:10):**

But what we observed last year was that there'd been quite a lot of work done on why it mattered, some of the definitions, how you link it to performance, purpose to performance. But what was missing was some practical guidance on how to put purpose into practice. So we set up this initiative called the Enacting Purpose Initiative, which Amelia, who's

one of your panelists, brilliant panelist, is also a part of at University of California at Berkeley and also great partners of Federated Hermes, a large asset manager, and also Wachtell Lipton, a big law firm in the States, and the British Academy.

**Rupert Younger (03:49):**

What we found is that there's a huge appetite for this question of how to actually make purpose real, because it's all right to have nice big statements, but what's much more tricky is to then turn big aspirational statements into concrete deliverable outcomes on the ground.

**Rupert Younger (04:08):**

Let me give an example just from my side. In addition to my work at Oxford, I'm a trustee of The HALO Trust, which is a landmine clearance operation. It's the world largest landmine humanitarian aid charity. Now, we have 9,000 deminers all over the world who are doing extremely dangerous work digging mines out of the ground. And we've done that for 30 years. But HALO stands for Hazardous Area Life Support Operation. Hazardous Area Life Support Operation. And when you think about COVID and the way in which our purpose can be used to repurpose ourselves to respond to COVID, it's been an incredibly valuable thing for us because our purpose is to help people live in hazardous environments, and living in hazardous environments there can be very little doubt that COVID is extremely hazardous for certain key constituents.

**Rupert Younger (05:04):**

So what we've done is we've gone back to our purpose in terms of putting purpose into practice and instead of doing mine risk education in the communities all around the world where we're working with young kids in schools, we're doing health education and sanitation education and safety education. Instead of deploying our Land Rovers into minefields, we're deploying our Land Rovers into distributing healthcare and testing kits around the world. Instead of also using our geo location work, we have to be extremely precise about where the mines are and where the mines are not, for obvious reasons, and when we're mapping those type of minefields, we can use the same technology

for helping some of these emerging countries where we operate to establish their own track and trace operations.

**Rupert Younger (05:58):**

So that's really it from me just to set the scene that our initiative at Oxford has been around how to put purpose into practice, and I'm so honoured and delighted that I'm able to also be able to do that in practice myself as a trustee of this incredible organisation HALO Trust, which is pivoting basically around its purpose to meet a big societal need. Thank you.

**Katie Hyson (06:24):**

Thank you, Rupert. And what we'll do is we will also use this chat function and there'll be write-ups afterwards to put links in that any of the panelist talk about, so panelists over to you. If you refer to something and you want to make sure that everybody can see, please do put that into the chat function too and as I say, there'll be write-up too afterwards.

**Katie Hyson (06:42):**

Charmian, I want to bring you in next. You're a woman with as many hats as well I've had hot dinners, I think. We've got a kind of Be Cool balloon behind you, I think. Yeah, beautifully placed. And Entrepreneur in Residence at Safflød Business School, you set up your own consultancy, you've done lots of things, but I also happen to know you have a bit of a passion about boards and non-exec director roles, et cetera.

**Katie Hyson (07:04):**

Charmian, what does this topic mean to you? What does the role of boards, purposeful business mean to you?

**Charmian Love (07:11):**

All right. Well, thank you. And yeah, I do have a giant B behind me, so thanks for pointing out. Very subtle, right, in the background, the giant red. It actually is a nice little artefact, actually, from when we had our launch of B Lab UK in September 2015, so it's amazing to think almost five years ago that the B Corp movement first arrived here, and that was one of the features we had, so it's a nice constant reminder to be the change.

**Charmian Love (07:39):**

But Katie, I want to address your question, if that's okay, is to talk a little bit about of the many sort of hats I have, I think how I've been really inspired by what is happening in the B Corp movement. And for those of you who aren't as familiar what a B Corp is, maybe I can just take a quick minute to describe.

**Charmian Love (07:56):**

B Corps are for-profit businesses, and what they've done is they've met a really high threshold in terms of both how they operate, so their operations, how they think about governance and their workers and their community, and how they're engaging with the environment, as well as what they're in the business of doing. So in other words their impact business model. So a B Corp would get a necessary required score on a range of these different factors, which would sort of allow them to move forward with a certification process.

**Charmian Love (08:25):**

But the reason why I think I was invited to join you tonight and speak a little bit about the role of the boards is because another important step to becoming a certified B Corporation is that you actually have to amend your articles, as a business. So you have to make changes to your constitution, and what you need to do is make it explicit that the directors' duties, the role of your board must be to equally consider shareholders and stakeholders.

**Charmian Love (08:49):**

And the good news, my friends, are that there's tons of B Corps that are out there now that have actually gone through this process, so over 3,000 of them around the world. Many of them are business names you will recognise, companies like Patagonia, and Pukka, if you like a cup of tea, and Business Fights Poverty. I could go on and on with a whole range of B Corps that have gone through these steps.

**Charmian Love (09:10):**

The reason why I wanted to bring this up is because I think by becoming a B Corp, what you're doing is you're bringing some

really important conversations to your board in two ways. One, you have to make sure your board agrees to what it means to be a B Corp, and usually to make this change in your articles it requires a super majority agreement, so 75% of your shareholders have to agree to, again, the purpose, the duties of your directors being to equally consider shareholders and stakeholders. But then how this comes to life, and I love how Rupert framed this because it's like, what does this look like in practice?

### **Charmian Love (09:44):**

In preparation for today, I actually spoke to a few of our UK B Corps and I asked them to tell me a little bit of the stories around what kind of conversations they've had at their boards because they're B Corps. Like how has this shaped what the conversations look like and maybe how they're a little bit different than they would be in companies that haven't gone through this change.

### **Charmian Love (10:02):**

One of them was a food company, actually, who talked about how they had a board conversation because they were going to pay their first ever dividends, but in that conversation they actually had a discussion about whether that was an okay thing to do while there were still some people within the company that were not making the living wage foundation's living wage, so some of those paid people within the company. And at that board they agreed that it wasn't the right thing to do, so they actually postponed the dividend by a year and used that money that they would otherwise have used for the dividend to instead increase the pay for the lowest people in their business so that it was in line with the living wage foundation's living wage.

### **Charmian Love (10:40):**

So that's like one example of a really tangible thing by having this change in articles. It actually drives a different kind of conversation and a different kind of output from a board level discussion.

### **Charmian Love (10:50):**

Another example, actually, is a law firm, that became one of our certified B Corporations, and the story that they told

was actually that they said it would've been probably a lot harder if they weren't a B Corp to make some pretty important declarations around climate.

### **Charmian Love (11:06):**

So for example, this is a law firm that has declared a climate emergency and actually made a very sort of significant commitment to hitting a net zero by 2030 goal. Now that's really ambitious. Getting to net zero by 2030 is a real step-up and it's part of a campaign we have across the B Corp community called Let's Get to Zero.

### **Charmian Love (11:27):**

But when I asked a little bit more, the conversation that came with this org was, from what I understand, it was that because they had a social and environmental impact agreed as sort of how their business was moving forward because this B Corp process, a certification, these commitments to declare a climate emergency and make this bold target to reach net zero by 2030 were not as left field as they may have otherwise been.

### **Charmian Love (11:53):**

So those are just sort of some examples of how, again, changing your articles, having this constitutional amendment that's required to be a B Corp actually can really change the texture and the flavour and the decisions that are made at a board level.

### **Charmian Love (12:05):**

I'll take a moment just because I'm really quite excited about where we're going next, because what we really believe is we've got these B Corps that are doing this, but we think all businesses should have this, and Rupert, I think you and I probably agree on quite a bit of this.

### **Charmian Love (12:18):**

So one of the things we've been putting out in the UK is a proposal for what we're calling Operation Upgrade. And essentially that is our proposal that actually we think that all businesses, it must be mandatory for all businesses to articulate the purpose of their business and that that purpose must be to have a positive impact. We believe that all businesses should make it

explicit that directors' duties are to equally consider shareholders and stakeholders, and we also think we should be making it so the public can hold these businesses to account, so in other words having transparent metrics and accounting that show what this positive impact is.

**Charmian Love (12:53):**

So stay tuned. We're hoping Operation Upgrade is going to reach a fever pitch over the next little while and we'd really invite as many people that are interested in this to join us to see if we can make this change to the Company Act in the UK.

**Charmian Love (13:08):**

The good news is that we've got a lot of really exciting backers. Paul Polman has come behind this as a proposal into this campaign, so we'd love to have others involved. I'm looking forward to the questions, Katie. I hope that covered what you were looking for. I see a thumbs up, so thank you.

**Katie Hyson (13:24):**

Brilliant. And again, I'm sure Charmian will share some links as well so that you guys can all find out more.

**Katie Hyson (13:31):**

Now, clearly that sort of painted some super optimistic rosy pictures, and I'm kind of glad that we don't just have... hopefully we're not just going to be talking to the choir today, because I actually am sure it's way more difficult than how it's sort of painted.

**Katie Hyson (13:46):**

I want to bring both Elizabetta and Louise in next, because both of you guys I happen to know have or indeed are still on some boards. They're not necessarily focused on this. I also happen to know that Louise and Elizabetta and Nita, you're all talking from your own personal point of view. You're not representing anybody today, which is why I haven't changed anybody's titles to be representing anybody, so this is obviously a very personal piece.

**Katie Hyson (14:12):**

Louise, perhaps bringing you in first. What's

your personal experience, and what is being on the board like and therefore how might you go about bringing in purpose?

**Louise Fowler (14:25):**

Yes, thanks. It's a really good question, isn't it? So I sit on four boards, one advisory and three governance boards, and the title is non-executive director, and the clue is in the title. Non-executive means you don't really do anything. Don't tell anyone. What you do is you influence and you shape and you exert some governance and control, but the real decisions about how things are done and how they're implemented sits with the executive.

**Louise Fowler (14:56):**

So it is a tricky problem, but I think boards have a huge influence, and when I talk to companies about going on the board, obviously they want to have you, so there is an interview, but it's two way, and I do due diligence on the companies I join, and one of the most important things for me after are they moral and legal and viable, is their attitude to the impact they can have.

**Louise Fowler (15:21):**

Because yes, businesses exist to make money, but that's not enough. Most people come to work to earn money because they have to put food on the table and pay the mortgage, but very few human beings are actually motivated by money. We're all motivated by doing something that changes the world in a small way or makes something a bit better.

**Louise Fowler (15:42):**

And so I specialise in service sectors, where people are incredibly important in delivering the business. So understanding how the business thinks about the impact it has on the world, on society, on the environment, whatever it may be, and then looking into the culture of the business, because it's all very well to intend something, but culture is the means by which it gets implemented. So those are really important things to me personally in selecting boards to join.

**Louise Fowler (16:11):**

For me, the board does make a big difference, but the key person who



influences what happens actually is probably the CEO, because internally in a business they are the leader, and they have to lead this authentically because human beings have evolved to be incredibly good at sniffing out in-authenticity and management by strapline. That doesn't work. So the CEO and their team have to be passionate about it.

**Louise Fowler (16:33):**

And I think what the board can do is hold them to account, remind them, put in place, as Charmian was saying, some metrics, but metrics aren't enough. You can measure anything really. It's about action, it's about emotion, it's about asking the difficult questions at the board, about we say we're committed to this, but actually what about that? Or have we really done something differently? And engaging colleagues and staff, because I think actually, the people who talk to your customers or your stakeholders or your clients, whoever it may be, they are the people who are actually determined if you make a difference or not. And all the board reports and sustainability reports and metrics will only work if that engagement goes through the board, through the CEO and his or her team into the delivery mechanisms, the people who actually deal with customers or operations on the day.

**Louise Fowler (17:29):**

It's a force for good, but it is also good business, because increasingly customers are demanding it, increasingly investors are demanding it, that you deal with investors in a FTSE listed company, most of them are asking about environment or social impact and governance and they're looking for metrics and goals on which the CEO is rewarded, and there is evidence, as I'm sure the academics on the panel will say, that businesses that do this stuff well do better. So it's not just a nice-to-have on the side, it's kind of core to the business.

**Louise Fowler (17:58):**

But yes, boards, I think, have a really important role, to your question, Katie, but it is a slightly tricky role in that you have to influence through the executive team and through their management

to make sure the changes happen and that they're measured and wanted.

**Katie Hyson (18:13):**

Thank you for bringing your practical experience, Louisa. Elizabetha, bringing you in here, you very kindly sent some slides as well. Elizabetha's done her homework, everybody. Everybody else just is here winging it with a kind of good idea.

**Katie Hyson (18:29):**

Elizabetha, do you want me to show your slides now, or do you want to talk a bit first?

**Elizabetha Osta (18:34):**

I just talk a bit further. Just completely agree with Louise. I think the challenge of business is obviously that there are so many day-to-day activities, and particularly for the CEOs there are so many crisis and things to tackle. Therefore it's always very hard to step back and drive agendas that are a bit outside the remit of the day-to-day or the usual, shall we say, i.e. financials, et cetera.

**Elizabetha Osta (19:00):**

So I'm quite passionate for boards to drive the right agenda, so I'm quite passionate about starting with toolkits, not because they're any good, but just to get, what is the set of questions? Because agendas on boards can add quite a transformational role in a company just by putting attention in the right direction.

**Elizabetha Osta (19:24):**

So from my perspective, it's of crucial importance that boards start to understand vulnerabilities and the role of the company to either create new vulnerabilities or manage vulnerable customers or vulnerable resources of the planet. And I think for board members to shape the conversation in that direction, making sure that there is a thorough understanding of what is the role of the company in the ecosystem, particularly when it comes to vulnerabilities in managing those vulnerabilities, and mitigating or reducing and avoiding those vulnerabilities I think is quite crucial. But it's quite hard because it's quite a leap from the day-to-day.

**Elizabetta Osta (20:14):**

So in terms of the boards in my view are essential because from a corporate governance point of view they are fast, at least in the UK, in ensuring that businesses are fit for purpose not only for shareholders but also for the benefit of society, and therefore there is a focus on the long-term sustainability.

**Elizabetta Osta (20:37):**

As some has mentioned, there is much more focus from investors on ESG and development goals, and so I'm perceiving that there is a change in the corporate world where I've been for 30 years. In the past the corporate world tended to be a bit sort of neutral to everything that was happening in society and was a bit sort of on defense, whereas now the corporate world is asked to step in and join the conversation, as we've seen recently in many different topics. So to that extent, it's crucial that organisations, their boards, their CEOs are very familiar with the ecosystem and what is their dynamic shaping of the company or vulnerabilities in their ecosystem?

**Elizabetta Osta (21:28):**

So I think that's about, that's my five minutes, but perhaps more questions to follow, Kate.

**Katie Hyson (21:34):**

Brilliant. Thanks, Elizabetta. Bringing in Nita. Your background is sustainability, actually, so in some respect, presumably when people ask you to come and be on a board, they have that kind of thing in mind as well. What is your experience in terms of how serious companies are taking ESG, sustainability, sustainable development goals, whatever terminology you want to call about it, and what are the influences that you can have as a board member? Nita.

**Nita Patel (22:05):**

Thank you. And it helps when you're the fifth person to speak because everyone's kind of taken your points and said them much more eloquently, so I'm going to use my five minutes slightly differently.

**Nita Patel (22:16):**

You're absolutely right. I've been working in sustainability for 16 years, so purpose fully runs through these veins, but even as someone who works in that industry, I find that the term is really overused, it's somewhat academic, it's been wishy-washy, it's been green-washy, and businesses sometimes use it to justify doing some really bad stuff and to sell more product.

**Nita Patel (22:42):**

I feel really qualified in saying that because I've worked in financial services, I've worked for extractives, I've worked for farmer, I've worked for some FMCGs, I've also worked for some really amazing brands that are trying. But the word sustainability and purpose sometimes gets really muddled because there's a lot of people using it to justify some not very nice things, and so underline what Louise and Elizabetta have said, what is the role of a board in steering purpose?

**Nita Patel (23:11):**

Now, when you have a diverse board, and when I talk about diversity, I don't just mean gender, ethnicity and all those other protective characteristics, but you have diversity of thought, you have diversity of lived experience, you start to ask different questions of your executives and of your other board members, and you begin to chase profit that are fairer to all people and don't exploit, that consider the environment and stop ecocide.

**Nita Patel (23:41):**

When you start to do that, the business starts to create this added value and it gives the business this extra reason to exist in the world outside of creating profits for their shareholders. And I stand by being, like Charmian, I'm a capitalist, I believe that you should be able to make money, but I believe that you can do it and should do it for the benefit of everybody without wrecking everything. Like, just really easy stuff, guys.

**Nita Patel (24:11):**

So then to the last point. When you say about what impact can boards have, I want to share two live examples that have

happened very recently. One is happening right now. So one of the boards that I sit on is the Advertising Standards Authority, so that's the UK advertising regulator. We exist as a council to ensure that all adverts are responsible ads for UK consumers. And I think the word of the moment, at the beginning of lockdown and COVID, was unprecedented, and as I talked to people about their experience over the last four months and I said, "How has it been for you?" the word seems to be rollercoaster, and it's been like that for me too.

### **Nita Patel (24:53):**

I own a shop, so I own a coffee shop in a coworking space down in Brixton, which was shut. I'm a consultant, which is discretionary spend. So I've had my moments where I've drunk a lot of wine and cried quite a lot. And then what happened in America with George Floyd and the Black Lives Matter movement and that education that I received around how awful people are but how amazing people are and what systemic racism looked like.

### **Nita Patel (25:17):**

I'm not going to lie, on a day where I was crying looking at the ceiling, wondering what the point of life was, I thought, "What is my role? What can I do? What's my area of influence?" And so I spent the next two weeks trying to get the issue of systemic racism in advertising to the board, and I took that to the board and all credit to my fellow council members. The ASA has worked really hard to have a diverse board, and not just on gender and race, but like age, experience, background, nationality, and what ensued was a really engaging, thoughtful and intelligent discussion about the role of advertising in systemic racism.

### **Nita Patel (26:00):**

When we reflected back to the executive to have their response, the CEO, a man, Guy Parker, who I have the most amount of respect for, said, "Of course we thought about it, we had a meeting. We were going to try and do something. But having a board member bring it to the table and the council now getting behind that, we're going to accelerate this work stream."

### **Nita Patel (26:23):**

And this comes at a time where advertising is on its knees. We are short of resources, we don't know what's going to happen in our industry, there's other things that we probably should be doing, but this is now on that path and it means then I also sit on the Industry Advisory Panel, but when I'm talking to advertisers, channels, people that are in the advertising ecosystem about the same issue, it's almost like that issue takes a life of its own and it doesn't require the single voice.

### **Nita Patel (26:52):**

But where it started, and I go back to my earlier point, is whilst you can have a diverse board, those people on the board need to say something, and ask those questions, and be the awkward one, because I felt awkward bringing the race issue to my peers, particularly as a woman of colour, but you have to have the difficult conversations.

### **Nita Patel (27:12):**

My second example, and Louise doesn't know that I'm going to say this, but as I was having a little google of everybody to see what incredible company I'm keeping, I was engaged as a sustainability consultant by an agency, of whom Howdens is one of their clients, and in December 2019 they came and said, "Really, we've got this new board member," which just happens to coincide when Louise joined that board, so I'm not going to put words in her mouth, but it's just a coincidence. And they came to the agency and they said, "There's board members asking questions about sustainability and we haven't really got any answers. Could you do a blue sky paper that thinks about what business models we can be engaging in, what the kind of future-scaping of the issues are going to be, how does climate affect our business? Because we need to be able to have this conversation."

### **Nita Patel (28:02):**

And so I'm really exited for the Q&A because I want to ask Louise what happened at that board meeting, because whether or not she raised it, I didn't ever find out what happened to that paper.



**Nita Patel (28:10):**

I know, Katie, that's not quite what you asked for, but I hope that encompasses something slightly different that the other ladies have spoken about.

**Katie Hyson (28:19):**

Yeah, absolutely. And hopefully we're not going to get Louise sued or anybody else for devolving privileged board conversations, so you may be asked the question, but you don't have to answer.

**Katie Hyson (28:31):**

Bringing in Amelia now, so obviously I'm topping and tailing here. I've got Rupert sort of leading this out with an academic thought from this side of the pond. Amelia, you're sat on the far side from me of the US, and it's probably a bit earlier in the day for you. You guys have obviously been working on this for some time. Having heard everybody talk so far today, how do we move this forward? What's the next step?

**Amelia Miazad (29:00):**

Sure. Thank you. And thank you for this opportunity. This has already been a terrific discussion and I'm excited for the Q&A as well.

**Amelia Miazad (29:08):**

Before I get started, I wanted to say that Charmian has a giant B behind her, which I really like, but I have to reveal that my daughter's initials are ESG, [Enna Sahar Gerking 00:29:18], and I literally just discovered that this year, so that is how committed I am.

**Amelia Miazad (29:28):**

So I founded the Business in Society Institute at Berkeley Law and I do research and teach at The Intersection of Corporate Governance and Social and Environmental Justice, which thankfully is a very busy intersection at the moment. And what my recent work looks at is the fiduciary duties of the board to oversee what I'm calling social risk, which is risks that haven't yet materialised into business risks, or legal risks, but that are fundamentally inconsistent with our social norms and therefore threaten the companies licensed

to operate. And currently, under corporate governance, there's no sort of mechanism to bring that kind of social risk oversight into the board's fiduciary duties.

**Amelia Miazad (30:15):**

So as part of that research I'm interviewing investors, large asset managers, on what they expect from the board when it comes to corporate purpose or corporate culture, and in the US what really triggered this focus on purpose, and I would say even on strategy, was Larry Fink's letter in 2018 entitled A Sense of Purpose. And that letter was very much focused on the role of the board. He was very explicit and said, "We ask that directors assume deeper involvement with a firm's long-term strategy and boards meet periodically, but their responsibility is continuous."

**Amelia Miazad (30:59):**

Words are cheap, of course, but they've backed and not only BlackRock but other large asset managers have backed up this focus on purpose in their engagement. And the indicia of that is that increasingly they want to meet directly with board members, and continuously throughout the year, as opposed to a roadshow done by the IR Department once a year. And so the engagement is much more continuous and it's much more in the weeds on specific issues.

**Amelia Miazad (31:38):**

Again, this isn't happening across industries, across markets, but it's a trend that's continuing based on our conversations with board members as well as with asset managers.

**Amelia Miazad (31:53):**

So that brings us to the question that Rupert and I are looking at, which is, okay, they want to hear from the board, but what precisely do large investors want corporate board members to do, and what do we as a society expect of corporate boards with respect to purpose?

**Amelia Miazad (32:12):**

I like to think of purpose, I think a helpful framing is that purpose is both a guide star and guardrails. And particularly in the

COVID-19 pandemic, I saw in the discussions I was having with investors that the focus moved from guide star much more to guardrails. What is acceptable now for the company navigating out of this crisis? Very different from what was acceptable in the 2008 financial crisis. So how much impact can a board really have? It's a lot, and some of the themes have come up already. In the interest of time I'll just focus on two and then we can get to more in the Q&A.

**Amelia Miazad (32:56):**

So as Louise noted, boards oversee CEOs, right? And there before the crisis we were seeing an indicia of boards leveraging that ability to oversee CEOs in very different ways than before. So, CEO compensation, there's much more carrots and sticks built in for overseeing environmental and social risks, and in the US even the CEO Compensation Committee is rebranding the committee's name and there's different flavours of this, but things like Compensation and Culture, Compensation and People. And there's one proposal by former Justice Leo Strine to actually have the executive Compensation Committee look at compensation across the company to address income and equality and the wage gap between executive compensation and worker compensation.

**Amelia Miazad (33:54):**

So that's core board function, and as Elizabeth mentioned, and also as Nita noted, it's important for boards to obtain information from management, so this information flow by literally putting it, as Elizabeth mentioned, on the board agenda. That's very important, but as Nita mentioned, asking the hard questions, right? And so eliciting that information so that the board has a sense of what social risks are emerging is very important and is increasingly happening.

**Amelia Miazad (34:31):**

I'm excited to work with Rupert and his colleagues at Oxford to articulate precisely how corporate boards can continue to enact their purpose, but these are just a couple of examples of concrete board functions that are embedded within purpose.

**Katie Hyson (34:50):**

Brilliant. Thank you very much, Amelia.

**Katie Hyson (34:52):**

To you guys who are listening and joining this conversation today, we are going to open up to questions now. I've seen that there have been some questions coming in already and I've been trying to sort of put them all together and make sure that we're going to distribute them evenly across our panelists, so get your questions in, get typing on chat.

**Katie Hyson (35:12):**

Perhaps the first question I want to really pose, I'm going to pose this back to both Louise and Elizabeth, which is picking up on what Nita was talking about, and Charmian, around, how can boards get braver? And also, what would be your advice to somebody else on a board who needs to potentially stand up, be counted or get the others together? How do you do this?

**Katie Hyson (35:42):**

Elizabeth, would you mind sharing? What's your experience? What would be your advice to...?

**Elizabeth Osta (35:48):**

I agree with Nita, which is extremely important. Whenever there is diversity, that person represented and has got the courage to speak, I think it's extremely important because in some cases you would have maybe diverse sort of a number of quota which is achieved, et cetera, but then there are certain dynamics in the board that prevent actually a flourishing of diverse opinion.

**Elizabeth Osta (36:13):**

So I think it's really diversity of thought that need to be encouraged or fought for depending on the boards, because we doubt that, so it's impossible to tackle different issues. So that's more on the culture of the board.

**Elizabeth Osta (36:29):**

Then in my view there is the discipline of the agenda, which I'm very keen on, so making sure that the agenda tackles the right

issues and not only the business as usual issues that are more familiar. It's extremely important. And then sort of after that, then oversight of the CEO's clear metrics, clear way of managing accountabilities. But it shouldn't be restricting, I think it would be an inspiring and governing sort of role.

**Elizabetta Osta (36:57):**

But I think what I'm seeing, particularly in sort of older companies and more traditional boards, there is a challenge for very traditional boards to start to understand important of new topics and new issues, whether that's the digital divide, whether that's digital transformation, as we were talking today the important of ESG.

**Elizabetta Osta (37:19):**

So I would advocate, and I saw in some of the comments, we should probably rejuvenate quite a lot of boards and ensure that there is much more energy and dynamism flowing, because sometimes the conversation remain quite stale in terms of business as usual.

**Katie Hyson (37:38):**

Thank you, Elizabetta.

**Katie Hyson (37:38):**

Louise, bringing you in, so from your experience, how do you get those difficult topics onto the board agenda, and how do you make sure that, quite frankly, the business then takes action from them?

**Louise Fowler (37:49):**

Well, maybe I'm lucky. I sit on boards that are very open to that. I've not had any experience where I felt that being the awkward one, to use Nita's wonderful phrase, was an uncomfortable thing to be.

**Louise Fowler (38:02):**

Now, it may not escape your notice, I'm not yet 70 and I'm not male, so maybe the boards I sit on have been a little quicker to seek diversity of thought than some others perhaps that I don't know. But I think asking questions is the fundamental tool that a board member has, and the question why is incredibly powerful, and when you get an answer to that, be the

four-year-old and then ask why again, because it's only when people think deeply about things that they realise that perhaps they don't know the answer.

**Louise Fowler (38:30):**

So I found boards and the teams that report to the boards pretty open to that sort of stuff, particularly if it's asked from a genuine and sincere desire to improve the business and not to be just difficult and score points off anybody.

**Louise Fowler (38:46):**

So I don't think it's difficult to do, but the challenge, I think, as everyone else has said, is making sure there's enough diversity of thought that the questions occur in the first place and you don't just nod everything through.

**Louise Fowler (38:58):**

And I think increasingly boards and businesses are trying to find ways to do that. Now, with varying degrees of success, and it is a great frustration to me that they are not diverse enough by any means, and I'm open to any suggestion of how we can do that.

**Louise Fowler (39:15):**

My final thought I think is, though, whenever you're talking about these things, there is a real risk of becoming slightly either overwhelmed by or massively enthusiastic by the gazillions of things you can fix, because there's a lot to fix. And actually the key skill, I think, of any business and any board guiding a business is to be realistic and pragmatic.

**Louise Fowler (39:36):**

So pick a few things that you can do that are practically going to happen and then pick some more after that. I think if you try and boil the world and go by all the 30 something UN principles or whatever it is, there's a lot of excuses for not doing anything, and doing something well and then moving onto the next thing, in my experience, can work really, really well for making a real difference and actually enacting some change.

### **Katie Hyson (40:02):**

Thank you for your pragmatic advice, Louise. Oh, Elizabetta, go for it.

### **Elizabetta Osta (40:05):**

Just one final comment. I saw one in the chat, comment from [Ron Mackey 00:40:09], which I think is excellent, saying, “Do you believe that boards generally have the awareness, imagination and belief to really drive change that is needed in today’s environment, and how do we help them as employees, shareholders or stakeholders to impress change?”

### **Elizabetta Osta (40:23):**

I really like this idea of it should be almost sort of the much more ecosystem and flow, because no matter with the way that we put it, but there is a natural divide between boards and the younger employees that can bring change, so I think I really like that comment that there should be much more perhaps that dynamism than there is today.

### **Katie Hyson (40:45):**

Brilliant. Thanks, Elizabetta. And isn’t brilliant when your panel do your job for you? I can go home and have a cup of tea now.

### **Katie Hyson (40:49):**

Charmian, I want to bring you in too, because there was one question earlier on, little bit further along. So the question was, in Brazil, there are B-certified companies applying to the challenges posed by COVID-19, and looking specifically at that B Corp piece, what is the role of a board in a B Corp? And then what would be your advice for a B-certified business in moving forward?

### **Charmian Love (41:19):**

Okay. Well and apologies, I don’t think I saw that comment in the chat, so I’ll have to dial back up and find the fuller context.

### **Charmian Love (41:27):**

I have to admit, I’m not based in Brazil so I might have a bit of a hard time really answering that with the local context in mind, and I’m really quite aware of not speaking about a regional perspective that I’m not in, nor do I have a sort of direct role with the B Corp community in Sistema B.

### **Charmian Love (41:46):**

So if it’s okay, Katie, can I take that and sort of speak more generally about the role of the board? Is that all right?

### **Katie Hyson (41:53):**

[crosstalk 00:41:53].

### **Charmian Love (41:54):**

And I would say to whoever made that comment, I would be more than happy to connect you to my colleagues at Sistema B, who I think that could be a really great conversation to have. So it’s not that I don’t want to answer it, it’s actually I just want to have respect for my colleagues that are in the region and might be able to provide a little bit more of that quite specific local context that I suspect is what you’re looking for.

### **Charmian Love (42:17):**

But Katie, if I took that question to be, like, do you feel it’s like what is the role of the board? Like what are the different ways in which a board act when you’re a B Corp?

### **Katie Hyson (42:27):**

Yeah, is it different? Is the role different and therefore advice to people who might be thinking about either going on that B Corp journey or if you are being recruited to be a non-exec director or board member, et cetera, for a B Corp?

### **Charmian Love (42:40):**

Seeing as the role is aligned with the articles and the constitution of what the director’s duty is, and because B Corps have made this change, this amendment, to make it quite explicit that the directors must equally consider the shareholders and stakeholders, I think what you see, then, is a conversation that brings out these issues and creates the context where you can have them in a really open fora, and the two examples I shared are two examples of B Corps that have found the space to have those conversations because those are things that are hardwired into like the DNA of the business.

### **Charmian Love (43:14):**

And I really liked the lines, I’ve been

writing notes as we've been going here, but this idea, Amelia, of like the guide stars and the guardrails. I feel like that really resonated with me because I do think because this is in the articles, it does provide sort of the conditions where those conversations can happen.

### **Charmian Love (43:32):**

So I would encourage people who have this as sort of being the fire that you feel under your feet is working with businesses that have this view of being a for-profit business and, not or, but and having a positive purpose and creating impact to consider and look at what are the local B Corps or what are the B Corps that are in your community, in your region? And there could be a range of different ways you can engage, whether it's on the board or in other supportive ways. So I definitely encourage people to look into it.

### **Charmian Love (44:04):**

I did want to just also pick up something, because there was something, Katie, in the second part of how you framed the question that I kind of wanted to lean into and it kind of picks up on a golden thread, I feel like, that's been weaving its way through this discussion all evening, which is around diversity. And again, this point about, it's been said so many times before, Nita, that you brought in, and it's diversity of thought and one of the things that I'm kind of really interested in at B Lab UK, of which I'm the chair, so a board role for the organisation that is about strengthening and supporting the B Corp movement here in the UK, is bringing in young people. I feel so, so strongly about this. We need to bring in the voices of the next generation.

### **Charmian Love (44:45):**

I think it was Paul Polman who had a great quote. He said, "Don't just give young people a seat at the table. Give them the table." So finding really meaningful and not tokenistic roles for young people to come in and be able to help bring energy, the imagination, the critical challenge to the organisation at some of the fundamental levels, like business model level, is something that I'm really interested in.

### **Charmian Love (45:11):**

If there's anyone on the line that is also interested in this conversation, there's a few of us that are kind of working on a program to try and recruit, train up to build the confidence, to build the way of understanding what questions to ask and then ultimately to place young people onto boards. So if anyone on the line is interested in being part of a team to try and take this forward, then please get in touch.

### **Katie Hyson (45:34):**

Cool. Thank you. And hopefully she'll add those comments to the chat as well and you guys can pick it up.

### **Katie Hyson (45:39):**

Nita, you've been mentioned and cited now by everybody else. Profound comments. Just picking up, okay, so last year there was, in fact it was mentioned already. So BlackRock of Larry Finks wrote this letter now three or four times, and yet still stuff doesn't seem to happen.

### **Katie Hyson (45:56):**

Last year we had a bunch of CEOs signing up to say, "Look, purpose. We're going to put purpose at the front of our business," and then we heard earlier on in a previous discussion with Professor Bob Eccles, who said that those CEOs apparently, one of them or none of them had asked the board in advance, the board didn't necessarily even know, and then hadn't actually enacted on that. So they haven't necessarily taken that step forward to actually change their purpose or change how they run their businesses.

### **Katie Hyson (46:23):**

What is it going to take? There's lots of chat. How do we move forward?

### **Nita Patel (46:30):**

So I'll pick up on a couple of points that people have made. The question that Elizabetta kind of bubbled up, I think we all as individuals, not as board members, but just we need to start voting with our money. We need to start thinking about where we spend our money.



### **Nita Patel (46:46):**

So for me personally, all of the companies that didn't pay their suppliers during COVID don't get my money anymore, and I will actively make sure that other people don't spend their money. Jeff Bezos doesn't need more money. He doesn't do good stuff with it, so let's figure out where we can siphon off our money to black-owned businesses, female-owned businesses, all of these things that we believe to be true.

### **Nita Patel (47:07):**

So as individuals, if you don't know what else to do, I recommend starting now. Just think about where your money is going, and if you've got pensions and savings, think about where those companies are investing that money.

### **Nita Patel (47:19):**

I think when shareholders start to challenge boards and start to challenge executives about what they're doing and where those profits are coming from, then we'll really, I believe, we'll see the change, because ultimately it does feel like the shareholders are the top of the animal kingdom, and unless they start asking those questions, and we are sort of starting to see that, then perhaps we can start to think about change at a systemic level.

### **Nita Patel (47:47):**

But for me, I think being a CEO is a little bit like being a politician. So you can say some stuff that's really sexy and really cool and it's going to get you some likes, but are you there long enough to see that change through? Are you in power long enough to create the influential networks that you need to work with the whole organisation to create that change? Because if you don't, then that change will never happen and it'll always just be a really sexy conversation that ticks boxes and doesn't generate the change.

### **Nita Patel (48:22):**

And then, I suppose, I'm very much of the school of thought that Charmian is, which is, I don't understand why all businesses can't be social businesses. I don't understand why all businesses can't make profits and

do good. And the more businesses, like the more of the traditional businesses that do that and prove that, and unfortunately it's those of us that are entrepreneurs now that are not creating charity jobs, we're not working in things that don't create profit.

### **Nita Patel (48:49):**

The more of us that do that to prove that the old model doesn't work anymore, the more that we are likely to be able to influence the old school, because there's going to be those of us that are at the front of the pack, the innovators, the leaders, the one that will take the risk. Then there'll be the ones just behind who are like, "Oh, these people look like they're having fun, so we're going to do it too." And then they'll be the main pack of people that will come, and right now it still feels like purpose is being proved by a small group of people at the front and the work that B Corp is doing evidencing...

### **Nita Patel (49:23):**

I remember when B Corp was just this like extra certification and everyone was a bit like, "Oh, God, is it another one?" And now it's like, you know, you can see this groundswell of movement of several of the companies are calling me saying, "Oh, we've decided we're going to do this thing. How do we do this thing?"

### **Nita Patel (49:39):**

So that groundswell is coming, so without kind of basically fan-girling over Charmian, which is what it sounds like, it's the more of us that do this stuff, the more young people that are on boards, the more diverse people that have come from social housing who represent our society, the more that they can have a seat at the table, the better.

### **Katie Hyson (50:02):**

Cool. Okay, we've got some power here. Come on girls. Oh, look, there's a whole loving going on here.

### **Katie Hyson (50:08):**

So, stay with us everybody who's watching. Just in a moment, we are going to challenge everybody to make a pledge, and so stay with it because I want to hear what everybody's pledge is on this panel,

but also, again, get in the chat now, get pledging, get thinking about what action are you going to take off the back of this?

**Katie Hyson (50:25):**

I'm going to have my last question to Rupert and Amelia before we go to pledges. Rupert and Amelia together, clearly we have some uber amazing board members here who will shake up any board. How do we get into those and convince those boards who they'll only recruit their mates or the people who kind of will think along the same lines as them? How can we change the mass?

**Amelia Miazad (50:51):**

I think that it's about having the investors continue to put sufficient pressure on corporate boards. I mean-

**Katie Hyson (51:00):**

Oh-

**Amelia Miazad (51:01):**

... that's where...

**Katie Hyson (51:02):**

... Amelia, we lost you there for a moment. Come back? Yes. You're back. Go for it.

**Amelia Miazad (51:06):**

From my perspective it's about keeping the pressure on the investment community to keep the pressure on the board community, so that's one piece. Another piece is just more board education. So we're working on that at Berkeley Law. I know that Rupert is working on that as well, but there seems to be a growing appetite for board education.

**Amelia Miazad (51:25):**

One module of all of those board education programs is around diversity, and I completely agree that the value of diversity is eliciting the right information and asking the right and the hard questions.

**Rupert Younger (51:40):**

Sure.

**Katie Hyson (51:40):**

Rupert?

**Rupert Younger (51:41):**

I agree. I'd add just a couple of things. One is that I think actually that there's some really, really good diversity and momentum happening in boards. I think there's a generation now of executives on boards who have grown up questioning the assumption that businesses were there just for profits. There's a new generation who are now leading these businesses, and you are seeing some changes in boards.

**Rupert Younger (52:10):**

I'd like to go back to the fact that, so there's a book called The Rule of Saint Benedict. Now, I'm not a Benedictine, but it's a wonderful book. It's a tiny little book, about 30 or 40 pages, and it was a book which I call The Earliest Corporate Governance Guide. It was 1500 years ago that it was written, and it was about how an abbot should run a monastery.

**Rupert Younger (52:35):**

In the middle of this book is a wonderful line, which picks up on Char's lovely point about youth. It was that, this was advice given to the abbot, and the advice was, if you're dealing with questions and issues that are of day-to-day critical importance, consult the wise and the elders. But if you're dealing with masses of long-term strategy, consult the young, because they're the ones who are going to be living with it.

**Rupert Younger (53:01):**

And actually, it's a really fundamental point, and I particularly like that. We had the great pleasure at the Enacting Purpose Initiative when we had the director of GCHQ, Jeremy Fleming, who came and led a discussion about how this systemically important agency in the UK is dealing with purpose, and he in the first question, he challenged us immediately and said, "Have you got the right voices in the room?" It was the first question that GCHQ asked on every meeting: have you got the right voices in the room?

**Rupert Younger (53:35):**

We had a look around. We were good on diversity, we were good on most things, we just weren't very good on age. Everyone

was over 40. And so we set up a group of youth ambassadors, who we invited to Oxford to sit alongside the board directors, and it was kind of interesting because I thought that there'd be hugely different perspectives. Truth is, actually very similar perspectives. Kind of interesting. But a freshness to what they bring, and a sort of idea of perpetuity and living it beyond the, you know, is there a next three-year cycle? That was what was different.

**Rupert Younger (54:11):**

So, yeah, The Rule of Saint Benedict. I thoroughly recommend it to everyone.

**Katie Hyson (54:18):**

Brilliant. So now you know. The Rule of Saint Benedict for the person in chat who was saying what was the rule?

**Katie Hyson (54:23):**

So this session, to conclude, we want to hear your pledges. Everybody get in the chat function as well. I'm going to start at the top. Nita, what would be your pledge to us today?

**Nita Patel (54:33):**

I'm going to pledge two things. This is actually my only second time speaking about these things, so I'm pledging to use my voice more in more forums, because the more of us that have this discussion and realise that if I can do it, everyone can do it, the better.

**Nita Patel (54:48):**

And then the second thing is, this is the first time I've seen Business Fights Poverty's whole agenda, and it's incredible. So I'm going to spend the rest of this week just posting about it, reminding everyone that they can get involved and then catch up on their webinar and recorded sessions.

**Katie Hyson (55:05):**

Brilliant! Rupert, you are the next on my list. What's your pledge for us today, sir?

**Rupert Younger (55:10):**

Well, I'm going to pick up on the youth challenge, and I'm going to actively engage with and encourage and then

help the MBAs to connect with boards and to take their responsibilities much more seriously than perhaps they do.

**Katie Hyson (55:26):**

Fantastic. Amelia, would there be one thing that you want to take away from today or get active on?

**Amelia Miazad (55:31):**

Yeah, so my commitment is to take what is often lives and dies in the ivory tower, take the academic research and break it up into practical learnings and share it with the business community with the particular focus on boards. Because I think that a lot of board members are convinced of the why, but they just don't know how, and often academics leave all of the research just kind of locked away in the ivory tower, so to release those learnings into the world.

**Katie Hyson (56:03):**

You've been warned. Amelia's releasing.

**Katie Hyson (56:08):**

Elizabetta, what would be your pledge to us today?

**Elizabetta Osta (56:09):**

Nita's inspired me to vote more with my wallet, so I do so from tomorrow.

**Katie Hyson (56:15):**

Amazing. Louise.

**Louise Fowler (56:18):**

Well I've always been very careful about where I spend my money and I've always been really keen to influence the spheres that I'm in, but I've realised I'm with Nita. I don't really evangelise about this stuff enough, so I think I'm going to shout more and become a little bit more irritating generally about it.

**Katie Hyson (56:36):**

I feel like we've further empowered the empowered already.

**Katie Hyson (56:38):**

Charmian, last but very much not least. What would be your pledge to us today?

**Charmian Love (56:43):**

Well my pledge is Rupert, I know we can't cross each other in the halls at the business school at the moment, but I'd love to get in touch and work with you on the MBAs on how we can work with them to help prepare them for boards. I also, with my B Lab UK hat on, we are committing to look at bringing on a young person to our board, so we'll keep people in touch on how that's going.

**Katie Hyson (57:08):**

Oh my God. You guys are epic. So, to conclude we are at half past the hour. For everybody, go over to Marcus's room. He's there. He's waiting. He wants to help empower everybody.

**Katie Hyson (57:19):**

On a personal level, but massive, massive thank you to everybody for joining us today. You'll see the links in the chats. Take it with you. We'll be sharing lots of this conversation further, and join us for the rest of the week as well. Thank you very much everybody.