

# BOYDEN SUSTAINABILITY SERIES - CEO ROUNDTABLE DISCUSSION

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**Climate Change and the increasing pressures on Chief Executives running industrial businesses**



Key takeaways from Boyden's Sustainability Series CEO roundtable event – The second of three open forums for Chief Executives to discuss current opportunities and challenges, share their priorities, key learnings and approach to securing Sustainable businesses and contributing to net Zero targets.

Lunch host Claire Lauder, Partner UK & Ireland was joined by CEOs of PLCs, private groups and PE backed enterprises.

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## Boyden view and what we have seen so far

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The challenges presented by the ever-increasing demands with regards to Environment, Social and Governance related issues are shared across all businesses. But Manufacturing and Engineering businesses in particular often have complex international supply chains, so when it comes to Scope 3 reporting across multiple geographies the complexity increases significantly. The enormity of the task often prevents companies from just making a start with small, localized initiatives.

**“Don't let perfect get in the way of good”**

However, governance and reporting are not the only ESG challenges those businesses are facing. For listed companies, the short life cycle of share price performance often works against longer term investment which may decrease profits in the short term. Understanding how to weave ESG into company strategy and culture, whilst also meeting shareholder/investor expectations seem to be the greatest challenge for many companies.

The businesses that are making good progress on all things ESG, seem to be experts at developing

partnerships outside of their own organisations. They have identified ways of collaborating and creating win win scenarios with partners who share the same values and visions.

**“You can't conquer the world on your own”**

Whilst we have witnessed greater intercompany collaboration, and academia and industry are collaborating better than we have witnessed before, there was an overwhelming sense of disappointment at the short-term policy setting from government. Whilst the UK was the first major economy to create a legally binding target to bring greenhouse gas emissions to net zero by 2050, there seems to be a lack of joined up approach to aide businesses in achieving that target. Currently government decisions are typically made on what will get them re-elected. There was a general feeling from our guests that long term policies should be set, and for them to be embedded in law. One of our guests also made a very interesting comment with regards to MP's running critically important departments, with zero knowledge or expertise in a relevant subject.

**The example he gave was that the Bank of England works closely with government, but it is run by financial experts, not by MP's. Should we have the same approach and create a dedicated Dept of Energy run by energy experts, rather than the Department for Business, Energy & Industrial Strategy run by The Rt Hon Kwasi Kwarteng, a politician who had a stint working in financial services. It provides interesting food for thought; would it create more accountability and better faster results?**

The commitments that UK government need to make to support the industrial journey to Net Zero by 2050 are huge, the infrastructure in the UK is old and well established so the investment required to shift to alternative energy sources is huge.

The UK was considered to be doing well with regards to technology start ups and it was noted how important these clean technology businesses are critical towards helping companies achieve their sustainability goals. It was recognized that there needs to be an increase in collaboration between large and small companies, assisting each other on their journeys to Net Zero.

We also heard of some great initiatives where very established, conservative engineering businesses have created separate business entities to increase their innovation, speed to market and to attract a totally different cohort of people into their businesses. One business had a totally different benefits scheme for their incubator business, with carbon offsetting offered as a benefit. There were some concerns raised about creating two culture organisations, but the payoff so far for the companies that have made the commitment has been worthwhile.

ESG is as much a behavioral and cultural challenge as it is a governance challenge. Many established industrial businesses are naturally risk averse and change resistant, which does not create a landscape for rapid change and evolution.

At the request of our guests at the first lunch Boyden have been tracking Sustainability related appointments across the industrial sector and the findings have proven interesting. We shall be releasing the full report later in the year, but our initial findings show that only 25 CSOs currently report directly into the CEO and that the gender split leans towards predominantly females. The full report will provide greater analysis and shall be released in the Autumn.

The Boyden Sustainability appointment tracker will show which companies have appointed people to ESG related positions, along with when they were appointed and who they report to. Some companies had a Sustainability Director buried in their marketing department, whilst most businesses that consider ESG a strategic imperative have a reporting line into the CEO or CFO. Some companies have dedicated ESG board members and Non Executive Directors.

Many businesses are having to rewrite their strategy for a post covid, and post Brexit world, add into that the ongoing war with Ukraine and Russia, along with the climate crisis and ESG demands, the landscape is increasingly more than challenging.

When it comes to strategy and Executive performance, there will be difficult decisions to be made when it comes to reward and retention. Who do you promote/retain? The Executive delivering the greatest growth and profit which helps to keep shareholders happy, or the Executive that is fully embracing ESG goals, but their division is not as profitable or fast growing?

One of the challenges discussed by our guests was the need to align ESG goals with wider company strategy and performance management.

And an increasing trend Boyden are witnessing is that many candidates are actively inquiring about a companies ESG strategy and are seemingly more driven by purpose, mission and values than in times gone by.

Nowadays Executive candidates are much more likely to review a Board to see whether there is an ESG representative. A lot can be said about a company when the Chief Sustainability Officer reports directly into the CEO, you know this is a company that is taking ESG seriously.

Boyden will launch its findings from the Sustainability Appointment tracker at our next CEO Sustainability roundtable. If you would like a copy of this report, please contact [Claire.lauder@boyden.com](mailto:Claire.lauder@boyden.com)



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## About Boyden

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Boyden is a premier leadership and talent advisory firm with more than 75 offices in over 45 countries. Our global reach enables us to serve client needs anywhere they conduct business. We connect great companies with great leaders through executive search, interim management and leadership consulting solutions. Boyden is ranked amongst the top companies on Forbes' Americas Best Executive Recruiting Firms for 2021. For further information, visit [www.boyden.com](http://www.boyden.com)

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**Claire Lauder**  
PARTNER

Claire Lauder specialises in interim management, supporting clients in industrial manufacturing and engineering, particularly in times of change. She has built an impressive track record amongst PE-backed, owner-managed SMEs and FTSE-listed firms. Claire works closely with our Executive Search and Leadership Consulting teams to help clients develop existing talent and recruit new talent.

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**Imogen Long**  
PRINCIPAL

Imogen Long works with multidisciplinary and international teams on all stages of the search process, from preliminary research and strategy development to candidate evaluation and selection. She is committed to high-quality delivery, and applies her exemplary project management, judgment and assessment skills, along with industry knowledge, to identify and engage ideal leaders for our clients.

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**Phoebe Williams**  
PRINCIPAL

Phoebe Williams has a strong record of successful executive and board searches for large listed companies, PE-backed firms and SMEs in a range of industries. Having a research background, she lends resourcefulness and data-based insights to develop search strategies and source candidates. She ensures positive client experiences from end to end, culminating in exceptional outcomes.

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