



## Board Practices Quarterly

### 2021 boardroom agenda

In September 2020, Deloitte and the Society for Corporate Governance announced the collaborative launch of the *Board Practices Quarterly*, a new series of periodic reports based upon brief surveys of Society members. The Quarterly replaces our long-standing *Board Practices Report* to bring you insights and benchmarking data more frequently.

This issue of the *Board Practices Quarterly* identifies some of the key areas and trends expected to be on boardroom agendas this year, according to a December 2020 survey of in-house members of the Society for Corporate Governance. These areas look beyond perennial agenda items, such as strategy and risk, and instead focus on new and emerging topics as many companies continue to respond to unanticipated events that unfolded during 2020.

The survey explored two specific topics in detail, pandemic response and recovery and human capital management, to obtain greater insight on shareholder engagement, meeting agendas, and disclosures.

# Findings

Respondents, primarily corporate secretaries, in-house counsel, and other in-house governance professionals, represent public companies (91%) and private companies (9%) of varying sizes and industries.<sup>1</sup> The findings pertain to all companies; public and private. Where applicable, commentary has been included to highlight differences among respondent demographics. The actual number of responses for each question is provided.

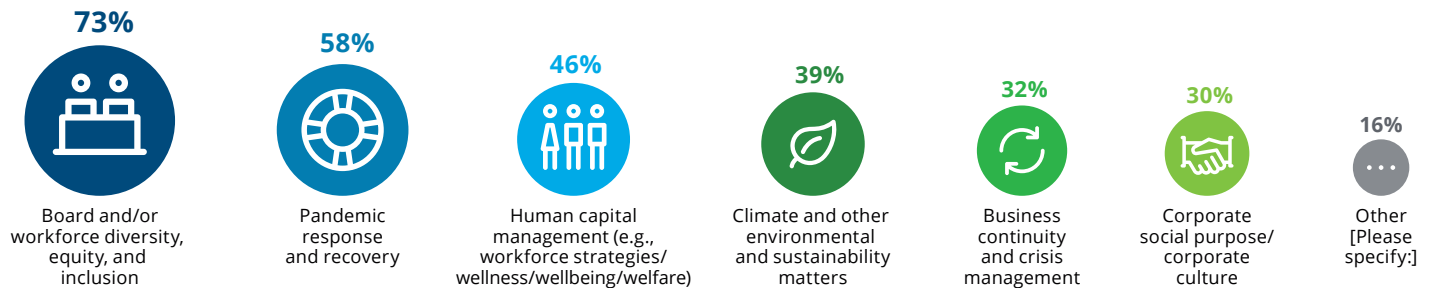
[Access](#) results by company size and type.

## From your perspective as the corporate secretary or other corporate governance professional, what top three emerging or trending issues do you think your board will want to focus on in 2021 (beyond perennial topics, e.g., strategy, risk, executive compensation). Select a total of three issues, which may include “other,” if applicable. (122 responses)

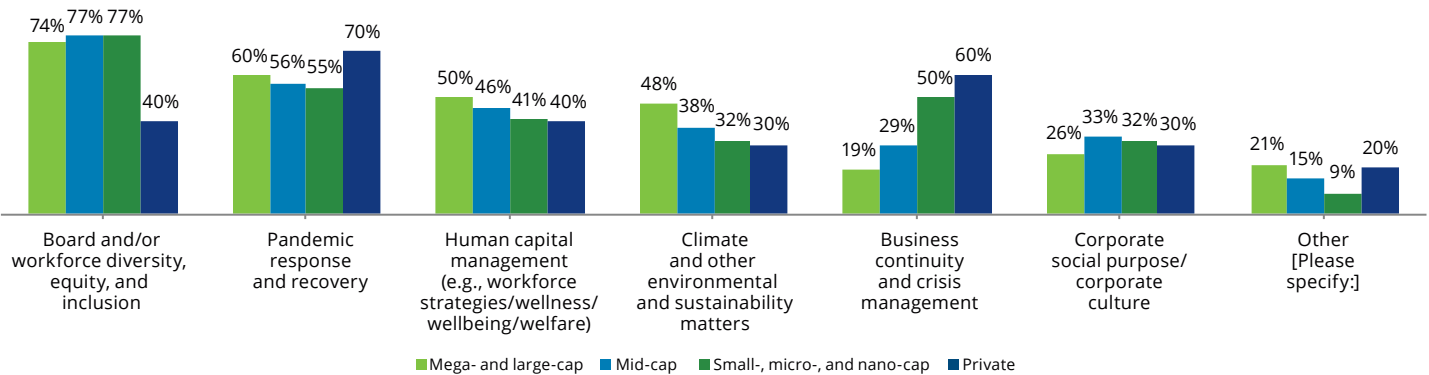
Top three topics for mega- and large-cap and mid-cap companies were consistent: board and/or workforce diversity, equity, and inclusion; pandemic response and recovery; and human capital management. For small-, micro-, and nano-cap companies and private companies, the top three topics looked slightly different: board and/or workforce diversity, equity, and inclusion; pandemic response and recovery; and business continuity and crisis management.

Some respondents specified “other” responses, and the most common was digital transformation. Others included board retirement and succession planning; business transformation initiatives; capital structure and stockholder returns; activist preparedness; M&A; and cybersecurity.

### All companies



### Breakdown by company size and type



1. Public company respondent market capitalization as of December 2019: 38% mega- and large-cap (> \$10 billion); 43% mid-cap (\$2 billion to \$10 billion); and 19% small-, micro-, and nano-cap (<\$2 billion). Private company respondent annual revenue as of December 2019: 45% large (> \$1 billion); 36% medium (\$250 million to \$1 billion); and 18% small (<\$250 million). Respondent industry breakdown: 33% energy, resources, and industrials; 29% financial services; 26% consumer; 8% life sciences and health care; and 5% technology, media, and telecommunications.

Throughout this report, in some cases, percentages may not total 100 due to rounding and/or a question that allowed respondents to select multiple choices.







**For each of the following topics, indicate which of the following (or similar) board committees, if applicable, or full board, oversees it. Select all that apply.** (110 responses)

Among public companies, 96% of respondents said the full board oversees pandemic response and recovery, and results were disparate across the other topics. For private companies, across all topics, at least 70% said the full board has oversight.

Across public and private companies, board oversight of diversity, equity, and inclusion (DEI) is primarily with the full board (59%), the compensation committee (51%), and/or the nominating/governance committee (51%).

Human capital management is the only topic where most public company respondents indicated oversight is not at the full board level, but with the compensation committee, at 72%. Further, oversight of climate and other environmental and sustainability matters was virtually equal between the full board (47%) and the nominating/governance committee (46%).







Risk committee oversight was most prevalent for pandemic response and recovery and business continuity and crisis management among small-, micro-, and nano-cap companies and private companies.

						
	Board and/or workforce diversity, equity, and inclusion	Pandemic response and recovery	Human capital management	Climate and other environmental and sustainability matters	Business continuity and crisis management	Corporate social purpose/corporate culture
Full board	59%	96%	41%	48%	85%	67%
Audit	1%	20%	3%	8%	39%	4%
Compensation	51%	11%	70%	1%	2%	13%
Nominating/Governance	51%	3%	14%	43%	6%	47%
Finance	0%	3%	0%	3%	5%	1%
Compliance	0%	2%	0%	1%	2%	0%
Technology	1%	3%	0%	0%	4%	0%
Public policy and regulatory affairs	0%	0%	0%	0%	0%	0%
Risk	0%	14%	0%	7%	17%	2%
CSR or sustainability	3%	1%	1%	12%	0%	5%

**For each of the following topics, indicate who within management serves as the principal liaison with the board (e.g., provides reports and updates to the board and/or a board committee). Select all that apply.** (104 responses)

Next to the CEO, the chief HR officer or equivalent was most often cited as the management liaison, and specifically on corporate social purpose/corporate culture; board and/or workforce diversity, equity, and inclusion; and human capital management. This highlights the growing importance of the role, as many companies have increased their focus in these areas.

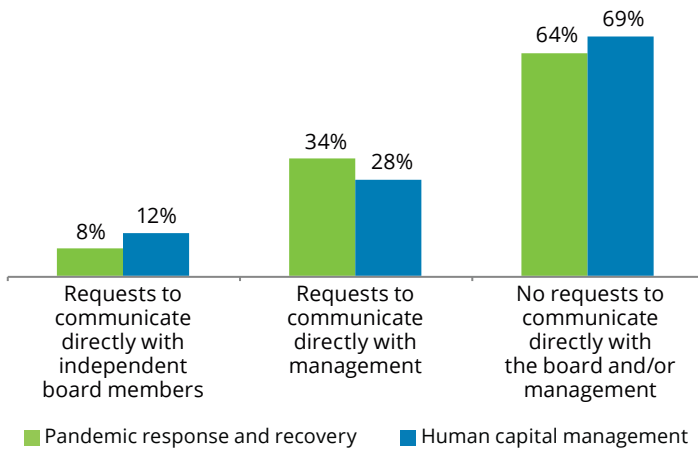
The COO was most seen among private companies in relation to business continuity and crisis management (67%); this role was at most 27% among public companies.

						
	Board and/or workforce diversity, equity, and inclusion	Pandemic response and recovery	Human capital management	Climate and other environmental and sustainability matters	Business continuity and crisis management	Corporate social purpose/corporate culture
CEO	37%	80%	34%	35%	64%	56%
CFO	2%	31%	4%	8%	37%	3%
COO	7%	28%	7%	10%	19%	8%
Corporate secretary or assistant corporate secretary	17%	3%	4%	13%	4%	14%
General counsel or CLO	26%	24%	13%	25%	22%	23%
Chief HR officer or equivalent	76%	28%	85%	7%	9%	46%
Chief diversity officer or equivalent	18%	0%	7%	0%	0%	3%
Chief technology officer or equivalent	0%	12%	0%	1%	17%	1%
Chief sustainability officer or equivalent	2%	0%	1%	21%	1%	12%
Chief risk officer or equivalent	0%	17%	1%	5%	21%	1%
Chief compliance or ethics officer	2%	3%	3%	6%	5%	5%
Business unit president(s) or equivalent	2%	9%	3%	6%	8%	3%
Head of governmental affairs or corporate citizenship	0%	5%	0%	7%	2%	6%

# A closer look at pandemic response and recovery and human capital management

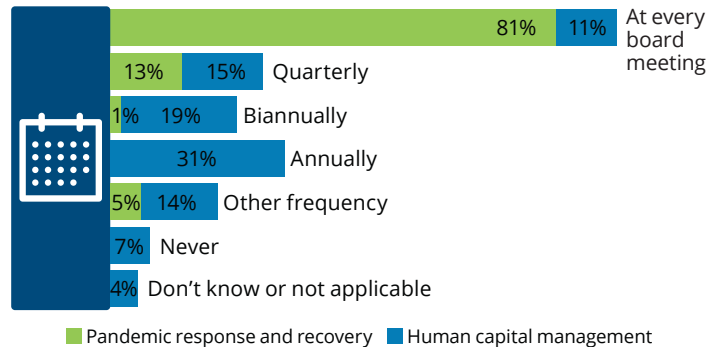
## Have your company's major shareholders requested to engage with the board and/or management on the following topic in the past year? Please check as many boxes as applicable. (97 responses)

Shareholder requests to communicate directly with the board and/or management on these topics varied across public company sizes. Nearly 50% of mega- and large-cap public company respondents that said their companies did not receive such requests. More than 80% of small-, micro-, and nano-cap said the same.



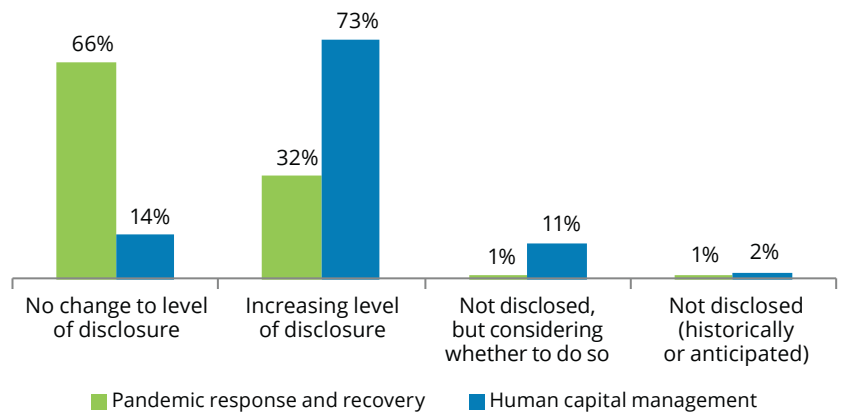
## Describe the frequency of the following topics on full board meeting agendas (vs. those addressed solely at the committee level and then potentially reported to the board in conjunction with a committee report or otherwise). (102 responses)

Of public company boards, 84% address matters pertaining to the pandemic "at every board meeting," compared with private companies, which most commonly address such matters quarterly, at 67%. One-third of public company respondents said human capital management topics are on board agendas annually, followed by biannually at 20%, and quarterly or other frequency, both at 15%. For private companies, one-third said this topic is on the agenda annually, and another one-third said it is never on the agenda.



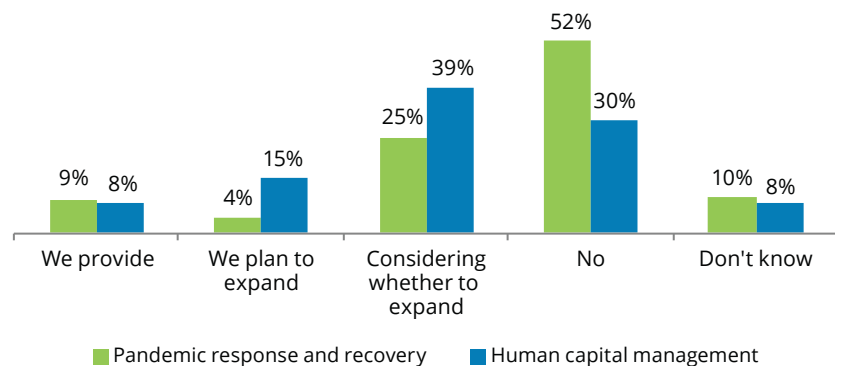
## Describe the anticipated level of your company's disclosure of the following topics in the next three to six months. (101 responses)

Nearly 80% of public company respondents said their companies plan to increase disclosure pertaining to human capital management, and 34% plan to do so on pandemic-related matters. More than two-thirds of private company respondents said their companies will make no change to their level of disclosure on either pandemic response or recovery and human capital management.



## Does your company provide, or does it plan to expand, disclosure of its board and/or directors' skills and qualifications relevant to these topics? (102 responses)

Fewer than 10% of public company respondents provide such disclosure on either topic; however, one-third plan to expand it or are considering whether to do so on pandemic matters, and this is nearly two-thirds for human capital matters. 83% of private companies said they do not provide such disclosure for either topic.



# Authors

## **Natalie Cooper**

### **Senior Manager**

Center for Board Effectiveness  
Deloitte LLP  
natcooper@deloitte.com

## **Bob Lamm**

### **Independent Senior Advisor**

Center for Board Effectiveness  
Deloitte LLP  
rlamm@deloitte.com

## **Randi Val Morrison**

### **Vice President**

### **Reporting & Member Support**

Society for Corporate Governance  
rmorrison@societycorpgov.org

# Contacts

## **Carey Oven**

### **National Managing Partner**

Center for Board Effectiveness  
Chief Talent Officer  
Risk & Financial Advisory  
Deloitte & Touche LLP  
coven@deloitte.com

## **Maureen Bujno**

### **Managing Director and Audit & Assurance Governance Leader**

Center for Board Effectiveness  
Deloitte & Touche LLP  
mbujno@deloitte.com

## **Audrey Hitchings**

### **Managing Director**

Executive Networking  
Deloitte Services LP  
ahitchings@deloitte.com

## **Debbie McCormack**

### **Managing Director**

Center for Board Effectiveness  
Deloitte LLP  
dmccormack@deloitte.com

## **Krista Parsons**

### **Managing Director**

Center for Board Effectiveness  
Deloitte & Touche LLP  
kparsons@deloitte.com

## **Darla C. Stuckey**

### **President and CEO**

Society for Corporate Governance  
dstuckey@societycorpgov.org

# Deloitte.

## **About this publication**

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

## **About the Society for Corporate Governance**

Founded in 1946, the Society is a professional membership association of more than 3,500 corporate secretaries, in-house counsel, outside counsel and other governance professionals who serve approximately 1,000 public companies of almost every size and industry.

## **About the Center for Board Effectiveness**

The Center for Board Effectiveness helps directors deliver value to the organizations they serve through a portfolio of high-quality, innovative experiences throughout their tenure as board members. Whether an individual is aspiring to board participation or a veteran of many board experiences, the Center's programs enable them to contribute effectively and provide focus in the areas of governance and audit, strategy, risk, innovation, compensation, and succession.

## **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.