

BREAKOUT SESSION: MANAGING STAKEHOLDER GOVERNANCE WITHOUT TRADE OFF

Sustainable business models depend on the quality of relationships between a company and its key stakeholders. It is not an adjunct to running a successful business, but an essential element. Creating and capturing value relies on good relationships with employees, customers, suppliers, capital providers, governments and civil society. It is no longer a matter of trading off one group of stakeholders against another. Rather, the focus has shifted towards enhancing value for all.

Increasingly, successful businesses recognize the interconnectedness of their operations with key stakeholders and moving beyond a short-term and singular focus on shareholders. In order to do this, a mindset shift is required on the purpose of business, resilience and operating regeneratively to create long-term sustainable growth. This session shared guidance and discuss how the Board of Directors can better understand the importance of robust stakeholder engagement, and develop a network of relationships to build resilience, support strategic decision-making and drive value creation.

KEY TAKEAWAYS

- Modernizing governance involves taking an enlightened view on stakeholder engagement. In order to take a long-term, true value approach, boards should move beyond shareholder primacy and engage stakeholders. Start by identifying who your key stakeholders are, listening to what they are saying, and integrating those views into decision-making processes.
- Identifying an organization's purpose beyond financial returns and positioning its purpose as creating long-term wellbeing for people and planet creates the business case for engaging stakeholders meaningfully.

Having the appropriate governance structures in place ensures that there is effective execution in addressing stakeholder concerns.

- Boards should take an active role in challenging management and appoint leadership who understand the fast-moving and changing environment and the pressing need to engage stakeholders.
- Good stakeholder governance is a business imperative and fundamental to creating long-term value. There is no single approach to engaging with stakeholders -- all companies, sectors, and boards are different. It is therefore about finding a method that works for your organization.

WAY FORWARD

For more information on how your board can improve awareness and understanding of material ESG topics and integrated these risks and opportunities into decision-making and business practices, visit our [Board Director Resources site](#).

More information
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