



ECGI 2024

Towards a New Model of
Boards of Directors

rodolphe (rudy) durand
April 15th, 2024



THANKS!

In a nutshell:

From today onward, dysfunctional board-TMT relationships will lead to more certain failure than ever before

3 Departure Points

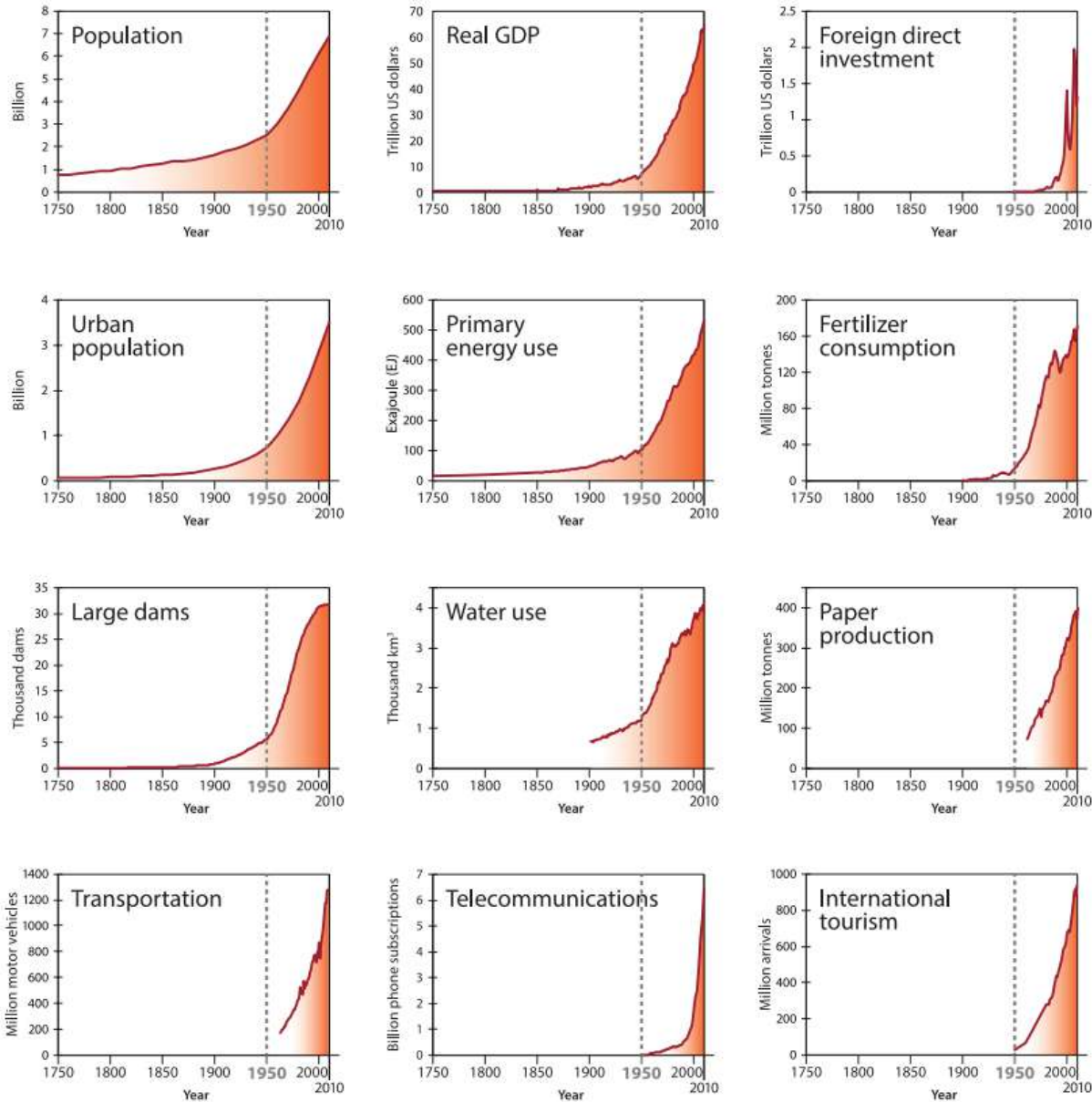
A new narrative? A new model...

Introducing new concepts to apprehend new reality: *duacy; multivocality; ...*

ESG should be written as **G**ES, and **G** depends on shareholders, who influence corporate governance structures, objectives, and corporate culture

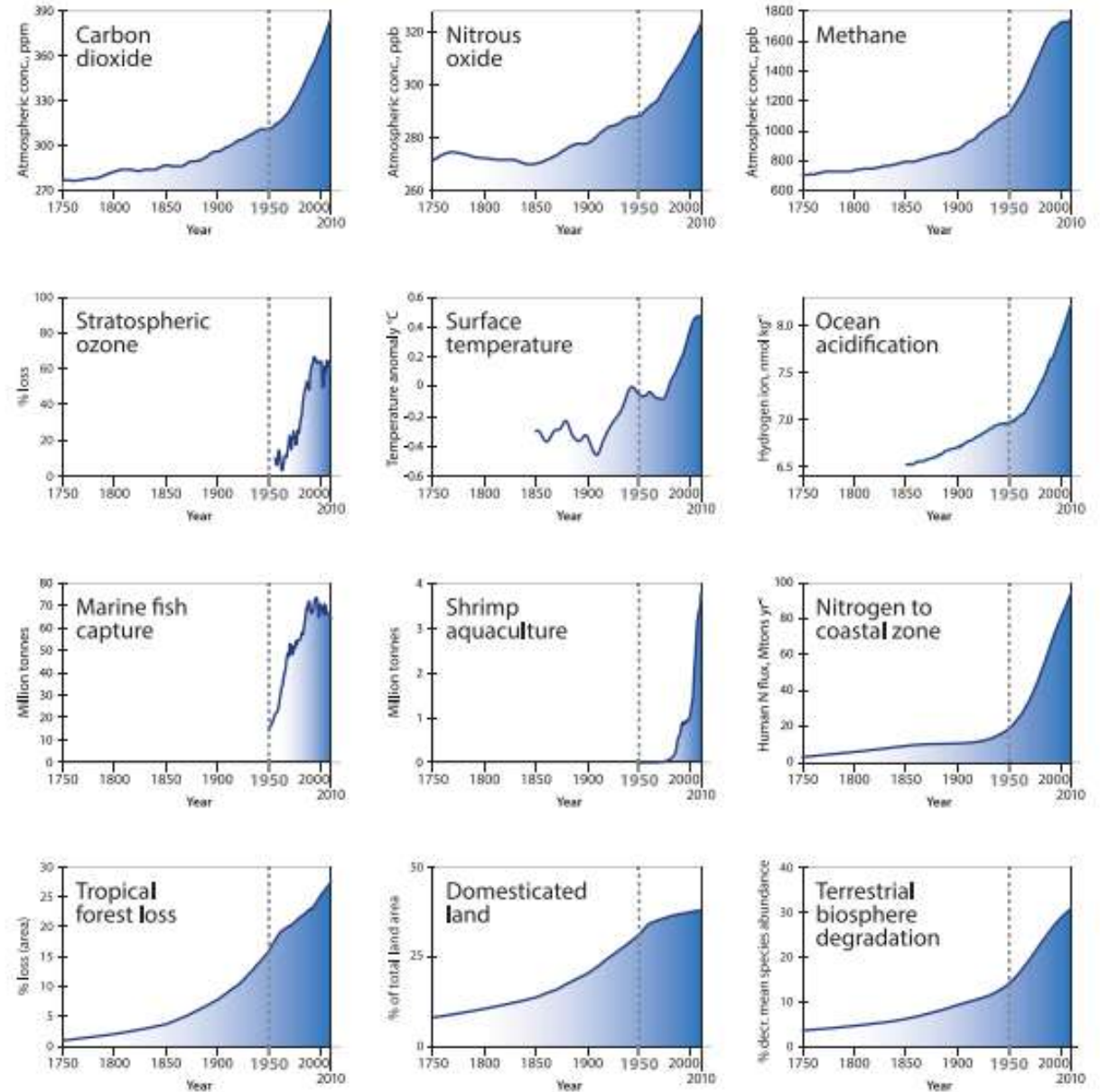
Corporate culture determines how firms are categorized and valued by markets

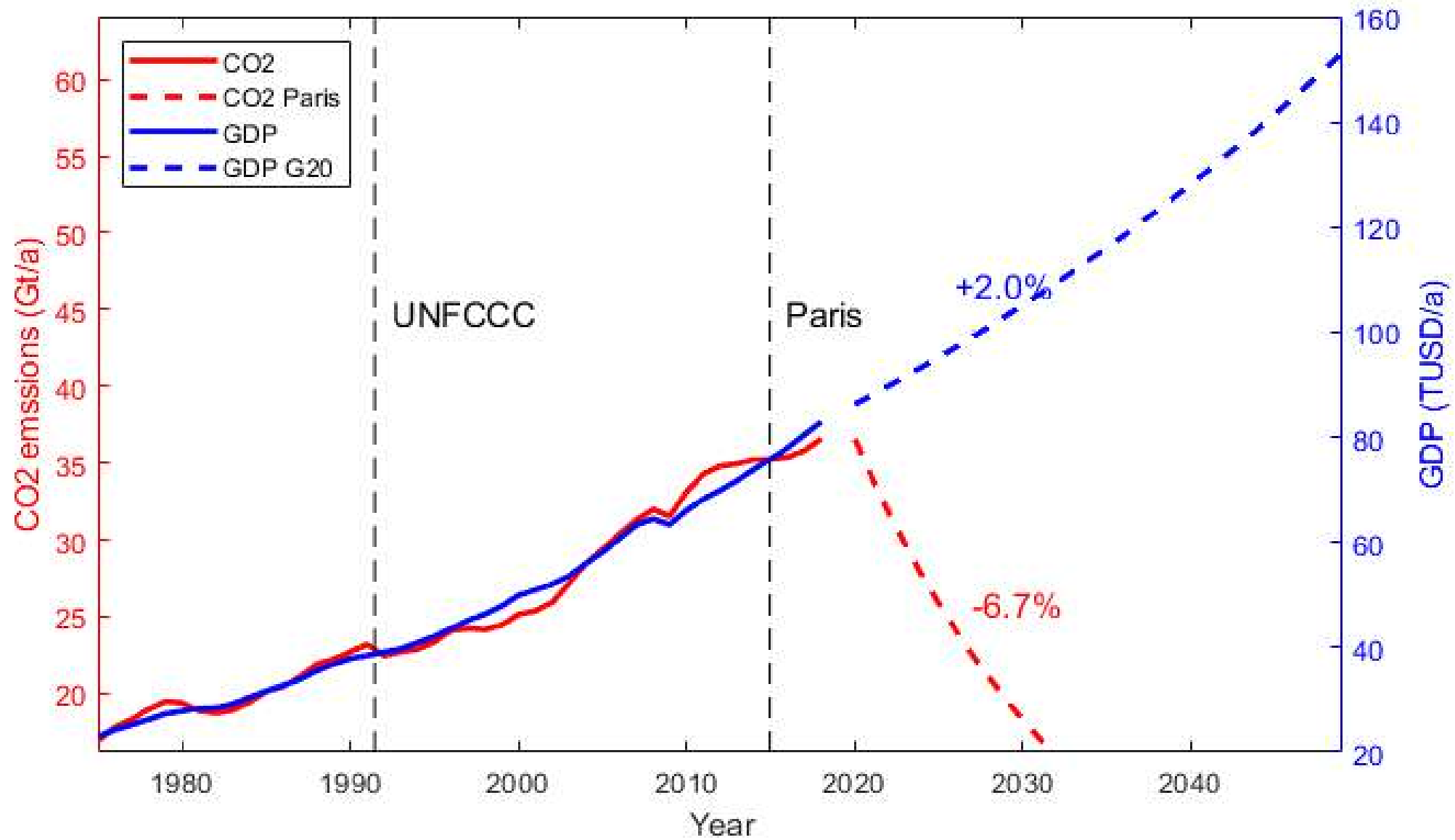
Socio-economic trends



Earth system trends

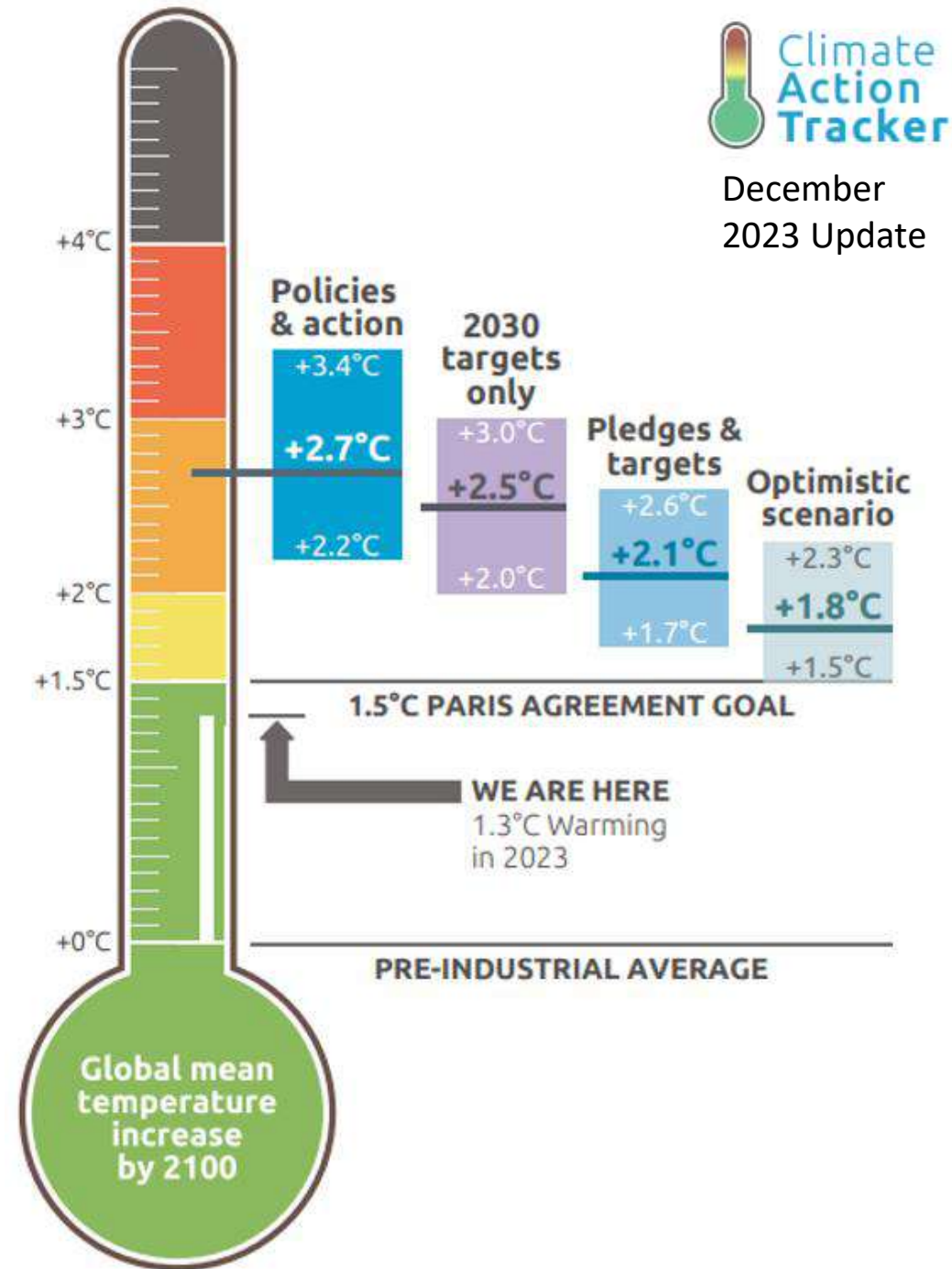
Steffen, W., Broadgate, W., Deutsch, L., Gaffney, O., & Ludwig, C. (2015). The trajectory of the Anthropocene : The Great Acceleration. *The Anthropocene Review* (Print), 2(1), 81-98. <https://doi.org/10.1177/2053019614564785>





We need to reduce our GHG emissions by **43% by 2030** to meet the +1.5°C target (IPCC, 2022)

“Current global efforts are insufficient to limit global warming to 1.5°C” Matthews et Wynes (2022) in *Science*



Where am speaking from

Practice:

boards (including listed SBF120 company)

purpose committees (société à mission, French Pacte Law),

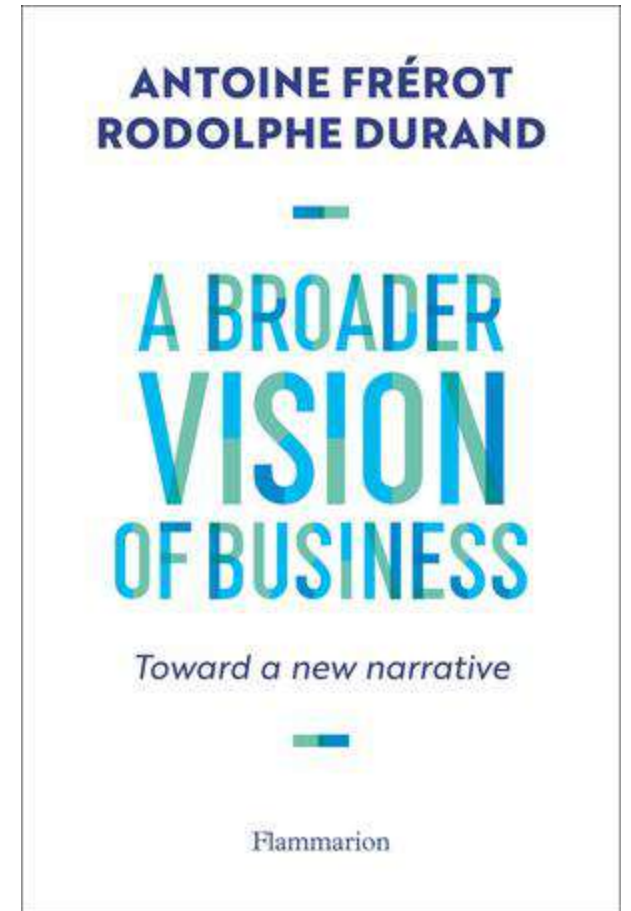
VC impact committee,

advisor...

Professor:

founder and director of   Insitute

head of the   Purpose Center



From the Boardroom: Making Purpose Research Relevant for Practice

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Abstract. This paper reflects on the burgeoning yet fragmented research on corporate purpose. Drawing on three actual situations I experienced, I point to three challenges of purpose research that require our scholarly attention to produce research relevant for practice: purpose justification, implementation, and evaluation.

History: This paper has been accepted for the *Strategy Science* Special Issue on Corporate Purpose.

Keywords: corporate purpose • theory • practice • strategy • governance

A EUROPEAN CORPORATE GOVERNANCE MODEL: INTEGRATING CORPORATE PURPOSE INTO PRACTICE FOR A BETTER SOCIETY

Abstract:

We reflect and propose governance principles and practices on a balanced approach of corporate purpose and corporations' expected contributions to a better society within a European context. This proposal also addresses issues of fair sharing, measurement, relations with governments, which contribute to improving corporations' efficiency and their impact on society and nature.

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Harvard
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Review

Business And Society | How Leaders Can Create a Purpose-Driven Culture

How Leaders Can Create a Purpose-Driven Culture

by Rodolphe Durand and Ioannis Ioannou

November 07, 2023



Towards Effective Board – TMT interactions

Thesis: From today onward, dysfunctional board-TMT relationships will lead to more certain failure than ever before

1) Interdependencies of issues

2) multi-stakeholder aggression

3) non-linearity

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tions

1) Incarnation of values by team leaders throughout the firm across teams

2) Making Purpose Tangible and Aspirational for Team Members

3) Recognition and Incentives

Separation of interests between TMT and Board and TMT and management impractical and ineffective

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1) attitudes

2) certification, committees, training

3) board independent budget

Board-TMT relationships need new attitudes, skills, and means to work in the best interest of society and Society

1) attitudes

the case. Management can only benefit from providing the board with necessary information for independent judgment. Conversely, individual board members should not satisfy themselves with limited information provided or ignoring so-called non-financial performance information, incorrectly perceiving their duty as primarily protecting shareholder interests by maximizing profitability.

2) Certification, committees, training

Certifying board members on climate or human rights challenges, designating a board member responsible for ensuring stakeholders' interests are duly considered, establishing an impact committee in charge of representing outside parties' interests with a board member's involvement, and providing adequate financial resources for accessing expert advice are all suitable approaches. Furthermore, regularly training and raising awareness among board members about sustainability and governance issues will enhance their effectiveness.

3) board independent budget

a board that has sufficient time and resources to form its own opinions and engage in open discussions with management, while maintaining critical scrutiny. Board members should have the ability and financial means to seek insights from external advisors, chosen experts, management, as well as lower levels of the organization when necessary.

Conclusion: From today onward, dysfunctional board-TMT relationships will lead to more certain failure than ever before

Separation of interests between TMT and Board and TMT and management impractical and ineffective

Board-TMT relationships need new attitudes, skills, and means to work in the best interest of society and Society

THANKS!
again