Appointing Charity Directors in Response to ESG Incidents

Marina Gertsberg, Hae Won (Henny) Jung, Yuyang Zhang *

May 2026

Abstract

This paper examines how companies respond to negative ESG incidents by appointing directors with charitable organization experience. Firms are more likely to make these appointments following high-profile ESG incidents, especially those involving social issues. The market reacts positively, particularly when directors' biographies emphasize their charity experience. Using the local supply of charity directors as an instrumental variable, we show that incidents, particularly workforce-related incidents, decline after these appointments, with effects driven by nonoverboarded directors. Overall, our study documents a value-enhancing human capital channel through which firms address ESG concerns.

---

*Marina Gertsberg, mgertsberg@unimelb.edu.au, University of Melbourne Department of Finance; Hae Won (Henny) Jung, hae.jung@unimelb.edu.au, University of Melbourne Department of Finance; Yuyang Zhang, yuyang.zhang@sydney.edu.au, University of Sydney School of Finance. We thank comments by Kai Li (the editor), an anonymous referee, Natalya Bikmetova, James Brugler, Carole Comerton-Forde, Vidhan Goyal, Jonathan M. Karpoff, Patrick J. Kelly, Jungmin Kim, Leo Liu, Michelle Lowry, Andrea Lu, Francisco Marcet, Ronald Masulis, Alexander Michaelides, Phong Ngo, Elena Pikulina, Rik Sen, Masayo Shikimi, Edward Shore, Denis Sosyura, Garry Twite, Patrick Verwijmeren, Danika Wright, Emma Zhang, Jiahang Zhang, Le Zhang, and seminar participants and discussants at the FIRN Women 2023 Conference, 2023 Australasian Finance and Banking Conference, 2023 Sydney Banking and Financial Stability Conference, Finance Down Under 2024 Conference (Research Ideas Presentations), 2024 FMA European Conference, 2024 FMA Annual Meeting, 2024 FIRN Annual Meeting, 2024 New Zealand Finance Meeting, 2024 Annual Conference on Asia-Pacific Financial Markets, the University of Queensland, the University of Melbourne, the University of Western Australia, RMIT, Korea University-KAIST, the University of Amsterdam, and ESMT for valuable comments. The usual disclaimers apply.

I. Introduction

In January 2020, Ralph Lauren, the well-known fashion brand, faced controversy after releasing pants featuring the symbol of Phi Beta Sigma, a historically African American fraternity, without obtaining permission. The incident drew widespread media attention and provoked criticism for cultural appropriation.[1] At the annual shareholder meeting in July 2020, the company appointed Darren Walker, who is recognized for his extensive experience in charitable nonprofit organizations, as a new independent director. The Chairman, Ralph Lauren, welcomed Walker, stating, "His strength of character, diverse experience, and deep passion for positively impacting the world were powerfully apparent—and I knew we could deeply benefit from his perspective on our Board." The President and CEO, Patrice Louvet, added "We believe he will not only add to the wealth of our existing expertise, but bring new perspectives as we deliver value for all of our stakeholders around the world."[2]

The presence of independent directors with experience in the charitable sector (hereafter, "charity directors") has been growing in U.S. public companies. As shown in Figure 1, the proportion of companies with charity directors on their boards increased from 14% in 2007 to 20% in 2021, which coincides with an eightfold increase in the average number of media-reported corporate ESG incidents per firm. As in the Ralph Lauren example, ESG incidents often trigger reputational crises, and we argue in this paper that charity directors can bring capabilities for

[1] See, for example, Lisette Voytko-Best, "Ralph Lauren Apologizes to Black Fraternity—The Latest Fashion Racial Blunder," *Forbes*, January 14, 2020, https://www.forbes.com/sites/lisettevoytko/2020/01/14/ralph-lauren-apologizes-to-black-fraternitythe-latest-fashion-racial-blunder/?sh=211d1afe4e3b.

[2] The comments from Ralph Lauren and Patrice Louvet can be found in the company's press release, "Ralph Lauren Announces Nomination of Darren Walker to Board of Directors," June 15, 2020, https://investor.ralphlauren.com/news-releases/news-release-details/ralph-lauren-announces-nomination-darren-walker-board-directors.

restoring stakeholder trust and organizational legitimacy. We investigate the prevalence of board skill adjustments through the appointment of new charity directors in response to ESG incidents and examine how these appointments relate to companies' future ESG outcomes.

We find that firms are more likely to appoint charity directors in response to ESG incidents, particularly when these incidents receive significant media attention and involve areas closely aligned with charity directors' expertise. The market reacts favorably to such appointments, especially when these directors' biographies filed with the U.S. Securities and Exchange Commission (SEC) highlight their charity experience. Furthermore, we provide evidence supporting that firms effectively involve charity directors in improving ESG performance, rather than merely appointing them as symbolic placeholders (i.e., engaging in ESG window dressing).

Despite the important role of the board of directors in corporate governance, there is a gap in our understanding of how companies optimize and adjust their board composition in response to changing board skill set requirements. Our study helps to bridge this gap by examining a highly policy-relevant circumstance—negative ESG incidents—wherein companies may need to update their board's skill sets to address these challenges. Although recent studies have documented the negative value implications of ESG incidents for investors, little attention has been given to how companies respond to these incidents.[3] We propose that experiencing an ESG incident can make salient the lack of human capital within the existing board to effectively oversee ESG issues.

Drawing on the literature on nonprofit organizations, we argue that charity directors can

[3]For instance, Glossner (2021) finds a considerable loss in shareholder value directly linked to ESG incidents, Derrien, Krüger, Landier, and Yao (2025) show negative revisions of earnings forecasts by analysts, and Gantchev, Giannetti, and Li (2022) document divestitures by conscious institutional investors as consequences of negative ESG incidents.

provide firms with distinctive capabilities to manage reputational crises following ESG incidents. Nonprofits, which operate as mission-driven organizations governed by the non-distribution constraint, signal integrity and foster public trust (Hansmann (1980), Weisbrod (1975)). Their emphasis on social capital and community engagement equips nonprofit professionals with specialized expertise in stakeholder management and building organizational legitimacy (Moore (2000); Putnam (2000)). When ESG incidents harm corporate reputations, directors skilled in rebuilding stakeholder trust and signaling renewed commitment to social responsibility can create value. We propose that appointing directors with charitable sector experience enhances firms' capacity to respond to and recover from ESG-related reputational challenges.

To test our main hypothesis on the appointment of charity directors and their effectiveness in addressing ESG concerns, we construct a sample of firms and director appointments by merging the BoardEx and CRSP-Compustat databases. We obtain ESG incident data from RepRisk, a comprehensive database of daily ESG incident news. Our final sample consists of $44,696$ firm-year observations, representing $5,730$ U.S. public companies from 2008 to 2021.

In our analysis at both the firm and director appointment levels, we find that firms are more likely to appoint charity directors following negative ESG-related news reported in the preceding year. In particular, the likelihood of appointing new charity directors increases when these incidents receive significant media attention from influential global media outlets such as CNN and Forbes, or when they trigger large negative stock market reactions. Additionally, incidents related to social issues, such as community or employee relations, that align more closely with the expertise of charity directors show a stronger association with their appointment.

Next, we examine the stock market's response to new charity director appointments. Our analysis shows positive and statistically significant abnormal returns of 62.6 to 93.1 basis points

on the appointment day when the firm experienced ESG incidents in the preceding year. This positive market reaction offsets 57.2% to 65.5% of the market value loss attributed to these incidents. In contrast, appointments made in the absence of ESG incidents generate a negative and statistically insignificant market reaction, suggesting that the market does not value such appointments in normal times. We then perform a textual analysis of director biographies in Form 8-K and proxy statements disclosed around the appointment. We find that the market reaction to charity director appointments following ESG incidents is statistically significant only when firms emphasize the director's charity experience in these biographies. These findings suggest that the market views the appointment of a new charity director after ESG incidents as a value-enhancing response to ESG concerns, particularly when the company makes the director's experience in charitable organizations salient to investors.

To better understand why charity directors receive positive market reactions, we conduct two tests. First, we examine whether generic ESG language in biographies drives the effect. For noncharity directors, greater ESG vocabulary salience is positively but statistically insignificantly associated with announcement returns, indicating that the market values charity experience specifically rather than general ESG emphasis. Second, we analyze skill requirements in job postings for senior roles at nonprofits and S&P 500 firms, collected from LinkedIn, to identify sector-specific skills. Unlike biographies written for investors, job postings reveal the skills that organizations demand. Nonprofit postings emphasize community engagement and social impact, closely aligned with the social dimension of ESG, whereas corporate postings focus on customers and sales. Consistent with this distinction, charity directors' biographies contain more nonprofit-specific skill terms. Moreover, post-incident appointments of noncharity directors whose biographies highlight these skills are also associated with positive market reactions,

although the effect is smaller than that for charity director appointments. Together, these findings suggest that the market rewards nonprofit-related expertise, especially expertise relevant to managing social issues, with charity experience serving as a strong signal of such skills.

Although our evidence shows that the market values charity directors appointed after ESG incidents, we cannot fully rule out the possibility that firms appoint directors with charitable backgrounds primarily to enhance their public image, rather than to draw on their expertise to improve ESG policies. To address this concern, we examine changes in future ESG outcomes following charity director appointments and provide evidence that firms actively involve these directors in addressing ESG issues.

First, we examine whether firms experience fewer incidents after appointing charity directors. We find that appointing new charity directors after ESG incidents is associated with fewer workforce- and community-related incidents in subsequent years. To provide evidence consistent with a causal interpretation, we employ an instrumental variable (IV) approach following Knyazeva, Knyazeva, and Masulis (2013) and subsequent studies (e.g., Di Giuli and Laux (2022); Ellis, Fee, and Thomas (2018)). Specifically, we instrument charity director appointments with the local supply of candidates, measured by the density of active charities within 100 miles of firm headquarters. Using this instrument, we continue to find improvements in the workforce dimension following charity director appointments, supporting our main conjecture that aligning director expertise with firm needs can improve ESG outcomes.

Next, we present additional evidence suggesting the involvement of new charity directors in improving ESG performance. If firms genuinely seek oversight of ESG issues, they should appoint directors with sufficient capacity. We therefore distinguish between overboarded and

nonoverboarded charity directors.[4] Applying the IV approach, we find that appointments after ESG incidents and subsequent reductions in social incidents occur primarily with nonoverboarded directors. This supports the conjecture that charity directors create value when they have the capacity to engage actively with ESG issues.

Finally, we examine the role that new charity directors assume on boards. Since governance and nomination committees typically oversee sustainability issues (Ernst & Young (2021)), we test whether charity directors are more likely to serve on these committees. Relative to other directors appointed after ESG incidents, charity directors are more likely to be assigned to governance and nomination committees, suggesting that firms involve them in shaping ESG policies.[5]

Our paper contributes to the literature on the value of specific director experience, such as financial and industry expertise (Di Giuli and Laux (2022); Goldman, Rocholl, and So (2009); Guo and Mobbs (2023); Minton, Taillard, and Williamson (2014); von Meyerinck, Oesch, and Schmid (2016); White, Woidtke, Black, and Schweitzer (2014)). Recent work has linked directors' experience to corporate social responsibility (CSR). For example, Iliev and Roth (2023) show that U.S. directors with experience on foreign boards subject to sustainability regulatory changes can improve their firms' sustainability performance, and Chen, Hermes, and Hooghiemstra (2022b) and Liu, Hou, and Main (2025) find that directors from not-for-profit organizations are associated with CSR improvements. We complement these studies by focusing

[4]Following existing literature (e.g., Chen, Tran, Wu, and Zhivotova (2022a)), directors with five or more concurrent directorships are considered overboarded.

[5]Only 4.5% of firm-year observations have a stand-alone ESG committee, likely explaining why assignments to such committees are positive but statistically insignificant.

on ESG incidents as circumstances that prompt firms to appoint directors whose expertise matches their specific needs, highlighting the importance of context in evaluating director expertise.

We also contribute to the literature on corporate ESG incidents. This literature has largely focused on how market participants, such as equity investors, analysts, and creditors, respond to negative ESG incidents (Burke, Hoitash, and Hoitash (2019); Derrien et al. (2025); Gantchev et al. (2022); Houston and Shan (2022); Kölbel, Busch, and Jancso (2017)). Corporate responses have received less attention, with only a few recent studies addressing this question. Colak, Korkeamäki, and Meyer (2024) examine CEO turnover following ESG incidents,DeLisle, Grant, and Mao (2024) document more negative management tone after environmental and social incidents, and Akey, Lewellen, Liskovich, and Schiller (2026) show that firms increase CSR investments, measured by charitable donations, after negative reputation shocks. Our study complements these studies by documenting targeted, rather than uniform, corporate responses to negative reputational shocks. Specifically, we show that firms acquire new human capital by appointing charity directors to address corporate incidents related to social issues, thus updating the board's skill set with expertise closely aligned with current needs.

Our study also contributes to the literature on interactions between for-profit corporations and nonprofit organizations. While prior research often takes a negative perspective, suggesting that directors' charity affiliations may lead to CEO entrenchment or misuse of corporate resources (Cai, Xu, and Yang (2021); Masulis and Reza (2015)), we show that charity directors can add value when firms have a clear demand for their skills. Hence, we provide a more nuanced view of the benefits arising from the connection between for-profit and nonprofit organizations.

Our study has important policy implications. As firms face increasing pressure to address ESG issues, it remains unclear which responses both alleviate ESG concerns and enhance

shareholder value. Our finding that appointing directors with nonprofit experience can help firms address stakeholder concerns informs future policy guidance aimed at strengthening ESG practices. Moreover, our results emphasize nonprofit expertise in managing employee and community relations as valuable human capital in corporate director searches.

II. Conceptual Framework

We develop a conceptual framework, drawing on insights from the nonprofit organization literature, to develop our main hypothesis regarding the appointment of charity directors following ESG incidents. ESG incidents can significantly affect the relationship between firms and their stakeholders. Such incidents may impair trust by signaling misalignment between corporate actions and societal expectations, damage the firm's reputation, and increase scrutiny from regulators, investors, and advocacy groups, all of whom demand credible responses. In the wake of these incidents, boards face the critical task of restoring credibility and rebuilding social capital, which refers to the trust and cooperative relationships with employees, investors, and communities that underpin effective stakeholder engagement and provide legitimacy to operate.

We argue that charity directors bring distinctive capabilities to this task, rooted in the historical role and institutional features of nonprofit organizations. Nonprofits emerged to address gaps in the provision of public goods that arise from the limitations of both governments and markets. Unlike governments, which respond to the preferences of the median voter, or firms, which are primarily driven by profit motives, nonprofits serve a diverse range of unmet social needs with support from individuals seeking to advance the public good and create a positive social impact (Weisbrod (1975)). A defining feature of the nonprofit sector is the non-distribution

constraint, which prohibits distributing earnings to those in control of the organization (Hansmann (1980)). This structural characteristic reduces opportunism and fosters perceptions of trustworthiness, positioning nonprofit leaders as credible stewards of the public interest. Moreover, nonprofit leaders are often viewed as social entrepreneurs, motivated by values such as social impact, equity, and community well-being rather than financial returns (Anheier and Toepler (2022); James (1987); Rose-Ackerman (1996); Young (1983)).[6]

These institutional features cultivate a distinctive set of capabilities among nonprofit leaders that are highly relevant to the challenges firms face after ESG incidents. First, nonprofit leaders develop expertise in reconciling competing interests and negotiating solutions that satisfy diverse constituencies, as they must simultaneously address the demands of donors, beneficiaries, regulators, and communities. These skills are particularly valuable when ESG controversies create conflict among corporate stakeholders. Second, because nonprofits operate at the intersection of private markets, government, and civil society, their leaders build relationships across institutional boundaries. As a result, charity directors bring cross-sector social capital—networks that span business, government, and advocacy groups (Coleman (1990); Putnam (2000))—which can offer firms credible channels for stakeholder engagement after ESG shocks. Finally, because nonprofits operate under resource constraints and continual public oversight, their leaders acquire expertise in preserving legitimacy through transparent governance, mission alignment, and persuasive communication. These capabilities translate directly into effective crisis management and reputation repair in corporate settings.

Therefore, we hypothesize that appointing charity directors after ESG incidents generates

[6]Empirical evidence supports this distinction: nonprofit employees systematically accept below-market wages to contribute to the social good (Preston (1989); Weisbrod (1983)).

value by enabling firms to rebuild trust, engage stakeholders, and leverage social networks to repair reputational damage.

III. Data and Summary Statistics

A. Sample Construction

We construct our main sample by merging the BoardEx, CRSP/Compustat Merged (CCM) database, and RepRisk. Because RepRisk data are available from 2007, our sample spans the period from 2008 to 2021, allowing us to use one-year lagged variables.

We first extract board information from BoardEx. Our focus is on the professional experience of independent directors, particularly experience in charities. We define a director as a charity director if they have employment experience up to the current year in organizations classified by BoardEx as "Charities."[7] If at least one board member is identified as a charity director, we classify the firm as having a charity director in that year. As shown in Table A2, the BoardEx data include $69,071$ firm-year observations covering $9,968$ unique firms. We then merge the BoardEx data with firm financial data from the CCM database. To be included in our sample, a firm must be listed on the NYSE, AMEX, or NASDAQ, have non-missing total assets, and have a valid stock price at the end of the fiscal year. These criteria yield $49,035$ firm-year observations for $6,342$ unique firms.

We obtain ESG incident data for our sample firms from RepRisk, which records ESG incidents identified from daily negative news reports and is increasingly used in empirical ESG

[7]BoardEx classifies organizations not identified as firms or business partnerships into the following categories: charities, clubs, universities, government, sporting, armed forces, medical, and, in some cases, "unknown."

literature (e.g., Glossner (2021); Kölbel et al. (2017); Li and Wu (2020)).[8] During our sample period, RepRisk records $75,686$ incidents associated with firms in our sample. As shown in Figure 1, incidents initially increased from 2007 to 2014 and remained relatively stable thereafter.[9] After linking RepRisk to our BoardEx-CCM sample, our final firm-year sample comprises $44,696$ observations from $5,730$ unique firms for the period 2008–2021. To examine individual director appointments, we also construct an announcement sample, in which each observation is an announcement of a new independent director appointment. This sample contains $11,265$ announcements, of which 275 (2.4%) are charity director appointments.

[Insert Figure 1 approximately here]

B. Measuring ESG Incidents

We use several ESG incident measures from RepRisk. First, RepRisk categorizes each incident into one or more dimensions of environment (E), social (S), and governance (G). These dimensions capture ESG issues defined in line with major international standards for responsible business conduct, such as the OECD Guidelines for Multinational Enterprises, which call on companies to mitigate adverse impacts on workers, communities, and the environment.[10]

RepRisk also evaluates each incident along three parameters: Severity, Reach, and

[8] For more information on RepRisk's methodology, see `https://www.reprisk.com/news-research/resources/methodology`.

[9] We provide more detailed statistics on these incidents in Appendix Table A4.

[10] RepRisk's governance (G) dimension differs from traditional corporate governance measures, such as board independence and shareholder rights; see Glossner (2021) and Derrien et al. (2025). Instead, it emphasizes stakeholder engagement, transparency, and sustainability issues, including anti-competitive practices, corruption, fraud, and greenwashing, making it potentially relevant to charity experience. About one-third of G incidents overlap with E or S incidents; see Activision Blizzard example in the caption of Figure A2. We therefore include G incidents in our main analysis but show robustness by excluding G-only incidents (Section IV.B), recognizing that existing ESG research often treats G separately from ES concerns.

Novelty. Severity captures the consequences of the incident and the extent to which it reflects corporate irresponsibility, and is classified as low, medium, or high. Reach reflects the prominence of the news sources reporting the incident: global news outlets are classified as high reach, national or regional media as medium reach, and local media or social media as low reach. Novelty indicates whether the company has previously faced similar issues in the same country and is classified as high or low. Together with the E, S, and G dimensions, these parameters allow us to assess the relevance of incidents in our analysis.

Moreover, RepRisk uses incident-level data to construct the RepRisk Index (RRI), a daily measure of companies' overall exposure to ESG-related reputational risks. The RRI ranges from 0 to 100, with higher values indicating greater risk exposure. It increases following new incidents, with the magnitude depending on incident severity, reach, novelty, and the firm's incident history over the prior two years, and gradually declines in the absence of new incidents.[11]

We construct four types of firm-year ESG incident measures: (1) an indicator for any incident; (2) the total number of incidents; (3) indicators for high-severity, high-reach, or high-novelty incidents; and (4) the firm's peak RRI during the year.

C. Summary Statistics

Table 1 presents descriptive statistics for ESG incident measures and charity director measures in our firm-year sample. Panel A shows that 20.5% of firm-year observations are associated with at least one ESG incident, with an average of about 1.5 incidents per firm-year. The mean value of the highest RepRisk Index reached by a firm in a year is 7.3. High-reach,

[11] For details on the RRI methodology, see `https://www.reprisk.com/lab/reprisk_index_for_companies.html`.

high-severity, and high-novelty incidents occur in 7.0%, 1.4%, and 18.4% of firm-year observations, respectively. We further decompose high-reach incidents by E, S, and G dimensions. For example, high-reach social incidents occur in 3.6% of firm-year observations, about twice as often as high-reach environmental incidents.

[Insert Table 1 approximately here]

Panel B of Table 1 summarizes the prevalence of charity directors in our firm-year sample. Among the $44,696$ firm-year observations, $7,425$ (16.6%) have at least one director with charity experience serving on the board. On average, charity directors account for 2.0% of board members. The dummy variable *New_charity_director (0/1)* equals one if the firm appoints at least one new director with charity experience in a given year, while *Charity_director_left (0/1)* equals one if at least one charity director departs from the board. New charity director appointments occur in 1.6% of firm-year observations, while charity director departures occur in 1.4%. These two events rarely coincide, as only 4.1% of firm-year observations with a new charity director appointment also involve the departure of an existing charity director.

Our firm-year sample includes 726 new charity directors with nonmissing biographical characteristics, such as age and gender. Panel C of Table 1 provides detailed information on their charity experience.[12] At appointment, 71.3% of these charity directors had held high-level positions in charities, either as board members (42.4%) or in senior-level nonboard roles (36.0%),[13] indicating substantial involvement in these organizations. Additionally, 50.8% held charity positions when appointed to the board, while the rest had held such positions previously.

[12] See the list of the top 10 charities in our sample in Appendix Table A1.

[13] Senior-level positions in charities are defined as roles with any of the following keywords in the title: President, CEO, CFO, COO, Chairman, Chairwoman, Chief, Chief of staff, Chief executive, Founder, Treasurer, Partner, Owner, Trustee, Head.

Our study examines corporate responses to ESG incidents by focusing on new charity directors appointed as independent directors following such incidents. Specifically, 206 out of the 726 charity directors in Panel C were appointed after ESG incidents. Panel A of Appendix Table A6 compares these directors with noncharity directors appointed after ESG incidents. Charity directors are slightly older, more often female, more likely to hold a doctorate, and hold fewer corporate directorships on average. We control for these differences in our regression analyses.

Additionally, we consider three other types of director experience documented in the literature—media, finance, and industry experience—to rule out the possibility that they correlate with charity experience and affect director appointments or firm outcomes. Media experience is defined as board or senior-level roles in media firms (Di Giuli and Laux (2022)), which may affect news coverage and is therefore particularly relevant for firms facing media scrutiny for ESG controversies. Finance experience is defined as prior employment in major banks, investment firms, large audit firms, or senior-level finance-related roles (Custódio and Metzger (2014)), which may influence firm risk-taking and financing decisions (Güner, Malmendier, and Tate (2008); Minton et al. (2014)). Industry experience is defined as prior directorships or senior-level roles in firms within the same Fama-French 12 industry classification and may provide sector-specific expertise (von Meyerinck et al. (2016); Wang, Xie, and Zhu (2015)). Panel A of Appendix Table A6 shows that, relative to noncharity directors, charity directors appointed after ESG incidents are less likely to have finance experience, more likely to have industry experience, and equally likely to have media experience.

Finally, because director political ideology can influence firms' ESG practices (Di Giuli and Kostovetsky (2014)), we control for director ideology using a conservatism score provided by

the Database on Ideology, Money in Politics, and Elections (DIME) (Bonica (2024)).[14] The score places individuals on a liberal–conservative spectrum based on their political donation records and the ideology of donation recipients; lower (higher) values indicate more liberal (conservative) ideology. Panel A of Appendix Table A6 shows that charity directors are more liberal than noncharity directors. We control for conservatism scores at the board and director levels.

IV. Charity Director Appointments After ESG Incidents

This section examines whether firms appoint charity directors following ESG incidents and how the stock market reacts to these appointments.

A. Past ESG incidents and Charity Director Appointments

To test whether firms appoint directors with charity experience in response to ESG incidents, we estimate the following linear probability model on our firm-year sample:

$$\textit{New\_Charity\_Director}_{i,t} = b_1 \textit{Incident}_{i,t-1} + b_2 \boldsymbol{X}_{i,t-1} + \alpha_i + \delta_t + \epsilon_{i,t}, \tag{1}$$

where $\textit{New\_Charity\_Director}_{i,t}$ is a dummy variable equal to one if firm i appoints a new charity director in year t. $\textit{Incident}_{i,t-1}$ represents firm i's incident record in year $t-1$, measured as: (i) a dummy variable for any incident (*Incidents (0/1)*), (ii) the highest RRI value reached (*Highest_RRI*), or (iii) a dummy variable for being in the top 5% of the sample by the highest RRI

[14] This score, referred to as the "campaign finance score" ("CFScore") in DIME, has been used and validated in recent economics and finance literature (Autor, Dorn, Hanson, and Majlesi (2020); Djourelova, Durante, and Martin (2024)).

(*Highest_RRI_among_top_*5% *(0/1)*). $\boldsymbol{X}_{i,t-1}$ denotes control variables, including indicators for existing charity, media, finance, and industry directors on the board; average board political conservatism score; other board and governance characteristics; and firm financial variables. We include firm fixed effects (α_i) to mitigate the influence of time-invariant firm characteristics, such as corporate culture, that may affect both charity director appointments and ESG incidents. We also include year fixed effects (δ_t) to account for common year-level factors, such as public attention to ESG issues and regulatory changes.

In the firm-year analysis, a charity director appointment reflects two firm decisions: (i) appointing a new director and (ii) selecting one with charity experience. To isolate the latter, we also examine the announcement sample, where each observation is a director appointment announcement, and estimate the following model:

$$\textit{New\_charity\_director}_{p,i,t} = b_1 \textit{Incident}_{i,t-1} + b_2 \boldsymbol{X}_{i,t-1} + b_3 \boldsymbol{Z}_{p,i,t} + \alpha_i + \delta_t + \epsilon_{p,i,t}, \tag{2}$$

where *New_charity_director*$_{p,i,t}$ is a dummy variable equal to one if director p, appointed by firm i in year t, has charity experience. *Incident*$_{i,t-1}$ and $\boldsymbol{X}_{i,t-1}$ are defined as in equation (1). $\boldsymbol{Z}_{p,i,t}$ is a vector of director-level controls measured at appointment, including director age, gender, education, corporate board tenure, political conservatism, indicators for finance, media, and industry experience, and an overboarding indicator (Chen et al. (2022a)). All specifications include firm and year fixed effects.

Table 2 presents the firm-year regression results in columns 1–3 and the announcement-level results in columns 4–6. Given the low mean of the dependent variable,

coefficients are multiplied by 100 for readability.[15] The results show that past ESG incidents are positively associated with a higher likelihood of appointing new charity directors. Specifically, column 3 shows that when a firm's highest RRI reaches the top 5% of the sample, the probability of appointing a new director with charity experience in the following year increases by 0.8 percentage points ($= 0.773/100$). This association is statistically significant at the 10% level. In economic terms, the magnitude corresponds to 48.3% of the sample mean and 6.1% of the sample standard deviation.[16]

[Insert Table 2 approximately here]

The announcement-level results show a similar pattern. Conditional on appointing a new director in year t, firms whose highest RRI reaches the top 5% in year $t-1$ are 3 percentage points more likely to appoint a director with charity experience (see column 6). Columns 4 and 5 show that both experiencing ESG incidents and having a higher peak RRI in year $t-1$ are associated with a greater likelihood of appointing a charity director in the following year. Columns 1 and 2 show positive but statistically insignificant estimates at the firm-year level, where the analysis does not condition on new director appointments. Overall, these findings provide supporting evidence that firms are more likely to appoint new directors with charity experience following ESG incidents.

[15] To save space, we omit coefficients on standard financial controls; full results are reported in Appendix Table A7.

[16] These values are calculated as $((0.773/100)/0.016) \times 100 = 48.3\%$ and $((0.773/100)/0.127) \times 100 = 6.1\%$, respectively.

B. Heterogeneity in ESG Incidents and Charity Director Appointments

Firms may respond more strongly to certain types of ESG incidents than to others. The nature and consequences of an ESG incident are likely to shape the firm's response, as stakeholders may exert different levels of pressure depending on the perceived impact of the incident. In this subsection, we examine whether firms are more likely to appoint charity directors following ESG incidents with greater impact. Because appointing directors with relatively rare experience entails search costs and opportunity costs from forgoing more conventional candidates, firms should be more willing to incur these costs when the skills of charity directors are particularly valuable.

We first consider heterogeneity in ESG incidents based on RepRisk's three parameters discussed in Section III: incident severity, media reach, and incident novelty. We define three dummy variables, denoted by *High-reach (-severity, -novelty)_incidents*$_{i,t-1}$, which equal one if firm i experienced at least one high-reach, high-severity, or high-novelty incident in year $t-1$, respectively, and zero otherwise. Using each of these indicators as our main variable of interest, we estimate the regressions specified in equations (1) and (2). To jointly assess their incremental associations with charity director appointments, we also estimate specifications that include all three dummy variables simultaneously.

As shown in Table 3, charity director appointments are primarily driven by high-reach incidents at both the firm-year and announcement levels. Compared with an otherwise similar firm, a firm experiencing ESG incidents reported by highly influential media is associated with a 1.1 percentage point ($= 1.084/100$) higher probability of appointing a new charity director in the following year (column 1). This magnitude corresponds to 67.8% of the sample mean and 8.5%

of the sample standard deviation. The joint specification in column 4 confirms that high-reach incidents, rather than high-severity or high-novelty incidents, are more strongly associated with subsequent charity director appointments. At the announcement level, high-reach incidents remain positively and significantly associated with the appointments of charity directors (columns 5 and 8). Taken together, these findings suggest that firms' selection of new directors with charity experience is particularly sensitive to how widely their ESG issues are reported by the media.

[Insert Table 3 approximately here]

High-severity incidents are not significantly associated with the appointment of new charity directors unless they are reported by influential media outlets (see columns 2, 4, 6, and 8). The contrast between high-reach and high-severity incidents may reflect the agenda-setting effect of mass media. Negative coverage by influential media can pose significant threats to companies' reputations and increase stakeholder pressure.[17] This raises the cost of ignoring these incidents and consequently prompts corporate responses to address them. These findings are consistent with Kölbel et al. (2017), who emphasize high media coverage as a necessary condition for ESG incidents to increase financial risk.[18]

We next examine which ESG dimension—Environmental (E), Social (S), or Governance (G)—of high-reach incidents is more strongly associated with subsequent charity director appointments. Because this test focuses on heterogeneity among incidents, we restrict the sample

[17]Consistent with recent studies, such as Gao, Jiang, and Jin (2024), we confirm in Appendix Table A8 that companies in our sample experience statistically significant negative abnormal stock returns following high-reach ESG incidents. These negative returns are more pronounced than those associated with high-severity and high-novelty incidents.

[18]Two robustness checks confirm that our results are not driven by firms without ESG incidents or by changes in data coverage. First, after excluding the 62.8% of firms with no incidents during the sample period, the positive association between charity director appointments and ESG incidents remains significant, as does the stronger association with high-reach incidents (Appendix Table A9, Panels A and B). Second, restricting the sample to appointments from 2012 onward, when BoardEx coverage and ESG incident rates stabilize, yields consistent results (Appendix Table A10).

to firms that experienced at least one incident in year $t-1$. In other words, conditional on having an incident in the previous year, we examine which dimension of high-reach incidents is associated with a higher likelihood of appointing a new charity director. We create three dummy variables that equal one if firm i experienced at least one high-reach incident in the E, S, or G domain, respectively, in year $t-1$, and zero otherwise. Incidents spanning multiple ESG dimensions are counted separately in each relevant dimension. We estimate the specifications in equations (1) and (2), replacing the main variable of interest with each dimension-specific indicator. We also estimate a joint specification that includes all three indicators simultaneously.

Panel A of Table 4 shows that charity director appointments are primarily associated with social incidents, rather than environmental or governance incidents (columns 2, 4, 6, and 8). According to RepRisk, social incidents include issues related to community and workforce relations.[19] As discussed in the conceptual framework in Section II, charitable organizations aim to enhance public welfare through social and cultural objectives that benefit the communities (Hansmann (1980); Weisbrod (1975)). Their leaders therefore develop strong interpersonal and communication skills, which are crucial for engaging and bringing together stakeholders with varying interests, including donors and community members (Hyndman and Jones (2011); Worth (2020)). Social incidents are therefore more closely aligned with the experience and expertise of charity directors.[20]

[Insert Table 4 approximately here]

[19]For example, the case involving Ralph Lauren's appropriation of the Phi Beta Sigma symbol, discussed in the Introduction, is classified as a social incident.

[20]We also use a more granular classification that groups incidents into five issue categories: (1) Emissions and Resource Use, (2) Community, (3) Workforce, (4) Product Responsibility, and (5) Transparency. We provide the definitions of these categories in Appendix A. Appendix Table A12 shows that charity director appointments are primarily driven by high-reach workforce incidents and high-reach transparency incidents. Transparency incidents encompass issues related to misleading communications and executive compensation, and 44% overlap with the social dimension, namely community and workforce issues.

Thus far, we have identified incidents with high impact using RepRisk's media-reach classification. To further validate our analyses, we use stock market reactions to ESG incidents as an alternative proxy for incident impact, reflecting investor attention to these incidents. Incidents that generate larger negative stock returns likely attract greater investor attention and may prompt firms to respond. Specifically, for each firm-year, we calculate the *total* abnormal returns associated with ESG incidents by summing the abnormal returns on incident days throughout the year, excluding days that coincide with mergers and acquisitions (M&A) announcements or earnings announcements. A firm is classified as having high-impact environmental, social, or governance incidents in a given year if the total abnormal return associated with incidents in that dimension falls in the lowest 20% of the sample.

We then replace the incident measures in equations (1) and (2) with dummy variables for high-impact incidents and reestimate the regressions. Panel B of Table 4 shows that charity director appointments are mainly driven by social incidents that generate substantial negative stock market reactions and therefore attract high investor attention (see columns 2, 4, 6, and 8, although the coefficient in column 4 is insignificant). This finding is consistent with the Panel A results based on RepRisk's media-reach classification. In Appendix Table A11, we use the lowest 10%, 15%, and 25% as alternative cutoffs to define high-impact incidents. High-impact social incidents are the only dimension consistently associated with a higher probability of charity director appointments across all definitions, with some variation in statistical significance.

Although our appointment tests control for other director credentials, including media, finance, and industry experience, we conduct placebo tests to verify that charity experience drives the association with high-impact social incidents. We examine appointments of directors with these alternative credentials after excluding those who also have charity experience in columns

1–4, and after excluding all charity director appointments, including those in the comparison group, in columns 5–8. Appendix Tables A13 and A14 show no statistically significant evidence that these alternative appointments are positively associated with prior-year high-reach or high-impact social incidents. Instead, the joint test in column 4 of Table A14 shows that media director appointments are less likely following high-impact social incidents, while industry director appointments are more likely following high-impact environmental incidents.

We conduct placebo tests to examine whether charity director appointments are sensitive to governance-only incidents. These incidents do not overlap with environmental or social incidents and are more likely to reflect internal control or oversight failures than stakeholder issues. This distinction is consistent with prior ESG research, which often treats governance separately from environmental and social concerns (Gantchev et al. (2022); He, Kahraman, and Lowry (2023)). Appendix Table A15 shows no association between governance-only incidents and charity director appointments, even when these incidents receive greater media or investor attention, supporting our interpretation that firms respond specifically to social incidents. Our main findings remain robust when excluding governance-only incidents (Appendix Table A16).

Overall, our findings indicate that companies are more likely to appoint charity directors following ESG incidents, particularly social incidents that attract substantial media or investor attention. This pattern suggests that charity director appointments can serve as a strategic response to ESG concerns. Moreover, the alignment between charity directors' expertise and the nature of social incidents supports the view that companies adapt their boards' skill sets to meet the new capabilities required by changing circumstances.

C. Market Reactions to Charity Director Appointments

Do shareholders perceive charity director appointments following ESG incidents as valuable? On the one hand, shareholders may expect these appointments to help repair stakeholder relations, restore social capital, and improve future ESG performance. On the other hand, shareholders may see little value if the appointments are perceived as mere window dressing with no real impact, or if the expected benefits do not justify the costs, such as forgoing directors with other credentials. Alternatively, shareholders may have already anticipated these appointments as part of the firm's broader strategy and therefore may not react significantly to the appointment announcement.

In this section, we examine market reactions to new charity director appointments following ESG incidents. We estimate the following model:

$$r_{p,i,t} = b_1 \textit{Charity\_experience}_{p,i,t} + b_2 \boldsymbol{X}_{i,t-1} + b_3 \boldsymbol{Z}_{p,i,t} + \alpha_i + \delta_t + \epsilon_{p,i,t}, \tag{3}$$

where $r_{p,i,t}$ is the abnormal return on the announcement day when director p is appointed to the board of firm i in year t. We estimate the expected return using the CAPM model, the Fama–French three-factor model, and the Fama–French three-factor plus momentum model, over the estimation window $[-255, -46]$ relative to the announcement date. The abnormal return is then calculated as the raw return minus the expected return.[21]

The variable of interest, $\textit{Charity\_experience}_{p,i,t}$, is a dummy variable equal to one if director p has charity experience and zero otherwise. $\boldsymbol{Z}_{p,i,t}$ is a vector of other director

[21] In untabulated tests, we obtain similar results when abnormal returns are calculated by subtracting the CRSP value-weighted market return from the raw return.

characteristics at the time of appointment, including other credentials, such as media, finance, and industry experience, as well as age, gender, education, corporate board experience, political conservatism, and overboarding status. $\boldsymbol{X}_{i,t-1}$ is a vector of firm-level controls measured as of the nearest reporting date before the announcement, including a dummy variable indicating whether the new director replaces a departing director announced on the same day. We also include firm and year fixed effects in all regressions.

We estimate equation (3) using the announcement-level sample, where each observation represents the announcement of a new independent director appointment. To ensure robustness, we exclude announcements that coincide with other major events, such as earnings or merger announcements within the $[-3, 3]$-day window, as well as announcements involving other director appointments or multiple director departures on the same day.[22] These restrictions reduce the sample to $4,920$ announcements, including 126 new charity director appointments.

Table 5 presents the results. To examine whether the value of charity experience is concentrated among firms facing heightened ESG risk following an ESG incident, we divide the sample into appointments following ESG incidents in the prior year (columns 1–3) and appointments without preceding ESG incidents (columns 4–6). The coefficients are multiplied by 100 for readability.

[Insert Table 5 approximately here]

In columns 1–3, appointments of directors with charity experience following ESG incidents are associated with announcement-day abnormal returns that are 62.6 to 93.1 basis points higher than those for appointments of otherwise similar directors without charity

[22] We retain cases in which a new director replaces a single departing director on the same day and control for these instances using an indicator for same-day replacement. However, when multiple departures occur on the same day, it is difficult to isolate the market reaction to the new director appointment from the effects of other board turnover events.

experience. The coefficients are statistically significant. To assess the economic magnitude of this positive market reaction, we compare it with stock return losses associated with ESG incidents. Following the approach used to identify high-impact ESG incidents in Panel B of Table 4, we compute the total abnormal returns related to ESG incidents in the year preceding the director appointment announcements, focusing on the incidents corresponding to the appointments analyzed in columns 1–3 of Table 5. As shown in Panel B of Appendix Table A17, firms experienced average abnormal return losses of 99.9 to 142.2 basis points around ESG incidents in the year before charity director appointments.[23] This comparison suggests that the positive market reaction to charity director appointments offsets approximately 57.2% to 65.5% of these losses.[24]

In contrast, columns 4–6 show no statistically significant market reactions to charity director appointments when appointments are not preceded by ESG incidents. This suggests that, absent a specific demand for their skills, shareholders may not view the costs of appointing charity directors, such as higher search costs, the opportunity cost of foregoing other qualifications, or agency costs, as justified.[25] However, shareholders do appear to value charity directors when their expertise is relevant to the challenges firms face, such as managing the aftermath of ESG incidents.

[23]Because the sample is restricted to ESG incidents linked to subsequent director appointments, the number of observations is small, and the negative total abnormal returns in the year before charity director appointments are not statistically different from zero. However, their magnitudes are larger than those observed in the year before noncharity director appointments, which range from -28.2 to 8.9 basis points, as reported in Panel C of Appendix Table A17.

[24]The lower bound is calculated as $69.8/122.1 = 57.2\%$ using the Fama–French three-factor model, and the upper bound is calculated as $93.1/142.2 = 65.5\%$ using the CAPM model.

[25]For example, charity directors appointed after ESG incidents are less likely to have finance-related experience than comparable noncharity directors; see Appendix Table A6. Prior studies also suggest that directors' charity affiliations may facilitate CEO entrenchment or the misuse of corporate resources (Cai et al., 2021; Masulis and Reza, 2015).

D. Market Reaction and Charity Experience in SEC-Filed Biographies

In the analyses above, we classify directors as charity directors based on work experience reported in BoardEx. However, it remains unclear whether companies appoint these directors specifically for their nonprofit experience and whether shareholders are aware of their nonprofit backgrounds. To provide additional evidence that directors' charity experience drives our results, we exploit the fact that the SEC does not mandate disclosure of directors' experience in nonprofits, in contrast to the required disclosure of directorships at other public firms. Consequently, firms have discretion over how much information to disclose regarding directors' charity experience. When a firm views such experience as relevant and valuable, it has an incentive to emphasize this aspect, thereby drawing investors' attention to the director's charity background.

To assess the salience of charity experience among directors identified by BoardEx as charity directors, we perform a textual analysis of their biographies. For each director appointment, we obtain the biography from the SEC Form 8-K announcing the appointment or, if unavailable, the earliest proxy statement containing it.[26] We then search each biography for words related to charity experience ("charity words") and measure their prominence, such as their share of biography content.[27] Greater use of such words should make the director's charity experience more salient to investors. Appendix Table A19 summarizes the presence of charity words among charity directors in the announcement-level sample used in Table 5. 80.2% of charity directors

[26] See Appendix B for examples of director biographies. Among directors appointed after ESG incidents, 66.6% of biographies are sourced from SEC Form 8-K filings, while the remainder come from proxy statements. For biographies obtained from proxy statements, the average time gap between the filing date and the director appointment announcement date recorded in BoardEx is 43.8 days.

[27] The list of charity words is reported in Appendix Table A18.

have charity words in their biographies, with an average of 3.2 charity words, or 2.2% of biography content. These figures are higher for appointments following ESG incidents than for those without prior ESG incidents, suggesting that firms emphasize charity experience more strongly when it is relevant to post-incident challenges, thereby increasing its salience to investors.

We reexamine the market reaction tests by splitting charity director appointments following ESG incidents into high- and low-salience groups based on the emphasis on charity experience in director biographies. Specifically, we classify charity directors as high-salience if the percentage of charity-related words in their biography exceeds the median among charity directors appointed after incidents, and as low-salience otherwise (median = 1.98%). We hypothesize that the positive market reaction to charity director appointments is concentrated among directors whose charity experience is more visible to investors.

Panel A of Table 6 presents the results. Relative to noncharity directors, high-salience charity directors are associated with positive and statistically significant announcement returns, ranging from 90.1 to 136.7 basis points across columns 1–3. By contrast, low-salience charity directors are not associated with statistically significant differences in announcement returns relative to noncharity directors, as shown in columns 4–6. Therefore, the positive market reaction to charity director appointments after incidents is driven by directors whose charity experience is highly salient. This finding suggests that investors expect greater value creation when charity experience is more relevant to the appointment, as reflected in the firm's emphasis on such experience.

[Insert Table 6 approximately here]

A potential concern is that our results may reflect firms' general emphasis on ESG-related language in director biographies following ESG incidents, rather than investors' valuation of

charity experience. After ESG incidents, firms may use ESG-related terms that overlap with charity-related words to highlight a director's ESG expertise, signal attention to ESG issues, or demonstrate commitment to reputational repair. Such language could generate positive market reactions independent of the director's actual charity background. Appendix Table A21 shows that, among directors appointed after ESG incidents, charity directors indeed have more ESG-related words in their biographies than noncharity directors. To address this concern more systematically, we conduct a placebo test that excludes charity directors and examines whether ESG-related language alone predicts positive market reactions. Specifically, we classify noncharity directors appointed after ESG incidents as having high ESG-word salience if the percentage of ESG-related words in their biography exceeds the sample median of 0.47%.[28] Appendix Table A22 reports the results. Among noncharity directors appointed after ESG incidents, high ESG-word salience is associated with positive but statistically insignificant announcement returns, and the estimated magnitude is much smaller than the effect associated with charity experience in Table 5. These findings suggest that the positive market reaction to charity director appointments is not driven merely by firms' use of ESG-related language in director biographies, but instead reflects investors' valuation of directors' charity experience.

E. Identifying the Distinct Value of Charity Experience

The SEC-filed director biographies analyzed above may be tailored by firms and therefore may not accurately reflect directors' underlying skill sets. To better understand what distinguishes charity directors from noncharity directors in ways valued by the market, we analyze job postings for senior roles in nonprofit and for-profit organizations. Unlike director biographies, which may

[28]The list of ESG-related words is reported in Appendix Table A20.

contain language strategically selected by firms for public filings, job postings provide an independent source of information on the skills demanded in each sector. This demand-side approach allows us to identify the types of expertise that individuals with nonprofit sector experience are more likely to possess.

We collect job postings for senior-level and board positions from LinkedIn in April 2025, obtaining $7,104$ postings from nonprofit employers and $89,149$ from S&P 500 companies, which represent for-profit employers.[29] To identify nonprofit skill sets relative to those in the for-profit sector, we apply the term frequency-inverse document frequency (TF-IDF) method to the skill requirement sections of these postings.[30] Figure A3 presents the top 30 most distinctive terms for nonprofit postings in Panel A and for-profit postings in Panel B. The contrast is clear: nonprofit postings emphasize skill requirements related to community, social, education, and healthcare.[31] The top phrases associated with "community" include community organization, community-based, and community engagement, while those linked to "social" include social work, social service, and social justice. These recurring terms in nonprofit skill requirements align closely with the social dimension of ESG and are consistent with the societal role of nonprofits

[29] We identify nonprofit employers by combining BoardEx charity names, LinkedIn industry classifications, and ChatGPT filtering.

[30] TF-IDF allows us to identify required skill terms that are relatively more frequent in one corpus than another. Specifically, we identify terms that appear frequently in either nonprofit or S&P 500 job postings, but not both, while filtering out terms with similar frequencies across the two sectors. To address the imbalance in the number of documents between sectors, we supplement the nonprofit corpus with lower-level job postings when fitting the vector, resulting in a total of $55,908$ nonprofit postings.

[31] For example, a Community Disaster Program Manager role at the American Red Cross lists required skills such as "Proven record of accomplishment of collaboration with diverse groups and individual's representative of all the demographics of this community, managing multiple priorities, facilitation, problem solving, marketing, leadership, and partnership management." For a National Program Director role at the American Heart Association, its required skills include "At least eight (8) years of experience in project/program development and management, non-profit, public health, health equity, inclusion, education, marketing, public relations, and/or community programs, including working with community health issues." and "Demonstrated knowledge in public health, education, marketing, public relations and/or community programs."

discussed in Section II. By contrast, for-profit postings highlight terms related to customers, sales, engineering, and retail, reflecting a stronger emphasis on commercial operations and technical expertise rather than social impact.[32]

Based on this analysis, we construct a list of nonprofit skill sets by selecting the top 1% of the $3,863$ terms with higher TF-IDF values in nonprofit postings than in S&P 500 postings. We remove generic or irrelevant words[33] and add "foundation," "charity," and "charitable" to capture language directly related to the nonprofit sector. This process yields a list of 32 nonprofit-specific skill terms, reported in Appendix Table A23. We measure the alignment between each director's biography and nonprofit-specific skill terms by calculating the frequency of these terms in the biography. As shown in Appendix Table A24, among directors appointed after ESG incidents, charity directors' biographies show greater alignment with nonprofit skill terms than those of noncharity directors. On average, nonprofit skill terms account for 3.9% of charity directors' biographies, more than twice the corresponding share for noncharity directors, at 1.6%. This difference is statistically significant and suggests that charity directors' disclosed expertise is more closely aligned with the skills specifically demanded in nonprofit roles.

If these nonprofit-specific skills are indeed what the market values when firms respond to ESG incidents, then noncharity directors with similar skill profiles, though rare, should also be viewed favorably by investors. To test this, we exclude all charity directors and examine whether noncharity directors with high salience of nonprofit-specific skill terms in their biographies also receive positive market reactions when appointed following ESG incidents. We define high

[32] Although "environment" appears in for-profit postings, further inspection reveals that it is typically used in phrases such as "fast-paced environment" or "collaborative environment," rather than in reference to sustainability or ecological concerns.

[33] Generic words removed include: way, fandom, board, usual, merge. Irrelevant terms that do not appear in any director biographies in the sample and are therefore removed are: peep, stuff, unpack, pop, pack.

salience as a percentage of nonprofit-specific skill terms above the sample median of 1.15%. Panel B of Table 6 shows that, for noncharity directors appointed after ESG incidents, high salience of nonprofit-specific skill terms is associated with positive and statistically significant announcement returns, although both the magnitude and significance are weaker than those observed for charity experience in Table 5.

Overall, these findings show that charity experience is associated with nonprofit-specific skills that emphasize community and social aspects. These skills help explain the positive market reaction to charity director appointments and are consistent with our earlier finding that charity director appointments primarily follow incidents involving social issues.

V. Charity Director Appointments and Future ESG Incidents

Although we find a positive market response to the appointment of new charity directors following ESG incidents, these appointments may reflect ESG window-dressing rather than a genuine commitment to improving ESG performance. Firms may appoint directors with charity backgrounds primarily to enhance their public image in response to ESG concerns, and the intent behind such appointments may not be readily apparent to investors. In this section, we examine whether charity director appointments have real effects by analyzing their relationship with subsequent ESG incidents.

Our primary tests of real effects rely on an instrumental variable (IV) approach to address potential endogeneity in charity director appointments. Before turning to the IV analysis, we first present baseline evidence on the association between these appointments and future ESG incidents using a Poisson specification.

A. Baseline Evidence on Future Incidents

We estimate a Poisson specification with high-dimensional fixed effects using the Poisson Pseudo-Maximum Likelihood (PPML) method. This approach is well-suited for count data such as ESG incidents and produces consistent estimates that are robust to excess zeros, overdispersion, and high-dimensional fixed effects (Cohn, Liu, and Wardlaw (2022)). Charity directors may prioritize specific ESG issues based on their assessment of the associated benefits and costs, and their expertise may be better suited to addressing some issues than others. To capture this potential heterogeneity, we use RepRisk's granular classifications and group incidents into five distinct types: (1) Emissions and Resource Use, (2) Community, (3) Workforce, (4) Product Responsibility, and (5) Transparency. The first four follow Gantchev et al. (2022), while Transparency includes issues such as excessive management compensation and misleading communication. Incidents spanning multiple categories are counted separately in each category.

We estimate the following Poisson model:

$$\text{(4)}\quad \mathbb{E}\left[\textit{Number\_of\_incidents}_{i,t+1} \,\middle|\, \textit{New\_charity\_director}_{i,t}, \boldsymbol{X}_{i,t}\right] = \exp\left(b_1 \textit{New\_charity\_director}_{i,t} + b_2 \boldsymbol{X}_{i,t} + \alpha_i + \delta_t\right),$$

where $\textit{Number\_of\_incidents}_{i,t+1}$ is the number of ESG incidents of a given type for firm i in year $t+1$. $\textit{New\_charity\_director}_{i,t}$ equals one if firm i appoints at least one new charity director in year t who remains on the board for at least one year.[34] The vector $\boldsymbol{X}_{i,t}$ includes all controls from

[34] We exclude observations in which charity director appointments occur during the outcome window, such as year $t+1$ in the one-year horizon test. These appointments are mostly made by firms without charity director appointments in year t. This exclusion ensures that the control group does not include cases potentially affected by new appointments.

equation (1), augmented with indicators for new director appointments and charity director departures, the number of prior incidents, firm fixed effects (α_i), and year fixed effects (δ_t).

Table A25 reports the baseline results. Charity director appointments following ESG incidents are associated with fewer subsequent ESG incidents. Over the one-year horizon, the estimates indicate a statistically significant association with fewer community-related incidents (Panel A, column 3). Because ESG issues may take time to materialize or resolve, we also examine a two-year horizon and find a negative and significant association between charity director appointments and future workforce incidents (Panel B, column 4). For other categories and total incidents, the estimated associations are generally negative but statistically insignificant. To address preexisting differences between firms appointing charity directors and those that do not, we repeat the baseline analysis using propensity score matching. Appendix Table A26 shows that new charity director appointments remain negatively associated with workforce-related incidents over both the one- and two-year horizons.

These baseline results are suggestive but do not establish causality. Directors may selectively join firms with different ESG trajectories, or unobserved firm characteristics may jointly affect both appointments and future ESG outcomes. For example, charity directors may prefer to join companies that are inherently less likely to experience future ESG incidents, potentially to protect their reputations.[35] To address these endogeneity concerns, our main analysis uses an IV approach to isolate plausibly exogenous variation in charity director appointments.

[35] Alternatively, charity directors may join firms with ESG problems because they see opportunities to drive change, potentially enhancing their for-profit career prospects. However, untabulated results show no evidence that directors associated with greater post-appointment improvements in workforce issues experience stronger career advancement. This evidence suggests that charity directors are unlikely to prefer firms with high ESG risk for career reasons, at least partially ruling out supply-side selection based on directors' career incentives.

B. Instrumental Variable Analysis

Following Knyazeva et al. (2013) and subsequent studies (Di Giuli and Laux (2022); Ellis et al. (2018)) in the director labor market literature, we use local variation in the availability of potential directors with charity experience as a supply-driven instrument for the appointment of charity directors. This instrument is based on the premise that director candidates face time constraints and are therefore more likely to accept board positions in their vicinity. Consequently, the supply of the local director pool influences appointments.

Specifically, we measure the number of active charitable organizations within a 100-mile radius of the firm's headquarters.[36] Our instrument is a dummy variable for a high supply of charity directors, equal to one if a firm is in the top 10% of the sample based on the number of active charitable organizations in its vicinity, and zero otherwise.[37]

Because the standard two-stage least squares method is designed for linear models and cannot accommodate nonlinear specifications such as Poisson regressions, we employ a fixed-effects Poisson control-function (FE Poisson/CF) approach, following the methodology outlined in Lin and Wooldridge (2019).[38] This approach proceeds in two stages. First, we estimate a fixed-effects OLS regression of the endogenous variable on the instrumental variable and controls and obtain the residuals. Second, we include these residuals, together with the endogenous variable, as an additional regressor in the fixed-effects Poisson regression for the

[36]Using the Internal Revenue Service (IRS) Business Master File, we define active charitable organizations as those that meet the following criteria: (1) they have filed Form 990 within the past two years, (2) they report gross receipts exceeding $0, and (3) they are classified by the IRS as relevant for analyzing the U.S. nonprofit sector. We also exclude organizations classified as "Unknown" or "Other" by the IRS and focus on organizations with assets above the annual median within the same type.

[37]Our results are robust to restricting the pool of potential charity directors to organizations located within a 60-mile radius of the firm and to using an alternative cutoff, such as the top 20% of the sample, to define high supply.

[38]This method has been applied in recent studies, such as Bellet, De Neve, and Ward (2024); Chen, Feinerman, and Haggag (2025).

number of incidents. The first-stage residuals serve as a control function that addresses endogeneity while preserving the nonlinear structure of the Poisson specification. Specifically, we estimate the following equations:

$$(5) \quad \textit{New\_charity\_director}_{i,t} = \pi_1 \textit{High\_charity\_director\_supply}_{i,t-1} + \pi_2 \boldsymbol{X}_{i,t} + \alpha_i + \delta_t + u_{i,t},$$

$$(6) \quad \mathbb{E}\big[\textit{Number\_of\_incidents}_{i,t+1} \,\big|\, \textit{New\_charity\_director}_{i,t}, \boldsymbol{X}_{i,t}, \widehat{u}_{i,t}\big] = \exp\Big(b_1 \textit{New\_charity\_director}_{i,t} + b_2 \boldsymbol{X}_{i,t} + \rho \widehat{u}_{i,t} + \alpha_i + \delta_t\Big),$$

where equation (5) is the first-stage regression, and $\boldsymbol{X}_{i,t}$ denotes the same set of control variables as in equation (4). Equation (6) is the second-stage fixed-effects Poisson specification augmented with the control function $\widehat{u}_{i,t}$.

In Panel A of Table 7, we present the results of the FE Poisson/CF estimation. In the first-stage regression reported in column 1, we predict the likelihood of appointing new charity directors using the one-year lagged local supply of charity directors. Firms located in areas with a high supply of charity directors are more likely to appoint charity directors following ESG incidents, with the effect statistically significant at the 5% level. The first-stage F-statistic of 14.87 indicates that this high local supply variable is not a weak instrument.

In the second-stage regressions reported in columns 2–7, we examine the effect of appointing charity directors after ESG incidents, instrumented with the high local supply of potential charity directors, on future incidents. We find that appointing charity directors after ESG incidents reduces the number of workforce-related incidents in the subsequent year. This effect is statistically significant at the 1% level and economically meaningful. Specifically, holding other

factors constant, a one-standard-deviation increase in the probability of appointing charity directors following prior incidents leads to a 12.69% reduction in the expected number of workforce incidents. This corresponds to 0.195 fewer workforce incidents in year $t+1$ for firms that experienced a prior incident in year $t-1$. We also observe a statistically significant reduction in environmental incidents, but the effect is smaller in magnitude and statistically weaker. [39]

[Insert Table 7 approximately here]

We argue that our instrument—the availability of potential charity directors in a firm's vicinity—plausibly satisfies the exclusion restriction for the following reasons. First, as noted by Atanasov and Black (2016) and Masulis (2020), while access to local directors may affect firms' headquarters location choices, firms typically select their locations early in their life cycle and rarely relocate. In our sample, the average firm age is 19 years, suggesting that headquarters locations were established well before ESG issues gained significant attention. It is therefore unlikely that the availability of ESG-qualified director candidates influenced firms' location choices.

Second, local charity density does not appear to proxy for stronger stakeholder protection that could independently explain the negative association between charity director appointments and ESG incidents. To examine this possibility, we assess the county-year correlation between the

[39]The IV coefficient for workforce-related incidents has a greater economic magnitude than the reduced-form Poisson estimate shown in Appendix Table A25. For example, column 4 of Appendix Table A25 indicates that a one-standard-deviation increase in the probability of appointing a new charity director is associated with a 2.71% reduction in the expected number of workforce incidents. The difference may arise for several reasons. First, the baseline PPML estimates likely suffer from downward bias: firms tend to appoint charity directors when ESG risk is elevated and may inherently anticipate worse ESG outcomes, which attenuates the estimated effect by conflating appointment impact with underlying risk. Second, unobservable heterogeneity in director effectiveness may bias the PPML estimates toward zero, whereas the IV approach helps address this concern. Third, the IV estimates a local average treatment effect among firms whose appointments are induced by local supply. These compliers may benefit more from appointing charity directors than the average firm. The strength of our instrument, with a first-stage F-statistic above 10, supports the relevance of the instrument and is consistent with a larger local causal effect in the IV specification.

density of charities and the number of ESG incidents. As reported in Appendix Table A27, the number of charities in a county shows no statistically significant negative correlation with the average number of workforce-related incidents among firms in the county. Instead, charity density is positively and significantly correlated with product responsibility incidents, and positively but insignificantly correlated with total incidents, emissions and resource-use incidents, and transparency-related incidents. These patterns are inconsistent with the concern that local charity density directly reduces ESG incidents and thereby explains our IV results.

Third, our supply-driven instrument may capture local economic conditions, which could also affect corporate ESG outcomes, potentially violating the exclusion restriction. To mitigate this concern, we additionally control for local economic characteristics of the county where the firm's headquarters are located, including population density, per capita income, and the unemployment rate. The results in Panel B of Table 7 show that our main findings—the negative effect of charity director appointments on future incidents, particularly workforce-related incidents—remain quantitatively similar. However, the estimated effect on environmental incidents becomes statistically insignificant.

Finally, certain regions may have high densities of both corporations and charitable organizations, raising the possibility that our instrument captures the broader pool of potential directors rather than the supply of charity director candidates specifically. To address this concern, we include an additional control for the local supply of corporate directors using a measure similar to that constructed by Knyazeva et al. (2013).[40] Panel C of Table 7 shows that including

[40]Following Knyazeva et al. (2013), we measure the local supply of corporate directors as the logarithm of the number of public firms headquartered within a 100-mile radius of the firm's headquarters, excluding firms in the same four-digit SIC industry.

this control does not materially change our first-stage estimate, and our second-stage estimates continue to indicate a statistically significant reduction only in workforce incidents.

In Table 8, we examine whether the effect of charity director appointments extends to future ESG incidents measured over the subsequent two-year horizon. The results show statistically significant reductions in incidents related to workforce issues, emissions and resource use, and community relations. These findings suggest that the impact of charity director appointments is not short-lived. The significant effect on environmental issues over the two-year horizon, which is not robust over the one-year horizon, suggests that ESG dimensions may differ in the time required for charity director appointments to translate into observable reductions in incidents.[41]

[Insert Table 8 approximately here]

Overall, using the density of charities near a firm's headquarters as an instrument, we find evidence that newly appointed charity directors help reduce future ESG incidents, especially workforce-related incidents. [42] The stronger and more robust effect for workforce-related incidents is consistent with the conceptual framework in Section II, which suggests that charity directors' nonprofit experience may be especially relevant for stakeholder-oriented issues involving employee well-being, workplace conditions, fairness, and organizational legitimacy. This finding is also consistent with the nonprofit-specific skills identified in Figure A3, which

[41] Extending the IV analysis to the three-year horizon following charity director appointments, we find that the estimated effects are largely statistically insignificant, although the coefficient signs remain unchanged. This could be because, at longer horizons, the causal link becomes increasingly attenuated. Moreover, the precision of the estimates may decline as the sample size decreases and as other changes occur within the firm, making it more difficult to isolate the effect of the appointment.

[42] The workforce-related improvements might suggest that charity director appointments reflect human resource (HR) or worker-related expertise (such as workplace safety, benefits, or labor law practice) rather than charity experience. However, director biographies show that worker- and HR-related terms appear infrequently and at similar rates for both charity and noncharity directors (Appendix Table A28), indicating that firms are not primarily appointing charity directors for such HR or labor-related qualifications.

emphasize community and social aspects rather than environmental or governance issues. These findings suggest that charity directors' influence is likely strongest in ESG domains that are closely aligned with the stakeholder-oriented expertise and social oversight skills they develop through nonprofit experience.

VI. Charity Directors' Involvement in ESG Practices

In this section, we further examine the involvement of newly appointed charity directors in firms' ESG practices by analyzing their oversight capacity and board roles.

A. Oversight Capacity of Charity Directors

We examine how the appointments of new charity directors and their effectiveness in improving ESG performance depend on their oversight capacity to actively monitor and advise on corporate ESG policies. Specifically, we classify charity directors appointed following incidents as either overboarded or nonoverboarded. Following Chen et al. (2022a), we define overboarded directors as those concurrently holding five or more corporate directorships, and nonoverboarded directors as those holding fewer than five. We then rerun the tests on charity director appointments and future incidents to examine whether the effects differ by oversight capacity.

If post-incident appointments are intended to bring in and leverage new expertise, firms should prefer nonoverboarded charity directors over otherwise similar overboarded directors. Conversely, if these appointments are mainly driven by window-dressing motives, firms should show no significant distinction between overboarded and nonoverboarded charity directors. To examine heterogeneity by overboarding status, we augment equation (2) by incorporating an

interaction term between the overboarded director indicator and the respective measure of the firm's incident record.[43] The results are reported in Table 9. The negative coefficients on the interaction terms indicate that the probability of being appointed as a new charity director is significantly lower when the appointment follows ESG incidents and the director is overboarded. In other words, charity director appointments following ESG incidents are primarily driven by nonoverboarded directors. Additionally, as reported in Appendix Tables A30 and A31, we consistently find that appointments of charity directors following high-reach and high-reach social incidents are primarily driven by nonoverboarded directors. These findings suggest that, when facing ESG challenges, firms seek charity directors with sufficient capacity to be actively involved in board activities.

[Insert Table 9 approximately here]

Similarly, if the reduction in future incidents is attributable to the expertise and efforts of newly appointed charity directors, the effect should be driven by nonoverboarded directors, who are more likely to have the capacity to fulfill their board duties. Conversely, if the reduction is unrelated to the involvement of new charity directors, the distinction between overboarded and nonoverboarded directors should be irrelevant.

To distinguish between these possibilities, we decompose new charity director appointments at the firm-year level according to whether the appointed director is overboarded. We treat the appointment of a nonoverboarded charity director as the endogenous variable of interest because our instrument, high local charity director supply, should primarily affect the ease

[43]Note that we control for the overboarding indicator, without interacting it with past incident measures, in all prior director-level tests. For example, columns 4–6 of Table 2 include this indicator as a control variable; its negative and statistically significant coefficients indicate that overboarded charity directors are less likely to be appointed. Although unreported for brevity, the overboarded director indicator remains negative and statistically significant in columns 5–8 of Tables 3 and 4.

of appointing directors with available time and capacity. In contrast, overboarded directors, who already hold multiple corporate directorships, are less likely to be drawn from the local candidate pool and face binding time and governance constraints, making their appointments less responsive to local supply shocks.[44]

Specifically, we define *New_charity_director—Nonoverboarded* as an indicator equal to one if the firm appoints at least one nonoverboarded charity director in a given year, and we predict this variable using our instrument. We also control for appointments of overboarded charity directors using *New_charity_director—Overboarded*, an indicator equal to one if the firm appoints new charity directors in a given year and all of them are overboarded. This approach ensures that identification comes from variation in capacity-relevant appointments rather than from overall appointment activity. We then replace the original dummy variable *New_charity_director* with *New_charity_director—Nonoverboarded* in equations (5) and (6) and estimate the IV specifications.

Panel A of Table 10 shows that the negative effect of charity director appointments on future workforce and environmental incidents over the following year is driven by nonoverboarded new charity directors. The point estimates are similar in magnitude to the baseline IV estimates reported in Panel A of Table 7. Although appointments of overboarded charity directors are also negatively associated with incidents in these two categories, their statistical significance and economic magnitudes are smaller than those of nonoverboarded appointments. Extending the analysis to the two-year horizon, Panel B of Table 10 shows results

[44]In untabulated results, we compare the geographical distribution of corporate board seats held by newly appointed charity directors before the focal appointment. We find that overboarded new charity directors hold 91.2% of their corporate board positions in states different from that of the focal firm, significantly higher than the corresponding ratio of 87.5% for nonoverboarded directors. This finding confirms that nonoverboarded new charity directors are more likely to be sourced from the local pool.

that are quantitatively similar to those in Panel A of Table 8. Additionally, Appendix Tables A33 (one-year horizon) and A34 (two-year horizon) further incorporate controls for local economic characteristics and local corporate director supply, analogous to Panels B and C of Tables 7 and 8. The results continue to indicate that the reduction in incidents, especially workforce incidents, is largely attributable to nonoverboarded charity director appointments. Taken together, these findings support the notion that appointing new directors whose expertise aligns with the firm's needs and who have sufficient oversight capacity plays a crucial role in improving firm ESG outcomes.

[Insert Table 10 approximately here]

B. Committee Assignments of Charity Directors

We examine the committee assignments of charity directors appointed after ESG incidents. Assignments to committees overseeing sustainability-related policies would indicate greater scope for these directors to influence ESG decisions. By contrast, assignments to roles unrelated to their expertise, or the absence of meaningful committee roles, would suggest more limited involvement in ESG governance.

Panel B of Appendix Table A6 shows the distribution of committee memberships among directors appointed after ESG incidents. Most directors serve on at least one committee, with an average of 1.5 committee assignments in the appointment year and no significant difference between charity and noncharity directors. We focus on five key board committees: governance, audit, compensation, nomination, and ESG. While ESG committees are explicitly dedicated to

ESG oversight,[45] only 4.5% of firm-year observations in our sample have a stand-alone ESG committee. Moreover, a recent survey by Ernst & Young (2021) shows that governance committees, often combined with nomination committees, are commonly responsible for overseeing ESG issues (see Appendix Figure A5). Consistent with this survey evidence, Panel B of Appendix Table A6 shows that charity directors differ significantly from noncharity directors in their assignment to governance and nomination committees.

We further examine which committees charity directors tend to join by estimating director-level multivariate OLS regressions for new directors appointed after ESG incidents. The dependent variable is an indicator equal to one if a new director serves on a given committee in the appointment year, and zero otherwise. The key independent variable is an indicator for whether the new director has charity experience. We control for both firm and director characteristics, and include firm and year fixed effects.

Appendix Table A35 presents the results. Among new directors appointed after ESG incidents, those with charity experience are more likely to serve on governance committees and nomination committees, and less likely to serve on audit committees, with these differences being statistically significant. The association with compensation committee membership is negative but statistically insignificant. Charity experience is positively, but not statistically significantly, associated with ESG committee membership.

Overall, charity directors are more likely to be assigned to governance and nomination committees than to audit committees. This evidence supports the view that firms recognize charity

[45]Following Hsu, Li, and Pan (2025), we define ESG committees as committees with names containing the following words: CSR, ESG, environ*, social, or sustain*.

directors' experience and place them in positions that align with their expertise and allow them to influence ESG policies.

VII. Conclusions

This paper examines firms' strategic responses to ESG incidents by focusing on the appointment of directors with charity experience and its implications for ESG outcomes and shareholder value. We find that firms are more likely to appoint charity directors after ESG incidents, particularly social incidents that receive greater media attention or trigger stronger negative stock market reactions. The stock market responds positively to these appointments, particularly when companies highlight charity experience in SEC filings. Evidence from nonprofit job postings further suggests that charity directors possess distinctive expertise in community and social issues—skills less common among noncharity directors and consistent with the role of nonprofits in society in providing public goods and fostering social capital.

We provide evidence of a causal link between charity director appointments and subsequent reductions in ESG incidents, particularly workforce-related incidents. This effect is driven primarily by nonoverboarded directors, who are more likely to have the capacity to engage actively in board activities. We also find that newly appointed charity directors are disproportionately assigned to governance and nomination committees, where ESG oversight is often concentrated.

Overall, our findings highlight the tangible value that charity directors bring to companies in addressing ESG concerns and show how firms adapt their board structures and skill sets when circumstances necessitate the acquisition of new expertise.

References

Akey, P.; S. Lewellen; I. Liskovich; and C. Schiller. "Hacking Corporate Reputations." *Review of Finance*, rfag009.

Anheier, H. K., and S. Toepler. *Nonprofit Organizations : Theory, Management, Policy*. Oxford: Taylor & Francis Group, 3 edition (2022).

Atanasov, V., and B. Black. "Shock-Based Causal Inference in Corporate Finance and Accounting Research." *Critical Finance Review*, 5 (2016), 207–304.

Autor, D.; D. Dorn; G. Hanson; and K. Majlesi. "Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure." *American Economic Review*, 110 (2020), 3139–3183.

Bellet, C. S.; J.-E. De Neve; and G. Ward. "Does Employee Happiness Have an Impact on Productivity?" *Management science*, 70 (2024), 1656–1679.

Bonica, A. "Database on Ideology, Money in Politics, and Elections: Public version 4.0 [Computer file]." (2024).

Burke, J. J.; R. Hoitash; and U. Hoitash. "Auditor Response to Negative Media Coverage of Client Environmental, Social, and Governance Practices." *Accounting Horizons*, 33 (2019), 1–23.

Cai, Y.; J. Xu; and J. Yang. "Paying by Donating: Corporate Donations Affiliated with Independent Directors." *Review of Financial Studies*, 34 (2021), 618–660.

Chen, K.; K. Feinerman; and K. Haggag. "Flexible Pay and Labor Supply: Evidence from Uber's Instant Pay." *Management Science*.

Chen, M. A.; H. Tran; Q. Wu; and E. Zhivotova. "Are Directors Rewarded for Excellence? Evidence from Reputation Shocks and Career Outcomes." *Review of Corporate Finance Studies*, 11 (2022a), 263–313.

Chen, S.; N. Hermes; and R. Hooghiemstra. "Corporate Social Responsibility and NGO Directors on Boards." *Journal of Business Ethics*, 175 (2022b), 625–649.

Cohn, J. B.; Z. Liu; and M. I. Wardlaw. "Count (and count-like) data in finance." *Journal of Financial Economics*, 146 (2022), 529–551.

Colak, G.; T. P. Korkeamäki; and N. O. Meyer. "ESG and CEO Turnover around the World." *Journal of Corporate Finance*, 84 (2024), 102523.

Coleman, J. *Foundations of Social Theory*. ACLS Humanities E-Book. Cambridge, MA: Harvard University Press (1990).

Custódio, C., and D. Metzger. "Financial Expert CEOs: CEO's Work Experience and Firm's Financial Policies." *Journal of Financial Economics*, 114 (2014), 125–154.

DeLisle, R. J.; A. Grant; and R. Mao. "Does Environmental and Social Performance Affect Pricing Efficiency? Evidence from Earnings Conference Call Tones." *Journal of Corporate Finance*, 86 (2024), 102585.

Derrien, F.; P. Krüger; A. Landier; and T. Yao. "ESG News, Future Cash Flows, and Firm Value." *Journal of Finance*, 80 (2025), 3499–3554.

Di Giuli, A., and L. Kostovetsky. "Are Red or Blue Companies More Likely to go Green? Politics and Corporate Social Responsibility." *Journal of Financial Economics*, 111 (2014), 158–180.

Di Giuli, A., and P. A. Laux. "The Effect of Media-Linked Directors on Financing and External Governance." *Journal of Financial Economics*, 145 (2022), 103–131.

Djourelova, M.; R. Durante; and G. J. Martin. "The Impact of Online Competition on Local Newspapers: Evidence from the Introduction of Craigslist." *The Review of Economic Studies*, 92 (2024), 1738–1772.

Ellis, J. A.; C. E. Fee; and S. Thomas. "Playing Favorites? Industry Expert Directors in Diversified Firms." *Journal of Financial and Quantitative Analysis*, 53 (2018), 1679–1714.

Ernst & Young. "What Boards Should Know about ESG Developments in the 2021 Proxy Season." (2021).

Gantchev, N.; M. Giannetti; and R. Li. "Does Money Talk? Divestitures and Corporate Environmental and Social Policies." *Review of Finance*, 26 (2022), 1469–1508.

Gao, N.; W. Jiang; and J. Jin. "Unravelling Investors' Diverging Responses to U.S. Firms' Global ESG Incidents." *Journal of International Financial Markets, Institutions and Money*, 91 (2024), 101906.

Glossner, S. "Repeat Offenders: ESG Incident Recidivism and Investor Underreaction." *Available at SSRN 3004689*.

Goldman, E.; J. Rocholl; and J. So. "Do Politically Connected Boards Affect Firm Value." *Review of Financial Studies*, 22 (2009), 2331–2360.

Guo, L., and S. Mobbs. "Social Media Use and the Director Labor Market: Evidence from Twitter." *ECGI Finance Working Paper Series*.

Güner, A. B.; U. Malmendier; and G. Tate. "Financial Expertise of Directors." *Journal of Financial Economics*, 88 (2008), 323–354.

Hansmann, H. B. "The Role of Nonprofit Enterprise." *The Yale Law Journal*, 89 (1980), 835–901.

He, Y. E.; B. Kahraman; and M. Lowry. "ES Risks and Shareholder Voice." *Review of Financial Studies*, 36 (2023), 4824–4863.

Houston, J. F., and H. Shan. "Corporate ESG Profiles and Banking Relationships." *Review of Financial Studies*, 35 (2022), 3373–3417.

Hsu, P.-H.; K. Li; and Y. Pan. "The Eco-Gender Gap in Boardrooms." *Management Science*.

Hyndman, N., and R. Jones. "Editorial: Good Governance in Charities—Some Key Issues." *Public Money and Management*, 31 (2011), 151–155.

Iliev, P., and L. Roth. "Director Expertise and Corporate Sustainability." *Review of Finance*, 27 (2023), 2085–2123.

Imbens, G. W. "Matching Methods in Practice: Three Examples." *Journal of Human Resources*, 50 (2015), 373–419.

James, E. *The Nonprofit Sector in Comparative Perspective*, 397–415. New Haven, Conn.: Yale Univ. Press (1987).

Knyazeva, A.; D. Knyazeva; and R. W. Masulis. "The Supply of Corporate Directors and Board Independence." *Review of Financial Studies*, 26 (2013), 1561–1605.

Kölbel, J. F.; T. Busch; and L. M. Jancso. "How Media Coverage of Corporate Social Irresponsibility Increases Financial Risk." *Strategic Management Journal*, 38 (2017), 2266–2284.

Li, J., and D. Wu. "Do Corporate Social Responsibility Engagements Lead to Real Environmental, Social, and Governance Impact?" *Management Science*, 66 (2020), 2564–2588.

Lin, W., and J. M. Wooldridge. In *Panel Data Econometrics*. "Testing and Correcting for Endogeneity in Nonlinear Unobserved Effects Models.", M. Tsionas, ed. Academic Press (2019), 21–43.

Liu, X.; W. Hou; and B. G. Main. "Charity Experience of Directors and Corporate Social Responsibility: Global Evidence." *European Financial Management*, 31 (2025), 1445–1471.

Masulis, R. W. "A Survey of Recent Evidence on Boards of Directors and CEO Incentives." *Asia-Pacific Journal of Financial Studies*, 49 (2020), 7–35.

Masulis, R. W., and S. W. Reza. "Agency Problems of Corporate Philanthropy." *Review of Financial Studies*, 28 (2015), 592–636.

Minton, B. A.; J. P. Taillard; and R. Williamson. "Financial Expertise of the Board, Risk Taking, and Performance: Evidence from Bank Holding Companies." *Journal of Financial and Quantitative Analysis*, 49 (2014), 351–380.

Moore, M. H. "Managing for Value: Organizational Strategy in For-Profit, Nonprofit, and Governmental Organizations." *Nonprofit and Voluntary Sector Quarterly*, 29 (2000), 183–204.

Preston, A. E. "The Nonprofit Worker in a For-Profit World." *Journal of Labor Economics*, 7 (1989), 438–463.

Putnam, R. *Bowling Alone: The Collapse and Revival of American Community*. A Touchstone book. Simon & Schuster (2000).

Rose-Ackerman, S. "Altruism, Nonprofits, and Economic Theory." *Journal of Economic Literature*, 34 (1996), 701–728.

von Meyerinck, F.; D. Oesch; and M. Schmid. "Is Director Industry Experience Valuable?" *Financial Management*, 45 (2016), 207–237.

Wang, C.; F. Xie; and M. Zhu. "Industry Expertise of Independent Directors and Board Monitoring." *Journal of Financial and Quantitative Analysis*, 50 (2015), 929–962.

Weisbrod, B. A. *Toward a Theory of the Voluntary Nonprofit Sector in a Three-Sector Economy*, 171–195. New York : Russell Sage Foundation (1975).

Weisbrod, B. A. "Nonprofit and Proprietary Sector Behavior: Wage Differentials among Lawyers." *Journal of Labor Economics*, 1 (1983), 246–263.

White, J. T.; T. Woidtke; H. A. Black; and R. L. Schweitzer. "Appointments of Academic Directors." *Journal of Corporate Finance*, 28 (2014), 135–151.

Worth, M. J. *Nonprofit Management: Principles and Practice*. CQ Press (2020).

Young, D. R. *If Not for Profit, for What?: A Behavioral Theory of the Nonprofit Sector Based on Entrepreneurship*. Lexington books. Lexington Books (1983).

FIGURE 1

Annual Average Number of ESG Incidents and Presence of Charity Directors

The figure plots trends in the prevalence of ESG incidents and the presence of charity directors in our sample from 2007 to 2021. The solid line, plotted on the left y-axis, represents the average number of incidents per firm. The dashed line, displayed on the right y-axis, indicates the proportion of firms with charity directors on their boards.

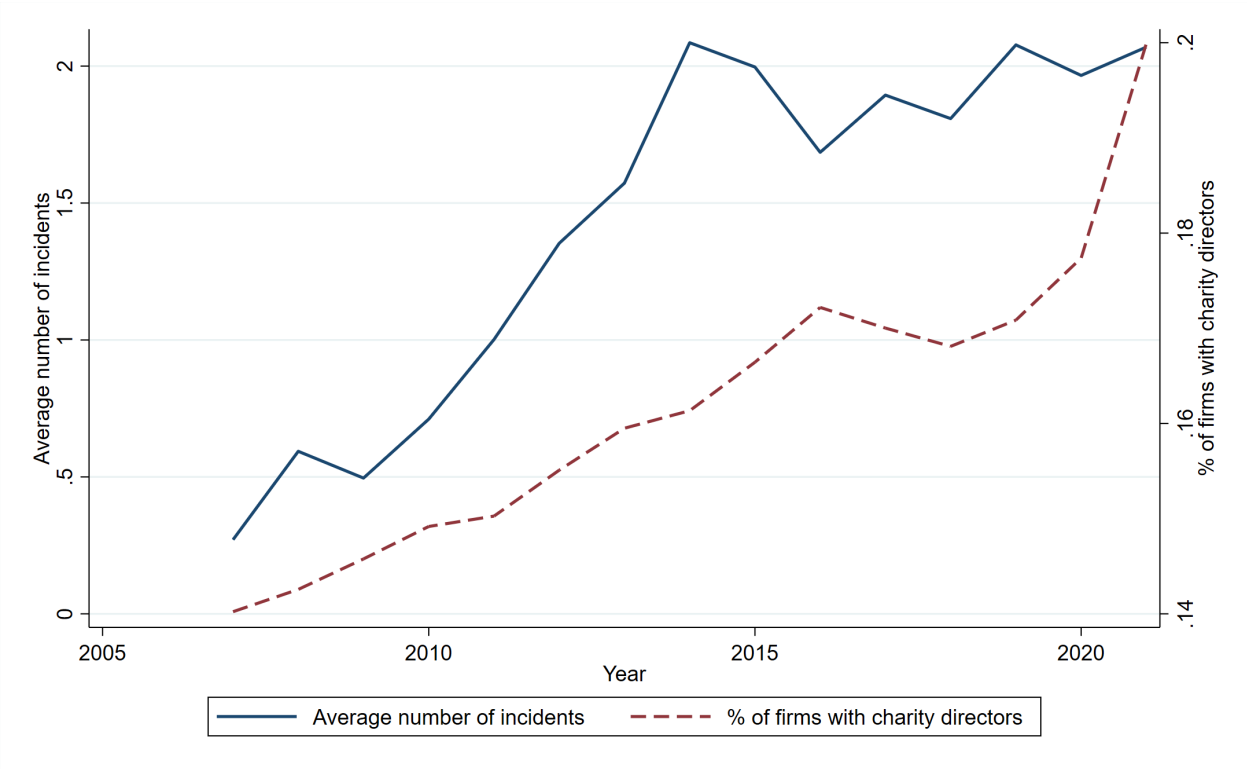

TABLE 1

Summary Statistics

This table reports summary statistics for key variables in our sample over the period 2008–2021. Panel A presents measures for ESG incidents in the firm-year sample. *Incident (0/1)* is an indicator that takes the value of 1 if a firm experiences ESG incidents in a given year. *Number of incidents* denotes the number of ESG incidents associated with a firm in a given year. *Highest RRI* shows the peak value of the RepRisk Index that a firm reaches during a given year. *High-reach (-severity, -novelty) incidents (0/1)* indicates whether a firm experiences high-reach (-severity, -novelty) incidents in a given year. *High-reach E (S, G) incident (0/1)* indicates whether a firm experiences high-reach environmental (social, governance) incidents in a given year. Panel B presents variables related to the presence and changes in charity directors in the firm-year sample. *Charity director presence (0/1)* equals 1 if a firm's board includes independent directors with charity experience. *% of charity directors* represents the number of independent directors with charity experience scaled by the board size. *New charity director (0/1)* equals 1 if a firm appoints at least one new independent director with charity experience to the board in a given year. *Charity director left (0/1)* equals 1 if at least one independent director with charity experience leaves the board of a firm in a given year. Panel C focuses on new directors with charity experience and nonmissing data on their biographical characteristics, and reports descriptive statistics regarding the type of charity experience they possess at the time of appointment. *Charity experience—board (0/1)* indicates whether the director has board experience in charities. *Charity experience—nonboard senior (0/1)* indicates whether the director has senior-level nonboard experience in charities, defined as positions with titles including any of the following keywords: president, CEO, CFO, COO, chairman, chairwoman, chief of staff, chief executive, founder, treasurer, partner, owner, trustee, head. *Charity experience—high (0/1)* indicates whether the director has high-level experience in charities, defined as the union of board experience and senior-level nonboard experience. *Charity experience—current (0/1)* indicates whether the director holds a current position in charities at the time of appointment.

Panel A: ESG incident measures (firm-year level)

	Obs.	Mean	SD	p5	p50	p95
Incident (0/1)	44,696	0.205	0.404	0.000	0.000	1.000
Number of incidents	44,696	1.468	8.438	0.000	0.000	6.000
Highest RRI	44,696	7.276	13.344	0.000	0.000	36.000
High-reach incidents (0/1)	44,696	0.070	0.255	0.000	0.000	1.000
High-severity incidents (0/1)	44,696	0.014	0.115	0.000	0.000	0.000
High-novelty incidents (0/1)	44,696	0.184	0.387	0.000	0.000	1.000
High-reach E incidents (0/1)	44,696	0.016	0.126	0.000	0.000	0.000
High-reach S incidents (0/1)	44,696	0.036	0.185	0.000	0.000	0.000
High-reach G incidents (0/1)	44,696	0.043	0.202	0.000	0.000	0.000

Panel B: Charity director measures (firm-year level)

	Obs.	Mean	SD	p5	p50	p95
Charity director presence (0/1)	44,696	0.166	0.372	0.000	0.000	1.000
% of charity directors	44,696	0.020	0.049	0.000	0.000	0.125
New charity director (0/1)	44,696	0.016	0.127	0.000	0.000	0.000
Charity director left (0/1)	44,696	0.014	0.119	0.000	0.000	0.000

Panel C: Experience of new charity directors (director level)

	Obs.	Mean	SD	p5	p50	p95
Charity experience—board (0/1)	726	0.424	0.495	0.000	0.000	1.000
Charity experience—nonboard senior (0/1)	726	0.360	0.480	0.000	0.000	1.000
Charity experience—high (0/1)	726	0.713	0.452	0.000	1.000	1.000
Charity experience—current (0/1)	726	0.508	0.500	0.000	1.000	1.000

TABLE 2

Charity Director Appointments and Past ESG Incidents

This table examines the relationship between ESG incidents in year $t-1$ and the probability of charity director appointments in year t. Columns 1–3 use the firm-year sample, where the dependent variable is an indicator that equals 1 if the firm appoints charity directors in a given year. Columns 4–6 use the announcement sample, in which each observation corresponds to an announcement of the appointment of a new independent director, and the dependent variable is an indicator that equals 1 if the director being appointed possesses charity experience. The variables of interest are one-year lagged measures for ESG incidents. *Incident (0/1)* is an indicator that takes the value of 1 if the firm experiences ESG incidents in a given year. *Highest RRI* is the peak value of the RepRisk Index that a firm reaches during a given year. *Highest RRI among top 5% (0/1)* is an indicator that equals 1 if the highest RRI of the firm in a given year is among the top 5% of the firm-year sample. All regressions also include a set of one-year lagged firm financial controls: firm size, book-to-market ratio, leverage, ROA, dividend (with an indicator for missing value), and SG&A (with an indicator for missing value). For brevity, these coefficients (except for firm size) are not reported. Firm fixed effects and year fixed effects are included in all columns. Standard errors, reported in parentheses, are clustered at the firm level. Reported coefficients and standard errors are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New charity director (0/1)					
	Firm-year level			Announcement level		
	1	2	3	4	5	6
Incidents (0/1)	0.064			1.255*		
	(0.000)			(0.009)		
Highest RRI		0.007			0.041*	
		(0.000)			(0.000)	
Highest RRI among top 5% (0/1)			0.773*			3.014***
			(0.003)			(0.034)
Log board size	-1.706***	-1.709***	-1.709***	5.306***	5.282***	5.242***
	(0.010)	(0.010)	(0.010)	(0.085)	(0.085)	(0.084)
Board independence	-1.281	-1.294	-1.276	-1.223	-1.273	-1.143
	(0.013)	(0.014)	(0.013)	(0.031)	(0.033)	(0.029)
Board gender ratio	3.126**	3.141**	3.125**	-1.644	-1.692	-1.796
	(0.039)	(0.039)	(0.039)	(0.059)	(0.061)	(0.065)
Board succession factor	-0.445	-0.441	-0.438	-2.946	-2.948	-2.964
	(0.003)	(0.003)	(0.003)	(0.061)	(0.061)	(0.061)
Existing charity directors on board (0/1)	-10.172***	-10.171***	-10.179***	-13.369***	-13.403***	-13.446***
	(0.056)	(0.056)	(0.056)	(0.181)	(0.182)	(0.183)
CEO is Chair (0/1)	0.029	0.032	0.032	0.819	0.850	0.884
	(0.000)	(0.000)	(0.000)	(0.005)	(0.006)	(0.006)
Institutional ownership	-1.027**	-1.022**	-1.012**	0.206	0.219	0.310
	(0.005)	(0.005)	(0.005)	(0.003)	(0.003)	(0.004)
Firm size	0.492**	0.483**	0.480**	0.563	0.544	0.561
	(0.001)	(0.001)	(0.001)	(0.003)	(0.003)	(0.003)
Existing media directors (0/1)	0.682	0.676	0.673	1.990*	2.025*	2.108*
	(0.003)	(0.003)	(0.003)	(0.023)	(0.024)	(0.025)
Existing finance directors (0/1)	0.387	0.389	0.389	2.214*	2.209*	2.184*
	(0.002)	(0.002)	(0.002)	(0.029)	(0.029)	(0.029)
Existing industry directors (0/1)	-0.162	-0.164	-0.164	-0.242	-0.275	-0.220
	(0.001)	(0.001)	(0.001)	(0.005)	(0.006)	(0.005)
Board Conservatism Score	1.048	1.051	1.055	3.282*	3.257*	3.274*
	(0.007)	(0.007)	(0.007)	(0.060)	(0.060)	(0.060)
Log age				4.251***	4.253***	4.271***
				(0.051)	(0.051)	(0.051)
Male				-2.476***	-2.481***	-2.467***
				(0.013)	(0.013)	(0.013)
Doctorate				3.067***	3.054***	3.051***
				(0.026)	(0.026)	(0.026)
MBA				-0.011	-0.027	-0.040
				(0.000)	(0.000)	(0.000)
Tenure in corporate boards				0.011	0.011	0.010
				(0.000)	(0.000)	(0.000)
Media Experience (0/1)				1.052	1.063	1.059
				(0.014)	(0.014)	(0.014)
Finance Experience (0/1)				-0.212	-0.221	-0.240
				(0.001)	(0.001)	(0.001)
Industry Experience (0/1)				-0.730*	-0.727*	-0.715*
				(0.003)	(0.003)	(0.003)
Director conservatism score				-0.565*	-0.566*	-0.567*
				(0.002)	(0.002)	(0.002)
Overboarded director (0/1)				-1.397**	-1.390**	-1.391**
				(0.009)	(0.009)	(0.009)
N	44,696	44,696	44,696	11,265	11,265	11,265
Within adjusted R^2	0.031	0.031	0.031	0.045	0.045	0.046
Firm FE and Year FE	Yes	Yes	Yes	Yes	Yes	Yes

TABLE 3

Charity Director Appointments and the Reach, Severity, and Novelty of Past ESG Incidents

This table examines the significance of incident reach, severity, and novelty in relation to the subsequent appointments of charity directors. Columns 1–4 use the firm-year sample, where the dependent variable is an indicator that equals 1 if the firm appoints charity directors in a given year. Columns 5–8 use the announcement sample, where the dependent variable is an indicator that equals 1 if the director being appointed possesses charity experience. The variables of interest are one-year lagged indicators for the characteristics of ESG incidents. Specifically, *High-reach (-severity, -novelty) incidents (0/1)* equals 1 when the firm experiences high-reach (-severity, -novelty) incidents in a given year. We employ the same set of one-year lagged board controls as presented in Table 2: log board size, board independence, board gender ratio, board succession factor, an indicator for existing charity director on the board, combined CEO-chair, board conservatism score, indicators for existing directors with other types of experiences (media, finance, and industry), and institutional ownership; and the same set of one-year lagged firm financial controls: firm size, book-to-market ratio, leverage, ROA, dividend (including an indicator for missing value in dividend), and SG&A (including an indicator for missing value in SG&A expenses). For columns 5–8, we also include director-level controls: log age, gender, doctorate degree, MBA degree, tenure in corporate boards, indicators for other types of experiences (media, finance, and industry), director conservatism score, and an indicator for director overboarding. Firm fixed effects and year fixed effects are included in all columns. Standard errors, reported in parentheses, are clustered at the firm level. Reported coefficients and standard errors are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New charity director (0/1)							
	Firm-year level				Announcement level			
	1	2	3	4	5	6	7	8
High-reach incidents (0/1)	1.084**			1.224***	2.666**			2.540**
	(0.005)			(0.005)	(0.029)			(0.027)
High-severity incidents (0/1)		0.537		0.485		-0.105		-0.245
		(0.005)		(0.004)		(0.002)		(0.004)
High-novelty incidents (0/1)			-0.165	-0.393			0.864	0.447
			(0.000)	(0.001)			(0.006)	(0.003)
N	44,696	44,696	44,696	44,696	11,265	11,265	11,265	11,265
Within adjusted R^2	0.031	0.031	0.031	0.031	0.046	0.045	0.045	0.046
Board controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	No	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE 4

Charity Director Appointments and Past Incidents in E, S, and G

This table further distinguishes incidents based on three dimensions: environmental (E), social (S), and governance (G), and examines the relationship between these incidents in year $t-1$ and the appointments of charity directors in year t. All observations used in this table are conditional on there being more than 0 incidents in year $t-1$. Columns 1–4 use the firm-year sample, where the dependent variable is an indicator that equals 1 if the firm appoints charity directors in a given year. Columns 5–8 use the announcement sample, where the dependent variable is an indicator that equals 1 if the director being appointed possesses charity experience. Panel A relies on RepRisk's categorization of the media reach of incidents. The variables of interest, *High-reach E (S, G) incidents (0/1)*, are one-year lagged indicators that equal 1 if a firm experiences high-reach environmental (social, governance) incidents in a given year. Panel B employs the market reaction to ESG incidents to measure their impact. *High-impact E (S, G) incidents (0/1)* equals 1 if, for the firm in a given year, the total abnormal return related to environmental (social, governance) incidents is among the lowest 20% of the sample. The total abnormal return related to ESG incidents is calculated as the sum of the abnormal returns on incident days during a given year, excluding days that coincide with M&A announcements and earnings announcements. We use the same set of one-year lagged board controls as presented in Table 2: log board size, board independence, board gender ratio, board succession factor, an indicator for existing charity director on the board, combined CEO-chair, board conservatism score, indicators for existing directors with other types of experiences (media, finance, and industry), and institutional ownership. Additionally, we include the same set of one-year lagged firm financial controls: firm size, book-to-market ratio, leverage, ROA, dividend (including an indicator for missing value in dividend), and SG&A (including an indicator for missing value in SG&A expenses). For columns 5–8, we also add director-level controls: log age, gender, doctorate degree, MBA degree, tenure on corporate boards, other types of experiences (media, finance, and industry), director conservatism score, and an indicator for director overboarding. Firm fixed effects and year fixed effects are included in all columns. Standard errors, reported in parentheses, are clustered at the firm level. Reported coefficients and standard errors are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New charity director (0/1)							
	Firm-year level				Announcement level			
	1	2	3	4	5	6	7	8
Panel A: High-Reach Incidents, Defined by RepRisk								
High-reach E incidents (0/1)	-0.027			-0.554	-0.858			-2.240
	(0.000)			(0.004)	(0.015)			(0.040)
High-reach S incidents (0/1)		1.253**		1.353**		3.726**		3.837**
		(0.008)		(0.009)		(0.060)		(0.066)
High-reach G incidents (0/1)			0.264	0.155			2.267	1.846
			(0.002)	(0.001)			(0.032)	(0.028)
N	9,161	9,161	9,161	9,161	2,811	2,811	2,811	2,811
Within adjusted R^2	0.025	0.026	0.025	0.026	0.053	0.057	0.054	0.057
Board controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	No	Yes	Yes	Yes	Yes
Firm FE and Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: High-Impact Incidents, Defined by Stock Market Reactions to Incidents								
High-impact E incidents (0/1)	0.798			0.539	-0.697			-1.819
	(0.004)			(0.003)	(0.009)			(0.025)
High-impact S incidents (0/1)		0.927*		0.756		2.376**		3.322**
		(0.005)		(0.004)		(0.028)		(0.046)
High-impact G incidents (0/1)			0.123	-0.070			-1.088	-1.073
			(0.001)	(0.000)			(0.015)	(0.015)
N	9,161	9,161	9,161	9,161	2,811	2,811	2,811	2,811
Within adjusted R^2	0.026	0.026	0.025	0.026	0.053	0.055	0.054	0.048
Board controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	No	Yes	Yes	Yes	Yes
Firm FE and Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE 5

Market Reaction to New Charity Director Appointments

This table examines the relationship between the abnormal stock return on the announcement day of director appointments and the appointed director's charity experience. The analysis uses the announcement sample for this test. Columns 1–3 report results for appointments at firms that experienced ESG incidents in the preceding year, while columns 4–6 report results for appointments at firms without ESG incidents in the preceding year. The dependent variable in each specification is the firm's abnormal stock return on the director appointment announcement day. As indicated in the respective columns, abnormal returns are estimated using three models: the CAPM model, the Fama–French three-factor (FF3) model, and the Fama–French three-factor plus momentum (FF3 + Mom.) model. The variable of interest, *Charity experience (0/1)*, is a dummy variable equal to 1 if the appointed director possesses charity experience. Control variables are identical to those in columns 3–6 of Table 2. Additionally, we include a dummy variable indicating whether the new director replaces a departing director whose departure is announced on the same day. Firm fixed effects and year fixed effects are included in all specifications. Standard errors, reported in parentheses, are clustered at the firm level. Reported coefficients and standard errors are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	Appointment announcement-day returns					
	After incidents			Not after incidents		
	CAPM	FF3	FF3 + Mom.	CAPM	FF3	FF3 + Mom.
	1	2	3	4	5	6
Charity experience (0/1)	0.931**	0.698**	0.626*	-0.347	-0.478	-0.361
	(0.004)	(0.002)	(0.002)	(0.002)	(0.003)	(0.002)
Log board size	-1.994*	-1.989*	-2.219**	-0.681	-0.712	-0.687
	(0.021)	(0.021)	(0.022)	(0.006)	(0.006)	(0.006)
Board independence	3.531	4.000	3.724	2.362	2.458*	3.107**
	(0.101)	(0.112)	(0.103)	(0.034)	(0.033)	(0.043)
Board gender ratio	1.153	0.858	0.645	1.308	1.538	1.793
	(0.023)	(0.016)	(0.012)	(0.019)	(0.023)	(0.027)
Board succession factor	1.452	1.354	2.170	0.656	0.857	1.057
	(0.025)	(0.021)	(0.034)	(0.007)	(0.009)	(0.011)
Existing charity directors on board (0/1)	1.002***	0.757***	0.723***	-0.960**	-1.043***	-1.103***
	(0.003)	(0.002)	(0.002)	(0.004)	(0.004)	(0.004)
CEO is Chair (0/1)	0.114	0.066	0.092	0.207	0.140	0.125
	(0.000)	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)
Institutional ownership	1.065	0.871	1.062	-0.355	-0.400	-0.274
	(0.009)	(0.007)	(0.008)	(0.004)	(0.004)	(0.003)
Firm size	0.470	0.542	0.406	-0.003	0.123	0.205
	(0.002)	(0.002)	(0.002)	(0.000)	(0.000)	(0.001)
Log age	-0.903	-1.208	-1.165	0.273	0.122	0.134
	(0.009)	(0.011)	(0.011)	(0.002)	(0.001)	(0.001)
Male	0.003	0.006	0.029	0.108	0.109	0.155
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Doctorate	-0.444	-0.336	-0.073	-0.749**	-0.768***	-0.796***
	(0.001)	(0.001)	(0.000)	(0.002)	(0.002)	(0.002)
MBA	-0.147	-0.089	0.016	0.091	0.123	0.131
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Tenure in corporate boards	-0.003	0.001	-0.003	0.004	0.007	0.006
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Replacement (0/1)	-0.125	-0.264	-0.152	0.170	0.158	0.150
	(0.000)	(0.001)	(0.000)	(0.000)	(0.000)	(0.000)
Media Experience (0/1)	-0.265	-0.079	-0.034	0.611	0.435	0.246
	(0.001)	(0.000)	(0.000)	(0.008)	(0.005)	(0.003)
Finance Experience (0/1)	0.120	0.129	0.096	-0.008	0.003	-0.026
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Industry Experience (0/1)	0.154	0.208	0.129	0.029	-0.013	0.032
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Exist media directors (0/1)	0.027	-0.003	-0.002	0.728	0.844	0.780
	(0.000)	(0.000)	(0.000)	(0.005)	(0.006)	(0.006)
Exist finance directors (0/1)	-0.123	-0.159	-0.301	0.156	0.648	0.686
	(0.001)	(0.001)	(0.001)	(0.001)	(0.004)	(0.004)
Exist industry directors (0/1)	0.051	-0.135	0.375	0.606	0.649	0.878
	(0.000)	(0.001)	(0.004)	(0.006)	(0.006)	(0.008)
Director conservatism score	-0.102	-0.107	-0.160	0.151	0.210	0.193
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Board Conservatism Score	-0.995	-0.968	-1.089	-0.462	-0.499	-0.362
	(0.009)	(0.009)	(0.009)	(0.004)	(0.004)	(0.003)
Overboarded director (0/1)	-0.254	-0.292	-0.289	0.495	0.441	0.463
	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
N	1,263	1,263	1,263	3,657	3,657	3,657
Within adjusted R^2	0.064	0.066	0.072	0.000	0.004	0.006
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes

TABLE 6

Market Reaction and the Salience of Experience and Skills in Biographies

This table examines the impact of the salience of relevant experience or skills on market reactions to director appointments following ESG incidents. Panel A examines the salience of charity experience among charity directors, and its association with market reactions when these charity directors are appointed after incidents. The salience of charity experience is measured by the percentage of charity-related words in the director's first biography released by the firm (see Table A18 for charity-related words). If this measure is above (below) the median value (1.98%) among all charity directors appointed after incidents, the director is classified as having high (low) salience of charity experience. Columns 1–3 include noncharity directors and charity directors with high-salience charity experience. Columns 4–6 include noncharity directors and charity directors with low-salience charity experience. The variable of interest, *Charity experience (0/1)*, is an indicator that equals 1 if the appointed director possesses charity experience. We use the same set of control variables as in Table 5. Panel B focuses on the salience of nonprofit-specific skill sets of noncharity directors, and uses appointments of noncharity directors following ESG incidents in our announcement sample. The salience of nonprofit skill sets is measured by the percentage of nonprofit-specific skill terms in the director's first biography released by the firm. The variable of interest, *High-salience nonprofit skill sets (0/1)*, is an indicator that equals 1 if the percentage of nonprofit skill terms in the director's biography is above the sample median (1.15%). See Table A23 for the list of nonprofit skill terms. The dependent variables are the abnormal stock returns of the firm on the announcement day when a director is appointed. As specified in each column, abnormal returns are estimated by three models: the CAPM model, the Fama–French three-factor (FF3) model, and the Fama–French three-factor plus momentum (FF3 + Mom.) model. We use the same set of control variables as in Table 5. Firm fixed effects and year fixed effects are included in all tests in both panels. Standard errors, reported in parentheses, are clustered at the firm level. Reported coefficients and standard errors are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A: The Salience of Charity Experience in the Biographies of Charity Directors

	Announcement-day returns of charity director appointments after incidents					
	High-salience charity experience			Low-salience charity experience		
	CAPM	FF3	FF3 + Mom.	CAPM	FF3	FF3 + Mom.
	1	2	3	4	5	6
Charity experience (0/1)	1.367**	1.006**	0.901*	0.119	0.148	0.081
	(0.008)	(0.005)	(0.005)	(0.000)	(0.000)	(0.000)
N	1,242	1,242	1,242	1,239	1,239	1,239
Within adjusted R^2	0.065	0.066	0.074	0.057	0.055	0.062
Board & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Panel B: The Salience of Nonprofit Skill Sets in the Biographies of Noncharity Directors

	Announcement-day returns of noncharity director appointments after incidents		
	CAPM	FF3	FF3 + Mom.
	1	2	3
High-salience nonprofit skill sets (0/1)	0.270	0.389*	0.416*
	(0.001)	(0.001)	(0.001)
N	1,218	1,218	1,218
Within adjusted R^2	0.059	0.063	0.072
Board & Firm controls	Yes	Yes	Yes
Director controls	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes

TABLE 7

IV Analysis: Charity Director Appointments and Future Incidents (1-Year Horizon)

This table reports the IV estimates for the impact of charity director appointments on the number of incidents in the following year, using a FE Poisson control-function estimation approach. Our instrument, *High charity director supply (0/1)*, is an indicator that equals 1 if, for the firm in a given year, the number of active charitable organizations within a 100-mile radius of the firm's headquarters ranks among the top 10% in the sample. Column 1 reports the first-stage results, estimating the relationship between having a high supply of charity directors and the probability of appointing charity directors. The sample includes firm-year observations that experienced ESG incidents in year $t-1$, with year t denoting potential charity director appointments. Observations in which charity director appointments occur during the outcome window are excluded. The dependent variables for columns 2–7 are the number of incidents in year $t+1$, the year following potential charity director appointments. Columns 2–7 present the second-stage estimates on various categories of incidents. The variable of interest is *New charity director (0/1)*, which equals 1 if the firm appoints new directors with charity experience in year t. In all panels, we control for charity director departures, prior incidents, new director appointments, log board size, board independence, board gender ratio, board succession factor, combined CEO-chair, board conservatism score, indicators for the presence of directors with other types of experiences (media, finance, and industry), institutional ownership, firm size, book-to-market ratio, leverage ratio, ROA, dividends (including an indicator for missing value in dividends), and SG&A (including an indicator for missing value in SG&A expenses), all measured in year t, contemporaneous with the potential charity director appointment. We also control for the presence of existing charity directors on the board in year $t-1$ in all panels. In Panel B, we additionally control for local economic factors, including population density, per capita income, and the unemployment rate of the county where the firm's headquarters is located. In Panel C, we further control for the local supply of corporate directors, measured by the number of public firms headquartered within a 100-mile radius of the firm's headquarters, excluding those in the same four-digit SIC industry. All models include firm fixed effects and year fixed effects. Standard errors, reported in parentheses, are bootstrapped and clustered at the firm level. F-statistics are reported for the first stage. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	First-stage	All issues	Emissions & resource use	Community	Workforce	Product responsibility	Transparency
	1	2	3	4	5	6	7
Panel A: Baseline IV results							
New charity director (0/1)		-0.240	-4.467**	-1.509	-6.809***	-1.429	-2.240
		(1.581)	(2.167)	(2.487)	(2.552)	(2.672)	(3.378)
High charity director supply (0/1)	0.029**						
	(0.013)						
N	7,351	7,176	7,176	7,176	7,176	7,176	7,176
F-statistics	14.870						
Pseudo R^2		0.680	0.654	0.588	0.516	0.627	0.437
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: Control for local economic characteristics							
New charity director (0/1)		0.300	-2.646	-0.712	-5.879**	-1.667	-2.235
		(1.492)	(2.243)	(2.153)	(2.587)	(2.450)	(2.847)
High charity director supply (0/1)	0.032**						
	(0.013)						
Population density	-0.142*	-0.768**	-1.424***	-0.579	-1.222**	-0.023	-0.151
	(0.078)	(0.380)	(0.473)	(0.379)	(0.549)	(0.643)	(0.754)
Per capita income	-0.008	-0.079	0.450**	0.239	-0.052	-0.249	-0.005
	(0.047)	(0.177)	(0.210)	(0.211)	(0.287)	(0.307)	(0.310)
Unemployment Rate	-0.002	0.012	0.002	0.009	-0.000	-0.034	0.012
	(0.003)	(0.012)	(0.017)	(0.021)	(0.018)	(0.022)	(0.024)
N	7,350	7,175	7,175	7,175	7,175	7,175	7,175
F-statistics	13.325						
Pseudo R^2		0.680	0.654	0.588	0.516	0.627	0.437
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel C: Control for local corporate director supply							
New charity director (0/1)		-0.192	-3.372	-0.982	-7.034**	-1.194	-1.909
		(1.709)	(2.232)	(2.631)	(2.848)	(2.884)	(3.571)
High charity director supply (0/1)	0.027**						
	(0.013)						
Local director supply	-0.019	0.018	0.341***	0.147	-0.061	0.104	0.121
	(0.023)	(0.111)	(0.117)	(0.146)	(0.186)	(0.156)	(0.194)
N	7,351	7,176	7,176	7,176	7,176	7,176	7,176
F-statistics	14.278						
Pseudo R^2		0.680	0.654	0.588	0.516	0.627	0.437
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE 8

IV Analysis: Charity Director Appointments and Future Incidents (2-Year Horizon)

This table reports the IV estimates for the impact of charity director appointments on the number of incidents over the two-year horizon that follows, using a FE Poisson control-function approach. Our instrument, *High charity director supply (0/1)*, is an indicator that equals 1 if, for the firm in a given year, the number of active charitable organizations within a 100-mile radius of the firm's headquarters ranks among the top 10% in the sample. Column 1 reports the first-stage results, estimating the relationship between having a high supply of charity directors and the probability of appointing charity directors. Similar to the baseline analysis in Table 7, we use observations with ESG incidents in year $t-1$, denoting the year of potential charity director appointments as year t. The dependent variables for columns 2–7 are the average number of incidents from year $t+1$ to year $t+2$. Columns 2–7 present the second-stage estimates on various categories of incidents. Observations in which charity director appointments occur during the outcome window are excluded. The variable of interest is *New charity director (0/1)*, which equals 1 if the firm appoints new directors with charity experience in year t. In all panels, we use the same set of control variables that correspond to those in each panel of Table 7. All models include firm fixed effects and year fixed effects. Standard errors, reported in parentheses, are bootstrapped and clustered at the firm level. F-statistics are reported for the first stage. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	First-stage	All issues	Emissions & resource use	Community	Workforce	Product responsibility	Transparency
	1	2	3	4	5	6	7
Panel A: Baseline IV results							
New charity director (0/1)		-0.079	-6.744***	-3.790*	-4.062*	0.012	-1.979
		(1.464)	(2.121)	(2.278)	(2.381)	(2.388)	(2.896)
High charity director supply (0/1)	0.029**						
	(0.013)						
N	7,351	5,932	5,932	5,932	5,932	5,932	5,932
F-statistics	14.870						
Pseudo R^2		0.704	0.679	0.618	0.534	0.644	0.457
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: Control for local economic characteristics							
New charity director (0/1)		0.712	-4.286**	-2.325	-3.170	0.025	-1.570
		(1.446)	(2.038)	(2.321)	(1.979)	(2.767)	(2.264)
High charity director supply (0/1)	0.032**						
	(0.013)						
Population density	-0.142*	-0.742**	-1.539***	-1.015**	-0.894	0.298	-0.387
	(0.078)	(0.342)	(0.475)	(0.516)	(0.578)	(0.646)	(0.597)
Per capita income	-0.008	0.100	0.685***	0.327*	0.074	0.151	0.117
	(0.047)	(0.160)	(0.157)	(0.196)	(0.241)	(0.313)	(0.301)
Unemployment Rate	-0.002	0.011	-0.008	0.005	-0.007	-0.038**	0.020
	(0.003)	(0.011)	(0.013)	(0.017)	(0.018)	(0.017)	(0.021)
N	7,350	5,931	5,931	5,931	5,931	5,931	5,931
F-statistics	13.325						
Pseudo R^2		0.704	0.679	0.618	0.534	0.645	0.457
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel C: Control for local corporate director supply							
New charity director (0/1)		0.012	-5.763**	-3.406	-3.986*	0.189	-1.308
		(1.595)	(2.293)	(2.522)	(2.357)	(2.562)	(2.987)
High charity director supply (0/1)	0.027**						
	(0.013)						
Local director supply	-0.019	0.032	0.287**	0.092	0.038	0.072	0.226
	(0.023)	(0.098)	(0.131)	(0.134)	(0.154)	(0.176)	(0.148)
N	7,351	5,932	5,932	5,932	5,932	5,932	5,932
F-statistics	14.278						
Pseudo R^2		0.704	0.679	0.618	0.534	0.644	0.458
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE 9

Director Appointment and Overboarding

This table examines the impact of director overboarding on the relationship between charity director appointments and past ESG incidents. Specifically, *Overboarded director (0/1)* equals 1 for overboarded directors, defined as those who hold five or more company directorships concurrently. Test specifications are identical to those of columns 3–6 of Table 2, with the exception that we add an interaction term between *Overboarded director (0/1)* and the respective incident measure. We employ the announcement sample to conduct the test. The dependent variable *New charity director (0/1)* is an indicator that equals 1 if the director being appointed possesses charity experience. Measures for past ESG incidents include *Incident (0/1)*, which is an indicator that takes the value of 1 if the firm experiences ESG incidents in a given year; *Highest RRI*, which is the peak value of the RepRisk Index that a firm reaches during a given year; and*Highest RRI among top 5% (0/1)*, an indicator that equals 1 if the highest RRI of the firm in a given year is among the top 5% of the firm-year sample. We employ the same set of control variables as in columns 3–6 of Table 2. Firm fixed effects and year fixed effects are included. Standard errors, reported in parentheses, are clustered at the firm level. Reported coefficients and standard errors are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New charity director (0/1)		
	1	2	3
Incidents (0/1)	1.722**		
	(0.013)		
Highest RRI		0.057**	
		(0.000)	
Highest RRI among top 5% (0/1)			3.655***
			(0.044)
Incidents (0/1) $\times$ Overboarded director (0/1)	-4.351***		
	(0.056)		
Highest RRI $\times$ Overboarded director (0/1)		-0.149***	
		(0.000)	
Highest RRI among top 5% (0/1) $\times$ Overboarded director (0/1)			-4.571**
			(0.099)
Overboarded director (0/1)	0.184	0.613	-0.771
	(0.001)	(0.005)	(0.005)
N	11,265	11,265	11,265
Within adjusted R^2	0.046	0.047	0.047
Board controls	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes
Director controls	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes

TABLE 10

IV Analysis: Charity Director Appointments, Overboarding, and Future Incidents

This table reports the IV estimates for the impact of charity director appointments and director overboarding on the number of incidents in the following year (Panel A) and over the two-year horizon that follows (Panel B), using a FE Poisson control-function estimation approach. Our instrument, *High charity director supply (0/1)*, is an indicator that equals 1 if, for the firm in a given year, the number of active charitable organizations within a 100-mile radius of the firm's headquarters ranks among the top 10% in the sample. Our variable of interest is *New charity director—Nonoverboarded (0/1)*, which equals 1 if, in year t, the firm appoints new directors with charity experience and at least one of the newly appointed charity directors is not overboarded. A director is defined as overboarded if holding five or more company directorships concurrently. Column 1 reports the first-stage results, estimating the relationship between having a high supply of charity directors and the probability of appointing nonoverboarded charity directors. Similar to Table 7, we use observations with ESG incidents in year $t-1$, denoting the year of potential charity director appointments as year t. Observations in which charity director appointments occur during the outcome window are excluded. The dependent variables for columns 2–7 are the number of incidents in year $t+1$ in Panel A, and the average number of incidents from year $t+1$ to year $t+2$ in Panel B. Columns 2–7 present the second-stage estimates on various categories of incidents. In all panels, we use the same set of control variables used in the baseline specification in Panel A of Table 7, with the addition of controlling for appointments of overboarded directors. All models include firm fixed effects and year fixed effects. Standard errors, reported in parentheses, are bootstrapped and clustered at the firm level. F-statistics are reported for the first stage. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	First-stage	All issues	Emissions & resource use	Community	Workforce	Product responsibility	Transparency
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Panel A: One-year horizon							
New charity director—Nonoverboarded (0/1)		-0.269	-4.687**	-1.538	-7.124***	-1.490	-2.361
		(1.661)	(2.274)	(2.630)	(2.659)	(2.806)	(3.545)
High charity director supply (0/1)	0.027**						
	(0.012)						
New charity director—Overboarded (0/1)	-0.051	-0.146	-0.319**	-0.084	-0.391*	-0.025	-0.173
	(0.034)	(0.131)	(0.158)	(0.225)	(0.232)	(0.266)	(0.257)
N	7,351	7,176	7,176	7,176	7,176	7,176	7,176
F-statistics	12.922						
Pseudo R^2		0.680	0.654	0.588	0.516	0.627	0.437
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: Two-year horizon							
New charity director—Nonoverboarded (0/1)		-0.102	-7.089***	-3.979*	-4.212*	0.040	-2.076
		(1.530)	(2.217)	(2.385)	(2.507)	(2.495)	(3.014)
High charity director supply (0/1)	0.027**						
	(0.012)						
New charity director—Overboarded (0/1)	-0.051	-0.137	-0.451***	-0.282	-0.152	0.095	-0.195
	(0.034)	(0.134)	(0.146)	(0.216)	(0.245)	(0.249)	(0.196)
N	7,351	5,932	5,932	5,932	5,932	5,932	5,932
F-statistics	12.922						
Pseudo R^2		0.704	0.679	0.618	0.534	0.644	0.457
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Appendix

A. Variable Definitions

Variable	Definition	Source
Director related variables		
New charity director (0/1)	Indicator variable that takes the value of 1 if this new independent director has charity experience and 0 otherwise.	BoardEx
Charity experience—board (0/1)	Indicator variable that equals 1 if the director has board experience in charities and 0 otherwise.	BoardEx
Charity experience—nonboard senior (0/1)	Indicator variable that equals 1 if the director has senior-level nonboard experience in charities, defined as positions with titles including any of the following keywords—President, CEO, CFO, COO, Chairman, Chairwoman, Chief of staff, Chief executive, Founder, Treasurer, Partner, Owner, Trustee, Head—and 0 otherwise.	BoardEx
Charity experience—high (0/1)	Indicator variable that equals 1 if the director has high-level experience in charities, defined as the union of board experience and senior-level onboard experience and 0 otherwise.	BoardEx
Charity experience—current (0/1)	Indicator variable that equals 1 if the director holds a current position in charities at the time of appointment and 0 otherwise.	BoardEx
Charity words (0/1)	Indicator variable that equals 1 if there are charity-related words in the director's biography. Biographies are extracted from SEC Form 8-K announcing the director's appointments or SEC proxy statements, whichever appears earlier. The list of charity words is presented in Table A18.	SEC Edgar
# Charity words	The number of charity-related words in the director's biography. Biographies are extracted from SEC Form 8-K announcing the director's appointments or SEC proxy statements, whichever appears earlier.	SEC Edgar
% Charity words	The proportion of charity-related words relative to the length of the biography. Biographies are extracted from SEC Form 8-K announcing the director's appointments or SEC proxy statements, whichever appears earlier.	SEC Edgar
High- (Low)-salience charity experience (0/1)	Indicator variable that equals 1 if the percentage of charity words in the director's biography is above (below) the median value among all charity directors appointed after incidents.	SEC Edgar
ESG words (0/1)	Indicator variable that equals 1 if there are ESG-related words in the director's biography. Biographies are extracted from SEC Form 8-K announcing the director's appointments or SEC proxy statements, whichever appears earlier. The list of ESG words is presented in Table A20.	SEC Edgar
# ESG words	The number of ESG-related words in the director's biography. Biographies are extracted from SEC Form 8-K announcing the director's appointments or SEC proxy statements, whichever appears earlier.	SEC Edgar

% ESG words	The proportion of ESG-related words relative to the length of the biography. Biographies are extracted from SEC Form 8-K announcing the director's appointments or SEC proxy statements, whichever appears earlier.	SEC Edgar
High- (Low)-salience ESG words (0/1)	Indicator variable that equals 1 if the percentage of ESG-related words in the director's biography is above (below) the median value among all directors appointed after incidents.	SEC Edgar
Nonprofit skill terms (0/1)	Indicator variable that equals 1 if there are nonprofit-specific skill terms in the director's biography. Biographies are extracted from SEC Form 8-K announcing the director's appointments or SEC proxy statements, whichever appears earlier. The list of nonprofit skill terms is presented in Table A23.	SEC Edgar
# Nonprofit skill terms	The number of nonprofit-specific skill terms in the director's biography. Biographies are extracted from SEC Form 8-K announcing the director's appointments or SEC proxy statements, whichever appears earlier.	SEC Edgar
% Nonprofit skill terms	The proportion of nonprofit-specific skill terms relative to the length of the biography. Biographies are extracted from SEC Form 8-K announcing the director's appointments or SEC proxy statements, whichever appears earlier.	SEC Edgar
High- (Low)-salience nonprofit skill sets (0/1)	Indicator variable that equals 1 if the percentage of nonprofit-specific words in the director's biography is above (below) the median value among all directors appointed after incidents.	SEC Edgar
Log age	Natural logarithm of the director's age.	BoardEx
Male (0/1)	Indicator variable that takes the value of 1 if the director is a male and 0 otherwise.	BoardEx
Doctorate (0/1)	Indicator variable that takes the value of 1 if the director holds a qualification with a name containing any of the following keywords: PhD, doctorate, doctor, doctoral, and 0 otherwise.	BoardEx
MBA (0/1)	Indicator variable that takes the value of 1 if the director holds a qualification with a name containing "MBA", and 0 otherwise.	BoardEx
Tenure in corporate boards	The accumulated time (years) that a director has served on boards of public and private companies.	BoardEx
Current number of directorships	The sum of the total current number of listed boards sitting on, the total current number of unlisted boards sitting on, and the total current number of other boards sitting on.	BoardEx
Audit committee member (0/1)	Indicator variable that takes the value of 1 if the director sits in the audit committee in the year and 0 otherwise.	BoardEx
Compensation committee member (0/1)	Indicator variable that takes the value of 1 if the director sits in the compensation committee in the year and 0 otherwise.	BoardEx
Nomination committee member (0/1)	Indicator variable that takes the value of 1 if the director sits in the nomination committee in the year and 0 otherwise.	BoardEx
ESG committee member (0/1)	Indicator variable that takes the value of 1 if the director sits in ESG-related committees in the year and 0 otherwise. ESG-related committees are defined as committees with names containing any of the following keywords: CSR, ESG, environ*, social, or sustain*.	BoardEx

Overboarded director (0/1)	Indicator variable that takes the value of 1 if the director holds five or more concurrent company directorships (including the one of interest).	BoardEx
Media experience (0/1)	Indicator variable that takes the value of 1 if this director has experience in board or senior-level roles in media firms. The definition for media firms follows Di Giuli and Laux (2022).	BoardEx
Finance experience (0/1)	Indicator variable that takes the value of 1 if this director has experience in major banks, investment firms, large audit firms, or senior-level finance-related roles.	BoardEx
Industry experience (0/1)	Indicator variable that takes the value of 1 if this director has experience in board or senior-level roles in firms with the same Fama-French 12 industry classification.	
Director conservatism score	The contributor CFScore of the individual in the DIME database.	DIME
Board related variables		
Charity director presence (0/1)	Indicator variable that takes the value of 1 if a firm has independent directors with charity experience on its board and 0 otherwise.	BoardEx
% of charity directors	Number of independent directors with charity experience scaled by board size.	BoardEx
New charity director (0/1)	Indicator variable that takes the value of 1 if a firm appoints at least one new independent director with charity experience to the board in a given year and 0 otherwise.	BoardEx
New charity director—Nonoverboarded (0/1)	Indicator variable that takes the value of 1 if a firm appoints at least one new non-executive director with charity experience to the board in a given year, and at least one of the newly appointed charity directors is not overboarded.	BoardEx
New charity director—Overboarded (0/1)	Indicator variable that takes the value of 1 if a firm appoints at least one new independent director with charity experience to the board in a given year, and all of the newly appointed charity directors are overboarded.	BoardEx
Charity director left (0/1)	Indicator variable that takes the value of 1 if at least one independent director with charity experience leaves the board in a given year and 0 otherwise.	BoardEx
Existing charity directors on board (0/1)	Indicator variable that takes the value of 1 if the firm had existing charity directors before the potential new charity director appointment of interest and 0 otherwise.	BoardEx
New director appointment (0/1)	Indicator variable that takes the value of 1 if the firm appoints at least one new director to the board and 0 otherwise.	BoardEx
Log board size	Natural logarithm of the number of directors.	BoardEx
Board gender ratio	The proportion of male directors.	BoardEx
Board independence	The proportion of independent directors.	BoardEx
Board succession factor	Measurement of the clustering of directors around retirement age.	BoardEx
CEO is chair (0/1)	Indicator variable that takes the value of 1 if the CEO is also the chairman of the board and 0 otherwise.	BoardEx
Institutional ownership	Fraction of shares outstanding held by institutional investors.	Thomson 13F

Replacement (0/1)	Indicator variable for director appointment announcements. It takes the value of 1 if this is the only director appointment announcement made by the firm and there is one director departure announcement made by the firm on the same day and 0 otherwise.	BoardEx
High charity director supply (0/1)	Indicator variable that takes the value of 1 if the firm falls within the top 10% of the sample, ranked by the number of active charitable organizations in a 100-mile radius of the firm's headquarters and 0 otherwise.	NCCS IRS Business Master File
Population density	Log of population density of the county where the firm headquarters is located.	U.S. Census Bureau
Per capita income	Natural logarithm of the per capita income of the county where the firm headquarters is located.	U.S. Bureau of Economic Analysis
Unemployment rate	The unemployment rate of the county where the firm headquarters are located.	U.S. Bureau of Labor Statistics
Local director supply	Natural logarithm of the number of public firms headquartered within 100 miles of the firm's headquarter, excluding firms in the same four-digit SIC industry.	Compustat
Existing media directors (0/1)	Indicator variable that takes the value of 1 if the firm had existing directors with media experience and 0 otherwise.	BoardEx
Existing finance directors (0/1)	Indicator variable that takes the value of 1 if the firm had existing directors with finance experience and 0 otherwise.	BoardEx
Existing industry directors (0/1)	Indicator variable that takes the value of 1 if the firm had existing directors with industry-specific experience and 0 otherwise.	BoardEx
Board conservatism score	The average political conservatism score of all directors on the board.	DIME
ESG incidents and ESG outcomes variables		
Incident (0/1)	Indicator variable that takes the value of 1 if the firm experiences ESG incidents during a given year and 0 otherwise.	RepRisk
Number of incidents	The number of ESG incidents of the firm in a given year.	RepRisk
Highest RRI	The peak value of the RepRisk Index the firm reached during a given year.	RepRisk
Highest RRI among top 5% (0/1)	Indicator variable that takes the value of 1 if *Highest RRI* is among the top 5% of the firm-year sample, and 0 otherwise.	RepRisk
High-reach incident (0/1)	Indicator variable that takes the value of 1 if the firm experiences high-reach ESG incidents during a given year and 0 otherwise.	RepRisk
High-severity incident (0/1)	Indicator variable that takes the value of 1 if the firm experiences high-severity ESG incidents during a given year and 0 otherwise.	RepRisk
High-novelty incident (0/1)	Indicator variable that takes the value of 1 if the firm experiences high-novelty ESG incidents during a given year and 0 otherwise.	RepRisk
High-reach E incident (0/1)	Indicator variable that takes the value of 1 if the firm experiences high-reach environmental incidents during a given year and 0 otherwise.	RepRisk
High-reach S incident (0/1)	Indicator variable that takes the value of 1 if the firm experiences high-reach social incidents during a given year and 0 otherwise.	RepRisk

High-reach G incident (0/1)	Indicator variable that takes the value of 1 if the firm experiences high-reach governance incidents during a given year and 0 otherwise.	RepRisk
Total abnormal returns of ESG incidents	For each firm-year, the sum of abnormal returns on days of incidents, excluding those that coincide with M&A announcements or earnings announcements.	RepRisk & CRSP
High-impact E incident (0/1)	Indicator variable that takes the value of 1 if the total abnormal returns of environmental incidents experienced by a firm in a given year is among the lowest 20% of the sample and 0 otherwise.	RepRisk & CRSP
High-impact S incident (0/1)	Indicator variable that takes the value of 1 if the total abnormal returns of social incidents experienced by a firm in a given year is among the lowest 20% of the sample and 0 otherwise.	RepRisk & CRSP
High-impact G incident (0/1)	Indicator variable that takes the value of 1 if the total abnormal returns of governance incidents experienced by a firm in a given year is among the lowest 20% of the sample and 0 otherwise.	RepRisk & CRSP
G-only incidents (0/1)	Indicator variable that takes the value of 1 if the firm experiences governance-only incidents during a given year and 0 otherwise. Governance-only incidents are those classified exclusively under the governance category by RepRisk.	RepRisk
High-reach G-only incidents (0/1)	Indicator variable that takes the value of 1 if the firm experiences governance-only high-reach incidents during a given year and 0 otherwise.	RepRisk
High-impact G-only incidents (0/1)	Indicator variable that takes the value of 1 if, for a firm in a given year, the total abnormal return related to governance-only incidents is among the lowest 20% of the sample, and 0 otherwise	RepRisk & CRSP
Emissions & resource use incidents	The firm's number of incidents on issues related to climate change, greenhouse gas emissions, and global pollution; local pollution; impacts on landscapes, ecosystems, and biodiversity; overuse and wasting of resources; waste issues; animal mistreatment; products (health and environmental issues); supply chain issues.	RepRisk
Community incidents	The firm's number of incidents on issues related to impacts on communities; local participation issues; social discrimination.	RepRisk
Workforce incidents	The firm's number of incidents on issues related to forced labor; child labor; freedom of association and collective bargaining; discrimination in employment; occupational health and safety issues; poor employment conditions.	RepRisk
Product responsibility incidents	The firm's number of incidents on issues related to animal mistreatment; controversial products and services; products (health and environmental issues); supply chain issues.	RepRisk
Transparency incidents	The firm's number of incidents on issues related to executive compensation issues; misleading communication.	RepRisk
Firm financial variables		
Firm size	Natural logarithm of the total assets of the firm.	CRSP/Compustat Merged (CCM)
Book-to-market ratio	Book value per share scaled by market value per share.	CCM

Leverage	The sum of long-term debt and debt in current liabilities scaled by total assets.	CCM
ROA	Net income scaled by total assets.	CCM
Dividend	Dividends scaled by total assets.	CCM
Dividend missing	Indicator variable that takes the value of 1 if dividends is missing in the CRSP/Compustat Merged Database, and 0 otherwise.	CCM
SG&A	Selling, general and administrative expense scaled by total assets.	CCM
SG&A missing	Indicator variable that takes the value of 1 if selling, general and administrative expense is missing in the CRSP/Compustat Merged Database and 0 otherwise.	CCM

Supplementary Material

A. Appendix Figures and Tables

FIGURE A1

Total Number of ESG Incidents by Year and by Issue

The figure plots the total number of ESG incidents per year for our sample of firms spanning from 2007 to 2021. It also illustrates the distribution of incidents across the environmental, social, governance, and multi-dimensional categories.

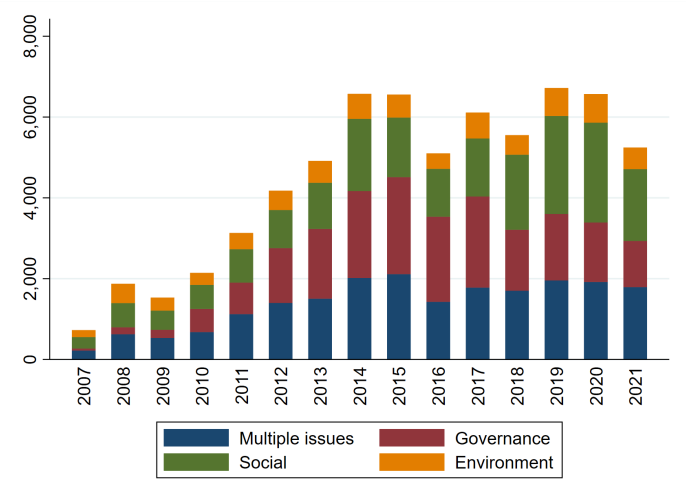

FIGURE A2

Total Number of ESG Incidents by Industry

The figure plots the total number of ESG incidents per industry from 2007 to 2021 for our sample of firms. It also illustrates the distribution of incidents across the environmental, social, governance, and multi-dimensional categories. RepRisk's methodology is grounded in major international standards for responsible business conduct. As a result, a significant portion of governance incidents overlaps with environmental and social dimensions. One example is the case of Activision Blizzard, one of the world's largest game companies, which faced a major lawsuit from California's Department of Fair Employment and Housing in July 2021 over a toxic "frat boy" workplace culture. The complaint alleged widespread sexual harassment, unequal pay, and discrimination against women, with claims of retaliation and even a suicide linked to workplace misconduct. RepRisk classifies this case under both the social and governance dimensions. For details, see Olivia Solon, "California sues Activision Blizzard over alleged sexual harassment and 'frat boy' culture", *NBC News*, July 23, 2021, `https://www.nbcnews.com/tech/video-games/california-sues-activision-blizzard-alleged-sexual-harassment-frat-boy-rcna1487`.

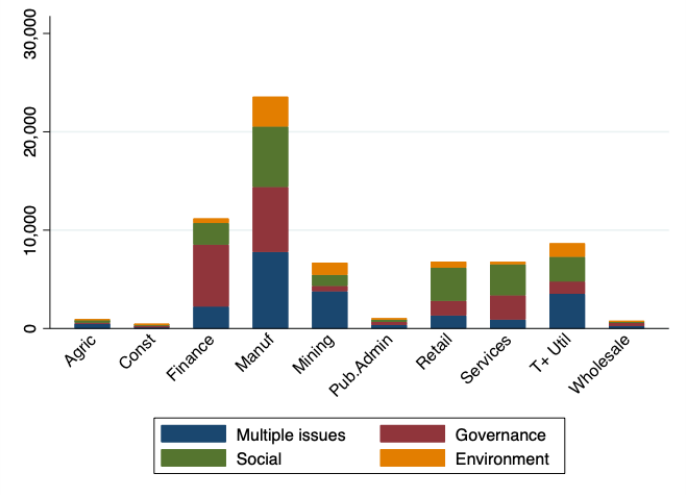

FIGURE A3

Top Nonprofit- and For-profit-Specific Terms

This figure shows the top 30 terms specific to each sector, identified by the difference in average TF-IDF scores in job postings between the nonprofit and for-profit sectors. Panel A reports the top terms for nonprofits; Panel B reports those for for-profits.

Figure A3-1: Nonprofit-Specific Terms

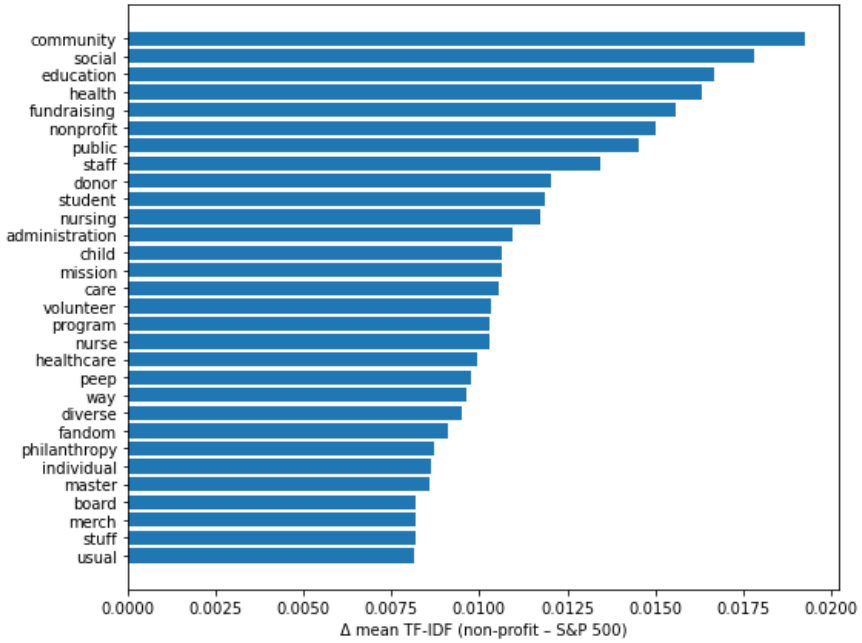

Figure A3-2: For-Profit-Specific Terms

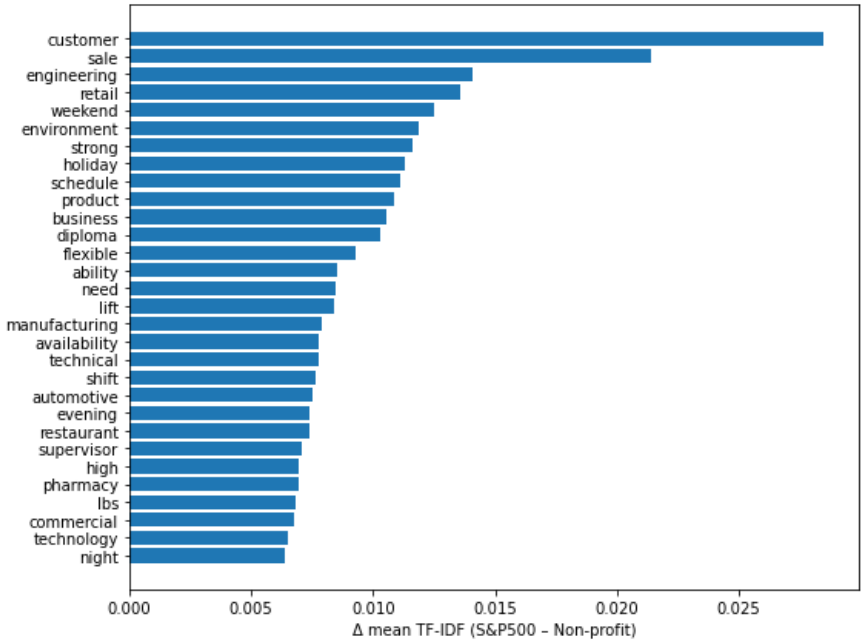

FIGURE A4

Propensity Score Overlapping in the Matched Sample

Using the matched sample, this figure plots the density of propensity scores for firms that appoint charity directors after ESG incidents and firms that do not make such appointments. The propensity scores are calculated using preappointment firm characteristics, including firm size, book-to-market ratio, institution ownership, board independence, combined CEO-chair, existing directors with media, finance, or industry experience, and board conservatism score. The matched sample is then constructed by pairing each observation from appointing firms with the 10 closest observations without replacement, from nonappointing firms.

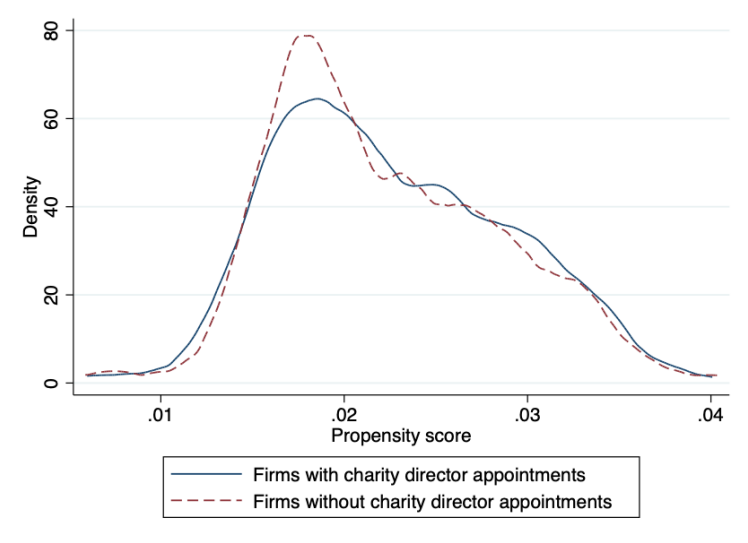

FIGURE A5

Committees Oversight of ESG Issues

This figure is reproduced from Ernst & Young (2021) and illustrates the distribution of board committees responsible for overseeing environmental sustainability or corporate social responsibility among Fortune 100 firms.

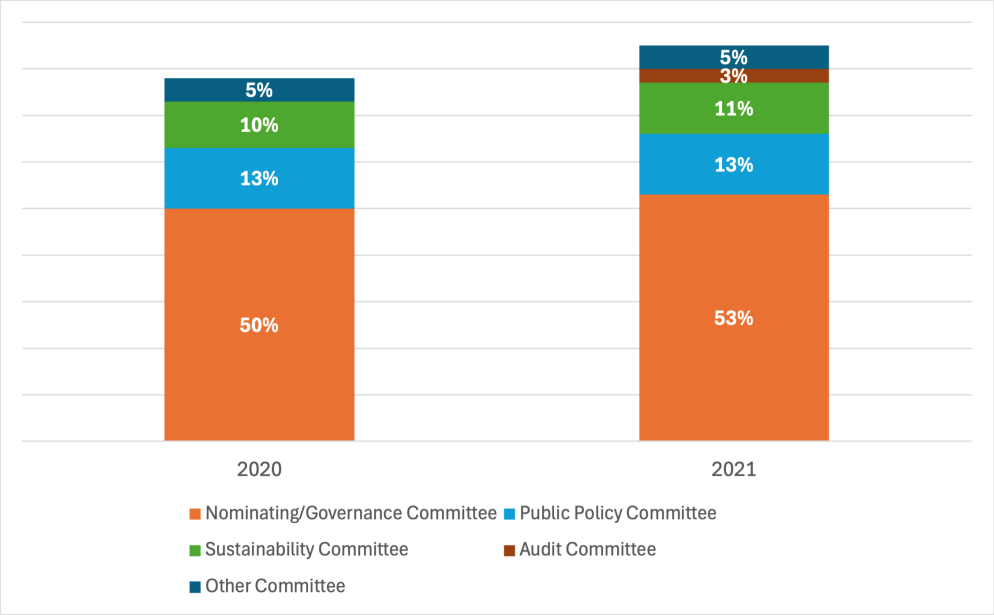

TABLE A1

Examples of Charities in Our Sample

This table reports the top 10 charities in our sample, ranked by the number of directors with experience at each respective charity. Charities are defined as organizations identified by the value "Charity" in the variable " OrgType," as classified by BoardEx.

Charity name	# of directors
Memorial Sloan-Kettering Cancer Center	26
Bill & Melinda Gates Foundation	23
American National Red Cross	13
American Cancer Society	12
Blue Shield of California	10
March of Dimes	10
Ford Foundation	9
Center for Strategic and International Studies	9
Rockefeller Foundation	9
JDRF (Juvenile Diabetes Research Foundation)	8

TABLE A2

Sample Construction and Sample Size by Year

This table reports the evolution of the number of observations and the number of firms throughout our sample construction process.

Year	BoardEx sample	Merged with CCM	Merged with RepRisk
2008	4,937	3,515	2,751
2009	4,719	3,353	3,260
2010	4,635	3,316	3,088
2011	4,669	3,391	3,121
2012	4,676	3,405	3,140
2013	4,901	3,487	3,203
2014	5,104	3,650	3,258
2015	5,178	3,636	3,385
2016	4,970	3,566	3,327
2017	5,041	3,585	3,285
2018	5,118	3,612	3,357
2019	5,259	3,663	3,427
2020	5,753	3,802	3,395
2021	4,014	3,054	2,699
Total # of firms	9,968	6,342	5,730
Total # of observations	69,071	49,035	44,696

TABLE A3

Sample Distribution by Industry

This table presents the distribution of SIC two-digit industries in our sample, alongside the statistics of key variables. Column 1 shows the number of firm-year observations by industry, and column 2 shows the percentage within the sample. Column 3 shows the average number of incidents per firm-year by industry. Columns 4, 5, and 6 report the percentage of firm-year observations with high-severity, high-reach, and high-novelty incidents by industry, respectively. Column 7 shows the average value of the highest RRI a firm reaches in a year. Column 8 shows the percentage of firm-year observations with charity directors on the board, and column 9 shows the average percentage of charity directors on the boards—that is, the ratio of the number of charity directors to the board size. Column 10 shows the percentage of firm-year observations with new charity director appointments.

Industry	# of obs.	% of obs.	# of incidents	% with high-severity incidents	% with high-reach incidents	% with high-novelty incidents	Highest RRI	% with charity director presence	% of charity directors	% with new charity directors
	1	2	3	4	5	6	7	8	9	10
Manufacturing	16,670	37.296	1.603	1.500	7.241	19.238	7.722	14.721	1.872	1.560
Finance, Insurance, Real Estate	11,882	26.584	1.021	0.993	5.378	12.363	4.898	18.448	2.124	1.560
Services	6,779	15.167	1.025	0.826	7.464	15.932	6.606	16.241	2.141	1.844
Transportation & Public Utilities	3,629	8.119	2.369	1.212	13.144	33.150	12.837	22.678	2.654	1.708
Mining	2,136	4.779	3.018	4.635	11.236	39.607	15.324	10.112	1.196	0.890
Retail Trade	1,660	3.714	4.654	3.675	15.000	33.916	13.669	21.988	2.655	1.687
Wholesale Trade	1,180	2.640	0.700	0.763	3.559	18.559	6.763	12.542	1.634	1.949
Construction	550	1.231	0.827	1.273	6.182	23.091	8.998	15.818	2.083	1.455
Public Administration	108	0.242	10.463	9.259	34.259	53.704	21.417	25.000	2.218	1.852
Agriculture, Forestry, Fishing	102	0.228	9.706	15.686	15.686	32.353	16.314	11.765	2.274	1.961
Total	44,696	100								

TABLE A4

Summary Statistics on the Incident Level

This table reports summary statistics on the types and characteristics of ESG incidents associated with firms covered in our sample. *Environment (0/1)*, *Social (0/1)* and *Governance (0/1)* are indicators that equal 1 if an incident is related to these categories, noting that an incident can belong to more than one category. *Severity* and *Reach* can take the values of 1, 2, and 3, with 3 denoting high-severity and high-reach incidents. *Novelty* can take the value of 1 and 2, with 2 denoting high-novelty incidents.

	Count	Mean	SD	p5	p50	p95
Environment (0/1)	75,686	0.326	0.469	0.000	0.000	1.000
Social (0/1)	75,686	0.511	0.500	0.000	1.000	1.000
Governance (0/1)	75,686	0.370	0.483	0.000	0.000	1.000
Severity	75,686	1.350	0.511	1.000	1.000	2.000
Reach	75,686	1.816	0.743	1.000	2.000	3.000
Novelty	75,686	1.373	0.484	1.000	1.000	2.000

TABLE A5

Summary Statistics of Board and Firm Characteristics

This table reports summary statistics of board characteristics and firm characteristics used as control variables in our analyses. *Board size* is the number of directors on the board. *Board independence* is the ratio of the number of independent directors to board size. *Board gender ratio* is the ratio of the number of male directors to board size. *Board succession factor* measures the clustering of directors around retirement age. *CEO is chair (0/1)* is an indicator that equals 1 if the CEO is also the chairperson of the board. *Existing media (finance, industry) director (0/1)* is an indicator that equals 1 if the firm had existing directors with media (finance, industry) experience. *Board conservatism score* is the average conservatism score of all directors on the board. *Institutional ownership* is the fraction of shares outstanding held by institutional investors. *Firm size* is the natural logarithm of the total assets of the firm. *Book-to-market ratio* is book value per share scaled by market value per share. *ROA* is the net income scaled by total assets. *Leverage* is the sum of long-term debt and debt in current liabilities scaled by total assets. *Dividend* is dividends scaled by total assets. *SG&A* is selling, general, and administrative expenses scaled by total assets. *Dividend (SG&A) missing (0/1)* is an indicator that equals 1 if dividends (SG&A expenses) are missing in the CRSP/Compustat Merged Database.

	Count	Mean	SD	p5	p50	p95
Board size	44,696	8.585	2.521	5.000	8.000	13.000
Board independence	44,696	0.702	0.162	0.429	0.727	0.900
Board gender ratio	44,696	0.876	0.115	0.667	0.875	1.000
Board succession factor	44,696	0.317	0.160	0.100	0.300	0.600
CEO is Chair (0/1)	44,696	0.411	0.492	0.000	0.000	1.000
Existing media director (0/1)	44,696	0.142	0.349	0.000	0.000	1.000
Existing finance director (0/1)	44,696	0.957	0.204	1.000	1.000	1.000
Existing industry director (0/1)	44,696	0.946	0.226	0.000	1.000	1.000
Board conservatism score	44,696	0.187	0.302	-0.306	0.175	0.714
Institutional ownership	44,696	0.597	0.317	0.021	0.673	1.000
Firm size	44,696	6.945	2.098	3.354	7.002	10.430
Book-to-market ratio	44,696	0.612	0.550	0.029	0.505	1.595
ROA	44,696	-0.034	0.229	-0.487	0.017	0.151
Leverage	44,696	0.234	0.226	0.000	0.179	0.681
Dividend	44,696	0.013	0.027	0.000	0.000	0.060
Dividend missing	44,696	0.003	0.054	0.000	0.000	0.000
SG&A	44,696	0.189	0.247	0.000	0.098	0.698
SG&A missing	44,696	0.171	0.377	0.000	0.000	1.000

TABLE A6

Characteristics of New Directors Appointed After ESG Incidents

This table reports the summary statistics of personal characteristics for new directors appointed after ESG incidents in Panel A, and their committee assignments in Panel B. Columns 1 and 2 show the mean value and standard deviation for all new directors, columns 3 and 4 report for new charity directors, while columns 5 and 6 report the same for new noncharity directors. Column 7 represents the difference in mean values between these two groups of new directors, with *, **, and *** indicating statistical significance at the 10%, 5%, and 1% levels, respectively. Column 8 is the standard error from the t-test for equality of means between these two groups. *Age* is the age of the director. *Male (0/1)* is an indicator where 1 denotes male gender. *MBA (0/1)* is an indicator that equals 1 if the director holds an MBA degree. *Doctorate (0/1)* is an indicator that equals 1 if the director holds a doctoral degree. *Current # of corporate directorships* is the total number of listed company boards and unlisted company boards that the director is currently serving. *Tenure in corporate boards* is the accumulated time (years) that the director has served on boards of public and private companies. *Director conservatism score* is the director's ideological conservatism score. *Media experience (0/1)* is an indicator that equals 1 if the director has prior board or senior-level experience in media firms. *Finance experience (0/1)* is an indicator that equals 1 if the director has prior employment in major banks, investment firms, large audit firms, or senior-level finance-related roles. *Industry experience (0/1)* is an indicator that equals 1 if the director has prior board or senior-level experience in firms within the same Fama-French 12 industry classification. *Number of committee memberships* specifies the number of committees that a director serves on the board in a given year. *Governance (Audit, Compensation, Nomination, ESG) committee member (0/1)* is an indicator that equals 1 if the director is a member of the Governance (or Audit, Compensation, Nomination, ESG) committee.

	All directors		Charity directors		Noncharity directors		Diff	
	Mean	SD	Mean	SD	Mean	SD	Diff.	s.e.
	1	2	3	4	5	6	7	8
Panel A: Director characteristics								
Age	57.659	7.833	58.529	7.385	57.635	7.845	0.895*	(0.523)
Male	0.684	0.465	0.583	0.494	0.687	0.464	-0.104***	(0.035)
MBA	0.378	0.485	0.335	0.473	0.379	0.485	-0.044	(0.033)
Doctorate degree	0.074	0.262	0.194	0.397	0.071	0.256	0.124***	(0.028)
Current # of corporate directorships	3.043	2.152	2.752	1.816	3.052	2.160	-0.299**	(0.129)
Tenure in corporate boards	11.138	9.315	11.927	10.046	11.116	9.293	0.812	(0.708)
Director conservatism score	0.100	0.654	-0.157	0.686	0.107	0.651	-0.264***	(0.048)
Media experience (0/1)	0.044	0.206	0.073	0.260	0.044	0.204	0.029	(0.018)
Finance experience (0/1)	0.439	0.496	0.359	0.481	0.441	0.497	-0.082**	(0.034)
Industry experience (0/1)	0.869	0.338	0.917	0.276	0.867	0.339	0.050**	(0.020)
Panel B: Director committee assignments								
Number of committees memberships	1.452	0.860	1.471	0.859	1.451	0.860	0.020	(0.061)
Governance committee member	0.294	0.455	0.393	0.490	0.291	0.454	0.102***	(0.035)
Audit committee member	0.443	0.497	0.345	0.476	0.446	0.497	-0.101***	(0.034)
Compensation committee member	0.309	0.462	0.291	0.455	0.309	0.462	-0.018	(0.032)
Nomination committee member	0.231	0.422	0.286	0.453	0.230	0.421	0.057*	(0.032)
ESG committee member	0.074	0.262	0.087	0.283	0.074	0.261	0.014	(0.020)
Observations	7467		206		7261		7467	

TABLE A7

Charity Director Appointments and Past ESG Incidents (Full Table)

This table presents the complete regression results corresponding to Table 2, which omits standard financial control variables for brevity. It examines the relationship between ESG incidents in year $t-1$ and the probability of charity director appointments in year t. Detailed variable definitions and model specifications are described in Table 2. Standard errors are reported in parentheses.

	New charity director (0/1)					
	Firm-year level			Announcement level		
	1	2	3	4	5	6
Incidents (0/1)	0.064			1.255*		
	(0.000)			(0.009)		
Highest RRI		0.007			0.041*	
		(0.000)			(0.000)	
Highest RRI among top 5% (0/1)			0.773*			3.014***
			(0.003)			(0.034)
Log board size	-1.706***	-1.709***	-1.709***	5.306***	5.282***	5.242***
	(0.010)	(0.010)	(0.010)	(0.085)	(0.085)	(0.084)
Board independence	-1.281	-1.294	-1.276	-1.223	-1.273	-1.143
	(0.013)	(0.014)	(0.013)	(0.031)	(0.033)	(0.029)
Board gender ratio	3.126**	3.141**	3.125**	-1.644	-1.692	-1.796
	(0.039)	(0.039)	(0.039)	(0.059)	(0.061)	(0.065)
Board succession factor	-0.445	-0.441	-0.438	-2.946	-2.948	-2.964
	(0.003)	(0.003)	(0.003)	(0.061)	(0.061)	(0.061)
Existing charity directors on board (0/1)	-10.172***	-10.171***	-10.179***	-13.369***	-13.403***	-13.446***
	(0.056)	(0.056)	(0.056)	(0.181)	(0.182)	(0.183)
CEO is Chair (0/1)	0.029	0.032	0.032	0.819	0.850	0.884
	(0.000)	(0.000)	(0.000)	(0.005)	(0.006)	(0.006)
Institutional ownership	-1.027**	-1.022**	-1.012**	0.206	0.219	0.310
	(0.005)	(0.005)	(0.005)	(0.003)	(0.003)	(0.004)
Firm size	0.492**	0.483**	0.480**	0.563	0.544	0.561
	(0.001)	(0.001)	(0.001)	(0.003)	(0.003)	(0.003)
Book-to-market ratio	0.026	0.026	0.029	-0.094	-0.091	-0.085
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Leverage	-0.489	-0.495	-0.490	-2.183	-2.118	-2.056
	(0.004)	(0.004)	(0.004)	(0.048)	(0.046)	(0.045)
ROA	-0.222	-0.217	-0.218	-0.480	-0.455	-0.464
	(0.001)	(0.001)	(0.001)	(0.009)	(0.008)	(0.009)
Dividend	-0.725	-0.758	-0.785	2.736	2.610	1.554
	(0.026)	(0.027)	(0.028)	(0.342)	(0.327)	(0.194)
Dividend missing	-0.458	-0.465	-0.447	0.624	0.377	0.059
	(0.008)	(0.008)	(0.007)	(0.009)	(0.005)	(0.001)
SG&A	-0.011	-0.017	-0.019	1.318	1.315	1.325
	(0.000)	(0.000)	(0.000)	(0.036)	(0.036)	(0.037)
SG&A missing	-1.126**	-1.133**	-1.131**	-2.602	-2.596	-2.540
	(0.005)	(0.005)	(0.005)	(0.042)	(0.042)	(0.041)
Existing media directors (0/1)	0.682	0.676	0.673	1.990*	2.025*	2.108*
	(0.003)	(0.003)	(0.003)	(0.023)	(0.024)	(0.025)
Existing finance directors (0/1)	0.387	0.389	0.389	2.214*	2.209*	2.184*
	(0.002)	(0.002)	(0.002)	(0.029)	(0.029)	(0.029)
Existing industry directors (0/1)	-0.162	-0.164	-0.164	-0.242	-0.275	-0.220
	(0.001)	(0.001)	(0.001)	(0.005)	(0.006)	(0.005)
Board Conservatism Score	1.048	1.051	1.055	3.282*	3.257*	3.274*
	(0.007)	(0.007)	(0.007)	(0.060)	(0.060)	(0.060)
Log age				4.251***	4.253***	4.271***
				(0.051)	(0.051)	(0.051)
Male				-2.476***	-2.481***	-2.467***
				(0.013)	(0.013)	(0.013)
Doctorate				3.067***	3.054***	3.051***
				(0.026)	(0.026)	(0.026)
MBA				-0.011	-0.027	-0.040
				(0.000)	(0.000)	(0.000)
Tenure in corporate boards				0.011	0.011	0.010
				(0.000)	(0.000)	(0.000)
Media Experience (0/1)				1.052	1.063	1.059
				(0.014)	(0.014)	(0.014)
Finance Experience (0/1)				-0.212	-0.221	-0.240
				(0.001)	(0.001)	(0.001)
Industry Experience (0/1)				-0.730*	-0.727*	-0.715*
				(0.003)	(0.003)	(0.003)
Director conservatism score				-0.565*	-0.566*	-0.567*
				(0.002)	(0.002)	(0.002)
Overboarded director (0/1)				-1.397**	-1.390**	-1.391**
				(0.009)	(0.009)	(0.009)
N	44,696	44,696	44,696	11,265	11,265	11,265
Within adjusted R^2	0.031	0.031	0.031	0.045	0.045	0.046
Firm FE and Year FE	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A8

Market Reactions to ESG Incidents

This table reports firms' abnormal stock returns on the day an ESG incident is reported. We focus on incidents classified as high-reach, high-severity, or high-novelty. Expected returns are estimated using the Fama-French three-factor plus momentum model. Abnormal returns are derived by subtracting expected returns from raw returns. Column 1 reports the number of incidents, and column 2 reports the average abnormal return for this category. Column 3 presents the difference in average abnormal returns between high-severity and high-novelty incidents relative to high-reach incidents, while column 4 reports the corresponding standard errors from the t-test for equality of means. Values of total abnormal returns are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	N 1	Mean 2	Diff. vs. high-reach 3	s.e. 4
High-reach incidents	12,667	-0.140***		
High-severity incidents	1,033	-0.024	0.116*	(0.070)
High-novelty incidents	23,940	-0.068***	0.072***	(0.027)

TABLE A9

Excluding Firms with No Incident Records

This table examines the robustness of the relationship between past ESG incidents and subsequent charity director appointments by excluding firms with no incident record throughout the sample period. Apart from the exclusion of firms without incident records, Panel A replicates the test specifications of Table 2, while Panel B replicates those of Table 3. In Panel A (B), the first three (four) columns use the firm-year sample, excluding firms with no incident record, and the dependent variable is an indicator that equals 1 if the firm appoints charity directors in a given year. The last three (four) columns use the announcement sample, excluding announcements made by firms without incident records, and the dependent variable is an indicator that equals 1 if the director being appointed possesses charity experience. In Panel A, the variables of interest are one-year lagged measures for ESG incidents. *Incident (0/1)* is an indicator that takes the value of 1 if the firm experiences ESG incidents in a given year. *Highest RRI* is the peak value of the RepRisk Index that a firm reaches during a given year. *Highest RRI among top 10% (0/1)* is an indicator that equals 1 if the highest RRI of the firm in a given year is among the top 10% of the firm-year sample. In Panel B, the variables of interest are one-year lagged indicators for the characteristics of ESG incidents. Specifically, *High-reach (-severity, -novelty) incidents (0/1)* equals 1 when the firm experiences high-reach (-severity, -novelty) incidents in a given year. Control variables are identical to those in Tables 2 and 3. Firm fixed effects and year fixed effects are included in all columns. Standard errors, reported in parentheses, are clustered at the firm level. Reported coefficients and standard errors are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Panel A: Past ESG incidents

	New charity director (0/1)					
	Firm-year level			Announcement level		
	1	2	3	4	5	6
Incidents (0/1)	0.075			1.237		
	(0.000)			(0.009)		
Highest RRI		0.007			0.040*	
		(0.000)			(0.000)	
Highest RRI among top 10% (0/1)			0.727			2.993***
			(0.003)			(0.033)
N	23,207	23,207	23,207	6,637	6,637	6,637
Within adjusted R^2	0.024	0.024	0.024	0.043	0.043	0.045
Board & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Panel B: Reach, severity, and novelty of past ESG incidents

	New charity director (0/1)							
	Firm-year level				Announcement level			
	1	2	3	4	5	6	7	8
High-reach incidents (0/1)	1.099***			1.694***	2.775***			2.683**
	(0.005)			(0.010)	(0.030)			(0.029)
High-severity incidents (0/1)		0.465		0.429		-0.258		-0.390
		(0.004)		(0.004)		(0.004)		(0.006)
High-novelty incidents (0/1)			-0.169	-0.383			0.782	0.379
			(0.000)	(0.001)			(0.006)	(0.003)
N	23,207	23,207	23,207	23,207	6,637	6,637	6,637	6,637
Within adjusted R^2	0.024	0.024	0.024	0.024	0.045	0.043	0.043	0.044
Board & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	No	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A10

Charity Director Appointments and Past ESG Incidents Since 2012

This table examines the robustness of the relationship between past ESG incidents and subsequent charity director appointments by focusing on the subsample from 2012 to 2021, a period during which the presence of charity directors and the number of ESG incidents are relatively stable. Apart from the truncation of the sample at 2012, Panel A replicates the test specifications of Table 2, and Panel B replicates those of Table 3. In Panel A (B), the first three (four) columns use the observations from 2012 in the firm-year sample, and the dependent variable is an indicator that equals 1 if the firm appoints charity directors in a given year. The next three (four) columns use announcements made in or after 2012 in the announcement sample, and the dependent variable is an indicator that equals 1 if the director being appointed possesses charity experience. In Panel A, the variables of interest are one-year lagged measures for ESG incidents. *Incident (0/1)* is an indicator that takes the value of 1 if the firm experiences ESG incidents in a given year. *Highest RRI* is the peak value of the RepRisk Index that a firm reaches during a given year. *Highest RRI among top 5% (0/1)* is an indicator that equals 1 if the highest RRI of the firm in a given year is among the top 5% of the firm-year sample. In Panel B, the variables of interest are one-year lagged indicators for the characteristics of ESG incidents. Specifically, *High-reach (-severity, -novelty) incidents (0/1)* equals 1 when the firm experiences high-reach (-severity, -novelty) incidents in a given year. Control variables are identical to those in Tables 2 and 3. Firm and year fixed effects are included in all columns. Standard errors, reported in parentheses, are clustered at the firm level. The reported coefficients and standard errors are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New charity director (0/1)					
	Firm-year level			Announcement level		
	1	2	3	4	5	6
Panel A: Past ESG incidents						
Incidents (0/1)	-0.229			0.798		
	(0.001)			(0.010)		
Highest RRI		0.001			0.038	
		(0.000)			(0.000)	
Highest RRI among top 5% (0/1)			0.610			5.025***
			(0.003)			(0.089)
N	32,476	32,476	32,476	4,990	4,990	4,990
Within adjusted R^2	0.050	0.050	0.050	0.043	0.043	0.046
Board & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Panel B: Reach, severity, and novelty of past ESG incidents								
	New charity director (0/1)							
	Firm-year level				Announcement level			
	1	2	3	4	5	6	7	8
High-reach incidents (0/1)	1.365***			1.603***	3.335**			3.350*
	(0.006)			(0.008)	(0.057)			(0.058)
High-severity incidents (0/1)		0.472		0.448		0.121		0.097
		(0.005)		(0.005)		(0.003)		(0.002)
High-novelty incidents (0/1)			-0.368	-0.661**			0.566	-0.056
			(0.001)	(0.002)			(0.006)	(0.001)
N	32,476	32,476	32,476	32,476	4,990	4,990	4,990	4,990
Within adjusted R^2	0.050	0.050	0.050	0.050	0.045	0.043	0.043	0.044
Board & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	No	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A11

Alternative Cutoffs for the Definition of "High-Impact" Incidents

This table examines the relationship between different types of high-impact (E, S, G) incidents in year $t-1$ and the appointments of charity directors in year t, using alternative cutoffs for defining "high-impact." Except for the cutoff variations, the regression specifications are identical to those in Panel B of Table 4. All observations require at least one incident in year $t-1$. Columns 1–4 use the firm-year sample, with the dependent variable indicating if the firm appoints charity directors in a given year. Columns 5–8 use the announcement sample, with the dependent variable indicating if the appointed director has charity experience. High-impact incidents are identified by market reaction. In Panel A, *High-impact E (S, G) incidents (0/1)* equals 1 if, for the firm in a given year, the total abnormal return related to environmental (social, governance) incidents is among the lowest 10% of the sample. In Panels B and C, the cutoff point for having high-impact incidents is the lowest 15% and 25%, respectively. We use the identical set of control variables as presented in Table 4. Firm fixed effects and year fixed effects are included in all columns. Standard errors, reported in parentheses, are clustered at the firm level. The coefficients and standard errors reported are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New charity director (0/1)							
	Firm-year level				Announcement level			
	1	2	3	4	5	6	7	8
Panel A: Cutoff: Lowest 10%								
High-impact E incidents (1/0)	1.052			0.920	-1.231			-1.682
	(0.007)			(0.007)	(0.019)			(0.032)
High-impact S incidents (1/0)		0.749		0.450		1.734		2.970
		(0.005)		(0.003)		(0.033)		(0.065)
High-impact G incidents (1/0)			-0.006	-0.211			-2.326	-2.107
			(0.000)	(0.001)			(0.036)	(0.034)
N	9,161	9,161	9,161	9,161	2,811	2,811	2,811	2,811
Within adjusted R^2	0.026	0.025	0.025	0.025	0.053	0.054	0.054	0.047
Board & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	No	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: Cutoff: Lowest 15%								
High-impact E incidents (1/0)	0.687			0.278	-0.042			-1.232
	(0.004)			(0.002)	(0.001)			(0.021)
High-impact S incidents (1/0)		1.344**		1.327**		2.803*		3.595**
		(0.008)		(0.009)		(0.042)		(0.062)
High-impact G incidents (1/0)			-0.249	-0.500			-0.331	-0.642
			(0.001)	(0.002)			(0.005)	(0.011)
N	9,161	9,161	9,161	9,161	2,811	2,811	2,811	2,811
Within adjusted R^2	0.026	0.026	0.025	0.026	0.053	0.055	0.053	0.047
Board & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	No	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel C: Cutoff: Lowest 25%								
High-impact E incidents (1/0)	0.794*			0.668	-0.410			-1.737
	(0.004)			(0.003)	(0.005)			(0.019)
High-impact S incidents (1/0)		0.640		0.500		3.392***		4.383***
		(0.003)		(0.002)		(0.038)		(0.052)
High-impact G incidents (1/0)			0.041	-0.095			-1.442	-1.723
			(0.000)	(0.000)			(0.019)	(0.023)
N	9,161	9,161	9,161	9,161	2,811	2,811	2,811	2,811
Within adjusted R^2	0.026	0.026	0.025	0.026	0.053	0.058	0.054	0.051
Board & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	No	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A12

Charity Director Appointments and Incident Categories

This table employs alternative ways to categorize ESG incidents, and examines the relationship between these incidents in year $t-1$ and the appointments of charity directors in year t. All observations used in this table are conditional on there being at least one incident in year $t-1$. Columns 1–5 use the firm-year sample, where the dependent variable is an indicator that equals 1 if the firm appoints charity directors in a given year. Columns 6–10 use the announcement sample, where the dependent variable is an indicator that equals 1 if the director being appointed possesses charity experience. The variables of interest, *High-reach incidents—X (0/1)*, are one-year lagged indicators that equal 1 if a firm experiences high-reach incidents in a specific category in a given year. The definitions of these categories are provided in Appendix A. We use the same set of one-year lagged board controls as presented in Table 2: log board size, board independence, board gender ratio, board succession factor, an indicator for existing charity director on the board, combined CEO-chair, board conservatism score, indicators for existing directors with other types of experiences (media, finance, and industry), and institutional ownership. Additionally, we include the same set of one-year lagged firm financial controls: firm size, book-to-market ratio, leverage, ROA, dividend (including an indicator for missing value in dividend), and SG&A (including an indicator for missing value in SG&A expenses). For columns 6–10, we also add director-level controls: log age, gender, doctorate degree, MBA degree, tenure on corporate boards, other types of experiences (media, finance, and industry), director conservatism score, and an indicator for director overboarding. Firm fixed effects and year fixed effects are included in all columns. Standard errors, reported in parentheses, are clustered at the firm level. The coefficients and standard errors reported are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New charity director (0/1)									
	Firm year-level					Announcement-level				
	1	2	3	4	5	6	7	8	9	10
High-reach incidents—Emission & resource (0/1)	-0.766					-1.480				
	(0.009)					(0.034)				
High-reach incidents—Community (0/1)		0.202					0.646			
		(0.003)					(0.011)			
High-reach incidents—Workforce (0/1)			1.545					10.736**		
			(0.025)					(0.582)		
High-reach incidents—Product responsibility (0/1)				1.460					0.130	
				(0.028)					(0.006)	
High-reach incidents—Transparency (0/1)					0.590					9.180**
					(0.010)					(0.360)
N	7,102	7,132	7,175	7,130	7,152	2,021	2,007	2,041	2,012	2,045
Within adjusted R^2	0.024	0.023	0.026	0.025	0.023	0.049	0.052	0.076	0.044	0.059
Board & firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A13

The Appointments of Other Types of Directors and High-reach Incidents in E, S, and G

(Excluding Charity Directors)

This table examines the relationship between high-reach ESG incidents in year $t-1$ and the likelihood of appointing directors with media, finance, or industry experience in year t. All columns use the announcement sample, limited to firms with at least one incident in year $t-1$. In Panel A (B, C), the dependent variable indicates whether the appointed director has media (finance, industry) experience. Columns 1–4 exclude directors with both media (finance, industry) and charity experience, and columns 5–8 exclude all charity directors. The regression specifications and control variables are identical to Panel A of Table 4 in the paper, with two exceptions. First, the indicator for director media (finance, industry) experience is excluded as a regressor in Panel A (B, C). Second, in columns 1–4, we additionally control for an indicator of whether the appointed director has charity experience. Firm fixed effects and year fixed effects are included in all columns. Standard errors, reported in parentheses, are clustered at the firm level. The coefficients and standard errors reported are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New media (or finance, industry) directors (0/1)							
	Excluding directors with both media (finance, industry) and charity experience				Excluding all charity directors			
	1	2	3	4	5	6	7	8
Panel A: New media director (0/1)								
High-reach E incidents (0/1)	0.699			0.195	0.554			0.056
	(0.014)			(0.004)	(0.011)			(0.001)
High-reach S incidents (0/1)		1.794		1.774		1.713		1.690
		(0.025)		(0.025)		(0.024)		(0.025)
High-reach G incidents (0/1)			0.190	-0.104			0.362	0.073
			(0.003)	(0.002)			(0.006)	(0.001)
N	2,804	2,804	2,804	2,804	2,712	2,712	2,712	2,712
Within adjusted R^2	0.046	0.047	0.046	0.046	0.044	0.045	0.044	0.044
Board & Firm & Director controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: New finance director (0/1)								
High-reach E incidents (0/1)	3.304			2.079	3.934			2.636
	(0.146)			(0.098)	(0.176)			(0.126)
High-reach S incidents (0/1)		5.574		5.688		6.206		6.378
		(0.208)		(0.222)		(0.239)		(0.256)
High-reach G incidents (0/1)			-2.053	-3.132			-2.573	-3.871
			(0.075)	(0.115)			(0.097)	(0.146)
N	2,784	2,784	2,784	2,784	2,712	2,712	2,712	2,712
Within adjusted R^2	0.073	0.074	0.073	0.073	0.061	0.062	0.061	0.061
Board & Firm & Director controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel C: New industry director (0/1)								
High-reach E incidents (0/1)	4.661			6.337	4.716			6.355
	(0.213)			(0.294)	(0.219)			(0.301)
High-reach S incidents (0/1)		-4.993		-6.265*		-4.649		-5.892
		(0.180)		(0.236)		(0.170)		(0.226)
High-reach G incidents (0/1)			0.200	0.646			-0.060	0.363
			(0.007)	(0.023)			(0.002)	(0.013)
N	2,763	2,763	2,763	2,763	2,712	2,712	2,712	2,712
Within adjusted R^2	0.066	0.066	0.065	0.066	0.061	0.062	0.061	0.062
Board & Firm & Director controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A14

The Appointments of Other Types of Directors and High-Impact Incidents in E, S, and G

(Excluding Charity Directors)

This table examines the relationship between high-impact ESG incidents in year $t-1$ and the likelihood of appointing directors with media, finance, or industry experience in year t. All columns use the announcement sample, limited to firms with at least one incident in year $t-1$. In Panel A (B, C), the dependent variable indicates whether the appointed director has media (finance, industry) experience. Columns 1–4 exclude directors with both media (finance, industry) and charity experience, and columns 5–8 exclude all charity directors. The regression specifications and control variables are identical to Panel B of Table 4, with two exceptions. First, the indicator for director media (finance, industry) experience is excluded as a regressor in Panel A (B, C). Second, in columns 1–4, we additionally control for an indicator of whether the appointed director has charity experience. Firm fixed effects and year fixed effects are included in all columns. Standard errors, reported in parentheses, are clustered at the firm level. The coefficients and standard errors reported are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New media (or finance, industry) directors (0/1)							
	Excluding directors with both media (finance, industry) and charity experience				Excluding all charity directors			
	1	2	3	4	5	6	7	8
Panel A: New media director (0/1)								
High-impact E incidents (0/1)	-0.181			0.707	-0.404			0.498
	(0.002)			(0.009)	(0.005)			(0.007)
High-impact S incidents (0/1)		-2.051		-2.238*		-2.158		-2.290
		(0.026)		(0.030)		(0.028)		(0.032)
High-impact G incidents (0/1)			-0.730	-0.539			-0.627	-0.378
			(0.009)	(0.007)			(0.008)	(0.005)
N	2,804	2,804	2,804	2,804	2,712	2,712	2,712	2,712
Within adjusted R^2	0.046	0.047	0.046	0.046	0.044	0.046	0.044	0.045
Board & Firm & Director controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: New finance director (0/1)								
High-impact E incidents (0/1)	-3.298			-3.687	-2.420			-2.720
	(0.097)			(0.118)	(0.073)			(0.091)
High-impact S incidents (0/1)		0.388		2.130		0.544		1.943
		(0.012)		(0.073)		(0.018)		(0.069)
High-impact G incidents (0/1)			-2.318	-1.955			-2.300	-2.061
			(0.076)	(0.065)			(0.078)	(0.072)
N	2,784	2,784	2,784	2,784	2,712	2,712	2,712	2,712
Within adjusted R^2	0.073	0.072	0.073	0.072	0.061	0.061	0.061	0.060
Board & Firm & Director controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel C: New industry director (0/1)								
High-impact E incidents (0/1)	4.692			7.522**	4.586			7.413**
	(0.150)			(0.249)	(0.150)			(0.249)
High-impact S incidents (0/1)		-3.377		-5.626		-3.406		-5.614
		(0.124)		(0.215)		(0.128)		(0.218)
High-impact G incidents (0/1)			-3.605	-4.211			-3.579	-4.166
			(0.110)	(0.128)			(0.111)	(0.130)
N	2,763	2,763	2,763	2,763	2,712	2,712	2,712	2,712
Within adjusted R^2	0.066	0.066	0.066	0.068	0.062	0.062	0.062	0.064
Board & Firm & Director controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A15

Charity Director Appointments and Past Governance-Only Incidents

This table examines the relationship between governance-only incidents in year $t-1$ and the probability of charity director appointments in year t. Governance-only incidents are those classified exclusively under the governance category by RepRisk, without overlapping with environmental or social categories. Columns 1–3 use the firm-year sample, where the dependent variable is an indicator equal to 1 if the firm appoints charity directors in a given year. Columns 4–6 use the announcement sample, with the dependent variable equal to 1 if the appointed director possesses charity experience. The variables of interest are one-year lagged measures for governance-only incidents. *G-only Incident (0/1)* is an indicator that takes the value of 1 if the firm experiences governance-only incidents in a given year. *High-reach G-only incidents (0/1)* equals 1 when the firm experiences governance-only high-reach incidents in a given year. *High-impact G-only incidents (0/1)* equals 1 if, for a firm in a given year, the total abnormal return related to governance-only incidents is among the lowest 20% of the sample. We employ the same set of control variables as in Tables 2 and 3 of the paper: log board size, board independence, board gender ratio, board succession factor, an indicator for an existing charity director on the board, combined CEO-chair, board conservatism score, indicators for existing directors with other types of experiences (media, finance, and industry), and institutional ownership; along with the same set of one-year lagged firm financial controls: firm size, book-to-market ratio, leverage, ROA, dividend (including an indicator for missing values in dividend), and SG&A (including an indicator for missing values in SG&A expenses). For announcement-level regressions, we also include director-level controls: log age, gender, doctorate degree, MBA degree, tenure on corporate boards, indicators for other types of experiences (media, finance, and industry), director conservatism score, and an indicator for director overboarding. Firm fixed effects and year fixed effects are included in all columns. Standard errors, reported in parentheses, are clustered at the firm level. The coefficients and standard errors reported are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New charity director (0/1)					
	Firm-year level			Announcement level		
	1	2	3	4	5	6
G-only incidents (0/1)	-0.278			0.309		
	(0.001)			(0.003)		
High-reach G-only incidents (0/1)		-0.098			0.805	
		(0.001)			(0.015)	
High-impact G-only incidents (1/0)			-0.252			-1.393
			(0.002)			(0.025)
N	44,696	44,696	44,696	11,265	11,265	11,265
Within adjusted R^2	0.031	0.031	0.031	0.045	0.045	0.045
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A16

Charity Director Appointments and Past ES Incidents (Excluding Governance-Only Incidents)

This table examines the relationship between ESG incidents, excluding governance-only ones, in year $t-1$ and the probability of charity director appointments in year t. The first three columns in the table use the firm-year sample, with the dependent variable being an indicator that equals 1 if the firm appoints charity directors in a given year. The next three columns use the announcement sample, where the dependent variable is an indicator that equals 1 if the appointed director possesses charity experience. All observations are conditional on the number of incidents in year $t-1$ being greater than 0, following Table 4. The variables of interest are one-year lagged measures for incidents, excluding governance-only incidents. *High-reach E (S) incidents (0/1)*, are one-year lagged indicators that equal 1 if a firm experiences high-reach environmental (social) incidents in a given year, excluding governance-only incidents. *High-impact E (S) incidents (0/1)* equals 1 if, for a firm in a given year, the total abnormal return related to non-governance-only, environmental (social) incidents is among the lowest 20% of the sample. We employ the same set of control variables as in Table 4 of the paper. Firm fixed effects and year fixed effects are included in all columns. Standard errors, reported in parentheses, are clustered at the firm level. The coefficients and standard errors reported are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New charity director (0/1)					
	Firm-year level			Announcement level		
	1	2	3	4	5	6
Panel A: High-reach ES incidents, defined by RepRisk						
High-reach E incidents(0/1)	-0.063		-0.580	-0.875		-2.045
	(0.000)		(0.005)	(0.015)		(0.036)
High-reach S incidents (0/1)		1.252**	1.377**		3.650**	4.030**
		(0.008)	(0.009)		(0.059)	(0.067)
N	8,691	8,691	8,691	2,693	2,693	2,693
Within adjusted R^2	0.024	0.025	0.025	0.055	0.058	0.058
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: High-impact ES incidents, defined by stock market reactions to incidents						
High-impact E incidents (1/0)	0.881*		0.631	0.274		-1.172
	(0.004)		(0.003)	(0.004)		(0.017)
High-impact S incidents (1/0)		0.927*	0.717		3.218**	3.726**
		(0.005)	(0.004)		(0.042)	(0.054)
N	8,691	8,691	8,691	2,693	2,693	2,693
Within adjusted R^2	0.025	0.025	0.025	0.055	0.058	0.050
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Director controls	No	No	No	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A17

Total Abnormal Returns of ESG Incidents in the Year Preceding Director Appointments

This table presents the total abnormal returns related to ESG incidents experienced by firms in the year preceding director appointments. We focus on director appointments analyzed in the after-incident subsample (columns 1–3) of Table 5. For each appointment, we calculate the total abnormal returns associated with ESG incidents in the previous fiscal year by summing the abnormal returns on incident days, excluding days that coincide with M&A announcements and earnings announcements. As specified in the respective columns, expected returns are estimated using three models: the CAPM model, the Fama–French three-factor (FF3) model, and the Fama–French three-factor plus momentum (FF3 + Mom.) model. Abnormal returns are derived by subtracting expected returns from raw returns. In Panel A, we report the average total abnormal returns of ESG incidents in the year before all director appointments covered in the after-incidents subsample of Table 5. In Panel B, we report the same for those preceded by charity director appointments and in Panel C, for those preceded by noncharity director appointments. In parentheses, we report the standard errors for testing the null hypothesis that the mean value of total abnormal returns equals zero. Reported total abnormal returns and standard errors are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	CAPM 1	FF3 2	FF3 + Mom. 3
Panel A: All director appointments			
Total abnormal returns	0.035 (0.000)	-0.223 (0.001)	-0.308 (0.002)
N	1,263	1,263	1,263
Panel B: Charity director appointments			
Total abnormal returns	-1.422 (0.012)	-1.221 (0.011)	-0.999 (0.010)
N	45	45	45
Panel C: Noncharity director appointments			
Total abnormal returns	0.089 (0.001)	-0.186 (0.001)	-0.282 (0.001)
N	1,218	1,218	1,218

TABLE A18

Charity-Related Words in Director Biographies

This table presents the list of words we define as "charity words" in directors' initial biographies released in the firm's SEC filings. The word list is constructed based on the term frequency analysis of charity directors' biographies.

Charity words
foundat*, nonprofit, educ*, communiti*, truste*, council, human, art, perspect*, social, environment, child, societi*, divers*, sustain, charit*, green, cultur*, philanthropi*, climat*, philanthrop*, museum, peopl*, workforc*, employe*, humanitarian, peac*, scholarship, protect, labor, advoc*, civic, advocaci*, chariti*, esg, workplac*, stakehold*, worker, equal, csr

TABLE A19

The Presence of Charity Words in the SEC-Filed Biographies of Charity Directors

This table shows summary statistics for variables measuring the presence of charity-related words in charity directors' biographies. Biographies are extracted from SEC 8-K forms announcing the appointments or, if no such 8-K form exists for a particular appointment, from the first proxy statement including the director's biographical information. We focus on charity directors in the announcement sample analyzed in Table 5. The list of charity-related words is shown in Table A18. *Charity words (0/1)* is a dummy variable indicating the presence of any charity-related word in the biography. *# Charity words* is the count of charity-related words in the biography. *% Charity words* represents the proportion of charity-related words relative to the length of the biography. Column 1 reports the mean value and standard deviation for these variables across all charity directors covered in Table 5. Column 2 reports the same for charity directors appointed after ESG incidents, while column 3 covers charity directors appointed without preceding ESG incidents. Column 4 shows the difference in mean values between these two groups of charity directors, with standard errors from the t-test for equality of means. *, and **, *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	All charity directors		After incidents		Not after incidents		Diff	
	Mean	SD	Mean	SD	Mean	SD	Diff.	s.e.
	1		2		3		4	
Charity words (0/1)	0.802	0.400	0.867	0.344	0.765	0.426	0.101	(0.074)
# Charity words	3.222	3.167	3.467	3.546	3.086	2.950	0.380	(0.590)
% Charity words	0.022	0.020	0.026	0.026	0.019	0.016	0.007*	(0.004)
Observations	126		45		81		126	

TABLE A20

ESG-Related Words in Director Biographies

This table lists words we define as "ESG words" in directors' initial biographies released in the firm's SEC filings. This word list is generated using ESG-related seed words with ChatGPT.

ESG words
carbon, child, climat*, communiti*, conserv*, csr, cultur*, divers*, eco*, educ*, emiss*, employee, engag*, environment, equal, esg, ethic, governance, green, greenhous*, health, humanitarian, inclus*, labor, natur*, peopl*, philanthropi*, pollu*, preserv*, protect, social, societi*, stakehold*, sustain*, transpar*, weather, worker, workforc*, workplac*

TABLE A21

The Presence of ESG Words in Director Biographies

This table shows summary statistics for variables measuring the presence of ESG-related words in the biographies of directors appointed after ESG incidents. Biographies are extracted from SEC 8-K forms announcing the appointments, or, if no such 8-K form exists for a particular appointment, from the first proxy statement including the director's biographical information. We focus on director appointments analyzed in the after-incident subsample (columns 1–3) of Table 5. The list of ESG-related words is shown in Appendix Table A20. *ESG words (0/1)* is a dummy variable indicating the presence of any ESG-related words in the biography. *# ESG words* is the count of ESG-related words in the biography. *% ESG words* represents the proportion of ESG-related words relative to the length of the biography. Column 1 reports the mean value and standard deviation for these variables across all directors appointed after ESG incidents. Column 2 reports the same for charity directors appointed after incidents, while column 3 covers noncharity directors appointed with preceding incidents. Column 4 shows the difference in mean values between these two groups of charity directors, with standard errors from the t-test for equality of means. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	All directors		Charity directors		Noncharity directors		Diff.	
	Mean	SD	Mean	SD	Mean	SD	Diff.	s.e.
	1		2		3		4	
ESG words (0/1)	0.508	0.500	0.689	0.468	0.502	0.500	0.187**	(0.076)
# ESG words	1.235	2.023	2.356	3.248	1.194	1.953	1.162***	(0.305)
% ESG words	0.010	0.015	0.016	0.018	0.009	0.015	0.006***	(0.002)
Observations	1,263		45		1,218		1,263	

TABLE A22

Placebo Test: Market Reaction and the Salience of ESG Words in Biographies of Noncharity Directors

This table examines the impact of high-salience ESG words in SEC-filed director biographies on market reactions to noncharity director appointments following ESG incidents. We use appointments of noncharity directors following ESG incidents in our announcement sample for this placebo test. The dependent variables are the abnormal stock returns of the firm on the announcement day when a director is appointed. As specified in the respective columns, abnormal returns are estimated using three models: the CAPM model, the Fama–French three-factor (FF3) model, and the Fama–French three-factor plus momentum (FF3 + Mom.) model. The salience of ESG words is measured by the percentage of ESG-related words in the director's first biography released by the firm. The list of ESG-related words is shown in Appendix Table A20. The variable of interest, *High-salience ESG words (0/1)*, is an indicator that equals 1 if the percentage of ESG-related words in the director's biography is above the sample median. Control variables are identical to those in Table 5. Firm fixed effects and year fixed effects are included in all tests. Standard errors, reported in parentheses, are clustered at the firm level. The coefficients and standard errors reported are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	Noncharity director appointments after incidents		
	CAPM	FF3	FF3 + Mom.
	1	2	3
High-salience ESG words (0/1)	0.183	0.201	0.257
	(0.000)	(0.000)	(0.000)
N	1,218	1,218	1,218
Within adjusted R^2	0.060	0.059	0.070
Board controls	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes
Director controls	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes

TABLE A23

Nonprofit-Specific Skill Terms

This table lists terms we define as "nonprofit-specific skill terms". The list is constructed from LinkedIn job postings collected in April 2025. Applying the TF-IDF method, we identify 3,863 terms that appear more distinctively in nonprofit postings (i.e, with higher TF-IDF values in nonprofit postings than in S&P 500 postings). We then select the top 1% of these terms, remove generic or irrelevant words, and add "foundation", "charity", and "charitable" to capture language directly related to the nonprofit sector.

Nonprofit-specific skill terms
community, social, education, health, fundraising, nonprofit, public, staff, donor, student, nursing, administration, child, mission, care, volunteer, program, nurse, healthcare, diverse, philanthropy, individual, master, field, support, project, professional, culture, commitment, foundation, charity, charitable

TABLE A24

The Presence of Nonprofit Skill Terms in Director Biographies

This table shows summary statistics for variables measuring the presence of nonprofit skill terms in the biographies of directors appointed after ESG incidents. Biographies are extracted from SEC 8-K forms announcing the appointments, or, if no such 8-K form exists for a particular appointment, from the first proxy statement including the director's biographical information. We focus on director appointments analyzed in the after-incident subsample (columns 1–3) of Table 5. The list of nonprofit-specific words is shown in Appendix Table A23. *Nonprofit-specific skill terms (0/1)* is a dummy variable indicating the presence of any nonprofit skill terms in the biography. *# nonprofit-specific skill terms* is the count of nonprofit skill terms in the biography. *% nonprofit-specific skill terms* represents the proportion of nonprofit skill terms relative to the length of the biography. Column 1 reports the mean value and standard deviation for these variables across all directors appointed after ESG incidents. Column 2 reports the same for charity directors appointed after incidents, while column 3 covers noncharity directors appointed without preceding incidents. Column 4 shows the difference in mean values between these two groups of charity directors, with standard errors from the t-test for equality of means. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	All directors		Charity directors		Noncharity directors		Diff.	
	Mean	SD	Mean	SD	Mean	SD	Diff.	s.e.
	1		2		3		4	
Nonprofit skill terms (0/1)	0.675	0.468	0.867	0.344	0.668	0.471	0.198***	(0.053)
# Nonprofit skill terms	2.093	2.801	4.911	5.359	1.989	2.606	2.923***	(0.802)
% Nonprofit skill terms	0.017	0.020	0.039	0.038	0.016	0.019	0.023***	(0.006)
Observations	1,263		45		1,218		1,263	

TABLE A25

Charity Director Appointments and Future Incidents (Poisson)

This table investigates the relationship between charity director appointments and subsequent ESG incidents using a Poisson pseudo–maximum likelihood (PPML) model with high-dimensional fixed effects, as specified in Equation (4). The sample includes firm-year observations that experienced ESG incidents in year $t-1$, with year t denoting potential charity director appointments. Panel A uses the number of incidents in year $t+1$ as the dependent variable; Panel B uses the average number of incidents over years $t+1$ to $t+2$, respectively. Observations in which charity director appointments occur during the outcome window are excluded. Column 1 includes all incidents reported in RepRisk, while columns 2–6 focus on specific categories: emissions and resource use, community, workforce, product responsibility, and transparency. The main variable, *New charity director (0/1)*, equals 1 if the firm appoints new directors with charity experience in year t, and at least one remains for a minimum of one or two years (for Panels A or B, respectively). We use the same set of control variables used in the baseline specification in Panel A of Table 7. Firm and year fixed effects are included. Standard errors, reported in parentheses, are clustered at the firm level. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	All issues	Emissions & resource use	Community	Workforce	Product responsibility	Transparency
	1	2	3	4	5	6
Panel A: One-year horizon						
New charity director (0/1)	-0.070	-0.092	-0.129**	-0.128	0.006	0.009
	(0.050)	(0.059)	(0.065)	(0.078)	(0.071)	(0.094)
N	7,699	7,699	7,699	7,699	7,699	7,699
Pseudo R^2	0.674	0.647	0.585	0.511	0.625	0.435
Board controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: Two-year horizon						
New charity director (0/1)	-0.059	-0.080	-0.101	-0.130*	-0.016	-0.066
	(0.050)	(0.061)	(0.066)	(0.074)	(0.074)	(0.077)
N	6,385	6,385	6,385	6,385	6,385	6,385
Pseudo R^2	0.699	0.672	0.615	0.528	0.644	0.456
Board controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A26

Matching Estimator: Charity Director Appointments and Future Incidents

This table employs the propensity score matched sample to examine the relationship between charity director appointments and the number of incidents in the following years. We pair each observation from appointing firms (with ESG incidents in the preceding year) with the 10 closest observations without replacement from the group of firms with no appointments, using propensity scores calculated from preappointment firm size, book-to-market ratio, institutional ownership, board independence, combined CEO-chair, existing directors with media, finance, or industry experience, and board conservatism score. We estimate a Poisson pseudo–maximum likelihood (PPML) model with high-dimensional fixed effects. In Panel A, the dependent variable is the number of incidents in year $t + 1$. In Panel B, the dependent variable is the average number of incidents over year $t + 1$ to year $t + 2$. Observations in which charity director appointments occur during the outcome window are excluded. Column 1 includes all incidents reported in RepRisk. Columns 2–6 include incidents in specific categories—that is, those related to emissions and resource use, community, workforce, product responsibility, and transparency, respectively. The variable of interest is *New charity director (0/1)*, which equals 1 if the firm appoints new directors with charity experience in year t . We employ the same set of control variables as in Panel A of Table 7. Firm fixed effects and year fixed effects are included. Standard errors, reported in parentheses, are clustered at the firm level. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	All issues	Emissions & resource use	Community	Workforce	Product responsibility	Transparency
	1	2	3	4	5	6
Panel A: One-year horizon						
New charity director (0/1)	-0.120*	-0.115	-0.165*	-0.240**	-0.082	0.070
	(0.068)	(0.083)	(0.091)	(0.110)	(0.098)	(0.132)
N	1,538	1,538	1,538	1,538	1,538	1,538
Pseudo R^2	0.730	0.720	0.662	0.618	0.698	0.541
Board controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: Two-year horizon						
New charity director (0/1)	-0.139**	-0.112	-0.057	-0.212**	-0.078	0.013
	(0.063)	(0.081)	(0.092)	(0.095)	(0.096)	(0.100)
N	1,275	1,275	1,275	1,275	1,275	1,275
Pseudo R^2	0.740	0.719	0.660	0.605	0.688	0.516
Board controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A27

Correlation Between the Density of Charities and the Number of Incidents

This table reports the correlation coefficients between the number of active charities and the number of ESG incidents per firm at the county-year level. For each county-year, both variables are averaged across all sample firms headquartered in the county. Consistent with the specification of our instrumental variable analysis, if denoting the year of potential charity director appointment to year t, the density of charities is measured in year $t-1$, and ESG incidents are measured in year $t+1$. Column 1 includes all incidents reported in RepRisk. Columns 2–6 include incidents in a specific category—that is, those related to emissions and resource use, community, workforce, product responsibility, and transparency, respectively. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	All issues	Emissions & resource use	Community	Workforce	Product responsibility	Transparency
	1	2	3	4	5	6
Number of charities	0.017	0.011	-0.002	-0.015	0.030**	0.020

TABLE A28

The Presence of Worker-Related Words and HR-Related Words in Director Biographies

This table shows summary statistics on the presence of worker-related words and HR-related words in the biographies of directors appointed after ESG incidents. Biographies are extracted from SEC 8-K forms announcing the appointments, or, if no such 8-K form exists for a particular appointment, from the first proxy statement containing the director's biographical information. Panel A reports results for worker-related words, while Panel B reports results for HR-related words. We focus on director appointments analyzed in the after-incident subsample (columns 1–3) of Table 5. The lists of worker-related words consists of 44 terms: affirmative action, anti discrimination, collective bargaining, diversity inclusion, employee advocacy, employee assistance, employee benefit, employee protection, employee right, employee wellbe*, equal employment, equal opportunity, equal pay, fair treatment, fair wage, flexible hour, grievance, harassment, inclusive, injury prevention, job security, labor law, labor movement, labor right, labor union, maternity leave, minimum wage, nondiscrimination, occupational health, occupational safety, pay leave, sick leave, union representation, work life balance, worker protection, worker representation, worker right, workforce equity, workplace diversity, workplace equity, workplace fairness, workplace health, workplace inclusion, and workplace safety. These terms were generated by expanding five seed words—anti-discrimination, employee benefit, labor law, labor union, and workplace safety—into semantically related phrases using ChatGPT. None of the seed words appear in any director biography in our sample. The list of HR-related words includes: human resource, human capital, HR, and personnel. *Worker (HR) words (0/1)* is a dummy variable equal to 1 if the biography contains any worker-related (HR) words. *# worker (HR) words* is the total number of worker-related (HR) words in the biography. *% worker (HR) words* is the proportion of worker-related (HR) words relative to the length of the biography. Column 1 reports the mean and standard deviation for charity directors appointed after incidents, while column 2 reports the same for noncharity directors appointed after incidents. Column 3 shows the difference in mean values between these two groups of directors, with standard errors from the t-test for equality of means. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	Charity directors		Noncharity directors		Diff.	
	Mean	SD	Mean	SD	Diff.	s.e.
	1		2		3	
Panel A: Worker-related words						
Worker words (0/1)	0.022	0.149	0.009	0.095	0.013	(0.015)
# worker words	0.044	0.298	0.017	0.200	0.027	(0.031)
% worker words	0.000	0.002	0.000	0.002	0.000	(0.000)
Panel B: HR words						
HR words (0/1)	0.044	0.208	0.035	0.185	0.009	(0.028)
# HR words	0.200	1.198	0.103	0.731	0.097	(0.114)
% HR words	0.002	0.010	0.001	0.005	0.001	(0.001)
Observations	45		1,218		1,263	

TABLE A29

Overlap of Preappointment Firm Characteristics

This table assesses the overlap of preappointment firm characteristics between firms that appoint charity directors ("With appointments") following ESG incidents and firms that do not make such appointments ("Without appointments") following ESG incidents. Column 1 presents the number of observations, mean values and standard deviations of variables for firms that appoint charity directors after ESG incidents, while column 2 reports the same for firms that do not appoint charity directors after ESG incidents. Column 3 shows the t-statistics testing the null hypothesis that these two groups have equal means. Column 4 presents the normalized difference as proposed by Imbens (2015).

	With appointments			Without appointments			Diff.	
	N	Mean	SD	N	Mean	SD	t-stat	Norm. diff.
		1			2		3	4
Log board size	163	2.320	0.275	7536	2.287	0.249	1.538	0.126
Board independence	163	0.751	0.174	7536	0.756	0.161	-0.383	-0.031
Gender ratio	163	0.828	0.106	7536	0.830	0.108	-0.209	-0.016
Succession	163	0.282	0.128	7536	0.281	0.136	0.063	0.005
CEO is Chair (0/1)	163	0.472	0.501	7536	0.484	0.500	-0.300	-0.024
Institutional ownership	163	0.710	0.247	7536	0.728	0.248	-0.909	-0.071
Firm size	163	9.228	1.815	7536	8.976	1.745	1.771	0.142
Book-to-market ratio	163	0.485	0.466	7534	0.523	0.476	-1.036	-0.081
Leverage	163	0.292	0.215	7536	0.283	0.196	0.549	0.045
ROA	163	0.023	0.134	7536	0.030	0.119	-0.744	-0.062
Dividend	163	0.017	0.024	7536	0.017	0.026	-0.006	-0.000
SG&A	163	0.139	0.193	7536	0.129	0.165	0.668	0.056
Existing media director (0/1)	163	0.387	0.488	7536	0.296	0.456	2.374	0.193
Existing finance director (0/1)	163	0.994	0.078	7536	0.984	0.124	1.506	0.091
Existing industry director (0/1)	163	0.994	0.078	7536	0.978	0.147	2.526	0.135
Board conservatism score	163	0.184	0.277	7536	0.213	0.289	-1.339	-0.103

TABLE A30

Director Overboarding, the Appointment of Charity Directors, and the Severity, Reach, and Novelty of Past ESG Incidents

This table examines the impact of director overboarding on the relationship between charity director appointments and the reach, severity, and novelty of past ESG incidents. Specifically, *Overboarded director (0/1)* equals 1 for overboarded directors, defined as those who hold five or more company directorships concurrently. We employ the announcement sample to conduct the test. Test specifications are identical to those of columns 3–6 of Table 3, with the exception that we add an interaction term between *Overboarded director (0/1)* and the respective incident measure. The dependent variable *New charity director (0/1)* is an indicator that equals 1 if the director being appointed possesses charity experience. The variables of interest are one-year lagged indicators for the characteristics of ESG incidents. Specifically, *High-reach (-severity, -novelty) incidents (0/1)* equals 1 when the firm experiences high-reach (-severity, -novelty) incidents in a given year. We employ the same set of one-year lagged board controls as presented in columns 3–6 of Table 3. Firm fixed effects and year fixed effects are included. Standard errors, reported in parentheses, are clustered at the firm level. Reported coefficients and standard errors are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New charity director (0/1)			
	1	2	3	4
High-reach incidents (0/1)	3.234***			2.678**
	(0.037)			(0.031)
High-severity incidents (0/1)		0.738		0.294
		(0.013)		(0.005)
High-novelty incidents (0/1)			1.317*	0.828
			(0.010)	(0.006)
High-reach incidents (0/1) × Overboarded director (0/1)	-4.085**			-0.780
	(0.074)			(0.017)
High-severity incidents (0/1) × Overboarded director (0/1)		-5.153***		-2.215
		(0.099)		(0.051)
High-novelty incidents (0/1) × Overboarded director (0/1)			-4.345***	-3.719**
			(0.058)	(0.059)
Overboarded director (0/1)	-0.725	-1.152*	0.075	0.107
	(0.005)	(0.008)	(0.001)	(0.001)
N	11,265	11,265	11,265	11,265
Within adjusted R^2	0.046	0.045	0.046	0.047
Board controls	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes
Director controls	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes

TABLE A31

Director Overboarding, the Appointment of Charity Directors and Incidents in E, S, and G

This table examines the impact of director overboarding on the relationship between charity director appointments and incidents in the preceding year in different dimensions—that is, those related to environmental (E), social (S), and governance (G) issues. Specifically, *Overboarded director (0/1)* equals 1 for overboarded directors, defined as those who hold five or more company directorships concurrently. We employ the director appointments with ESG incidents in the preceding year in the announcement sample to conduct the test. Test specifications are identical to those of columns 3–6 of Table 4, with the exception that we add an interaction term between *Overboarded director (0/1)* and the respective incident measure. The dependent variable *New charity director (0/1)* is an indicator that equals 1 if the director being appointed possesses charity experience. The variables of interest, *High-reach E (S, G) incidents (0/1)*, are one-year lagged indicators that equal 1 if a firm experiences high-reach environmental (social, governance) incidents in a given year. We employ the identical set of control variables as in Table 4. Firm fixed effects and year fixed effects are included. Standard errors, reported in parentheses, are clustered at the firm level. Reported coefficients and standard errors are multiplied by 100. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	New charity director (0/1)			
	1	2	3	4
High-reach E incidents (0/1)	-0.373			-1.970
	(0.000)			(0.000)
High-reach S incidents (0/1)		4.320**		4.447**
		(0.001)		(0.001)
High-reach G incidents (0/1)			2.312	1.595
			(0.000)	(0.000)
High-reach E incidents (0/1) × Overboarded director (0/1)	-4.416			-2.891
	(0.002)			(0.001)
High-reach S incidents (0/1) × Overboarded director (0/1)		-4.065*		-3.832
		(0.001)		(0.001)
High-reach G incidents (0/1) × Overboarded director (0/1)			-0.366	1.628
			(0.000)	(0.000)
Overboarded director (0/1)	-4.801***	-4.196***	-5.127***	-4.306***
	(0.001)	(0.001)	(0.001)	(0.001)
N	2,811	2,811	2,811	2,811
Within adjusted R^2	0.053	0.057	0.054	0.057
Board controls	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes
Director controls	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes

TABLE A32

Charity Director Appointments, Overboarding and Future Incidents (Poisson)

This table examines the impact of charity director overboarding on the relationship between charity director appointments and the number of incidents in the following years, using the firm-year sample. Denoting the year of potential charity director appointments as year t, we use observations with ESG incidents in year $t-1$. We estimate a Poisson pseudo–maximum likelihood (PPML) model with high-dimensional fixed effects, following the same specifications as in Table A25. Specifically, our variables of interest are 1) *New charity director—Nonoverboarded (0/1)*, which equals 1 if, in year t, the firm appoints new directors with charity experience and at least one of the newly appointed charity directors is not overboarded, and 2) *New charity director—Overboarded (0/1)*, which equals 1 if, in year t, the firm appoints new directors with charity experience and all of the newly appointed charity directors are overboarded. A director is defined as overboarded if holding five or more company directorships concurrently. In Panel A, our dependent variable is the number of incidents in year $t+1$. In Panel B, the dependent variable is the average number of incidents from year $t+1$ to year $t+2$. Observations in which charity director appointments occur during the outcome window (year $t+1$ in Panel A, and years $t+1$ to $t+2$ in Panel B) are excluded. Column 1 includes all incidents reported in RepRisk. Columns 2–6 include incidents in a specific category—that is, those related to emissions and resource use, community, workforce, product responsibility, and transparency, respectively. We employ the identical set of control variables as in Panel A of Table 7. Firm fixed effects and year fixed effects are included. Standard errors, reported in parentheses, are clustered at the firm level. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	All issues	Emissions & resource use	Community	Workforce	Product responsibility	Transparency
	1	2	3	4	5	6
Panel A: One-year horizon						
New charity director—Nonoverboarded (0/1)	-0.054	-0.094	-0.164**	-0.147*	0.000	0.022
	(0.055)	(0.068)	(0.070)	(0.085)	(0.076)	(0.106)
New charity director—Overboarded (0/1)	-0.145*	-0.082	-0.007	-0.034	0.052	-0.054
	(0.083)	(0.084)	(0.138)	(0.189)	(0.188)	(0.161)
N	7,699	7,699	7,699	7,699	7,699	7,699
Pseudo R^2	0.674	0.647	0.585	0.511	0.625	0.435
Board controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: Two-year horizon						
New charity director—Nonoverboarded (0/1)	-0.042	-0.074	-0.112	-0.159*	-0.023	-0.059
	(0.054)	(0.071)	(0.068)	(0.082)	(0.076)	(0.086)
New charity director—Overboarded (0/1)	-0.137	-0.101	-0.071	-0.000	0.032	-0.097
	(0.091)	(0.087)	(0.154)	(0.127)	(0.181)	(0.143)
N	6,385	6,385	6,385	6,385	6,385	6,385
Pseudo R^2	0.699	0.672	0.615	0.528	0.644	0.456
Board controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A33

IV Analysis: Charity Director Appointments, Overboarding, and Future Incidents (1-Year Horizon) with Additional Control Variables

This table reports the IV estimates for the impact of charity director appointments and director overboarding on the number of incidents in the following year, using a FE Poisson control-function estimation approach. Our instrument, *High charity director supply (0/1)*, is an indicator that equals 1 if, for the firm in a given year, the number of active charitable organizations within a 100-mile radius of the firm's headquarters ranks among the top 10% in the sample. Our variable of interest is *New charity director—Nonoverboarded (0/1)*, which equals 1 if, in year t, the firm appoints new directors with charity experience and at least one of the newly appointed charity directors is not overboarded. A director is defined as overboarded if holding five or more company directorships concurrently. Column 1 reports the first-stage results, estimating the relationship between having a high supply of charity directors and the probability of appointing nonoverboarded charity directors. Similar to the analysis in Table 7, we use observations with ESG incidents in year $t-1$, denoting the year of potential charity director appointments as year t. Observations in which charity director appointments occur during the outcome window are excluded. The dependent variables for columns 2–7 are the number of incidents in year $t+1$, the year following potential charity director appointments. Columns 2–7 present the second-stage estimates on various categories of incidents. In Panel A, the control variables are identical to those in Panel B of Table 7, including controls for local economic conditions. In Panel B, the control variables follow Panel C of Table 7, including the local supply of corporate directors. In all panels, we also control for the appointments of overboarded charity directors. All models include firm fixed effects and year fixed effects. Standard errors are bootstrapped and clustered at the firm level, and are reported in parentheses. F-statistics are reported for the first stage. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	First-stage	All issues	Emissions & resource use	Community	Workforce	Product responsibility	Transparency
	1	2	3	4	5	6	7
Panel A: One-year horizon, control for local economic characteristics							
New charity director—Nonoverboarded (0/1)		0.331	-2.903	-0.752	-6.447**	-1.831	-2.455
		(1.640)	(2.458)	(2.360)	(2.835)	(2.690)	(3.134)
High charity director supply (0/1)	0.029**						
	(0.012)						
New charity director—Overboarded (0/1)	-0.053	-0.118	-0.249*	-0.049	-0.368	-0.032	-0.176
	(0.034)	(0.119)	(0.146)	(0.216)	(0.339)	(0.247)	(0.254)
Population density	-0.091	-0.792**	-1.318***	-0.544	-0.969**	0.056	-0.062
	(0.073)	(0.354)	(0.416)	(0.333)	(0.493)	(0.609)	(0.698)
Per capita income	-0.024	-0.067	0.405*	0.223	-0.161	-0.284	-0.042
	(0.044)	(0.187)	(0.228)	(0.222)	(0.315)	(0.326)	(0.312)
Unemployment Rate	-0.001	0.012	0.006	0.010	0.008	-0.032	0.015
	(0.003)	(0.012)	(0.016)	(0.021)	(0.017)	(0.021)	(0.025)
N	7,350	7,175	7,175	7,175	7,175	7,175	7,175
F-statistics	11.560						
Pseudo R^2		0.680	0.654	0.588	0.516	0.627	0.437
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: One-year horizon, control for local corporate director supply							
New charity director—Nonoverboarded (0/1)		-0.221	-3.514	-0.970	-7.311**	-1.236	-2.002
		(1.785)	(2.330)	(2.767)	(2.949)	(3.007)	(3.717)
High charity director supply (0/1)	0.026**						
	(0.012)						
New charity director—Overboarded (0/1)	-0.052	-0.143	-0.251	-0.050	-0.400*	-0.013	-0.151
	(0.034)	(0.140)	(0.164)	(0.234)	(0.235)	(0.274)	(0.266)
Local director supply	-0.016	0.017	0.348***	0.152	-0.046	0.107	0.125
	(0.021)	(0.110)	(0.116)	(0.145)	(0.182)	(0.153)	(0.190)
N	7,351	7,176	7,176	7,176	7,176	7,176	7,176
F-statistics	12.427						
Pseudo R^2		0.680	0.654	0.588	0.516	0.627	0.437
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A34

IV Analysis: Charity Director Appointments, Overboarding, and Future Incidents (2-Year Horizon) with Additional Control Variables

This table reports the IV estimates for the impact of charity director appointments and director overboarding on the number of incidents in the following two years, using a FE Poisson control-function estimation approach. Our instrument, *High charity director supply (0/1)*, is an indicator that equals 1 if, for the firm in a given year, the number of active charitable organizations within a 100-mile radius of the firm's headquarters ranks among the top 10% in the sample. Our variable of interest is *New charity director—Nonoverboarded (0/1)*, which equals 1 if, in year t, the firm appoints new directors with charity experience and at least one of the newly appointed charity directors is not overboarded. A director is defined as overboarded if holding five or more company directorships concurrently. Column 1 reports the first-stage results, estimating the relationship between having a high supply of charity directors and the probability of appointing nonoverboarded charity directors. Similar to the analysis in Table 7, we use observations with ESG incidents in year $t-1$, denoting the year of potential charity director appointments as year t. Observations in which charity director appointments occur during the outcome window are excluded. The dependent variables for columns 2–7 are the average number of incidents in year $t+1$ and $t+2$, the two years following potential charity director appointments. Columns 2–7 present the second-stage estimates on various categories of incidents. In Panel A, the control variables are identical to those in Panel B of Table 7, including controls for local economic conditions. In Panel B, the control variables follow Panel C of Table 7, including the local supply of corporate directors. In all panels, we also control for the appointments of overboarded charity directors. All models include firm fixed effects and year fixed effects. Standard errors, reported in parentheses, are bootstrapped and clustered at the firm level. F-statistics are reported for the first stage. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	First-stage	All issues	Emissions & resource use	Community	Workforce	Product responsibility	Transparency
	1	2	3	4	5	6	7
Panel A: Two-year horizon, control for local economic characteristics							
New charity director—Nonoverboarded (0/1)		0.786	-4.713**	-2.552	-3.472	0.028	-1.716
		(1.594)	(2.236)	(2.547)	(2.182)	(3.029)	(2.482)
High charity director supply (0/1)	0.029**						
	(0.012)						
New charity director—Overboarded (0/1)	-0.053	-0.099	-0.359**	-0.220	-0.125	0.097	-0.180
	(0.034)	(0.114)	(0.156)	(0.220)	(0.207)	(0.282)	(0.208)
Population density	-0.091	-0.787**	-1.368***	-0.922**	-0.741	0.312	-0.326
	(0.073)	(0.334)	(0.431)	(0.458)	(0.533)	(0.594)	(0.572)
Per capita income	-0.024	0.120	0.611***	0.288	0.006	0.143	0.092
	(0.044)	(0.163)	(0.161)	(0.209)	(0.250)	(0.325)	(0.319)
Unemployment Rate	-0.001	0.010	-0.002	0.008	-0.003	-0.038**	0.022
	(0.003)	(0.010)	(0.013)	(0.017)	(0.018)	(0.018)	(0.020)
N	7,350	5,931	5,931	5,931	5,931	5,931	5,931
F-statistics	11.560						
Pseudo R^2		0.704	0.679	0.618	0.534	0.645	0.457
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE and Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: Two-year horizon, control for local corporate director supply							
New charity director—Nonoverboarded (0/1)		-0.011	-6.022**	-3.553	-4.100*	0.225	-1.364
		(1.653)	(2.381)	(2.616)	(2.469)	(2.659)	(3.079)
High charity director supply (0/1)	0.026**						
	(0.012)						
New charity director—Overboarded (0/1)	-0.052	-0.132	-0.388***	-0.257	-0.145	0.105	-0.154
	(0.034)	(0.135)	(0.149)	(0.221)	(0.247)	(0.253)	(0.194)
Local director supply	-0.016	0.030	0.298**	0.098	0.048	0.072	0.228
	(0.021)	(0.096)	(0.128)	(0.129)	(0.154)	(0.173)	(0.147)
N	7,351	5,932	5,932	5,932	5,932	5,932	5,932
F-statistics	12.427						
Pseudo R^2		0.704	0.679	0.618	0.534	0.644	0.458
Board controls & Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE and Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

TABLE A35

Committee Assignments of Directors Appointed After ESG Incidents

The table examines committee assignments of directors appointed following ESG incidents. The analysis is on the firm-year-director level, and we focus on the year of appointment. We focus on five types of key committees in the board: governance committee, audit committee, compensation committee, nomination committee, and ESG committee. Each column reports OLS regressions where the dependent variable equals 1 if the director is a member of the given committee in the year of joining the board. The variable of interest *New charity director (0/1)* equals 1 if this new director has charity experience. We exclude observations if the firm does not have the specified committee in the given year. We control for the following board controls: log board size, board independence, board gender ratio, board succession factor, combined CEO-chair, board conservatism score, indicators for the presence of directors with other types of experiences (media, finance, and industry), and institutional ownership; and firm-level variables: firm size, book-to-market ratio, leverage ratio, ROA, dividends (including an indicator for missing value), and SG&A (including an indicator for missing value) as well as prior incident; and director-level controls: log age, gender, doctorate degree, MBA degree, the current number of directorships, indicators for other types of experiences (media, finance, and industry), director conservatism score, and director overboarding. Firm fixed effects and year fixed effects are included. Standard errors, reported in parentheses, are clustered at the firm level. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

	Governance	Audit	Compensation	Nomination	ESG
	1	2	3	4	5
New charity director (0/1)	0.090**	-0.070**	-0.023	0.083*	0.120
	(0.039)	(0.035)	(0.038)	(0.047)	(0.100)
N	7,037	7,467	7,325	5,747	1,163
Within adjusted R^2	0.016	0.084	0.010	0.015	0.058
Board controls	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes
Director controls	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes

B. Examples of charity director biography

Example 1. Darren Walker, an independent director being appointed by Ralph Lauren Corporation in 2020

Darren Walker, age 60.

Darren Walker is being nominated for election as a new director at our 2020 Annual Meeting. Mr. Walker has served since 2013 as president of the Ford Foundation ("Ford"), one of the world's largest foundations with an endowment of $14 billion. He is also the co-founder and chair of the US Impact Investing Alliance, and serves as a member of the board of directors of PepsiCo, Inc., Square, Inc., Carnegie Hall, National Gallery of Art, Lincoln Center for the Performing Arts, Friends of the High Line, and Friends of Art & Preservation in Embassies. Before joining Ford, Mr. Walker was vice president at the Rockefeller Foundation, overseeing global and domestic programs, and COO of the Abyssinian Development Corporation—Harlem's largest community development organization. Earlier, he had a decade-long career in finance at UBS and with the law firm Cleary Gottlieb Steen & Hamilton.

Mr. Walker brings to our Board insight into the role of business in society gained through his role as President of Ford Foundation and leadership in many nonprofit and philanthropic organizations. Through his experience with an international network of diverse social and community initiatives, he provides the board with a unique perspective on human capital management and talent development and insights on sustainability and public policy matters that are particularly valuable as the Company continues to focus on its sustainability and people and culture goals.

Example 2. Helene Gayle, an independent director being appointed by the Coca-Cola Company in 2013

Director Nominee, age 57.

Dr. Gayle has been President and Chief Executive Officer of CARE USA, a leading international humanitarian organization, since 2006. From 2001 to 2006, she served as senior advisor in the Global Health Program at the Bill & Melinda Gates Foundation. Dr. Gayle started her 20-year career in public health at the U.S. Centers for Disease Control and Prevention ("CDC") in 1984 where she held various positions, ultimately becoming the director of the CDC's National Center for HIV, STD and TB Prevention in 1995.

Relevant Chief Executive Officer/President Experience: President and Chief Executive Officer of CARE USA, a leading nonprofit organization with operating support and revenues exceeding $500 million per year.

Diversity: African-American; female; a medical specialist with a masters of public health; an expert on health, global development and humanitarian issues.

Broad International Exposure: Experience managing international operations at CARE USA, which has programs in 84 countries around the world, including in many emerging markets. Helped develop global health initiatives in leadership roles at the CDC and the Bill & Melinda Gates Foundation. Currently serves on the Board of the Center for Strategic & International Studies, the Rockefeller Foundation and the Harvard Business School Social Enterprise Initiative. Member of the Council on Foreign Relations.

Governmental or Geopolitical Expertise: Extensive leadership experience in the global public health field through service at the CDC and through a leadership position with the Bill & Melinda Gates Foundation, directing programs on HIV/AIDS and other global health issues. Member of the U.S. Department of State's Foreign Affairs Policy Board and serves on the President's

Commission on White House Fellowships. Achieved the rank of Assistant Surgeon General and Rear Admiral in the United States Public Health Service.

Example 3. Joyce Roché, an independent director being appointed by Dr Pepper Snapple Group, Inc. in 2011

Ms. Roché, 63, most recently served as president and CEO of Girls Inc. until her retirement in 2010. Previously, she was president and chief operating officer of Carson Products Company and vice president of global marketing at Avon Products, Inc.

"Joyce's broad range of executive management and marketing experience makes her an asset to any board," said Wayne R. Sanders, chairman of the board of Dr Pepper Snapple. "She has a tremendous track record in the consumer packaged goods industry, and her nearly decade-long leadership in the nonprofit sector brings an important new perspective to the DPS board that will serve our company well."

Ms. Roché is a graduate of Dillard University in New Orleans and holds an MBA from Columbia University. She also is an alumnus of Stanford University's Senior Executive Program and holds honorary doctorate degrees from Dillard University and North Adams State College. In addition to the DPS board, she currently sits on the boards of AT&T Inc., Tupperware Corp., Macy's Inc., and The Association of Governing Boards of Universities and Colleges. She is also the chair of the Board of Trustees for Dillard University.