Yesterday, the World Health Organisation formally recognised the Coronavirus outbreak as a global pandemic. At its core COVID-19 is a humanitarian crisis, placing the welfare of people and health systems at great risk. Due to the rapid evolving nature of the crisis, it is difficult, if not impossible, to assess at this point its longevity, trajectory or the full social and economic consequences. Government policies to address and control COVID-19 should clearly and rightly, prioritise the protection of human health along with the sustainability of public and private health systems as guiding imperatives.

The COVID-19 crisis is also having a real impact on economic activity and financial markets. The Organisation for Economic Co-operation and Development predicts that global growth could drop to 1.5 per cent in 2020, half the rate projected before the virus outbreak. The ongoing – and – profound uncertainties create great challenges for corporates, their boards and their investors as they contemplate how best to navigate these difficult and dynamic times.

Today, the International Corporate Governance Network (ICGN), whose global membership includes investors responsible for assets under management in excess of US $34 trillion, issues guidance on how investors & companies on can engage on the Coronavirus Crisis. This ICGN Viewpoint explores the corporate governance and investor perspectives relating to the COVID-19 crisis. It first identifies COVID-19 as a systemic risk and considers the role of institutional investors and how this crisis links to their own fiduciary duties, investment horizons and stewardship practices. The second part of the Viewpoint provides a corporate governance lens, to focus on board leadership and effectiveness. The Viewpoint concludes with questions that investors may wish to consider in their engagement with company managements and boards related to COVID-19 or crisis management more generally.

Author of the Viewpoint, ICGN Policy Director George Dallas said: “The coronavirus crisis is a systemic risk that continues to spread in unpredictable ways, and we must first respect and prioritise the health of individuals and risks to public health systems. But the significant economic impact is adversely affecting companies and markets, and it is important for the
investor community to remain calm and maintain a long-term perspective that will be supportive of companies navigating this challenging environment. Investors will also look to boards to provide leadership in crisis management to survive near-term pressures and to act strategically to maintain the ability sustainable value over time.”

ENDS

EDITOR’S NOTES
Established in 1995, the International Corporate Governance Network (ICGN) is an investor-led organisation of governance professionals with members including institutional investors based in 47 countries and collectively responsible for assets under management in excess of US$26 trillion. ICGN’s mission is to promote effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide. ICGN is a global authority on high standards of corporate governance and investor stewardship. www.icgn.org.

References:
ICGN Global Stewardship Principles
ICGN Global Governance Principles

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