



**ICGN**

International Corporate Governance Network

*Inspiring good governance & stewardship*

# ICGN Annual Review

2020 – 2021



Influence · Connect · Inform

# About ICGN

Established in 1995 and led by investors responsible for assets under management of around \$59 trillion, ICGN advances the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation contributing to sustainable economies, society and the environment. Our work programme is delivered around three core activities:

## INFLUENCE

Promoting ICGN Principles as investor-led global standards for governance and stewardship and influencing public policy and professional practice.

## CONNECT

Delivering high-quality global events and webinars with unrivalled opportunities for networking, knowledge-sharing and collaboration.

## INFORM

Enhancing professionalism in governance and stewardship practice through information and training programmes.

For more information visit [www.icgn.org](http://www.icgn.org)

## The ICGN Annual Review

The ICGN Annual Review provides a summary of our work programme and financial position to 31st December 2020. The Review also describes the status of ICGN membership and more recent activities undertaken until July 2021. The ICGN Annual Review is published at the Annual General Meeting held on 2nd September 2021.

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# Strengthening our Agenda

Last year, ICGN faced an unprecedented crisis caused by the impact of the COVID pandemic on our activities around the world. Our funding model, heavily reliant on conference revenue, proved unsustainable resulting in a financial deficit and depleted reserves. This year, ICGN Members responded by supporting an ambitious plan to rejuvenate ICGN's funding model to ensure our work programme is sustainable now and into the future. Over 80% of ICGN Members committed to higher annual subscription rates which now account for 85% of overall funding, shifting ICGN's reliance away from conference revenue. Moreover, our network continues to grow with assets held by investor members increasing by \$5 trillion to \$59 trillion over the year to date.

## Refreshing ICGN Policy Committees

With this support in place, we entered the new year with renewed vigor and confidence and have committed to enrich ICGN's membership benefits with a particular focus around our policy outputs. As a first step, we reviewed ICGN's Policy Committee structure under the oversight of a Policy Review Group established by the ICGN Board and in consultation with Committee Chairs. We agreed to refresh our committee approach to align more strategically with ICGN's flagship Principles, while ensuring relevance with systemic regulatory priorities.

ICGN Policy Committees are a vital source of knowledge and expertise contributing to our purpose in advancing the highest standards of corporate governance and investor stewardship worldwide and we are very grateful to all those who have served in this role. Around 60 ICGN Members applied to join the new committees to be announced at our Annual General Meeting in September and we look forward to working with everyone.

## Updating flagship guidance

This year we have updated the ICGN Global Governance Principles (GGP) as part of a three-year review cycle. Published over 20 years ago, many ICGN Members default to the GGP as a bellwether for their own voting policies and company engagements; and many governments use them to help inspire the evolution of national codes.

There are dozens of changes based on ICGN Member feedback reflecting current market practice and regulatory developments. The Principles now focus, not only on the governance of a company's long-term financial value, but also on factors impacting the health of society and the environment too. This requires a greater appreciation of how to integrate human and natural capital management in alignment with a company's purpose and long-term strategy – a theme reflected in the new ICGN Policy Committee structure.

We are also in the process of updating the ICGN Model Mandate, published 2012, in partnership with the UN Global Investors for Sustainable Development Alliance. This seminal ICGN guidance offers example contractual terms for asset owners to consider when drafting stewardship obligations in their mandates with investment managers. The review aims to help shift investment behaviours towards a longer-term perspective, particularly those related to the UN Sustainable Development Goals.

## Bolstering our educational offerings

As part of our commitment to enhance member benefits we have bolstered our education offerings, primarily defined by the ICGN Governance Stewardship and Sustainability (GSS) programme and now complemented by a new ICGN book on the subject. The programme was initially developed following a mandate awarded to ICGN from the European Commission in 2011 to create a course for investors to incorporate environmental, social and governance factors in their decision-making. It is now a valued component of our membership benefits and key to ICGN's own evolution as a globally recognised professional body for governance and stewardship standards and practices.

The COVID restrictions motivated us to deliver the GSS Programme on-line which has proved popular with increased demand. To support this, we have enhanced human resources with two new faculty members and an Education Manager. The GSS programme is complemented by a new course developed for corporate board directors, aligned with the GGP, to be launched in Japan in October.



## Enhancing our virtual footprint

Like many other organisations, the COVID pandemic has restricted ICGN's ability to convene Members in person at meetings around the world. Unperturbed, the ICGN Team produced dozens of opportunities for Members to share knowledge at virtual forums attracting around 5,000 registrants from over 50 countries since January 2020. We are grateful to the many organisations that continue to sponsor ICGN meetings – whether virtual or in-person and look forward to welcoming Members to join us in Toronto, Canada, for the ICGN Annual Conference in June 2022.

We have also invested in redeveloping ICGN's website to provide Members with a space to easily access ICGN commentary and guidance. The new website aims to showcase ICGN initiatives and priorities and encourage Members to share knowledge, build networks and influence governance and stewardship reforms around the world. This effort is complemented by enhanced social media engagement, leveraging ICGN networks on LinkedIn and Twitter where traffic has increased substantially over the last year.

## Constitutional Review

To accompany our many membership activities, we have undertaken a review of ICGN's constitutional documents. Supported by an Articles Review Group established by the ICGN Board, the review followed approval by ICGN Members last year to amend membership categories and fees. It included an

assessment of ICGN's Articles against peer organisations and ICGN's own GGP. This was a comprehensive exercise including consultation with ICGN Members, ICGN Board and legal advisors. The recommended changes will be presented to ICGN Members for approval at our forthcoming AGM.

## In conclusion

All of these activities - and more - are explained in this Annual Review where it is evident that ICGN is highly valued as we embrace a sustainable future. We are very grateful to the ICGN Team for their commitment to delivering thoughtful, high-quality output which we hope all Members enjoy. Our thanks extend to all those who play such an important part in ICGN's work programme including speakers, sponsors, committee members, Yearbook contributors and many other stakeholders.

We look forward to continuing in our purpose, working together with ICGN Members, to promote the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation, contributing to healthy and sustainable economies, society, and the environment.



**Kerrie Waring**  
CEO



**Robert Walker**  
Chair

# Membership

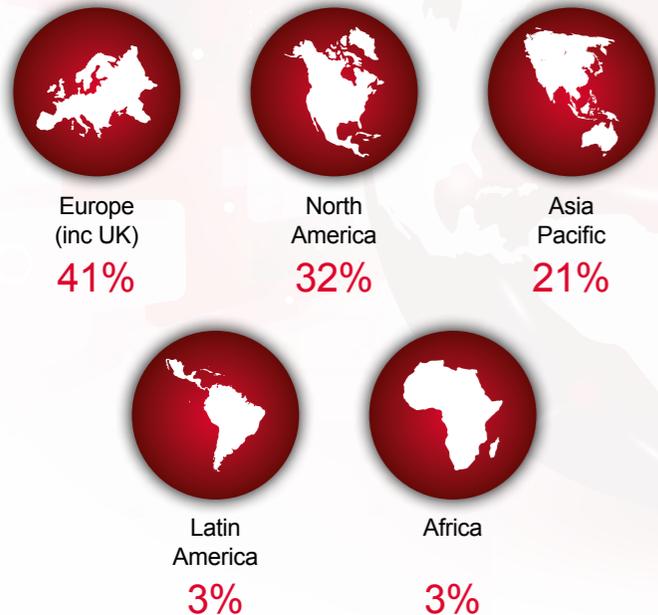
Since ICGN's inception in 1995, ICGN Members have led the development of global standards of corporate governance and investor stewardship thereby influencing regulatory developments and professional market practice.

ICGN Members are dedicated governance professionals from the investment and corporate community who are passionate about preserving and enhancing long-term value, ultimately contributing to sustainable economic growth and social prosperity and a healthy environment.

Our unique strength relies on the:

- Influence of institutional investors responsible for assets of \$59 trillion;
- Geographic diversity with Members based in over 45 countries; and
- Senior market-based opinion from leaders across multiple disciplines.

## Members by Geography



## Key Member Benefits

1

**Standards:** Accessing to the highest standards of governance principles which provide a benchmark for investor voting policies and company engagement.

2

**Advocacy:** Influencing public policy from a global investor perspective to improve governance standards and protect minority shareholder rights.

3

**Alignment:** Demonstrating a stewardship commitment by publicly acknowledging ICGN membership and endorsing ICGN Principles and Guidance.

4

**Education:** Supplementing in-house governance resources to professionalize stewardship capabilities with market-led opinion, information and training programmes.

5

**Exchange:** Sharing knowledge and experience with senior governance professionals from across the investment chain at international ICGN in-person and virtual meetings.

6

**Contribute:** Participating in ICGN's work programme by joining a committee or the board, writing for the ICGN Yearbook, teaching ICGN courses or speaking at events.

# ICGN Constitution

The Articles of Association ("Articles") are ICGN's constitution. They define ICGN's purpose, the rights of members, the responsibilities of the Board and the procedures by which ICGN operates.

At last year's AGM, Members approved changes to ICGN's membership categories and subscription levels and, consequently, some amendments to the Articles are necessary. At the same time, the ICGN Board decided to undertake a review of the Articles, something which was last done in 2008 when ICGN was formally incorporated as a legal entity.

An Articles Review Group (ARG) consisting of two former Board members and a former Chair of the ICGN Bylaws and Procedures Committee was appointed by the ICGN Board to undertake the review. The review included an assessment of ICGN's Articles against peer organisations, ICGN's own Global Governance Principles and UK company law.

Following the review, the Board identified additional issues for which it considered revisions to the Articles might be appropriate. Members were consulted on these issues in January 2021, with a subsequent consultation on draft amendments to the Articles in June 2021.

ICGN Members will be invited to vote on six separate special resolutions at the ICGN AGM being held on 2nd September 2021 to approve amendments to the Articles regarding:

- The inclusion of reference to investor stewardship as well as corporate governance in ICGN's defined purpose;
- The ability to extend the length of tenure of the Chair and Vice-Chair as members of the Board of Governors subject to certain conditions;
- The ability to hold physical, hybrid or remote General Meetings and members' rights of participation in such meetings;
- The ability of the Board of Governors to approve decisions outside Board meetings in certain circumstances;
- Changes to ICGN's membership structure approved by members at the 2020 AGM; and
- Changes to reflect UK law relating to the requisitioning of General Meetings and to make use of gender-neutral terminology throughout.

## ARTICLES REVIEW GROUP

ICGN is grateful to the members of the ARG and the Consultant, Chris Hodge, for the comprehensive review of the Articles and to all ICGN Members who responded to the consultations.



**The ARG was chaired by Anne-Marie Jourdan** and the members were David Couldridge, Dan Konigsburg, Simon Osborne, Chris Hodge

# Influence

## ICGN Global Governance Principles

First published in 2001, the ICGN Global Governance Principles (GGP) provide an international benchmark, from an institutional investor perspective, on the highest standards of corporate governance. Many ICGN Members default to the Principles as a bellwether for their voting policies and company engagements. The Principles also inform regulators on internationally accepted standards to help inspire the evolution of national codes.

This year, the GGP have been revised as part of a three-year review process to ensure they remain relevant and aligned with regulatory developments and market practice. Following a two-stage Member consultation, the revised GGP will be submitted for Member approval at ICGN Annual General Meeting in September.

Key changes to the GGP include a greater focus on corporate purpose, improving stakeholder relations and ensuring that sustainability issues are a meaningful part of board oversight and the governance process. This requires companies and investors to focus, not only on aspects relating to preserving and building a company's long-term financial capital, but factors impacting human and natural capital too.



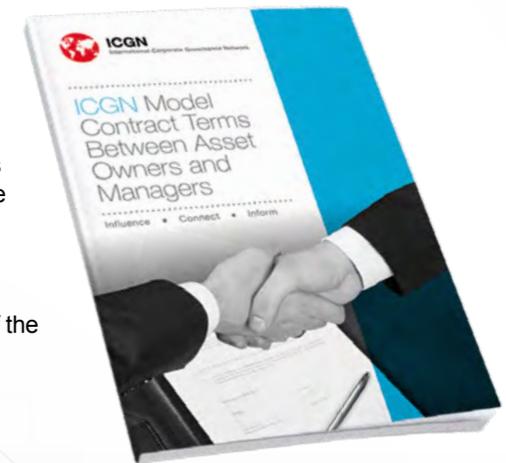
## ICGN Model Mandate

This year, the ICGN Model Mandate has been reviewed in partnership with the United Nations Global Investors for Sustainable Development Alliance. First published in 2012, the Model Mandate provides example terms for asset owners to consider when drafting stewardship obligations in their contracts with investment managers including time horizons, asset manager remuneration and ESG integration.

The review aims to update the ICN Model Mandate to help shift the behaviours of key actors along the investment chain towards a longer term, sustainable perspective, particularly those related to the UN Sustainable Development Goals and in closer alignment with the ICGN Global Stewardship Principles.

The process of revising the guidance is still ongoing. A series of round table meetings were held with ICGN members in June 2021, and a session on the Model Mandate formed part of the Governance of Sustainability Dialogue event the same month.

At the time of writing, the revised guidance is expected to be published in October 2021.



## Summary of ICGN Global Governance Principle revisions:

<b>COMPANY PURPOSE</b>	Boards should publicly disclose a company purpose to guide management's approach to strategy, innovation and risk.	<b>CAPITAL ALLOCATION</b>	Boards should disclose a clear approach to achieving a sustainable balance of capital allocation among different company, shareholder, creditor and stakeholder interests.
<b>GOVERNANCE OF SUSTAINABILITY</b>	Boards should take ownership of the governance of sustainability in the company and its integration with company strategy, operations and risk oversight.	<b>HUMAN RIGHTS</b>	Boards should be sufficiently informed of how human rights and modern slavery issues may present business and reputational risks or might compromise a company's own values and standards of behaviour.
<b>DIVERSITY, EQUITY AND INCLUSION</b>	Diversity should be strategically addressed both on the board and workforce to ensure effective, equitable and inclusive decision-making in alignment with the company's purpose and long-term strategy.	<b>WORKFORCE SAFETY</b>	Boards should ensure disclosure around how a company identifies and mitigates workforce safety risks in its operations and supply chains, particularly in terms of the risk assessment process, policies and procedures.
<b>STAKEHOLDER RELATIONS</b>	Boards should understand stakeholder level needs and support positive stakeholder relations linked to the board's oversight of the company's human and natural capital management.	<b>REPORTING</b>	Sustainability reporting should reflect the complexities inherent in a contemporary business by blending financial, human and natural capital considerations in the context of a company's current and future strategic direction.
<b>SYSTEMIC RISKS</b>	Boards should identify, address and report on relevant systemic risks to the business, particularly those identified in the United Nations Sustainable Development Goals.	<b>STANDARDS</b>	Established sustainability reporting standards and frameworks should be used to facilitate consistency and comparability of reporting and to contribute to the global consolidation of sustainability standards.
<b>MATERIALITY</b>	Boards should ensure disclosure around how a company identifies and mitigates workforce safety risks in its operations and supply chains, particularly in terms of the risk assessment process, policies and procedures.	<b>EXECUTIVE REMUNERATION</b>	Boards should incorporate material sustainability-related metrics into executive incentive plans, determined within the context of company's values, internal reward structures and competitive drivers.
<b>CLIMATE CHANGE</b>	Board's should assess and disclose the impact of climate change on the company business model and how it will be adapted to meet the needs of a net zero economy as part of a long-term strategy.	<b>SHAREHOLDER MEETINGS</b>	Boards should ensure that meetings are efficiently democratically and securely facilitated to enable constructive interactivity with shareholders.

## Policy Priorities and Committees

Every year, ICGN determines a series of Annual Policy Priorities which help inform our work programme. The priorities are promoted by ICGN Policy Committees comprised of ICGN Members to whom we are very grateful for generously sharing their time and expertise.

### PRIORITY 1

**Long-term investment perspectives and sustainable value creation, promoted by the ICGN Ethics & Systemic Risk Committee (ESRC)**



chaired by: **Deborah Gilshan**, The 100% Club

ESRC addresses systemic risks and opportunities that might affect the preservation and enhancement of long-term corporate value, impacting on capital market stability, economic growth and broader social prosperity. These issues also link to the UNSDGs. Core priorities include corporate purpose and accountability, culture and integrity, anti-corruption practices, regulatory and fiscal policies, technological disruption, environmental damage, climate change and social risks including wealth inequality.

### Governance of sustainability

ICGN's letter in February 2021 to the Council of Experts for the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code focused on the governance of sustainability. It addressed three key themes:

- 1 **Climate change:** establishing net zero targets by 2050, ensuring adequate board understanding and oversight and robust climate related disclosure.
- 2 **Social inequality:** focusing on the importance of social factors as a key determinant to a company's long-term financial health and sustainability including human rights, workforce safety and income inequality.
- 3 **Enhancing company and investor dialogue:** constructively engaging to build mutual understanding between companies and investors about governance and sustainability priorities.

#### Key outputs include:

- Letter to the Council of Experts for the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code on the governance of sustainability, March 2021
- Letter to NASDAQ on listing requirements for board diversity, December 2020
- Viewpoint on the Biden Administration and the US corporate governance agenda, December 2020
- Revisions to ICGN guidance on anti-corruption practices, June 2020
- Viewpoint on COVID-19 as a systemic risk, March 2020

#### ESRC Members:

**Melsa Ararat** (Sabanci University)  
**Mirza Baig** (Aviva Investors)  
**Fabio Bianconi** (Morrow Sodali)  
**Daniela Carosio** (Sustainable Value Investors)  
**Vineet Chhibber** (JP Morgan Asset Management)\*  
**Lauren Compere** (Boston Common Asset Management)  
**Deborah Gilshan** (The 100% Club)  
**Karin Halliday** (AMP Capital Investors)  
**John Jarrett** (EY)  
**Nokuthula Khumalo** (Transnet)\*

\*Member till 31st December 2020

### PRIORITY 2

**Making successful stewardship a reality, promoted by the ICGN Shareholder Responsibilities Committee (SHREC)**

co-chaired by: **Danielle Melis**, Aequinova & **Alison Schneider**, Alberta Investment Management Corporation

SHREC advocates high standards of investor governance and stewardship and supports the ICGN Global Stewardship Principles and ICGN Model Mandate both of which have inspired changes to regulation in markets around the world.



#### Key outputs include:

- Letter to CRISA Committee on the Code for Responsible Investing in South Africa stewardship code consultation, January 2021
- Letter to the Council of Experts for the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code, December 2020
- Revisions to the ICGN Global Stewardship Principles, approved at ICGN's 2020 AGM, September 2020
- Letter to Taiwan Stock Exchange on Taiwan's Stewardship Code, March 2020
- Letter to the Council of Experts on the Japanese Stewardship Code, January 2020
- Revisions to the ICGN Model Mandate, 2020 – 21

#### SHREC Committee Members:

**Mirte Bronsdijk** (APG Asset Management)  
**Stephen Davis** (Harvard Law School)  
**Carol Nolan Drake** (Carlow Consulting LLC)  
**Anne-Marie Jourdan** (Fonds de Reserve)  
**Tetsuo Kitagawa** (Aoyama Gakuin University)  
**Cedric Laverie** (ISS)  
**Niels Lemmers** (VEB – Dutch Shareholders Association)\*

**Robert Lewenson** (Old Mutual Investment Group)  
**Charles Macek** (Vicinity Centres)  
**Danielle Melis** (Nyenrode Business School)  
**Alison Schneider** (Alberta Investment Management)  
**Tracy Stewart** (SBA Florida)  
**Ryoko Ueda** (J-IRIS Research)  
**Michael Viehs** (Hermes Investment)  
**Noah Wortman** (IMF Bentham)

\*Member till 31st December 2020

### Excerpts from ICGN letter to the Financial Times on the Hill Review of listings in the UK (4 March 2021)

The notion that dual class structures might soon come with a 'Premium' listing in the UK is one way to define an oxymoron. Dual-class share structures may be issuer-friendly and portend a boon to the self-interests of stock exchanges and the underwriting community. But they are not good for investors – who are the ultimate customers.

The nature of this share structure is that it purposely waters down shareholder rights and has the effect of entrenching management in a way that diminishes external accountability to shareholders and other stakeholders. This is anathema to the objectives of investor stewardship and responsible investment. There is plenty of evidence to suggest that dual class shares are not in the long-term interests of investors, and ICGN's investor members overwhelmingly oppose this practice.

The dual-class ship may well be set to sail in the UK, but if dual-class shares do become a reality the UK regulatory authorities should at the very least impose further restrictions that might thwart long-term abuses from these laxer standards. For investors, the next line of defence will be to push for protections such as sunset clauses to prevent differential ownership from becoming a permanent feature in a company.

## PRIORITY 3

### Building effective boards amidst the changing boundaries of governance, promoted by the ICGN Board Governance Committee (BGC)

co-chaired by: **Gigi Dawe**, CPA Canada & **Carola van Lamoen**, Robeco Institutional Asset Management BV

BGC focuses on the quality of the board of directors as the primary oversight body responsible for driving long term corporate value. In doing so boards are accountable to shareholders, while balancing the interests of relevant stakeholders as a whole. The committee's priorities include board composition, remuneration, capital allocation, independence and oversight of risk management.



#### Key outputs include:

- Viewpoint on the governance of big tech, March 2021
- Viewpoint on integrating sustainability factors into executive compensation plans, November 2020
- Viewpoint on the duties of boards in company groups, October 2020
- Viewpoint on the board of directors and climate change, July 2020
- Viewpoint on COVID-19 and executive remuneration, June 2020
- Letter to corporate leaders on governance priorities during the Covid-19 pandemic, April 2020
- Viewpoint on artificial intelligence and board effectiveness, March 2020
- Viewpoint on the board's role to oversee culture, January 2020

#### BGC Committee Members:

**Pru Bennett** (Independent)\*

**Mike Cho** (Korea Corporate Governance Service)

**Gigi Dawe** (CPA Canada)

**Daniel Jarman** (BMO Global AM)

**Rosalind McKay** (Cbus)\*

**Severine Neervoort** (Norges Bank Investment Management)

**Joel Posters** (Future Fund)

**Eszter Vitorino** (Kempfen Capital Management)

**Carola Van Lamoen** (Robeco)

**Megumi Terayama** (Nikko Research Center, Inc.)

\*Member till 31st December 2020

## The Governance of Big Tech

Linked to its March 2021 conference with NASDAQ, ICGN drafted a Viewpoint on the digital revolution and the governance of the tech sector. Against a background of dynamic growth and concentrated corporate power, ICGN considered three fundamental areas of concern that are drawing the attention of governments, investors, and civil society:

- 1 An *economic problem* relating to anti-competitive concerns and concentration of power. This is exacerbated by the industry's intrinsic economies of scope that encourage business models to develop ranges of products and services which leverage off an unprecedented concentration of knowledge and customer data.
- 2 A *social problem* relating to the impacts of big tech companies on customers and society more generally, particularly social media companies. This relates to the exploitation of user data, and the potential for both behavioural manipulation and disinformation leading to dystopic social outcomes.
- 3 A *governance problem* rooted in dual-class share-ownership structures prevalent in the ICT sector. In prominent cases such structures compound the governance risks and the concentration of economic power by entrenching management and reducing accountability to shareholders.

Independent boards must be prepared to protect minority shareholder interests while adapting effectively to dynamic economic and social externalities created by big tech companies. The Viewpoint concluded with a series of engagement questions for companies relating to ethics, human rights, board effectiveness, data governance and dual class share structures.

## PRIORITY 4

### Protecting minority shareholder rights is the focus for the ICGN Shareholder Rights Committee (SHRIG)

co-chaired by: **Bram Hendriks**, Kessler Topaz Meltzer & Check, LLP & **Eugenia Jackson**, Director, Allianz Global Investors



SHRIG seeks to protect minority shareholder rights to ensure that investors are properly equipped to discharge their fiduciary duties. This extends to the equitable treatment of shareholders and advocating against differential share ownership structures, voting rights and cross border voting infrastructure, company engagement and investor collaboration.

#### Future of AGMs

The Covid-19 crisis has had a disruptive impact on company annual general meetings (AGMs). Since physical meetings were not possible, virtual meetings became a necessity, requiring emergency legislations in many jurisdictions to allow for these legally. It raises the question what AGMs should look like in a post-Covid environment, including the question of whether virtual AGMs will become a permanent feature once social distancing requirements are relaxed.

ICGN explored this issue with a Viewpoint on the future of AGMs which noted the positive features of virtual meetings, such as making attendance more accessible by removing geographic barriers and travel requirements. It also examined the potential negatives or abuses, including in some cases very limited ability of investors to interact with company directors through questions and dialogue.

The Viewpoint concluded that as the challenges presented by the Covid-19 crisis are overcome, shareholder meetings should allow for the physical presence of participants, including provision for voting electronically by proxy, and ensure live interaction is possible between shareholders and the board and management. Hybrid formats should be encouraged, and virtual-only meetings should be discouraged.

#### Key outputs include:

- Viewpoint on shareholder proposals: still to come
- Letter to the European Commission on sustainable corporate governance initiative, February 2021
- Letter to HM Treasury on UK Post-Brexit financial services, November 2020
- Letter to the Australian Senate on virtual AGMs, October 2020
- Viewpoint on the future of annual general meetings, September 2020
- Letter to Brazilian Capital Markets Authority (CVM) on super-voting shares, October 2020
- Letter to US Department of Labor regarding proxy voting and shareholder rights, October 2020
- Letters to Ministry of Finance on amendments to Japan's Foreign Exchange and Foreign Trade Act, October 2019 - April 2020
- Letter on the Hong Kong Exchanges and Clearing Limited consultation on corporate weighed voting rights, April 2020
- Viewpoint: How different markets are handling shareholder meetings during the COVID-19 health emergency, March 2020

#### SHRIG Committee Members:

**Rients Abma** (Eumedion)

**Christine Chow** (Hermes Investment Management)

**G. Blair Cowper-Smith** (Omers)

**Tom Elliott** (Capital Group)

**Stephen Erlichman** (Individual)

**Gerard Fehrenbach** (PGGM Investments)

**Bram Hendriks** (KTMC)

**Michael Herskovich** (BNP Paribas)

**Eugenia Jackson** (Allianz Global Investors)\*

**Alexander Juschus** (DVFA e.V.)

**Rupert Krefting** (M&G)

**Nana Li** (Asian Corporate Governance Association)

**Arne Loow** (AP4 Fjarde AP-Fonden)

**Massimo Menchini** (Assogestioni)

**David Smith** (Aberdeen Standard)\*

**Peter Swabey** (ICSA)

\*Member till 31st December 2020

## PRIORITY 5

**Seeking transparency through robust reporting, audit and metrics, promoted by the ICGN Disclosure and Transparency Committee (DTC)**



chaired by: **James Andrus**, CalPERS

DTC advocates high quality corporate reporting through reliable auditing standards to enable investors to exercise their investor rights on an informed basis. This extends beyond financial reporting to include reporting around human and natural capital to provide meaningful disclosure around a company's risks, opportunities and prospects for the future.

### DTC Committee Members:

**James Andrus** (CalPERS)

**Melanie Adams** (RBC Global Asset Management)

**Aaron Bernstein** (Global Proxy Watch)

**Jean-Philippe Desmartin** (Edmond de Rothschild)

**Lamia El Bounani** (Moroccan Institute of Directors)

**Farha-Joyce Haboucha** (formerly Rockefeller & Co.)

**Andrew Hobbs** (Ernst & Young LLP)

**George Iguchi** (Nissay Asset Management)

**Natasha Landell-Mills** (Sarasin & Partners LLP)

**Nga Pham** (Monash Centre for Financial Studies)

**Karin Ri** (Asset Management One)

**Yoshiko Shibasaki** (KPMG)

### Key outputs include:

- Letter to UK Department for Business, Energy & Industrial Strategy on mandating climate-related financial disclosures, May 2021
- Letter to the Australian Senate Standing Committees in Economics, March 2021
- Letter to International Financial Reporting Standards Foundation on sustainability reporting, December 2020
- Letter to the Sustainability Accounting Standards Board - Comment on Exposure Drafts, December 2020
- Letter to US Public Company Accounting Oversight Board - Proposed Rules on Amendments to PCAOB Interim Independence Standards, December 2020
- Letter to Global Reporting Initiative consultation on its universal standards, September 2020
- Letter to US Securities Exchange Commission regarding modernization of Regulation S-K Items 101, 103, and 105 (human capital focus), August 2020
- Letter to US Department of Labor regarding ESG reporting, July 2020
- Letter to the European Commission consultation on the review of the Non-Financial Reporting Directive, June 2020
- Letter to US Public Company Accounting Oversight Board on audit quality, March 2020
- Letter to the Global Reporting Initiative on their Corporate Governance Data Framework, February 2020

## New ICGN Policy Committees

In 2020 and 2021 ICGN undertook a review of its policy committee structure and process with a view to align our advocacy efforts more closely with real-time regulatory developments, prioritise issues of most relevance to ICGN Members and engage a broader scope of ICGN Members in policy development, for example as part of committees or seeking input in regulatory consultations.

To achieve these aims, the ICGN Secretariat and a Policy Review Group of the ICGN Board consulted with Policy Committee Chairs, Members of the Global Network of Investor Associations and Members of the Global Stewardship Codes Network. The review concluded with the recommendation to re-frame the Policy Committee structure to align more strategically with ICGN's flagship Principles and to ensure relevance with systemic regulatory priorities and ICGN Member interest.

The review also led to the establishment of a new Policy Oversight Committee (POC) of the ICGN Board. The POC is responsible for reviewing and agreeing ICGN's Annual Policy Priorities as recommended by the Secretariat and maintaining oversight over Policy Committee leadership and outputs.

Around 60 ICGN Members applied for the newly constituted ICGN Policy Committees which will be launched in September 2021.

## New Committees

- 1 **ICGN Global Corporate Governance Committee**, focused on board leadership, fiduciary duties, independence, culture, committee effectiveness, strategy, risk and remuneration.
- 2 **ICGN Global Investor Stewardship Committee**, focused on fiduciary duties, shareholder rights, shareholder meetings, company monitoring, voting engagement and investment mandates.
- 3 **ICGN Financial Capital Committee** focused on corporate reporting (financial & sustainability), materiality, capital allocation, accounting and auditing standards, risk, internal controls internal, audit, audit committees, and external audit.
- 4 **ICGN Human Capital Committee** focused on anti-corruption, culture, stakeholder relations, workforce engagement, succession planning, diversity-equity-inclusion, human rights, workforce safety and more.
- 5 **ICGN Natural Capital Committee** focused on governance relating to the natural environment, ecology and biodiversity including climate change and the UN SDGs.



## Initiatives in Japan

Over the past two decades, ICGN has supported reforms to improve corporate governance and investor stewardship practices in Japan with dozens of responses to regulatory consultations and by convening hundreds of institutional investors, corporate leaders and other important stakeholders at ICGN Meetings in Tokyo.

### Japan Corporate Governance Code Revisions



ICGN's CEO participated as a Member of the Council of Experts convened by the Financial Services Agency and the Tokyo Stock Exchange to deliberate on revisions to the Japan Corporate Governance Code and the Guidelines for Investor and Company Engagement. ICGN reflected global investor opinion on the following priority issues:

- COVID 19 impact on corporate governance
- Board leadership, diversity, independence, appointments, evaluation
- AGM format, securities report timing, disclosure of voting results
- Capital efficiency, cross-shareholdings and group governance
- Sustainability, climate change, social inequality, company and investor dialogue
- Risk oversight, audit and key governance priorities for JPX Prime Market

Many ICGN recommendations were adopted and drafted into the revised Code including increased number of independent directors, board responsibility for the governance of sustainability, disclosure of a diversity policy, public mandates for independent committees, and the board's role in overseeing the company's business portfolio. Importantly, our calls for the publication of the securities report prior to AGM was included in the Guidelines.

*“ICGN has been a significant contributor to Japan’s corporate governance reform and also made a valuable contribution to market practice. ICGN’s CEO has provided insightful opinion from a global investors’ perspective and has been a great stimulus to our Expert Council discussions since 2017. The “ICGN Policy Priorities: Japan” (2019) is also an important reference point for us when discussing Japan’s corporate governance reform. In addition, various ICGN conferences in Tokyo have been a catalyst in stimulating discussions among stakeholders and evolving corporate governance practices in Japan. ICGN has played a significant role in the development of corporate governance policy and practices in our region, and we strongly hope that it will continue to play an important role in our market.”*



**Osamu Hamada,**  
Director for the Corporate Governance Reform,  
Corporate Accounting and Disclosure Division,  
Policy and Markets Bureau,  
Financial Services Agency



### Keynote Remarks to the METI Study Group on Improvement of Sustainable Corporate Value and Human Capital, 26th March 2021



ICGN welcomed the work of the Study Group, under the chairmanship of **Professor Kunio Ito**, convened by the Ministry for Economic Trade and Industry (METI) to examine how to link human capital management to strategy and sustainable corporate value.

ICGN's CEO presented remarks alongside **Kenichiro Yoshida** (Chairman & CEO, SONY Corporation), **Hiroshi Aoi** (CEO, Marui Corporation), **Yoshimitsu Kobayashi** (Chairman & CEO, Mitsubishi Chemical Holdings), **Michitaka Sawada** (Chairman, Kao Corporation) and **Professor Bob Eccles**.

Over 1,600 participated joined the webinar live which can be viewed on YouTube: オンラインセミナー「持続的企業価値を創造する人的資本経営」

### ICGN Virtual Forum: Overview of Changes to Japan's Corporate Governance Code and ICGN Global Principles, hosted by JPX and TSE, 14 July 2021



In July, JPX and TSE hosted an ICGN Forum to discuss latest changes to the Japan Corporate Governance Code and ICGN Global Governance Principles. Prominent speakers from FSA, TSE, Keidanren and others discussed implementation of the new Code and priorities for the year ahead. Key questions included:

- Will new Code disclosure requirements elevate the importance and effectiveness of nomination, remuneration and audit committees?
- To what extent will stricter independence and diversity requirements impact on board quality?
- What specific actions are being taken to address systemic risks such as climate change?

### ICGN-Keidanren Engagement Forum, 16 February 2021



In efforts to bridge deeper understanding between overseas investors and Japanese companies around key corporate governance issues, ICGN and Keidanren convened Members for constructive dialogue. The agenda focused on board leadership, independence, diversity, effectiveness and appointments.

The meeting was co-chaired by **Naomi Matsuoka** (Chair of Sub-Committee on Capital Markets, Committee on Financial and Capital Markets, Keidanren and Senior Vice President, Sony Corporation) and **Kerrie Waring** (ICGN, CEO) with remarks from **Takashi Hibino** (Vice Chair of the Board of Councillors/Chair of Committee on Financial and Capital Markets, Keidanren and Chairman of the Board, Daiwa Securities Group Inc.)

### Strengthening ICGN Expertise in Japan



As ICGN's work in Japan continues to grow, in January, we welcomed a new Member to the ICGN Team, **Amane Fujimoto**, to support our Japan related initiatives. Amane was formerly Deputy Director of Corporate Accounting & Disclosure Division at Financial Services Agency and worked on revisions to the Corporate Governance Code in 2015 and 2018 as well as revisions to the Stewardship Code in 2017 and 2020. Prior to his role at FSA, Amane was Head of Corporate Value Consulting of Sumitomo Mitsui Trust Bank and has engaged in corporate governance consulting to major Japanese companies for over 15 years.

# Connect

## Global Networks

One of ICGN's core objectives is to connect like-minded people from around the world who share a common interest in promoting high standards of corporate governance and responsible investment practices, so that they can share ideas and information. To support this objective, ICGN convenes two influential global networks.

### Global Network of Investor Associations (GNIA)

In 2013, the ICGN established the GNIA as an international collaboration of investor-led organisations with a common interest in promoting shareholder rights and responsibilities and effective standards of corporate governance. The GNIA meets monthly to share knowledge on policy priorities. There are member organisations from Australia, Brazil, Canada, France, Germany, Hong Kong, Italy, Malaysia, Netherlands, UK and USA.



## Global Stewardship Code Network (GSCN)

ICGN established the GSCN in 2016 to provide a forum for organisations responsible for developing and implementing stewardship codes to exchange information and ideas. The Network now has 19 Members from five continents. It meets in person annually at ICGN's Annual Conference and Members participate in quarterly calls.

This year, GSCN received presentations on updates to the UK and Japanese stewardship codes, reviews of the Taiwanese and South African codes and ICGN's Global Stewardship Principles, and a progress report on implementation of the US Investor Stewardship Principles. Members also discussed issues such as monitoring of compliance with codes, how to ensure engagement did not fall foul of rules on insider trading and acting in concert, and the impact of the EU Shareholder Rights Directive.



Brazil, Canada, Denmark, European Fund and Asset Management Association, Hong Kong, Italy, Japan, Kenya, Malaysia, Netherlands, Singapore, South Africa, South Korea, Taiwan, Thailand, United Kingdom, United States.

## International Events

Key to the ICGN membership experience is sharing knowledge and experience with senior governance professionals from across the investment chain at international meetings. Despite the Covid pandemic restricting our ability to convene in-person events, ICGN Members have benefited from dozens of virtual meetings since January 2020 - 25 in total convening over 6,000 people from around the world.

### COVID Response: ICGN Evolving Social Contract Webinar Series, June - July 2020

Following the onset of the Covid pandemic, ICGN promptly convened governance leaders from the investment business and advisory community to share their views over a series of weekly virtual forums. Key themes included:

- Covid and climate change: colliding systemic risks
- Reporting: communicating resilience & sustainable value creation
- New accountability mechanisms in the age of stakeholder capitalism
- Human capital: sustaining morale and promoting fairness
- Public trust and the corporate social contract
- Executive pay: reframing for the long-term

### ICGN Governance of Big Tech, hosted by Nasdaq OMX, 23rd March 2021



The speed and scope of digital transformation and technological advancement is exponential. This event focused on how the digital revolution impacts a company's efficiency, productivity, innovation, and competitiveness. Speakers discussed the economic, environmental and social impacts of Big Tech companies and the role of corporate boards and investors in ensuring good governance to oversee the risks and rewards. Other topics included:

- Data governance & human rights
- Role of Government: promoting innovation and public protection
- Governance structure of Big Tech and dual class shares

The meeting attracted around 350 people from over 40 regions. Speakers included: John Howchin (AP Funds, Sweden); Graham Thomas (Cognizant Digital Business, UK); Andrea Bonime-Blanc, (GEC Risk Advisory, US); Marco Enriquez (U.S. Securities and Exchange Commission, US); Charlotte Decker (UAW Retiree Medical Benefits Trust, US) and many more.

### ICGN Global Virtual Summit, supported by Symphony Financial Partners, 4-5 November 2020



Featuring over 40 speakers from a dozen countries, the ICGN Global Virtual focused on governance priorities beyond the pandemic. Delegates experience a 3D world where they could customize their own avatar, visit exhibition stands, network with peers and listen to speakers.

Keynote Speakers included Ambassador Norman Eisen (Brookings, US); Brenda Killen (Gavi The Vaccine Alliance, Switzerland); and Lucian Bebchuk (Harvard Law School, US). Key subjects included:

- Geopolitical divides and impact on governance and stewardship
- Diversity, equity, inclusion: role of corporate culture
- Corporate reporting and audit in a COVID-19 environment
- Managing the crossroads of climate and COVID-19

### ICGN Governance of Sustainability Dialogue, hosted by UNCTAD World Investment Forum, in partnership with the Sustainable Stock Exchanges Initiative, 23-24 June 2021



ICGN has long advocated that companies and investors share a mutual interest in preserving and enhancing long-term corporate value, ultimately contributing to sustainable economic growth and social prosperity. It is against this backdrop that Speakers discussed:

- Board accountability for sustainability
- Climate related reporting: progress and priorities
- Reviewing CEO incentives with a social and sustainable lens
- Optimizing sustainability ratings and data

Over 500 delegates attended to hear from over 40 speakers from countries including Mervyn King (Former IIRC, South Africa); Eva Halvarsson (AP2, Sweden), Sweden; Marian Macindoe (Uber Technologies, USA); and Maria Pierdicchi (Board Director of Unicredit, Italy).

## Virtual Meetings

In addition to our comprehensive virtual forums, ICGN delivered a series of individual webinars.

### Topics included:

- The board's role in overseeing culture
- Capital allocation – What do investors need and why?
- Japan's Foreign Exchange and Foreign Trade Act: Draft Rules and Regulations
- Artificial intelligence and board effectiveness
- Duties and responsibilities of boards in company groups, in partnership with OECD
- Updates to ICGN's Global Governance Principles
- Placing employee health and safety at the heart of sustainable value creation, in partnership with IOSH
- The future of corporate reporting and non-financial information: towards a global solution, hosted by KPMG
- The future of AGMs



**“ KPMG is proud to sponsor ICGN and it has been a pleasure working with the team for over a decade. They have done a terrific job responding to COVID-19 and adapting their annual in-person conference into their Global Virtual Summit, which KPMG participated in a panel discussion on the reporting implications of COVID-19. We also worked closely with the ICGN team to host a webinar on the topic of sustainability reporting. The work done by the ICGN to ensure topics like sustainability reporting, corporate governance, investor stewardship stay top of mind for businesses and their agendas is critical. Florence Doel is a pleasure to work with through her strong onboarding of events, planning and organization and overall enthusiasm she has for our sponsorship. ”**

**Mark Vaessen, Partner,  
KPMG in the Netherlands**

## THANK YOU ICGN SPONSORS:



# Inform

## ICGN Governance Stewardship and Sustainability Course

ICGN's education programme is defined by the 'Governance Stewardship and Sustainability' (GSS) programme. The programme was created following a mandate awarded to ICGN from the European Commission in 2011 to create a course for investors to incorporate environmental, social and governance factors in their decision-making. Since then, the course has been delivered 20 times in 13 different locations attracting over 300 participants.

Aligned with the ICGN Global Stewardship Principles, the GSS programme has become a significant and valued component of our membership benefits, contributing to ICGN's vision to be a globally recognised professional body for governance and stewardship standards and practices.



### A Virtual Format

Last year, the Covid pandemic changed how the GSS programme is offered and priced, and inadvertently highlighted an efficient 'virtual' model for course delivery. The course is now delivered by two trainers over three virtual zoom sessions each of 2.5 hours.

This delivery model has enabled us to maximize access to the course geographically, with carefully chosen schedules to support all time zones with different course editions. The mixture of learners from around the world enhances greatly the learning experience for all and illustrates ICGN's universal appeal.



### New Faculty Members

This year we are proud to have increased our training faculty, and welcomed Carol Nolan Drake (CEO of Carlow Consulting), and Peter Taylor (Independent ESG Consultant) to the faculty in May 2021.



Carol Nolan Drake



Peter Taylor

They join our long standing course leaders, Mike Lubrano (Principal, Lubrano Advisory Services) and George Dallas (Policy Director, ICGN).



Mike Lubrano



George Dallas

*"In my role as a voting analyst, gaining deep knowledge of corporate governance is essential. The course covers extensively the broad spectrum of Sustainable Investing and connects the dots on how to effectively implement stewardship through voting and engagement. Lastly, the discussions with George, Mike, and the rest of the participants, were the highlight of the sessions."*



Antonis Mantsoakis,  
Active Ownership Analyst,  
Robeco

### New Courses

In 2020, ICGN refreshed and restructured the GSS Course to keep up-to date with the evolving investment landscape and to also optimize participants' experience in the new virtual format. In 2021, we surveyed course participants and faculty to help develop new titles tailored for different audiences. This has led to the development of a new course in Japan for corporate directors, a tailored in-house programme for the OECD and new titles in 2022.

#### ICGN Excellence in Corporate Governance Programme October 2021 (Japan)

The course builds an awareness of how institutional investors with globally diversified portfolios analyse corporate governance practices and a company's approach to generating long-term value. The curriculum focuses on recent changes to the ICGN Global Governance Principles and the Japan Corporate Governance Code. It highlights standards expected of JPX listed companies, particularly the new Prime Market segment and features live case studies from international investors and pre-recorded keynote speeches.



#### Organisation for Economic Co-operation and Development

Over the years ICGN has been invited to deliver private training programmes for our Members and stakeholders. This year, with additional educational support, we had the privilege of providing a tailored programme for the OECD based around the ICGN GSS course. OECD staff deepened their understanding of how investors incorporate sustainability related issues in their investment decisions and in engagements with companies. This included discussion around how to integrate human and natural capital into long-term strategy alongside more traditional financial measures.



## Governance Awards

The inaugural ICGN Awards were presented at the 2001 ICGN Annual Conference in Tokyo and, since then, have been given annually to individuals who have demonstrated exceptional achievements in corporate governance. These awards consist of the ICGN Lifetime Achievement Award and the ICGN Excellence in Corporate Governance Award and the winners were announced at the ICGN Global Virtual Summit, November 2020.

### ICGN Lifetime Achievement Award



**Peter Montagnon, Former ICGN Chairman, Former Associate Director of the Institute of Business Ethics Company,** was awarded posthumously with the prestigious 'ICGN Lifetime Achievement Award'. Peter has been described as "the father of modern investor stewardship" and was highly influential in shaping the corporate governance debate through his work at the Association of British Insurers, the Financial Reporting Council and the Institute of Business Ethics.

Accepting the award on behalf of her father, **Tamsyn Montagnon said:** "My father would have been sincerely touched by this award, especially as it comes from the Members. He always enthused about and greatly enjoyed the projects he was involved with at the ICGN, to the point where I don't think he even counted it as work. I think it was a place where he felt at home because his values matched the ICGN's. He strongly believed the benefits to be gained from embracing good corporate governance would not only strengthen the institutions but would percolate out into society itself."

### ICGN Lifetime Achievement Award



**John Wilcox, Chairman Emeritus, Morrow Sodali,** was also awarded the ICGN Lifetime Achievement award. John has had a long and distinguished career with Georgeson & Company, TIAA-CREF and Morrow Sodali, throughout which he has consistently promoted better governance standards and practices by corporations, both in the United States and around the world.

Upon receiving the ICGN Lifetime Achievement Award **John Wilcox said:** "This award means a lot to me because the ICGN has played such an important role in my professional life. The work we did was exciting and had a big impact on the evolution of corporate governance. Although this is a lifetime award for me, it does not mean the end of my involvement. Today shareholders and companies are enlarging their focus to address corporate purpose, ESG, stakeholders and the social compact. There are profound changes happening all around us. These changes mean that the ICGN will be more important than ever before."

### ICGN Excellence in Corporate Governance Award



**Sarah Wilson, Chief Executive, Minerva Analytics,** was awarded the ICGN Excellence in Corporate Governance Award. Sarah receives the award for her efforts to improve the essential infrastructure that underpins effective corporate governance and investor stewardship, such as cross-border voting.

Upon accepting the award, **Sarah said:** "It is an immense privilege to receive the ICGN Excellence in Corporate Governance Award. Over the years I have been constantly impressed and inspired by the hard work and success of the Network in grappling with complex ideas and some very wicked problems that face companies and investors. Research and innovation requires persistence, and sometimes the results are not overnight and sometimes it does work at all, the important thing is to persist and find a way forward. The track record of ICGN over the years is testimony to that. Thank you ICGN."

## Global Stewardship Awards

Last year, the ICGN Global Stewardship Awards were presented at the ICGN Global Virtual Summit, alongside the Governance Awards. The purpose of the awards is to recognise individuals and organisations whose actions have helped to make effective stewardship a reality and to encourage good quality disclosure on stewardship policies and practices.

### ICGN Global Stewardship Champion Award



**SBI Funds Management Private Ltd** were awarded the ICGN Global Stewardship Champion Award for its pioneering work on ESG integration in investment decisions in India. Upon accepting the award, **Navneet Munot, Executive Director and Chief Investment Officer, said:** "We are deeply honoured and humbled to receive the prestigious Global Stewardship Champion Award. In-depth engagement and active stewardship have been the integral pillars of our responsible investment philosophy. This global recognition will keep inspiring us to move forward with more rigour."

### ICGN Global Stewardship Disclosure Award

#### (Asset Managers > £60bn AuM)



Upon receiving the award for asset owners with over £60 billion assets under management, **Carola van Lamoen, Head SI Center of Expertise, Executive Director, Robeco Institutional Asset Management BV** "Robeco considers high quality stewardship, including reporting, a vital element in the fiduciary chain to drive positive, sustainable change. Appropriate disclosures are essential from companies to the market and also from investors towards their broader stakeholders. We are proud to receive recognition of our reporting from the ICGN, an organization whose members understand that disclosure is the starting point for accountability. We hope that ICGN's acknowledgment of quality disclosures will continue to inspire the entire industry to further improve stewardship and governance efforts."

### ICGN Global Stewardship Disclosure Award

#### (Asset Owners > £60bn AuM)



was awarded to Royal London Group

### ICGN Global Stewardship Disclosure Award

#### (Asset Owners < £60bn AuM)



We were pleased to present **NZ Superannuation Fund** with ICGN Global Stewardship Disclosure Award for asset owners with less than £60 billion assets under management. On behalf of NZ Superannuation Fund, **Anne-Maree O'Connor, Head of Responsible Investment** said "Our performance is due to our organisation's deep commitment to reporting and stewardship and the contribution and experience of our wider team. Our membership of the ICGN has provided the "go to" place for global standards, education and global perspectives. At the Guardians, we look forward to continuing to uphold excellent standards of disclosure, articulation of our investment beliefs and demonstration of how these beliefs are integrated in our policies and practices."

### ICGN Global Stewardship Disclosure Award

#### (Asset Managers < £60bn AuM)



On receiving the award for asset managers with less than £60 billion assets under management, **Narina Mnatsakanian, Director Sustainable & Impact Investment, Kempen Capital Management, said:** "Through our 'real active' approach to stewardship we aim to use our influence to positively change corporate behaviour for the benefit of all stakeholders and to help deliver long term value to our clients. We are honoured to receive this important award from ICGN, which is a great endorsement of the work of all our colleagues involved in stewardship. We are keen to hold ourselves to a high standard of transparency and disclosure that we also require of our investees and strive for continuous improvement."

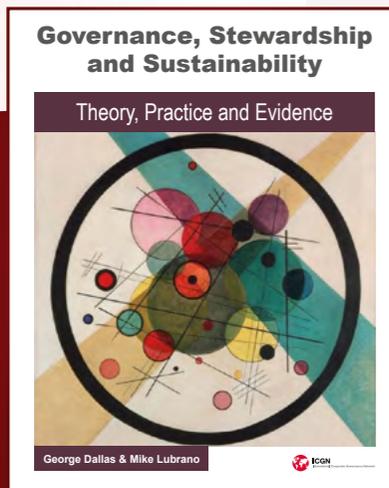
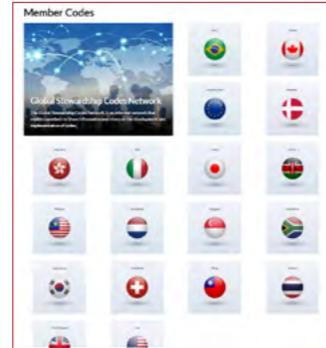
# Communicate

## Refreshing ICGN Website

As part of our initiative to enhance ICGN membership benefits and services, in June we launched a fresh new ICGN website. Our aim was to improve ICGN Member experience of the website through easier navigation, new functionality and quicker access to key ICGN materials.

The new website features several visual and technical enhancements including:

-  Efficient search optimization
-  Improved video functionality
-  Seamless accessibility across multiple devices
-  Exclusive Member Hub



## New Book Launch

### ICGN Governance, Stewardship and Sustainability

In June 2021, we were proud to launch our first book: ICGN Governance, Stewardship and Sustainability, by George Dallas and Mike Lubrano. The book provides greater clarity, rigour and guidance to practitioners about stewardship, governance and sustainability. It explores the theoretical foundations of stewardship, linking these to day-to-day decision making. Available for purchase via the ICGN website.

## Media Visibility

ICGN is regularly featured in international press, with coverage on ICGN's policy work, regulatory responses, speaking engagements and the individual Members. This year ICGN has featured in: FT, Nikkei Asian Review, Forbes, Responsible Investor, The Telegraph, Financial Review, Pensions and Investment, I&PE, Investment Week and many more.



**ICGN CEO, Kerrie Waring** wrote a guest viewpoint for I&PE on the revisions to the ICGN's flagship Global Governance Principles:

*"This year's revision is set within a world facing systemic challenges: a global pandemic and climate change. These events both stem from our abuse of nature and present an existential crisis. They are interlinked and, if we are to create a healthier more sustainable world, we need to manage these risks to reboot the global economy while decarbonising the planet."*



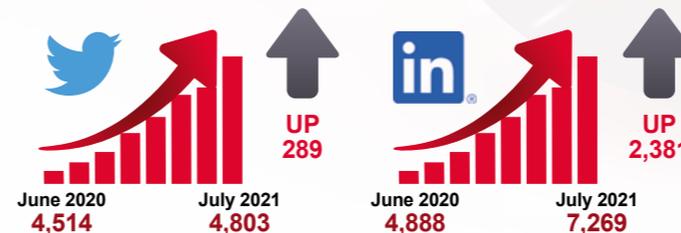
**ICGN Policy Director George Dallas** on the UK review into public markets by lord hill, including the introduction of dual class shares in premium segments, in an article in the Financial Times:

*"There is an idolatry for these tech companies that for some reason allows governance shortcuts to be made. It is not good for the end investor. There has been a slow creep of loosening standards in the US. The UK has a strong reputation for regulatory standards, there is a sense they are caving in on this."*

## #Social Media

ICGN's social media focus has sharpened in the last 18 months with growth on Twitter and LinkedIn, following a number of new initiatives across both platforms:

- Welcome & introduction posts featuring new ICGN Members
- Special LinkedIn microsites for ICGN Training and Events which allows for direct invitations
- Quotes & key takeaways from speakers at ICGN webinars and events
- "Member in Spotlight" series aiming to share governance & stewardship priorities of ICGN members



## ICGN Yearbook 25th Anniversary Edition

First published in 2005, the ICGN Yearbook is an exclusive Member benefit and draws on insights from the world's leading commentators on corporate governance issues.

It provides a memento of governance developments over the years and serves as a point of reference on topical issues of the day. In 2020, ICGN issued a special 25th anniversary edition of the ICGN Yearbook.

#ICGN20 #ICGN21 #Corporategovernance @ICGNCorpGov

# Governance

## Board of Governors

The ICGN Board directs the affairs of ICGN through the oversight of the CEO who manages the ICGN Secretariat and work programme. Up to twelve Board Members are elected by ICGN Members annually, with the majority being investors. The current Board was elected at the virtual ICGN AGM held 23rd September 2020.

<p><b>Bob Walker</b> LVC Strategies Canada <i>Board Chair</i></p> 	<p><b>Ian Burger</b> Newton Asset Management UK <i>Board Vice Chair</i></p> 	<p><b>Melsa Ararat</b> Sabanci University Turkey</p> 
<p><b>Christine Chow</b> IHS Markit UK</p> 	<p><b>Michael Herskovich</b> BNP Paribas Asset Management France</p> 	<p><b>George Iguchi</b> Nissei Asset Management Japan</p> 
<p><b>Henry Jones</b> CalPERS USA</p> 	<p><b>Claudia Kruse</b> APG Asset Management Netherlands</p> 	<p><b>Dan Konigsburg</b> Deloitte Touche Tohmatsu Ltd USA</p> 
<p><b>Robert Lewenson</b> Old Mutual Investment Group South Africa</p> 	<p><b>Paul Schneider</b> Ontario Teachers' Pension Plan Canada</p> 	<p><b>Susanne Stormer</b> Pricewaterhouse Coopers Denmark</p> 

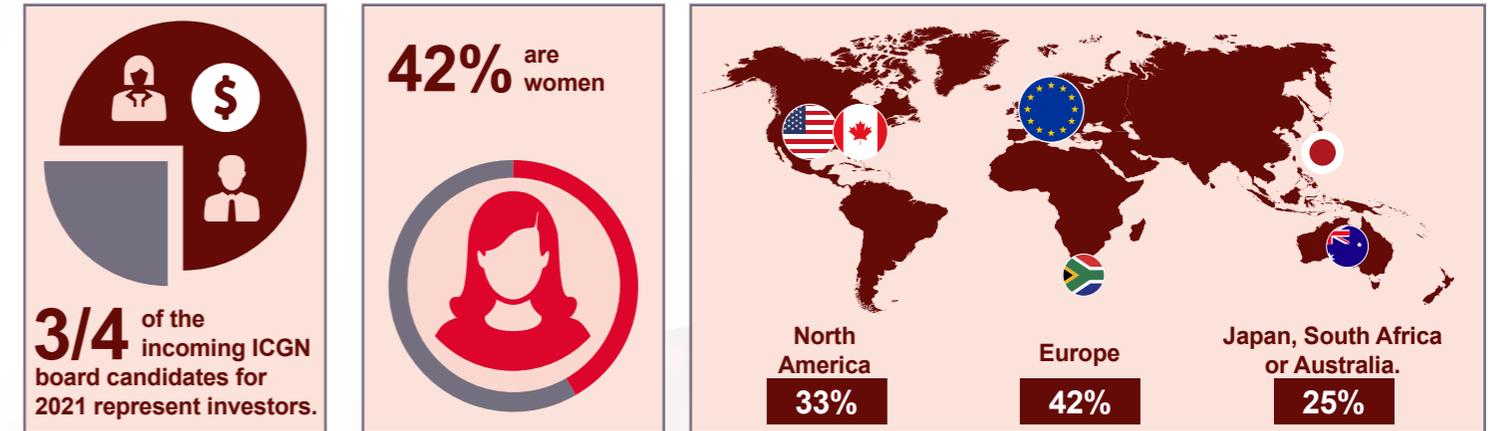
## Board Members 2021

This year, three board members will retire following the conclusion of six year-term limits being: Melsa Ararat, George Iguchi and Bob Walker. ICGN thanks the three outgoing Governors for their considerable contributions to the work of the ICGN and the Board. Subject to ICGN Members election at the forthcoming ICGN AGM on 2nd September, we welcome three new board members being:

<p><b>Debby Blakey</b> HESTA Australia</p> 	<p><b>Seiji Kawazoe</b> Sumitomo Mitsui Trust Asset Management Japan</p> 	<p><b>Luz Rodriguez</b> Colorado Public Employees' Retirement Association USA</p> 
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## Board Composition (2021 - 2022)

The ICGN Board comprises a mix of directors with relevant knowledge, independence, competence, industry experience and diversity of perspectives to generate effective challenge, discussion, and objective decision-making in alignment with this Diversity, Equity & Inclusion Policy and in pursuit of ICGN's corporate purpose.



## External Board Committees

### AWARDS

Recommends candidates for recipients of ICGN Awards and oversees the presentation of awards relating to both Governance and Stewardship.

#### Key responsibilities include:

- Recommendation of Global Governance Award candidates to ICGN Board
- Ratification of Judging Panel decisions on recipients of the ICGN Global Stewardship Award

**The Committee is chaired by Philip Armstrong** and the Members are Melsa Ararat, Christine Chow, Anne-Marie Jourdan, Dan Konigsburg and Robert Lewenson. Under its terms of reference, the Chair of the Committee is not a member of the Board of Directors.



### NOMINATION

Recommends board governor candidates to ICGN Members for annual election/re-election. The committee Members themselves are elected individually at AGM.

#### Key responsibilities include:

- Oversight of Board nomination and election process
- Communication with ICGN Members, ICGN Board and others
- Solicit nominations to serve on the ICGN Board of Governors
- Recommend candidates to ICGN Members for approval at AGM

**The Committee is chaired by Geof Stapledon** and the Members are Richard Bennett, Carola Van Lameon and Anne Molyneux. Under its terms of reference, the Chair of the Committee is not a member of the Board of Directors. Bob Walker and Ian Burger also serve as non voting members as ICGN Board Chair and Vice Chair respectively.



## Internal Board Committees

### AUDIT AND FINANCE

Oversees ICGN financial reporting, internal controls, risk management and audit.

#### Key responsibilities include:

- Financial Management Accounts
- Annual Operating Budget
- Annual Risk Register
- Financial Reserves Policy
- Review of ICGN banking arrangements
- Audit oversight and review

**The Committee is chaired by Paul Schneider** and the Members are Ian Burger, Christine Chow, Michael Herskovich, and Claudia Kruse.

Information on risk and audit oversight and the financial statements for the year ending 31st December 2020 can be found on page 32 onwards.



### GOVERNANCE

Develops and implements sound governance policies and practices relating to CEO appointment, performance and remuneration, succession planning, Board composition and evaluation.

#### Key responsibilities include:

- Board evaluation and skills matrix review
- CEO succession planning
- CEO remuneration and performance appraisal
- Committee structure and composition review
- ICGN Constitutional document oversight

**The Committee is chaired by Dan Konigsburg** and the Members are Ian Burger, Henry Jones, Susanne Stormer, and Robert Walker.



### CRISIS RESPONSE

In March 2020 the ICGN Board established a Crisis Response Committee and approved a crisis management plan. The purpose of the committee is to support the CEO in assessing the risks that a severe crisis may present to ICGN and any mitigating actions. The committee includes the CEO, Board Chair, Board Vice-Chair, the governance committee Chair and the audit on finance committee Chair.

Last year the crisis response committee was activated in response to the emergence of the COVID-19 pandemic.

**The committee is chaired by Robert Walker** and the members are Ian Burger, Dan Konigsburg, Paul Schneider, and Kerrie Waring.

### POLICY OVERSIGHT

In May 2021 the ICGN Board established a Policy Oversight Committee as part of an effort to strengthen our approach to policy development and promotion. The committee is comprised of board members who serve as liasons to policy committees.

#### Key responsibilities include:

- Agreeing ICGN's annual policy priorities
- Agreeing committee chair appointments
- Reviewing committee output and performance

**The committee is chaired by Robert Walker** and the members are Melsa Ararat, Christine Chow, George Iguchi, and Robert Lewenson.



## Operations and Finance

### ICGN Secretariat

The ICGN is a non-profit body, registered in the UK as a company limited by guarantee. The Secretariat is based in London, led by the CEO who manages a team who develop, coordinate, and deliver the ICGN work programme world-wide.

**Kerrie Waring**

Chief Executive Officer



**George Dallas**

Policy Director



**Florence Doel**

Senior Engagement Manager



**Michael Irving**

Finance Manager



**Paul Johnson**

Head of Membership



**Karel Kricka**

Member Relations Manager



**Samantha Martin**

Assistant Accountant



**Amiirah Nobeebaccus**

Senior Events Coordinator



**Garvin Payne**

Executive Assistant



**Milly Sheehan**

Senior Communications and Events Manager



**Elizabeth Thomas**

Operations Director



### Advisors

We are grateful to the following people for their valuable support this year:

**Amane Fujimoto**

Japan Advisor



**Chris Hodge**

ICGN Advisor



**Andrew Spencer**

Education Advisor



**Lesley Stephenson**

Editor



## Risk Oversight

The ICGN Risk Register is reviewed and approved by both the ICGN Audit & Finance Committee and ICGN Board of Governors on an annual basis. The Register is also subject to external audit review.

The purpose of the Risk Register is to identify material risks which may impact the solvency or significantly affect the activities of the ICGN and to clarify any mitigating actions which serve to reduce such risks.

The material changes to the Risk Register from the previous year are: (1) inclusion of new risk factors: global pandemics, systemic conference failure, virtual events; and (2) elevation of macro-economic austerity as a priority risk factor.

### New risk factors

#### Global pandemics

There is a high probability of this risk, as evidenced by the COVID-19 pandemic, with a high degree of impact on ICGN's business including loss of conference revenue and business disruption. To mitigate the risk, the health and safety of employees and Members is prioritized, conferences are cancelled, and virtual activities introduced. The ICGN Board initiates crisis planning protocols including the establishment of a crisis committee to support the leadership of the CEO through any crisis that arise.

#### Cancellation of all conference activity

While the ICGN Risk Register has always featured the cancellation of an individual conference as a potential risk, the loss of the entire annual portfolio of conferences was not envisaged. This new 'systemic' level risk is high probability and can be caused by pandemics or by changes in approaches to international travel, for example flight shaming due to climate change concerns. This risk can be mitigated by reducing ICGN's reliance on conference revenues, investment in virtual event technology and introduction of carbon-offsetting incentives.

#### Failure of virtual events

This year we have increased the frequency of webinars and virtual events to enhance membership benefits, while also introducing potential new revenue streams. Increasing our reliance on virtual events also increases the potential risk of failure which could lead to membership attrition and reduced revenue generation. Invest in technology. To mitigate this risk, we will invest in developing high quality and relevant virtual events.

### Changes to existing risk factors

#### Macro-economic austerity

This risk was escalated in terms of inherent priorities. It can occur as a result of recession, geopolitics (e.g., BREXIT) systemic financial crisis and global events such as the COVID-19 pandemic and lead to ICGN Members being subject to budgetary cuts, potentially resulting in member attrition. The risk can be mitigated by ensuring high quality membership benefits / services and price sensitivity when making decisions around membership and conference fee levels.

### Auditor review

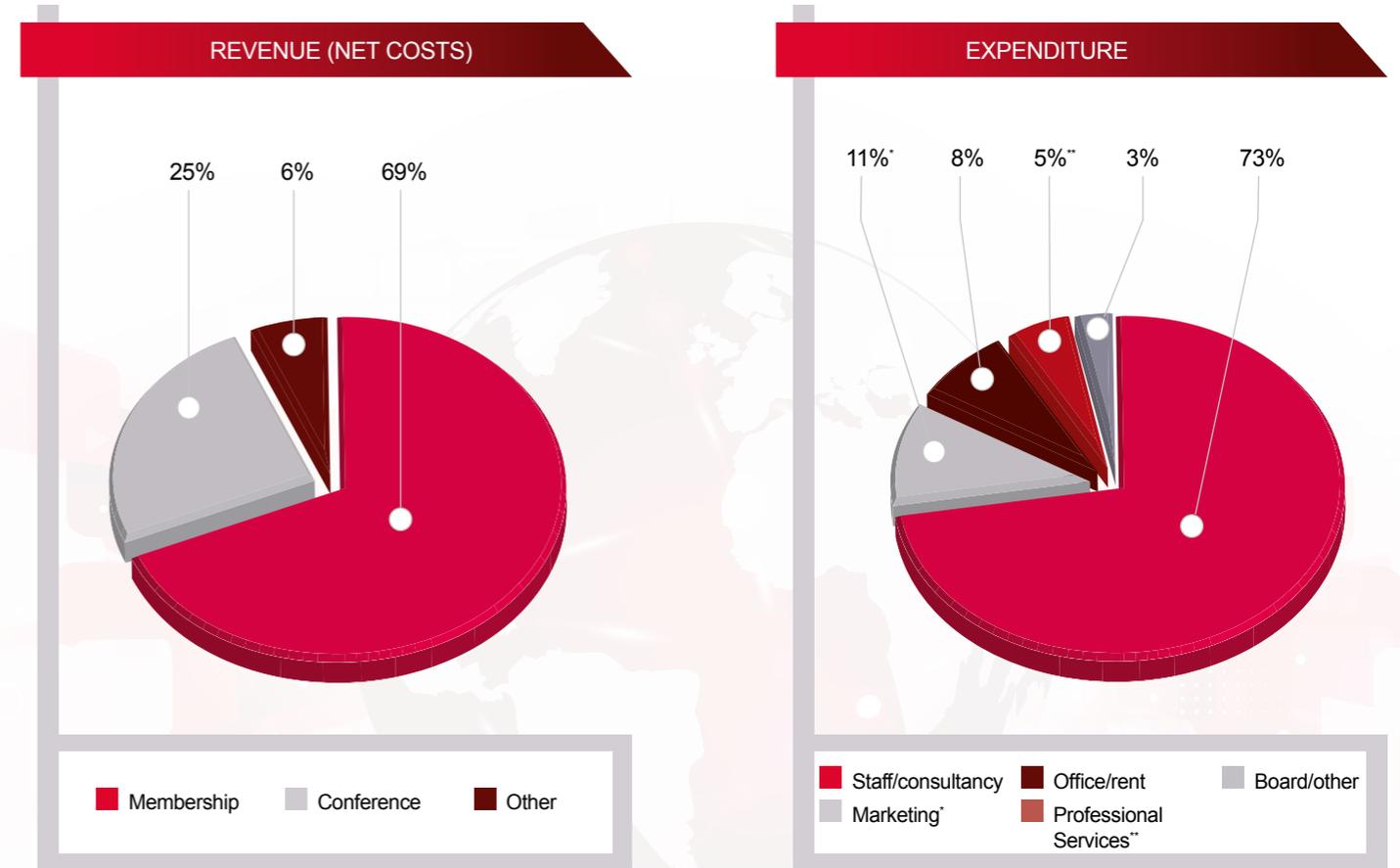
**haysmacintyre**

Haysmacintyre LLP was appointed as ICGN auditors at the AGM held on the 23rd September 2020 succeeding Grant Thornton UK LLP, who had served as ICGN Auditors since 2010. Hays will be recommended for re-appointment by ICGN Members at the following ICGN AGM.

## Financial Results

The ICGN Financial Statements to 31 December 2020 confirm a year end loss of £248,207 (2019 loss of £17,779). The overall net effect on reserves is a reduction from £605,421 as at 31 December 2019 to £357,214 as at 31 December 2020. This increased loss is a result of the Covid pandemic, resulting in no in person events being able to be held in 2020.

Annual turnover in 2020 was £808,612 (2019: £1759,761) with a gross surplus of £767,193 (2019: £971,864) after cost of sales. Total administrative costs, i.e. secretariat running costs, amounted to £1,035,235 (2019: 990,543).



\*Marketing includes website, publications and travel  
 \*\*Professional services include accounting, audit, legal and banking

## 2020 Income and Expenditure (£GBP)

	2020	2019
<b>TURNOVER</b>		
1. Membership	571,761	509,795
2. Conferences	204,439	1,223,382
3. Courses	22,212	25,604
4. Year book	9,600	-
5. Donations	600	500
Total turnover	808,612	1,759,281
Cost of sales	(41,419)	(787,897)
<b>Total turnover minus cost</b>	<b>767,193</b>	<b>971,384</b>
<b>ADMINISTRATION</b>		
6. Staff	(700,581)	(675,069)
7. Consultancy	(60,189)	(8,414)
8. Website	(45,984)	(32,900)
9. New Website	(65,825)	-
10. Rent	(55,361)	(55,239)
11. Office	(29,977)	(41,479)
12. Accounting	(13,488)	(33,040)
13. Audit	(22,986)	(12,400)
14. Legal/tax	(3,982)	(26,122)
15. Banking	(7,332)	(22,109)
16. Travel	(1,755)	(30,280)
17. Marketing/publications	(975)	(13,847)
18. Board/committees	(15,874)	(18,136)
19. Other costs	(10,926)	(21,508)
<b>Total administration</b>	<b>(1,035,235)</b>	<b>(990,543)</b>
Operating (loss)	(268,042)	(19,159)
20. Other income	(19,460)	(480)
Interest receivable	375	900
(Loss) before tax	(248,207)	(17,779)
Tax on loss	-	-
<b>(Loss) after tax</b>	<b>(248,207)</b>	<b>(17,779)</b>
Retained earnings at year start	605,421	623,200
(Loss) for the year	(248,207)	(17,779)
<b>Retained earnings at year end</b>	<b>357,214</b>	<b>605,421</b>

## Notes to the results

### 1. MEMBERSHIP

ICGN membership subscriptions accounted for 69% (2019: 29%) of total revenue. Member recruitment was 8% (2019: 15%) and attrition was 10% (2019: 9%). The total number of individual Members as at 31st December 2020 was 825 (2019: 798) and overall membership income increased by 12% over the previous year.

### 2. CONFERENCES

Due to the pandemic in 2020, no in person events took place in 2020, they were all held virtually, and contributed 25% of overall revenues, or 20% of revenues minus cost of sales (2019: 70%).

### 3. COURSES

ICGN delivered no in-person events in 2020, two were held virtually in the year.

### 4. YEARBOOK

Sponsorship re the production for the yearbook was received in the year

### 5. DONATIONS

received to support scholars in the year

### 6. STAFF

The average number of employees during the year was 10 (2019: 10)

### 7. CONSULTANCY

Relates to bringing the accounting services in house whereas before it was outsourced, education consultancy, and costs of stewardship award analysis

### 8. WEBSITE

Costs relate to maintenance and minor development

### 9. NEW WEBSITE

Costs relate to the creation of a new ICGN website.

### 10. RENT

ICGN is a tenant of The Chartered Governance Institute, and pays an annual rental which includes rates, service charge and insurance

### 11. OFFICE

Includes telephone, courier, stationery, postage, printing, software, IT support, equipment, surveys, and subscriptions

### 12. ACCOUNTING

Buzzacott provides accounting services including monthly bookkeeping, quarterly management accounts, pay roll, quarterly VAT reporting for the first six months of 2020, as well as quarterly EC sales submissions

### 13. AUDIT

Audit services from our previous auditors Grant Thornton and our new auditors Haysmacintyre

### 14. LEGAL/ TAX

Relates to employment advice and tax advice related to conferences

### 15. BANK CHARGES

Commission charges associated with membership and conference payment administration

### 16. TRAVEL

Expenses related to ICGN representation at events and meetings, that have not been able to be refunded.

### 17. MARKETING/PUBLICATIONS

Includes publication of material and guidance

### 18. BOARD/COMMITTEES

Includes costs of company secretarial and board evaluation services

### 19. OTHER COSTS

Includes depreciation and sundry items

### 20. OTHER INCOME

relates to income received for furloughed staff received from the UK Government and the release of monies received from the development fund.



**ICGN**

International Corporate Governance Network  
*Inspiring good governance & stewardship*

**Contact us**

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