



ICGN

International Corporate Governance Network
Inspiring good governance & stewardship

**ICGN Washington DC Conference, hosted by IFC
Opening Remarks from Kerrie Waring, CEO, ICGN
7-8 March 2024**

Welcome everyone to ICGN's Conference, kindly hosted by the International Finance Corporation (IFC). We are grateful to the Planning Committee for their thoughtful agenda, to our speakers for generously sharing their time with us, to our Sponsors for their support, and to the ICGN Team for their brilliant organization.

It is particularly nice to be here in Washington - the place of ICGN's founding nearly 30 years ago. At that time, investors were globalizing their portfolios and ICGN provided a home to share perspectives around the highest standards of corporate governance – vital for long-term value creation, upon which we all rely.

Pioneers such as Sir Adrian Cadbury, Andre Baladi, Mervyn King, Ira Millstein, Robert Monks, and others were defining the foundations of corporate governance - fairness, accountability, responsibility, and transparency – to which we might add today, sustainability and resilience.

Ira's early work assessing the governance of multinationals – such as General Motors - influenced the UK's seminal 1992 'Financial Aspects of Corporate Governance Code' under the direction of Sir Adrian - the precursor to OECD's 1999 Principles of Corporate Governance, curated by Mats Isaksson.

A year later, the World Bank sponsored a milestone conference in New Haven, led by Stephen Davis, to profile corporate governance in emerging markets. Then the OECD's Regional Corporate Governance Roundtables, supported by the World Bank and IFC, ensured that the unique aspects of governance in emerging markets were properly reflected in the internationalization of best practices articulated in the OECD Principles - now co-sponsored by the G20.

And we should not forget the good work of the IFC's Global Corporate Governance Forum - under the leadership of Anne Simpson and latterly Philip Armstrong – in their capacity building efforts around the world to establish corporate governance codes, institutes, and training programmes. Today, their legacy is continued under IFC's Martine Valcin's, supported by Chuck Canfield and the team.

ICGN itself evolved from a networking forum in 1995 to the international standard setter it is today. This is defined by the ICGN's Global Governance Principles (first introduced in 2001) and ICGN's Global Stewardship Principles (based on our 2003 statement). We were therefore delighted when our Principles were recognised (alongside the OECD) in the EU Corporate Sustainability Reporting Directive in 2022

as ‘authoritative global frameworks of governance information of most relevance to users.’

Many ICGN Members themselves use ICGN Principles in their voting policies and company engagements, while regulators often use them as an international benchmark when reviewing national policies.

But my intention here is not to give you a history lesson, it’s more to acknowledge how far we have come – in many respects due to the courage and fortitude of people in this room – and who we look forward to celebrating with tomorrow in bestowing ICGN Lifetime Achievement Awards.

Today, ICGN Members include investors responsible for assets of \$77 trillion, based in over 40 countries, including 30% in North America. We promote the highest standards of governance and stewardship world-wide through policy advocacy, while keeping our members informed through webinars, events, and education.

An example of ICGN’s output is our Governance Recommendations for the United States published today which serve an agenda for dialogue with regulators and stakeholders on issues of particular importance to ICGN Members. There are broadly six areas we would like to highlight:

1. **Shareholder rights** where we support CII’s recommendation for the adoption of legislation to improve the governance of multi-class share companies and require a mandatory sunset clause. We also recommend that the publication of a company’s record date be made shorter to align with international best practice. And we discourage recent court action served by companies to deter shareholders from filing proposals before the SEC has an opportunity to opine on a no-action request.
2. **Board effectiveness** where we support the proposal by COSO and NACD for a national Corporate Governance Framework. This may help ensure good governance standards across all listed companies on matters such as director selection, director training, shareholder engagement (particularly on matters of dissent) and independent leadership where we recommend the separation of the roles of the Board Chair and CEO.
3. **Executive compensation** where we encourage disclosure around how CEO pay aligns fairly and effectively with the workforce and long-term company strategy. Investors want to understand the rationale for how pay quantum is deemed appropriate in the context of the company’s underlying performance.
4. **Independent audit** with a focus on shortening audit tenure in the US to align with international best practices.
5. **Sustainability reporting** and we are pleased that the SEC has adopted the *Rules to Enhance and Standardise Climate-related Disclosures* yesterday and we encourage alignment, where appropriate, with the ISSB’s standards.

6. Sustainability assurance where we encourage the PCAOB to co-ordinate with international standards being established by the IAASB and IESBA.

More generally, ICGN advocates that robust corporate governance standards, high-quality reporting, reliable auditing and assurance, and strong investor protections are pre-requisites for long-term corporate value creation and capital market competitiveness. To this end, companies and investors have a mutual responsibility to preserve and enhance long-term corporate value, contributing to sustained economic growth, social prosperity, and financial market stability.

So, it is in this spirit that ICGN has convened here in Washington where our conference agenda addresses many topical issues including: the impact of AI on investment risk and opportunity, governance in emerging markets, corporate sustainability reporting, investor stewardship, human rights due diligence and the impact of geopolitics on democracies.

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