



AECSD & AMEDA İSTANBUL SUMMIT 2024

G20/OECD Principles of Corporate Governance, Sustainability and Shareholder Rights

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G20/OECD Principles of Corporate Governance



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The G20/OECD Principles of Corporate Governance

International standard for corporate governance. Endorsed by G20 and FSB.

Help policy makers **evaluate and improve the legal, regulatory and institutional framework** for corporate governance.

53 adherents: OECD, G20 and FSB members and OECD membership candidates.

6 pillars:

- I. The basis for an effective corporate governance framework
- II. The rights and equitable treatment of shareholders and key ownership functions
- III. Institutional investors, stock markets and other intermediaries
- IV. Disclosure and transparency
- V. The responsibilities of the board
- VI. Sustainability and resilience



Key objectives of the G20/OECD Principles

- I. To promote access to finance, innovation and entrepreneurship;
- II. To provide a framework to protect investors; and
- III. To support corporate sector sustainability and resilience.



Supporting corporate sector sustainability and resilience

*Corporate governance policies may support the **sustainability and resilience of corporations** and in turn, contribute to the sustainability and resilience of the broader economy.*

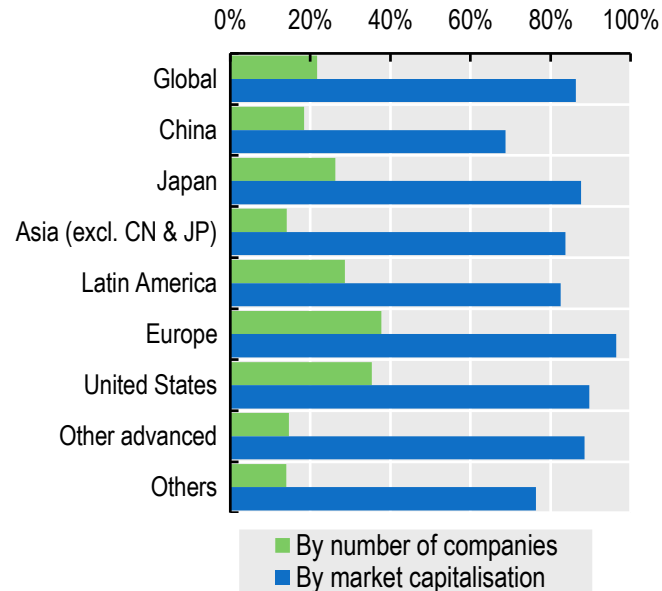
New chapter

- **Disclosure**
 - Concept of **materiality**.
 - **Internationally recognised standards** that facilitate comparability.
 - **Reliable metrics** if a company publicly sets a sustainability-related goal or target.
 - **External assurance** of sustainability-related disclosure.
- **Board responsibilities**
 - **Consideration of sustainability** risks and opportunities.
- **Shareholders and stakeholders**
 - **Dialogue** in companies' important decisions on sustainability.

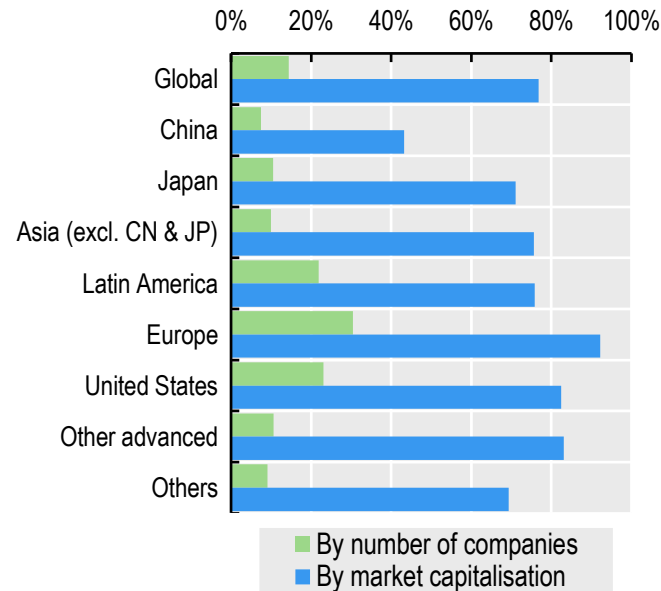


OECD Global Corporate Sustainability Report 2024

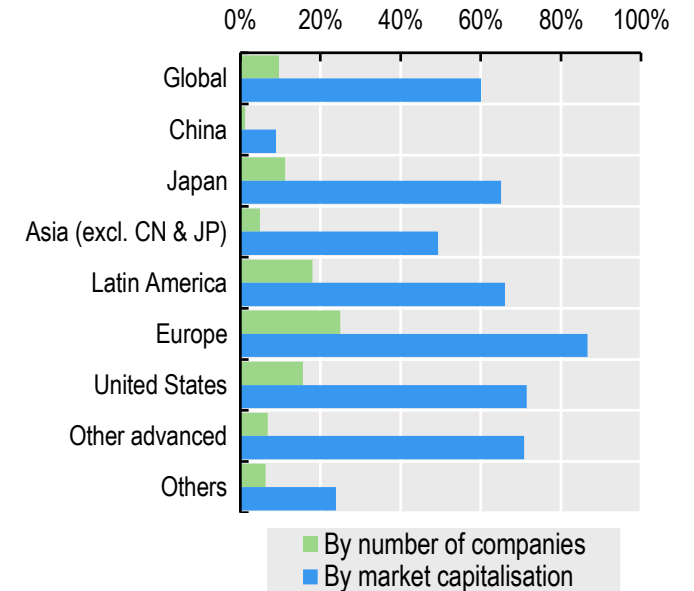
Disclosure of sustainability-related information by listed companies in 2022



Disclosure of scopes 1 and 2 GHG emissions



Disclosure of scope 3 GHG emissions



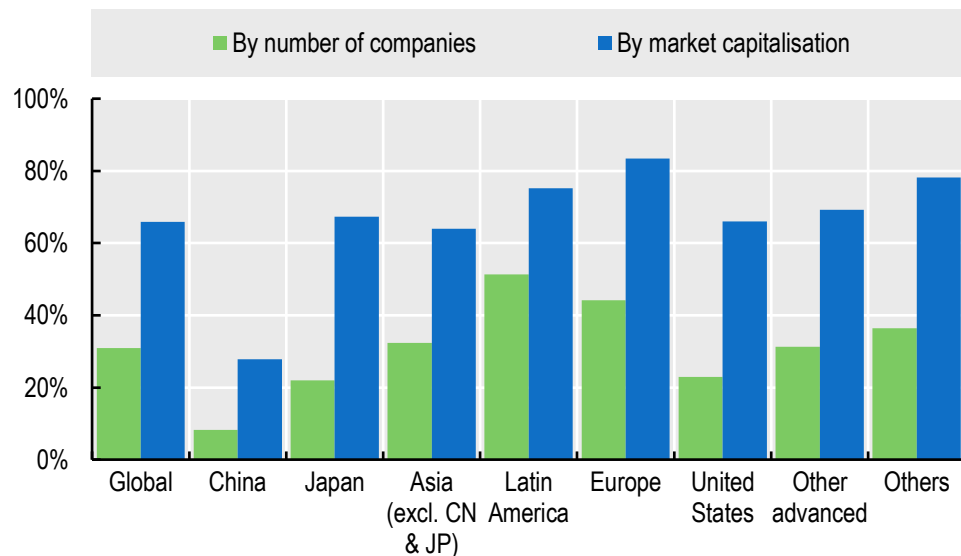
OECD (2024), *Global Corporate Sustainability Report 2024*, OECD Publishing, Paris, <https://doi.org/10.1787/8416b635-en>.

- > In 2022, out of the 43 970 listed companies globally, almost **9 600 listed companies** that represent **86%** of the total market capitalisation disclosed sustainability-related information.
- > Globally, companies representing **77% of market capitalisation** disclosed **scopes 1 and 2** GHG emissions in 2022.
- > Companies report **scope 3** emissions with similar regional and sectoral distribution but **lower shares**.

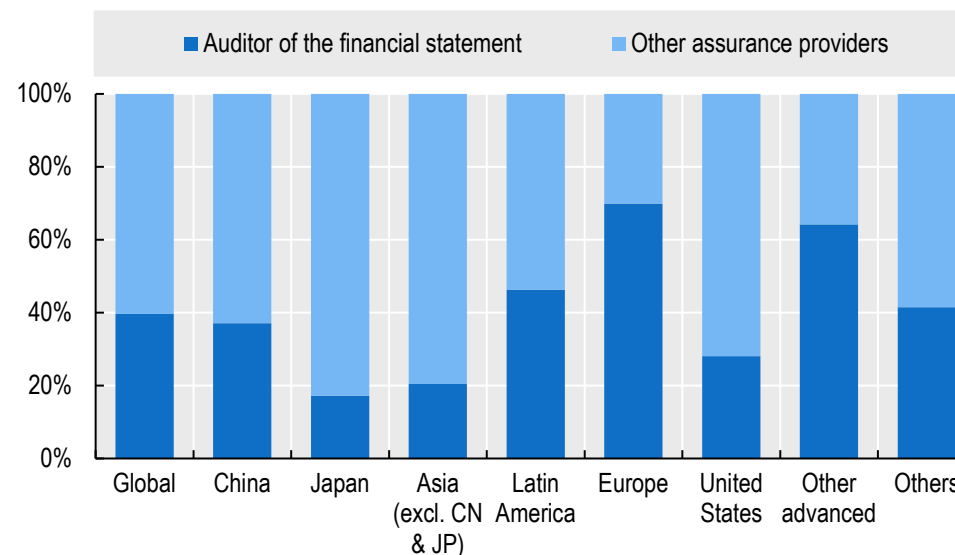


Assurance of the sustainability-related disclosure

Sustainability reports with assurance over all disclosed reports in 2022



Assurance of the sustainability report by the financial statement's auditor in 2022, by market capitalisation



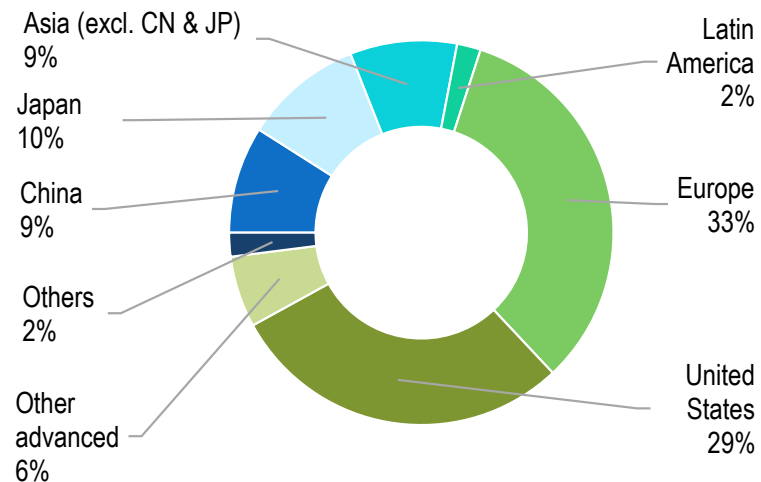
OECD (2024), *Global Corporate Sustainability Report 2024*, OECD Publishing, Paris, <https://doi.org/10.1787/8416b635-en>.

- > Globally, an **external service provider** assures the sustainability disclosure of **two-thirds** of the companies disclosing sustainability information by market capitalisation.
- > The share of companies that decide to engage **the same auditor of the financial statement** to verify their **sustainability disclosures** ranges from 70% of companies by market capitalisation in Europe to 17% of companies in Japan.

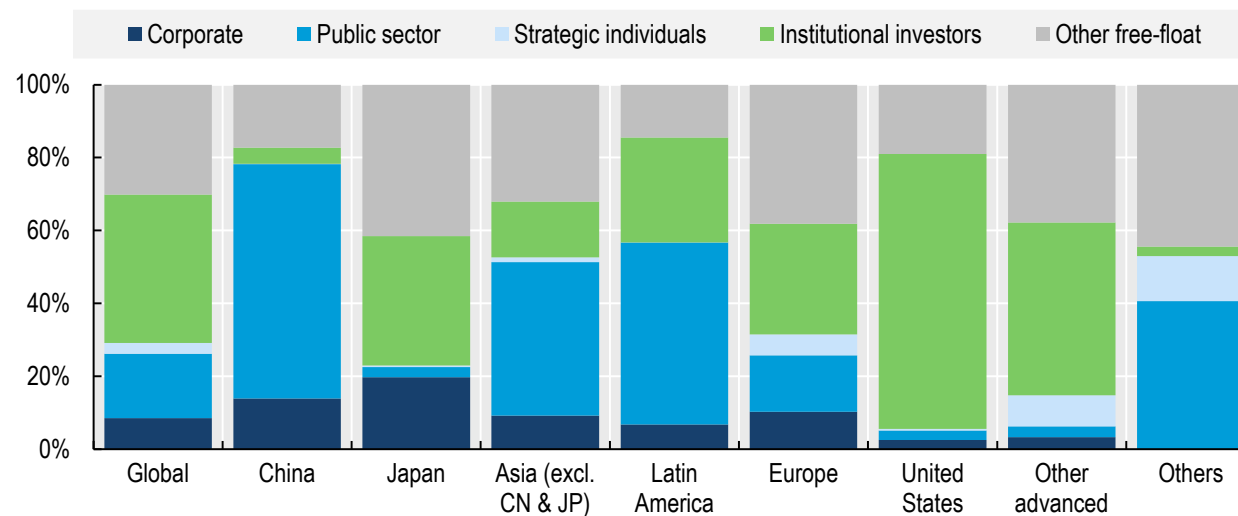


Investor landscape

The 100 listed companies with the highest GHG emissions



Investor holdings of the 100 high-emitting companies: by type of investors



OECD (2024), *Global Corporate Sustainability Report 2024*, OECD Publishing, Paris, <https://doi.org/10.1787/8416b635-en>.

- > **Institutional investors** hold the **largest** equity portion (41%) in the 100 companies with the highest disclosed GHG emissions.
- > The **public sector** is an **important** shareholder, holding 18% of the shares globally, with even higher shares in the People's Republic of China (64%) and Latin America (50%).



Key policy messages

Disclosure

Sustainability-related **disclosure frameworks** may need to be **flexible** about existing capacities of companies.

Assurance

Regulators may consider requiring **large listed companies** to obtain **assurance** of their sustainability-related information. Jurisdictions may require companies to obtain assurance of **specific** sustainability-related **disclosures**, such as **GHG emissions**.

Investors

Regulators may consider requiring or recommending the **disclosure of information** relevant for **investors to assess** the potential of companies to develop **new technologies**.

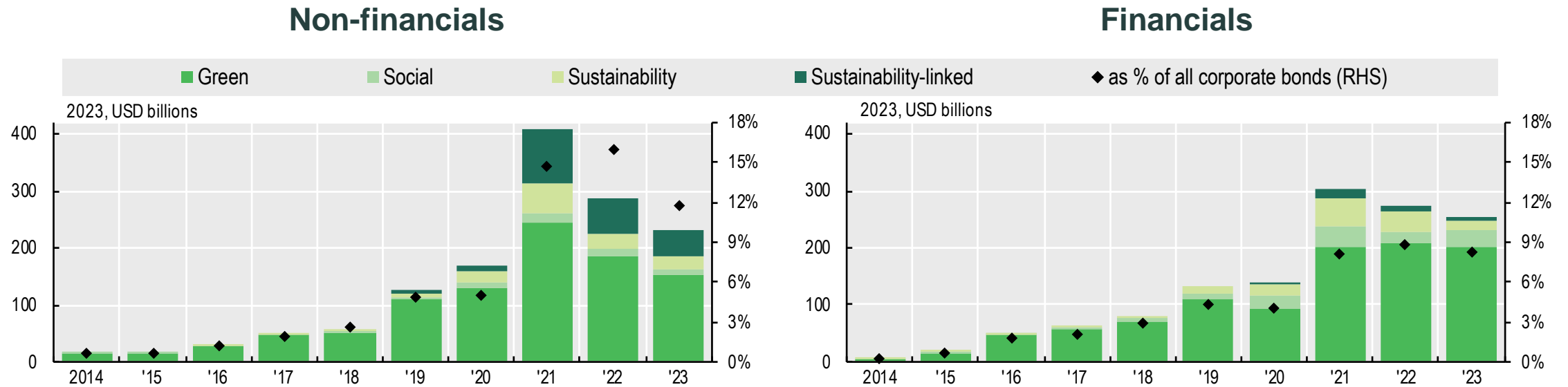
The fact that **institutional investors** hold the **largest** share of equity in the 100 listed companies with the **highest disclosed GHG emissions** highlights the importance of **corporate governance** frameworks in facilitating and supporting **shareholders' engagement**.



OECD Global Debt Report 2024 : Sustainable bonds

- > **Sustainable bonds** can be classified into two major categories:
 - > “**Use of proceeds bonds**” (**GSS bonds**) whose proceeds should be used to partially or fully finance or re-finance new or existing eligible green, social or sustainable projects.
 - > “**Sustainability-linked bonds**” (**SLBs**) for which the issuer’s financing costs can vary depending on whether the issuer meets specific sustainability performance targets within a timeline.

Issuance by the corporate sector



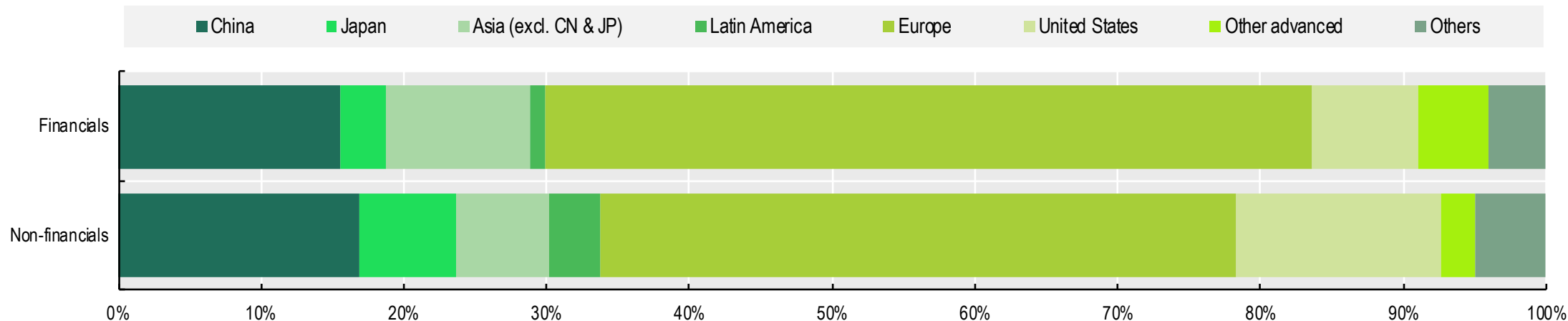
OECD (2024), *Global Debt Report 2024: Bond Markets in a High-Debt Environment*, OECD Publishing, Paris, <https://doi.org/10.1787/91844ea2-en>.

- > The total amount issued through corporate sustainable bonds was **six times larger** in 2019-23 than in 2014-18.
- > The issuance of sustainable bonds by **non-financial companies** (USD 230 billion) represented **12% of all bonds** issued by the non-financial corporate sector, while the issuance by **financial companies** (USD 253 billion) represented **8% of all bonds** issued by the financial corporate sector.
- > In 2023, **SLBs** represented **10% of sustainable bonds issued by companies**.



Issuance by region, 2014-23

Corporate sector



OECD (2024), *Global Debt Report 2024: Bond Markets in a High-Debt Environment*, OECD Publishing, Paris, <https://doi.org/10.1787/91844ea2-en>.

- > From 2014 to 2023, the amount issued by **European companies** represented **almost half** (45%) of global **corporate issuance**, followed by the People's Republic of China (China) with 17%, and the United States (14%).



Key findings

Premium

Issuers **do not systematically** benefit from **lower yields** for issuing a sustainable bond.

Bond prospectuses

Green, social, and sustainability (GSS) bonds typically **allow the refinancing** of concluded eligible projects with the proceeds.

GSS bond issuers **are not penalised** for **not using all proceeds to finance** eligible projects.

Service providers

Sustainable bonds have increasingly been **assured by second party opinion providers** on whether the bond contract is aligned with a specific sustainable bond standard (in 2023, 75%).



Policy Frameworks and Good Practices for General Shareholder Meetings

- > OECD new peer review on policies and practices for general shareholder meetings (upcoming Q1 2025)
 - > Data from **48 jurisdictions**.
 - > **Five case studies:** the Netherlands, Singapore, South Africa, Türkiye, and the United Kingdom.
 - > Covered themes include:
 - > legal framework for remote annual general meetings (AGMs);
 - > identification of shareholders eligible for voting (record and cut-off dates), proxy voting framework, vote counting;
 - > transparency before and after shareholder meetings (format of meetings and disclosure of Q&As, minutes);
 - > chairing of meetings, handling of questions and resolutions from shareholders; and
 - > safeguards for digital security risks and disruptions.



Preliminary findings (I)

AGMs setting

Increasing share of jurisdictions allowing for remote participation to shareholder meetings (hybrid/virtual setting).

Record date Share blocking

Record dates are set in more than 90% of jurisdictions. Deadlines ranging from 1 day (Türkiye, Indonesia) to three months (Japan, Korea). Up to 7 days most common.

20 jurisdictions do not impose share blocking after the record date.

Electronic voting

A large majority of jurisdictions facilitate electronic voting prior and during AGMs and impose more rules for electronic voting during AGMs.

Vote counting

Vote counting procedures and practices are not widespread, with no framework in more than a third of jurisdictions.

Most common practices (independent third party, end-to-end confirmations). Other practices: scrutineers, public notaries, shareholder request to audit vote count.



Preliminary findings (II)

Chairing of meetings

Few jurisdictions have rules on chairing AGMs, guidance on Q&As.

Q&As

No framework for displaying all questions asked in 75% of jurisdictions. Possibility to send and see other questions during remote AGMs is not included in 60% of jurisdictions.

40% do not require/recommend to answer all questions. More than 60% have no framework for dealing with unanswered questions after AGMs.

Transparency after AGM

Shareholders value detailed disclosure of meeting minutes. A framework exists in about 90% of jurisdictions.

However, webcast of meetings or transcripts could complement meeting minutes.



More information:
www.oecd.org/corporate



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