



# Sustainability and resilience in the corporate sector

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# Agenda

**1 G20/OECD Principles of Corporate Governance**

**2 Sustainability-related disclosure**

**3 The board of directors**

**4 The interests of stakeholders and engagement**

# G20/OECD Principles of Corporate Governance

The revised *G20/OECD Principles of Corporate Governance* reflect recent evolutions in capital markets and corporate governance policies and practices.

Key objectives of G20/OECD Principles of Corporate Governance are (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**.



## New chapter:



### Disclosure

- Concept of **materiality**.
- **Internationally recognised standards** that facilitate comparability.
- **External assurance** of sustainability-related disclosure.



### Board responsibilities

- Consideration of sustainability **risks** and **opportunities**.



### Shareholders and stakeholders

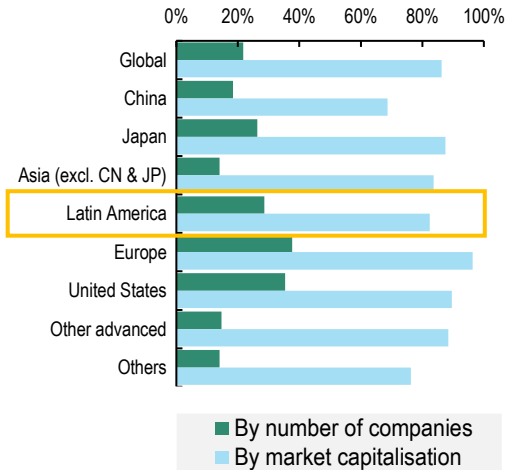
- **Dialogue** in companies' important decisions on sustainability.

# Sustainability-related disclosure (i)

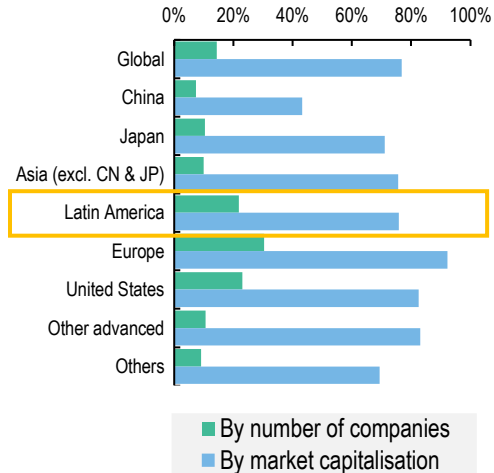


## DISCLOSURE OF SUSTAINABILITY-RELATED INFORMATION

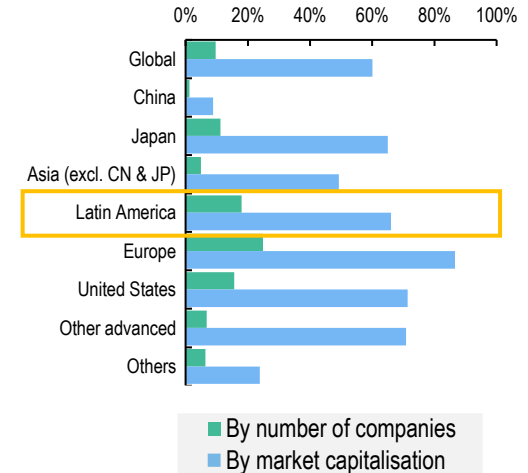
by listed companies in 2022



## DISCLOSURE OF SCOPE 1 AND 2 GHG EMISSIONS



## DISCLOSURE OF SCOPE 3 GHG EMISSIONS



Source: OECD Corporate Sustainability dataset, LSEG, Bloomberg.

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. In **Latin America**, companies accounting for **82% of market capitalisation** disclosed such information.

Globally, companies representing **77% of market capitalisation** disclosed scope 1 and 2 GHG emissions in 2022. Similarly, in **Latin America** the share stands at **76%**.

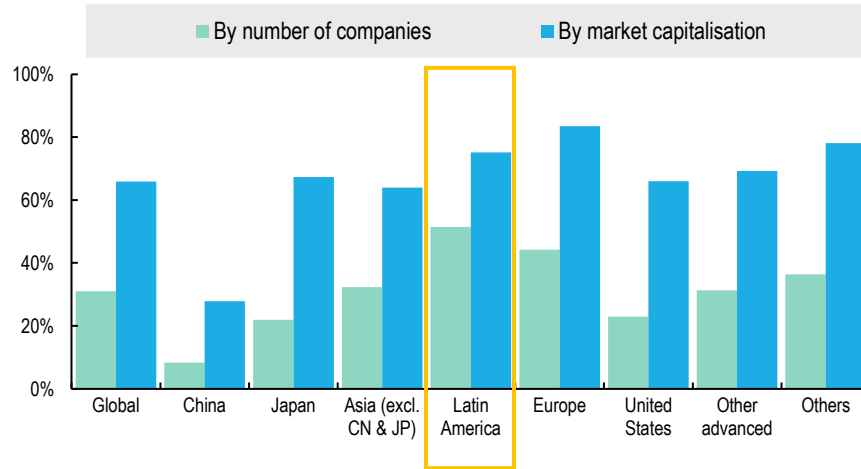
Companies report **scope 3 emissions** with similar regional and sectoral distribution but **lower shares**.

# Sustainability-related disclosure (ii)



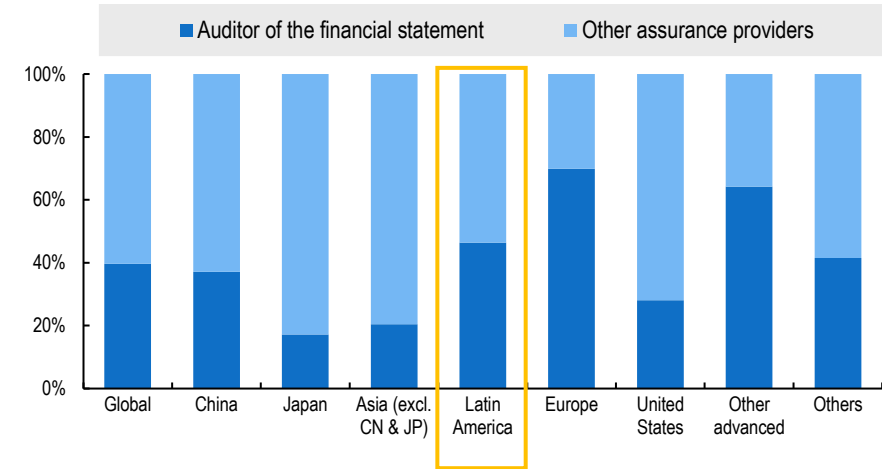
## SUSTAINABILITY REPORTS WITH ASSURANCE

over all disclosed reports in 2022



## ASSURANCE OF THE SUSTAINABILITY REPORT BY THE FINANCIAL STATEMENT'S AUDITOR

by market capitalisation in 2022



Source: OECD Corporate Sustainability dataset, LSEG, Bloomberg.

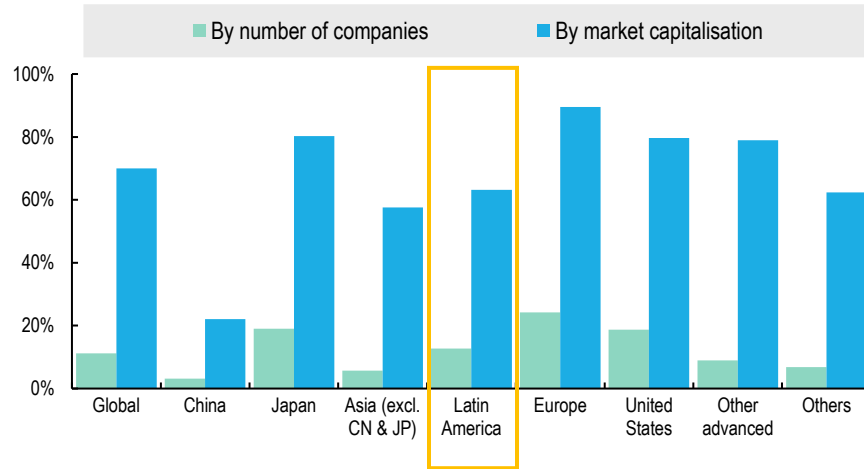
- ▶ Globally, an **external service provider** assures the sustainability disclosure of **two-thirds** of the companies disclosing sustainability information by market capitalisation, with even higher shares in **Latin America (75%)**.
- ▶ The share of companies that decide to engage the **same auditor of the financial statement to verify their sustainability disclosures** ranges from 70% of companies by market capitalisation in Europe, to **46%** in **Latin America**, and 17% in Japan.

# Sustainability-related disclosure (iii)



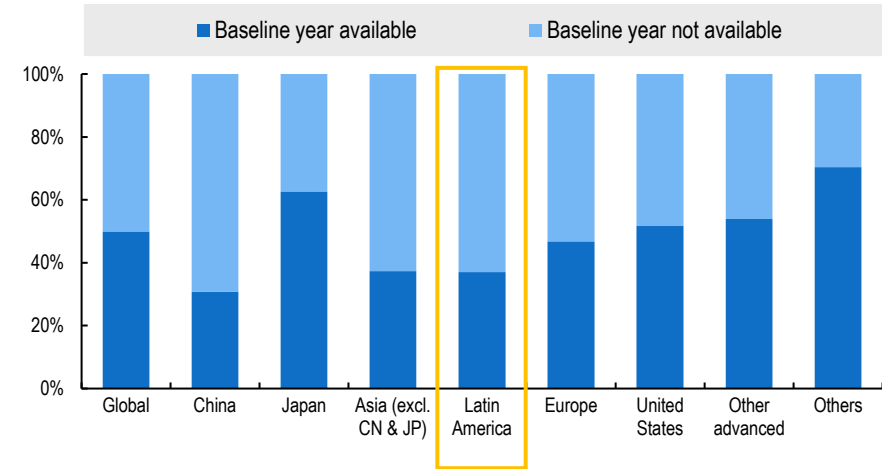
## DISCLOSURE OF GHG EMISSION REDUCTION TARGETS

by listed companies in 2022



## WHETHER LISTED COMPANIES WITH GHG EMISSION TARGETS HAVE DISCLOSED A BASELINE YEAR

by market capitalisation in 2022

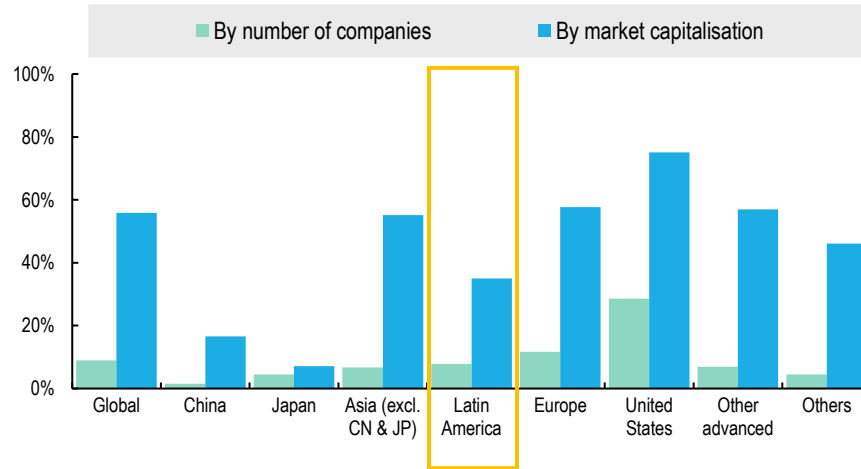


Source: OECD Corporate Sustainability dataset, Bloomberg, LSEG.

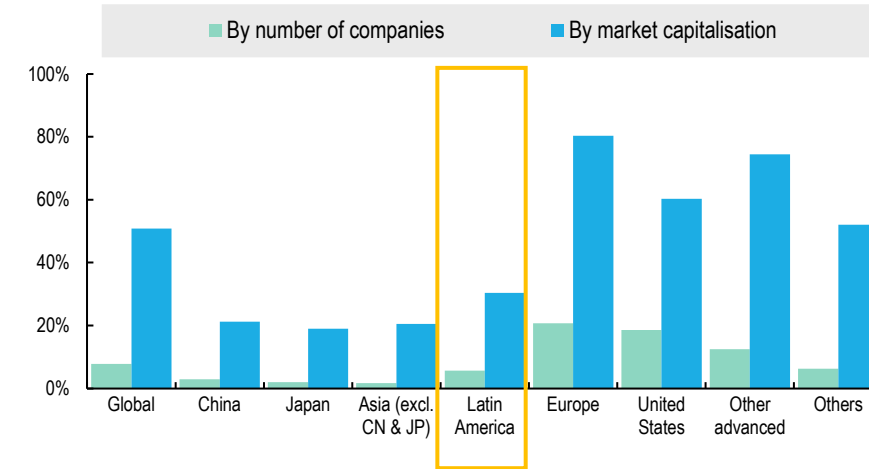
- ▶ **70%** of companies by market capitalisation disclose a **GHG emission reduction target** and nearly half of them set 2030 as the target year globally. In **Latin America**, companies representing **63%** of market capitalisation disclosed such target.
- ▶ However, the **baseline year** is available only in **37%** of the cases. In **Latin America** the share is even smaller, with only **26%** of companies with GHG emission reduction target disclosing the baseline year.



## BOARD COMMITTEES RESPONSIBLE FOR SUSTAINABILITY IN 2022



## EXECUTIVE COMPENSATION LINKED TO SUSTAINABILITY MATTERS

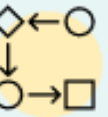


Source: OECD Corporate Sustainability dataset, Bloomberg, LSEG.

Companies representing **more than half** of the world's market capitalisation have a committee responsible for overseeing the **management of sustainability risks and opportunities**. **Latin America (35%)** stands below the average.

**Executive compensation is linked to sustainability matters** in **51%** of the companies by market capitalisation. In **Latin America**, executive compensation is linked to sustainability matters in **one-third** of the companies by market capitalisation.

# The interests of stakeholders and engagement

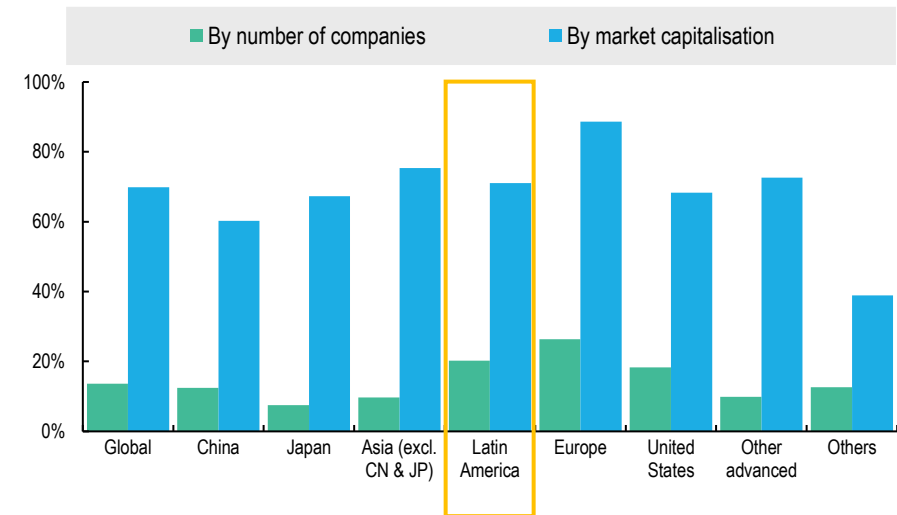


## EMPLOYEE REPRESENTATION ON THE BOARD IN 2022

	By number of companies	By market capitalisation
Global	4.53%	14.05%
China	26.17%	62.24%
Asia (excl. CN & JP)	0.11%	0.77%
Latin America	0.80%	10.92%
Europe	10.58%	37.90%
United States	0.46%	0.63%
Other advanced	0.05%	0.91%
Others	0.03%	0.20%

Source: OECD Corporate Sustainability dataset, LSEG, Bloomberg

## DISCLOSURE ON STAKEHOLDER ENGAGEMENT IN 2022

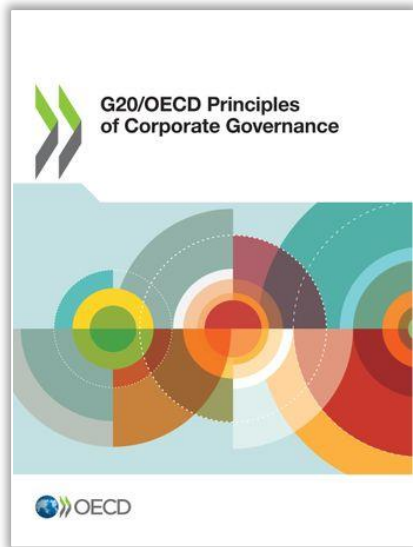


Companies representing 14% of the global market capitalisation include **employee representatives on the board of directors**, ranging from 62% in China, 38% in Europe and 11% in Latin America, to negligible amounts in other regions.

Globally and in Latin America, companies that account for **70%** of the market capitalisation disclose information on **whether they engage** with their **stakeholders** and how they **involve** them in the **decision-making process**.



# Conclusions



New chapter on sustainability and resilience.

Breakthrough G20/OECD consensus on sustainability in corporate governance.

Using the Principles to promote access to finance critical for future economic resilience.



**Thank you for your attention!**

