

July 15, 2021 Edited by: Martin Wennerström



OECD to revise Corporate Governance Principles

The OECD has announced that it will review the G20/OECD Principles of Corporate Governance with the aim to adapt these “to the post-COVID-19 reality.” The organization noted that the pandemic aggravated structural weaknesses in the “corporate sector” and concluded that strengthening corporate governance should be a priority to promote economic recovery. The review will be guided by a June 30 OECD report entitled “The Future of Corporate Governance in Capital Markets Following the COVID-19 Crisis.” The report highlighted the rise of complex corporate structures, wherein there is a heightened risk of abusive practices, as a key challenge for policy makers. The study also found that an increase in passive institutional ownership has resulted in lower scrutiny of individual company performance and risks, that a rising degree of state ownership has laid bare the need for a “level playing field with respect to the governance of state-controlled listed companies and their private investor-owned peers,” and that the pandemic had prompted concern over COVID-19-related executive pay adjustments.

[OECD \(1\)](#) | [OECD \(2\)](#) | [OECD \(3\)](#) | [ESG Investor](#)

SEC pushes for more diversity, less greenwashing

A U.S. SEC advisory panel has made recommendations addressing what it describes as an underrepresentation of women and people of color at the board and senior management levels in the asset management industry. The panel cites studies which found “widespread gender and racial bias” in asset and asset manager allocation decisions. The proposed measures include enhanced disclosure requirements on fund board and fund adviser diversity. The same panel has also recently issued recommendations meant to curtail “greenwashing” through enhanced issuer and investment product disclosure.

[SEC \(1\)](#) | [SEC \(2\)](#) | [SEC \(3\)](#) | [Reuters](#)

China to increase scrutiny of offshore listings

Chinese authorities have proposed new regulations requiring a cybersecurity review ahead of foreign listings of companies holding data on more than 1 million users. The review would focus, inter alia, on the risk that data may be “affected, controlled, or maliciously used by foreign governments.” The development occurs on the back of an investigation into the cybersecurity of Chinese ride-hailing firm Didi Chuxing, which recently IPOed on the NYSE. Following these events, China’s LinkDoc Technology Ltd suspended its US IPO, potentially portending a wider trend of Chinese companies calling off their US listing plans in favor of alternatives such as Hong Kong.

[China \(1\)](#) | [China \(2\)](#) | [Reuters](#) | [Forbes](#)

UK regulators team up to promote diversity

The Prudential Regulation Authority, the Financial Conduct Authority, and the Bank of England issued a joint paper highlighting policy options to increase diversity in the UK financial sector. The paper cites evidence that diversity and inclusion are correlated with “positive outcomes in risk management, good conduct, healthy working cultures, and innovation.” The measures proposed include linking progress on diversity and inclusion to variable remuneration. The regulators also recommended the adoption of non-gender board diversity targets, as well as board-level delegation of diversity and inclusion responsibilities. A public consultation on the paper will run until September 30, 2021.

[BOE](#) | [FCA](#) | [JDSupra](#) | [Lexology](#)

About our Corporate Governance Research & Ratings

Assess corporate governance-related investment risks and opportunities with in-depth, contextual reports that provide analyses and ratings on a global universe of ~4,100 companies.

sustainalytics.com/corporate-governance-research-and-ratings/