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Global Investors views: An Effective Board of Directors and Company Value Challenges for 2022

Survey of global funds with
\$12 trillion AUM

Olga Pascualt
Elena Haykin Sapozhnikova



General partner



General Strategic partner



Communication partner



Organisational Consulting partner



Academic partner



Host organisation



IT partner



Intellectual partner



Legal partner



General strategic partner in chemical industry



ESG Assistance partner



Insurance partner



Associate partner



Analytical partner

GLOBAL INVESTORS WITH \$ 12 TRLN AUM HAVE THEIR SAY

Global investors with total AuM of **\$ 12 TRLN** highlighted a material correlation between an **EFFECTIVE CORPORATE GOVERNANCE** and **COMPANY** value in the investment process.

- Investment funds from Europe, the UK, the US and Asia
- 50/50 equities and fixed income

J.P.Morgan
Asset Management

Amundi
ASSET MANAGEMENT

Prudential
Financial

AXA
Investment
Managers

BMO

BNP PARIBAS
ASSET MANAGEMENT

Standard Life
Aberdeen

BARINGS

PICTET
1805
Asset Management

VOYA
INVESTMENT MANAGEMENT

Swedbank
Robur

中国太平
CHINA TAIPING

Ashmore

SIGULER
& GUFF

EAST CAPITAL

ATON

PCM
PROSPERITY CAPITAL MANAGEMENT

SISTEMA

INVESTORS GIVE PREMIUM FOR ESG FOCUSING ON THE G

Premium for strong corporate governance ranges from **10%** to **50%**

The weighting of ESG factors averages **25%**

The G (Governance) might range from **30%** to **70%** of the total ESG score

All investors admit **an increased role of effective** BoD factor in company valuations

WHAT AN EFFECTIVE BOD MEANS FOR INVESTORS?



The time commitment, percentage and powers of **INDEPENDENT** members



The **DIVERSITY**, appropriate competence and skills



Timely **BOARD ROTATION**



The existence and activities of **COMMITTEES**



The quality of issues considered at BoD meetings, the voting participation and the **QUALITY OF DECISIONS MADE**



The implementation and monitoring of **ESG STRATEGY**, and stress testing results



The **FULFILMENT OF GOALS**



THE KPIS linked to ESG for BoD members, and the management.

ASSESSMENT OF BOD: NO STANDARD APPROACH

“I think Board assessment is more kind of an art than a science. The direct dialogue is always preferred and that is particularly facilitated where a board has a dedicated member to communicate with the stakeholders”

Dr. Sonya Dilova, Director, Fixed Income, **BMO GAM EMEA**



ASSESSMENT OF BOD: NO STANDARD APPROACH

“Factors and problems of management are of decisive importance for investment analysis, but they are often difficult to measure”

Tieu-Bich Nguyen, **Taiping Asset Management**



COMPETITION FOR INVESTOR ATTENTION AND SHIFTING BOB'S PRIORITIES

CONCLUSION AND 2022 FORECAST:

- Investors, regulators and consumers will **increase** their **influence** on the **ESG agenda** of the BoD.
- The new competitive environment will motivate companies to focus on **long-term success**, taking into account **the interests of all participants** in the operating ecosystem and broader society
- The beneficiaries and leaders of the **green transition** will be **clearly delineated**

COMPETITION FOR INVESTOR ATTENTION AND SHIFTING BOB'S PRIORITIES

CONCLUSION AND 2022 FORECAST:

- **Investors** will become more selective and pay more attention to **corporate governance quality**
- **ESG disclosure** and reporting standards in Russia will **improve**
- There will be an increasing need for BoDs to include **ESG committees**
- **ESG risks** remain near the top of elevated 2022 risk environment.



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GOVERNANCE
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RUSSIA

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