ICGN
International Corporate Governance Network

# TDCC Conference, sponsored by TWSE and TPEx

## Keynote Address
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## Monday 5th March 2018

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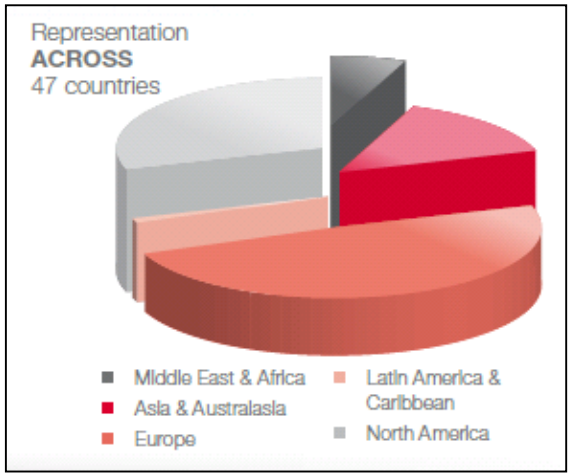
## ICGN Members

- Global investors responsible for AuM $26 trillion
- Every continent – 47 countries
- 650+ members, inclusive of all stakeholders



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# Influencing policy

## ICGN Global Governance Principles

The ICGN Global Governance Principles, first published in 2004, is the ICGN's primary standard for well governed companies and investors alike. This flagship document was significantly revised in 2013 when we included standards – not only for companies – but also for investors. In doing so, the ICGN recognises the importance of aligning a shared responsibility between companies and investors in protecting and generating long-term value.

## ICGN Global Stewardship Principles

The ICGN Global Stewardship Principles provide a framework to help investors, particularly those with globally diversified portfolios, integrate stewardship responsibilities as part of their overall investment approach. Seven core Principles address the key stewardship activities of company monitoring, engagement and voting supported by robust stewardship policies and processes.

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# Topics for Discussion

**Board quality and effectiveness:** Leadership, Composition, Refreshment and Independence

**Sustainability and corporate reporting:** Materiality, Key performance Indicators, Board Oversight and Assurance

**Sustainability and investor responsibilities**: Fiduciary duties, Stewardship Oversight, ESG Integration, Disclosure

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# Attributes of an Effective Board

- Clear division of responsibilities between the role of the Chairman and the CEO
- Senior independent director pivotal link with shareholders
- Company Secretary provides a bridge between boards and investors
- Independent directors offset the domination of decision-making in a single person
- Chairmen take charge of periodic board refreshment - retire the ‘zombies’
- Board diversity transcends gender and encompasses ethnicity, social and cognitive
- Nomination Committees comprised of a majority of independent directors
- Board evaluation informs candidates of strategic relevance to the company

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# What do we mean by ‘sustainability’?

*“Sustainability means making economic prosperity long lasting, more socially inclusive and less dependent on exploitation of finite resources and the natural environment.“*

Christian Thimann, Final Report of the High Level Expert Group on Sustainable Finance

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## Sustainability and corporate reporting

- Are material ESG related risks and opportunities adequately disclosed?
- Do relevant performance indicators facilitate comparisons?
- Is the Board's role in assessing and overseeing strategy disclosed?
- Has the information been independently assured?

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## Sustainability and investor responsibilities

Investors fiduciary duty to preserve and enhance value on behalf of their beneficiaries or clients includes ESG.

Asset owners oversight of asset manager stewardship activities aligned with their investment beliefs and time horizons.

Integrate ESG factors into investor stewardship activities to monitor, vote and engage with investee companies.

Investors themselves are subject to enhanced disclosure requirements relating to ESG.

## Contact Us

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