

Report Looks At The Six Key Corporate Governance Trends For 2021

MADRID, March 22, 2021 /PRNewswire/ -- The pandemic will accelerate 2020's governance trends this year, particularly those centred on addressing environmental and social challenges. S&P Global Ratings looks at the year ahead for corporate governance in its "Six Key Corporate Governance Trends For 2021," published today on RatingsDirect.

"Last year was challenging for companies and their boards," said primary contact Bruno Bastit. "The pandemic laid bare the resiliency--or lack thereof--of companies when it comes to facing a crisis and being responsive and adaptable. It was very much a litmus test for governance and created a lot to draw on for 2021. It showed in particular how truly ready companies are to prepare for another systemic challenge: climate change. The pandemic has heightened the need for effective crisis management and has emphasized the importance of stronger board engagement in and oversight of ESG issues."

We see six key trends dominating the corporate governance narrative in 2021:

- Diversity will continue to dominate the corporate governance agenda. Increasing female participation in leadership roles is one of the many areas boards are addressing.
- We also expect boards will face increasing pressure to become more ESG competent and demonstrate the skills needed to prepare for and navigate other challenges such as climate change.
- There will be a heightened focus on board effectiveness. Directors are having to consider an increasingly broad range of issues, which is increasing pressure on boards to limit the number of external mandates a director can have. This will help ensure members can be fully dedicated to the boards on which they serve.
- The closer integration of ESG metrics with executive pay will gather pace. This will ensure a longer term focus on and alignment of interests between companies and their executives, shareholders, and ultimately society.
- We also foresee greater shareholder activism on environmental and social issues, spurred mainly by the Say on Climate initiative.
- In terms of tax transparency and fairness, governments and regulators, as well as society broadly, are stepping up demands for better disclosure about where and how companies pay taxes.

This report does not constitute a rating action.

The report is available to subscribers of RatingsDirect at www.capitaliq.com. If you are not a RatingsDirect subscriber, you may purchase a copy of the report by calling (1) 212-438-7280 or sending an e-mail to research_request@spglobal.com. Ratings information can also be found on S&P Global Ratings' public website by using the Ratings search box located in the left column at www.standardandpoors.com. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4009.

Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM

BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

SOURCE S&P Global Ratings

For further information: PRIMARY CREDIT ANALYST: Bruno Bastit, Madrid, bruno.bastit@spglobal.com;
SECONDARY CONTACTS: Thomas Englerth, New York, + 1 (212) 438 0341, thomas.englerth@spglobal.com;
Michael Wilkins, London, + 44 20 7176 3528, mike.wilkins@spglobal.com

<https://press.spglobal.com/2021-03-22-Report-Looks-At-The-Six-Key-Corporate-Governance-Trends-For-2021>