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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.

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