

2021 Corporate Governance Review

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Global Trends for 2021

- 1.Diversity, Equity & Inclusion (DE&I)
- 2.Executive Pay in the Era of Covid
- 3.SPACs
- 4.Human Capital Management
- 5.Return of Activism and Increased Capital Markets Activity



Diversity Equity and Inclusion




There has been a collective awakening in many countries around the world, causing social and racial justice issues to gain unprecedented attention.

Search firms seeing increased demand for racial and ethnic diversity at the board, C-suite and employee

Increased investor demands for disclosure of key data on diversity, equity and inclusion.

Gender diversity remains a priority in all the regions covered in this paper.



The Ethics of Diversity

www.ibe.org.uk
#EthicsOfDiversity

Some key recommendations as to how a board can embrace diversity....

- 1 Understand and explore the diversity of thought and experience on the board**
- 2 Ensure that the organisation's push for diversity and inclusion is a strategic and commercial imperative**
- 3 Look critically at the culture in the boardroom**
- 4 Review nomination and succession planning processes for all board and executive committee appointments**
- 5 Look critically at the individual roles assigned to board members**



Source: *The Ethics of Diversity 2020 report*



Executive Pay in the Era of Covid




Investors understanding of
discretion/adjustments

Don't want to see “excessive” rewards at
companies hardest hit by pandemic

Increased focus on board communication of
pay packages

As of April 15, about 5% of Russell 300 cos.
failed say on pay votes, about four times as
high as previous year.





SPACs

Special Purpose Acquisition Company
bubble?

The US invention now becoming popular in
EU and Asia, and South Africa

Concerns that too many SPACs are chasing
too few deals

Poor corporate governance track record



Human Capital Management

- Demand for disclosure of more HCM data (e.g., gender pay gap, safety incidents, employee turnover) has skyrocketed.
- This year, many investors and proxy advisory firms plan to support more shareholder proposals on this topic and hold directors more accountable for insufficient disclosures.



Return of Activism

Shareholder activism slowed significantly in the first three quarters of 2020 (down 24 percent globally through Q3).

Expected to return this year with more activity already seen in Q4 2020 and January 2021.

