Keynote Speech for the Global ESG Conference by iM Financial Group

Seoul, June 2025

Good morning everyone,

Welcome to the Global ESG Conference by iM Financial Group here in vibrant Seoul. It is an honour to be here with you today.

I would like to start by expressing my gratitude to our hosts, iM Financial Group, to Professor Yong Sik Ok and Professor Jay Rhee and to all of you for joining us. Your presence here underscores the importance of the topics we are about to discuss.

Today, I want to talk about the critical role of corporate governance as a driver of value creation and risk protection, and the necessity of clear and consistent regulatory frameworks to provide investors with the information they need to make informed fiduciary decisions.

About ICGN

As you may know, ICGN is a membership body, led by investors from all over the world, with over $90trillion of AUM.

Our members are asset owners, like pension schemes and sovereign wealth funds, asset managers and also various service providers and corporates who are involved in the governance and stewardship ecosystem.

Our purpose is to promote the highest standards of corporate governance and investor stewardship worldwide.

Our members want to see the importance of Governance be a stronger part of the conversation.

So we focus our work in four key core corporate governance areas:

1) Strong and effective boards and board practices
2) Protecting shareholder rights
3) Reliable reporting – that is both traditional financial and material sustainability reporting and the related assurance
4) And last but definitely not least – Best practices in investor stewardship.

The importance of corporate governance

Corporate governance is the bedrock of sustainable long-term business success. It is not just about ticking boxes; it is about building strong and effective governance frameworks that enable companies to navigate the complexities of today's business environment.

Governance issues include many critical parts of business success, driving long-term returns and creating growth and value.

By implementing robust governance practices, good governance practices can:

- mitigate risks associated with poor management decisions and unethical behaviour;
- ensure the rights of minority shareholders are protected;
- be a driver of value creation and lower cost of capital.

MSCI research shows that in the U.S., companies that displayed governance leadership consistently outperformed governance laggards between 2015 and 2023, with an excess annualized return of 2.7% over the full nine-year study (26.3% cumulative).

This is also true for the cost of debt. Several studies show that firms with good governance characteristics have higher credit ratings and lower cost of borrowing. Board characteristics, particularly board independence and the presence of a well-functioning audit committee, appear to be significant drivers of credit ratings.

Measures related to shareholder rights (stronger shareholder power) also tend to be associated with higher credit ratings. Even after controlling for financial leverage, profitability, and other standard determinants of credit ratings, researchers find that governance still plays a significant role.

What investors want to see

So, what are investors looking for? That's a very big question and of course, there are many, many different answers.

But I would highlight some particularly important areas.

We know that there is no single one-size-fits-all answer on what the perfect framework might be, however, there are some clear baselines that we know create trust and drive value.

ICGN believes that clear and stable corporate governance frameworks and investor protections are essential for creating trust in capital markets.

First and foremost, strong shareholder rights are critical.

We know that some jurisdictions are attempting to attract listings by weakening rules, including diluting voting rights and permitting dual-class share structures, allowing closed door AGMs, making it harder for shareholders to table resolutions, and weakening listing rules and corporate law protection.

Conversely, in other markets, like here in Korea, governments are aiming to attract inward investment by raising governance standards to protect minority shareholders and build trust and confidence. This is great to see and expanding the use of cumulative voting will also support this in Korea.

And of course, reliable reporting is a key pillar of success. Financial reporting quality and reliability is critical; this material information is the foundation of investment analysis. As fiduciaries, it is important for investors to be able to rely on financial statement information based on clear and consistent standards, set under appropriate procedures and processes, for both reporting and assurance. These standards create consistency and clarity for companies, assurance providers and users of financial reporting.

We also need there to be appropriate, proportionate regulation to protect quality of financial reporting and audit. This regulation is a key element of the frameworks that support the building of trust in the capital markets. In our view, independent regulators and standard setters are the best way to achieve this.

In addition to the core financial statements, investors have long wanted comparable, reliable, and verifiable corporate sustainability disclosures grounded in financial materiality to make informed investment and stewardship decisions.

The ICGN supports the International Sustainability Standards Board (ISSB)'s mission to develop a global baseline of sustainability-related corporate disclosures. Along with over 120 investors, stock exchanges, and other organizations, the ICGN has endorsed the UN PRI's call for jurisdictions to commit to adopting the ISSB Standards by 2025.

At the company level, we want to see companies being run well and overseen by strong and effective boards.

Strong and effective boards are the backbone of good governance.

They must be independent, diverse, and accountable to all shareholders, with a clear focus on overseeing corporate strategy, managing risks, and driving long-term sustainable business success.

Investors expect these boards to balance the interests of stakeholders while upholding robust audit and governance practices, all underpinned by transparency and consistent corporate disclosures.

Having the right independence in the boardroom is critical in markets where controlling shareholders dominate decision-making, ensuring that decisions serve the interests of all shareholders.

The importance of policy advocacy

There is a lot happening around the world in governance and stewardship related public policy making and regulation.

We are seeing fast moving and worrying developments: diminishing shareholder rights, reduced investor protections, and added obstacles to effective stewardship.

We see a very polarised, sometimes misleading, and far too often oversimplified narrative in political arenas and the media about corporate governance and stewardship issues.

Engagement and advocacy, by investors and companies, is going to be critical.

In our 2024 revisions to the ICGN Stewardship Principles, we added a new focus on the importance of policy engagement and advocacy. We did this because it's a crucially important lever of change.

We all need to play our part in safeguarding capital market efficiency, integrity, and resilience.

Everyone in this room can be an agent of positive change.

You all have the ability to influence the future shape of governance and stewardship standards and practices.

Here in South Korea, we think it is a very exciting time. We are encouraged by the focus that the new government has on improving governance practices and strengthening fiduciary duties and minority shareholder protections.

Because of this, we are planning to expand our work here. I intend to spend more time here, to activate our members' excitement about the market and its potential, and to build our engagement work with regulators and policy makers.

We are in the process of organizing a full day ICGN Forum here in Seoul for 2026 – so please let us know if you would like to support us, to speak, to help define key topics for discussion or get involved in our policy work.

Conclusion

We must remember that we all have aligned interests in long-term value creation.

Good governance is not just about compliance, it's not just a box to tick, it is a fundamental driver of sustainable growth and long-term value creation.

We need to work together, as investors, companies, regulators, and stakeholders, to ensure that governance practices are robust, transparent, and effective.

By taking a balanced, long-term view, we can create an environment where businesses thrive, investors are protected, and societal benefits are maximized.

So let us stand up for what we believe in and be clear about why getting governance right matters.

Thank you for your attention, and I look forward to engaging with you all during this conference. Have a great day.

ENDS