



ICGN

International Corporate Governance Network

Corporate Governance in the Global Context

Jen Sisson

CEO, ICGN

October 2025

Our Mission

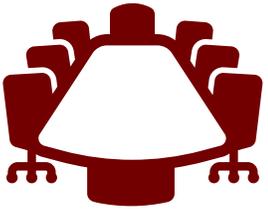
Established in 1995 and led by investors responsible for assets under management of over US\$90 trillion, ICGN advances high standards of corporate governance and investor stewardship globally.

ICGN's work programme is delivered around three core activities:

- **Policy impact:** Engaging with standard setters, policy makers and regulators
- **Networking:** Bringing members together to share views, learn from each other and develop connections
- **Education:** Sharing the knowledge of our network of experts in governance and stewardship

#GisKey

Our strategic focus areas



Strong and effective boards



Reliable reporting



Protecting shareholder rights



Best practices in investor stewardship

Why “G is Key”

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

Strong governance delivers measurable benefits:

- It **reduces risks** from poor decision-making or unethical behaviour.
- It **protects minority shareholder rights**.
- It **increases confidence** in markets, lowering the cost of capital.
- And it **drives value creation** by enabling better strategic decisions.

Who is on the Board

Strategy

Capital Allocation

Oversight of management

Incentive plans

Shareholder rights & AGM practices

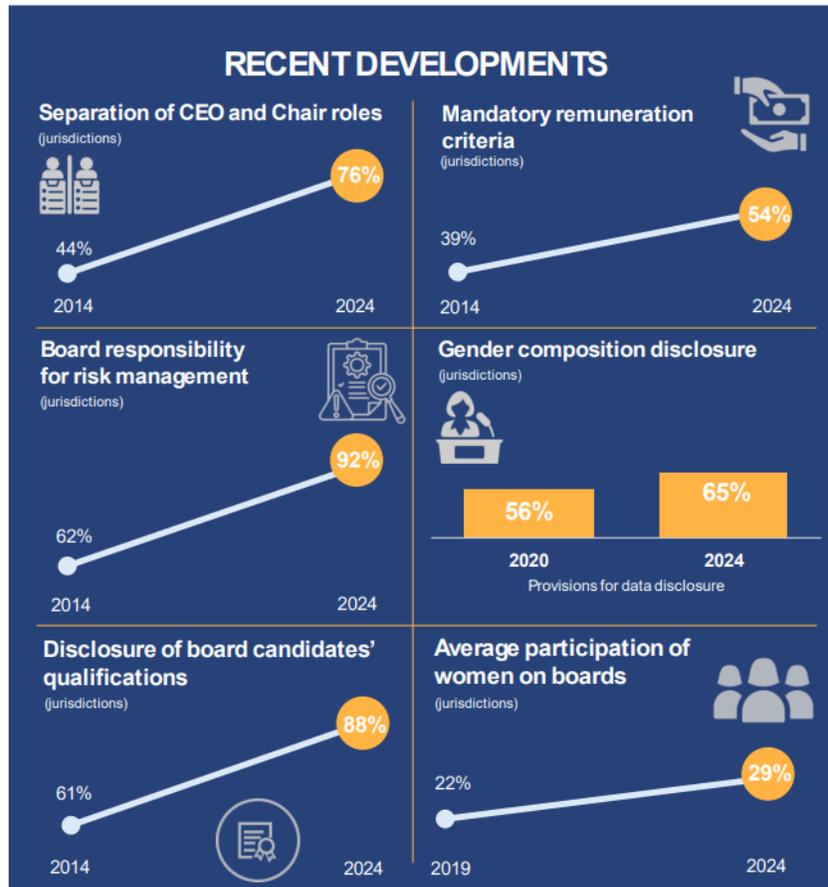
Mergers & acquisitions

Risk management and controls

Financial reporting and audit

OECD Corporate Governance Factbook

Infographic 4.1. Key facts and figures on the board of directors



Global Governance

Trends:

Positive Developments

- **Board Independence**
Independence levels are rising with directors expected to bring real challenge to executive decision-making rather than simply endorse management proposals.
- **Improved Disclosure**
Disclosure practices are advancing, providing timely information before shareholder meetings for informed voting.
- **Strengthened Shareholder Rights**
For example, lowering thresholds for calling an extraordinary meeting, or ensuring that voting rights match economic ownership on a one-share-one-vote basis.
- **Director Accountability**
With regulators making it clear that failure to act in the interests of the company and all its shareholders will carry consequences.

Global Governance Trends: Risks and Setbacks

- **Rollback of Shareholder Rights**
New laws and exchange rule changes are reducing shareholder rights, risking diminished investor trust.
- **Relaxed Listing Requirements**
Listing rules are loosened to encourage IPOs, often compromising transparency and investor protection.
- **Dual-Class Share Challenges**
Ongoing use of dual-class shares entrenches control among few, limiting wider shareholder influence.
- **Rise of Virtual AGMs**
Increasing reliance on virtual-only annual general meetings raises concerns over shareholder engagement.

Asia-Pacific: Corporate Governance reforms continue at pace

Japan

Korea

India

Taiwan

AI: The growing role of governance

- **AI Integration in Business**

AI is embedded in business operations, decision-making, and customer interactions, shaping modern corporate strategy.

- **Board Responsibilities**

Boards must understand AI's role, benefits, and risks as part of their core duties in strategy and oversight.

- **AI Governance Framework**

Establishing ethical, strategic guardrails and governance frameworks ensures responsible AI use aligned with shareholder value.

- **Oversight Structures**

Companies may assign AI oversight to risk or technology committees or create dedicated forums for effective governance.

Board-level responsibilities and establishing AI governance frameworks

Board's Strategic Oversight

Boards must ask relevant questions and obtain detailed, decision-useful information from management about AI activities.

Alignment with Company Values

AI initiatives should align with the company's values, risk appetite, and long-term strategic goals to ensure responsible use.

Access to Expertise

The board needs access to AI expertise to effectively challenge and guide management on technology-related decisions.

Addressing risks: AI washing, black box issues, data quality

AI Washing

AI washing involves overstating AI capabilities, misleading investors and damaging trust in businesses.

Black Box Problem

Opaque AI decision processes raise legal, ethical, and reputational concerns in critical business decisions.

Data Quality

Poor data quality leads to biased AI results, regulatory risks, and flawed business insights.

Ethical considerations and strategic opportunities

Ethical Challenges

Boards must address fairness, privacy, and accountability to prevent algorithmic bias and real-world harm.

Risk Mitigation

Companies need clear processes to identify and mitigate AI risks to avoid reputational damage and investor concerns.

Strategic Opportunities

AI enhances efficiency, decision-making, and innovation by processing complex datasets and freeing human capital.

Deliberate Integration

Successful AI adoption requires integration into business models supported by infrastructure and skills.

- **Developing Regulations**

AI regulations vary globally, with some regions favouring innovation and others adopting cautious, rules-based approaches.

- **Board Preparedness**

Boards must prepare companies to comply with emerging AI laws while engaging constructively in regulatory discussions.

- **Building Trust Through Regulation**

Effective AI regulation can enhance public trust and investor confidence, while poor regulation risks uncertainty and barriers.

- **Improving AI Related Reporting**

Corporate reports must provide detailed AI governance information, including board expertise, oversight, and performance safeguards.

Regulatory environment and reporting on AI governance

Do your part for Good Governance

- **If you are a policymaker:** Ensure your rules protect shareholder rights, promote transparency and board accountability.
- **If you are a company director:** Keep the long-term interests of all shareholders at the heart of your decisions.
- **If you are an investor:** Use your voice and your vote to encourage continuous improvement. Get involved and support reforms that raise standards.



ICGN

International Corporate Governance Network



policy@icgn.org



www.icgn.org/policy

Policy impact • Networking • Education