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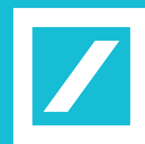

August 2020

CIO Special

The "G" in ESG:
Governance – a question of balance

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01 Introduction

Christian Nolting
Global CIO

Corporate governance is concerned with how companies operate – with the historical focus being on how this affects their interactions with other companies, governments and customers. Now, with the increasing focus on environmental, social and governance (ESG) issues in their entirety, the concept of corporate governance is expanding to encompass how companies interact with the environment and society in general. (In this report, we use the term "governance" to refer to the organisation of business entities; in normal use, it can also refer to political governance.)

The focus of governance has always evolved over time, as can be seen in a brief history of the subject over the last four hundred years (page 4). But we may now be on the cusp of a period of very rapid change. The increasing trend to see government-led activity as part of governance has already widened its scope, as we noted above. Governance is also now not just seen as one rather passive way to encourage – and monitor – better environmental ("E") practice. It can play an active role in preservation/conservation and improving biodiversity.

The global response to the coronavirus pandemic may widen the scope of governance even further. As we noted in two previous special reports (most recently, New growth realities – Embracing "kairos"), there will be multiple factors increasingly under public debate. Post coronavirus, state support for firms, a desire for change – and the difficult state of government finances – may put the focus on taxation, intellectual property management and labour practices, amongst other issues. Governance ("G") will be seen as a way to address related social ("S") issues. We look at this further in Chapter 5.

Another governance trend is for restrictions on firms' activities to be complemented by attempts to guide them towards certain objectives. These objectives may be either linked to multilateral institutions' development goals or industry-specific objectives determined by pressure groups or other organisations. Information technology has played a critical role here, through improving access to information about firms (for both consumers and investors) and also facilitating the governance debate. Technology (in particular through making available a larger and better data set) reinforces the case for full transparency around governance issues, as around social and environmental concerns.

The focus of governance has evolved over time – and the global response to the coronavirus pandemic may widen its scope even further.

What does this mean for investors? They should realize that governance issues will continue to evolve over time and will likely increasingly include social and environmental issues – ESG is becoming an integrated concept, with the process probably accelerated by the coronavirus pandemic. Assessing governance will require an engaged and granular approach that looks forward to possible problems and opportunities ahead. All this will require a sense of balance in weighing up competing issues and priorities at a project, firm and industry level. Governance in general will also have to be balanced against broader social and environmental concerns, to get acceptable ESG solutions.

This report concludes a series of three reports outlining the main issues around "E", "S" and "G". In future studies, we will dig deeper into some underlying issues (which would, for example, include biodiversity and the role of the oceans) as well as the broader investment implications.

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02

Corporate governance: a brief history

Twenty years ago, investors would have seen governance as an issue focused on how companies manage themselves (e.g. their management structures and financial reporting) and how this affects their interactions with other companies and the state.

Governance, however, now means rather more. It now involves how companies interact more broadly with the world around them (e.g. on environmental issues). It goes beyond the corporate sector to address how governments themselves manage both corporate and natural resources (e.g. the oceans). Governance therefore now has an environmental and a social component, as well as a corporate one. Governance is a very complex topic, but there are essentially two approaches to it. First there is a "top down" approach which tries to counter inefficient market outcomes through government intervention (e.g. through a so-called Pigouvian tax to offset negative externalities). Second, there is a "bottom up" approach that focuses on the behaviour of individual firms. In this report, we focus on this second approach.

This evolution of the meaning of governance should not surprise us. Governance has tended to change to address the immediate concerns of the age. The history of corporate governance (the subject of this report, as contrasted with political governance) goes back many centuries, to the craft guilds of the medieval period and before. But in the early modern age, we can perhaps date it first to a desire to control and benefit from the activities of the great private trading companies in the 17th and 18th centuries, and then follow it through subsequent focuses on monopoly and financial practices – and more recently to environmental and social issues. For the sake of clarity, we divide this history in six periods (see Figure 1).

01 17th to 19th centuries – controlling the new global trading companies. One of the first documented disputes (and a well-known example) involved the Dutch East India Company in 1609; during the 17th to 19th centuries the British East India Company faced a range of legislation from the UK parliament designed to control its powers as Britain's changing political and increasingly free-trade economic needs required a less monopolistic approach. The Hudson's Bay Company and the Levant Company provide other examples of major chartered companies facing changing government priorities.

02 Late 19th and 20th centuries – U.S. and other antitrust legislation. The Sherman Antitrust Act (1890), Federal Trade Commission Act and Clayton Act (1914) aimed to control the domestic power of dominant corporations. Over time, a focus on specific issues around company behaviour has shifted into a broader concern to ensure consumer welfare although monopoly is emerging again as a political issue (e.g. in digital markets). The formation of the European Community in 1957 and its subsequent development has also involved significant competition legislation to achieve the aims of a "common market", but with rather different aims and concerns.

03 1970s onwards – corporate governance as the global economy gets rough. The focus switched to financial reporting and financial misconduct, with consideration of corporate governance was emphasized by the Securities and Exchange Commission (SEC) in the 1970s. The term "corporate governance" first appeared in the Federal Register, the official journal of the Federal Government. Attempts to counter financial problems through better internal governance structures – e.g. audit committees, nominating committees and remuneration committees, along with external directors – lost momentum after a political shift to the right in the 1980s. But the Sarbanes-Oxley Act of 2002 incorporated many of the major elements that had been under discussion (e.g. oversight boards, auditor independence and financial disclosure).

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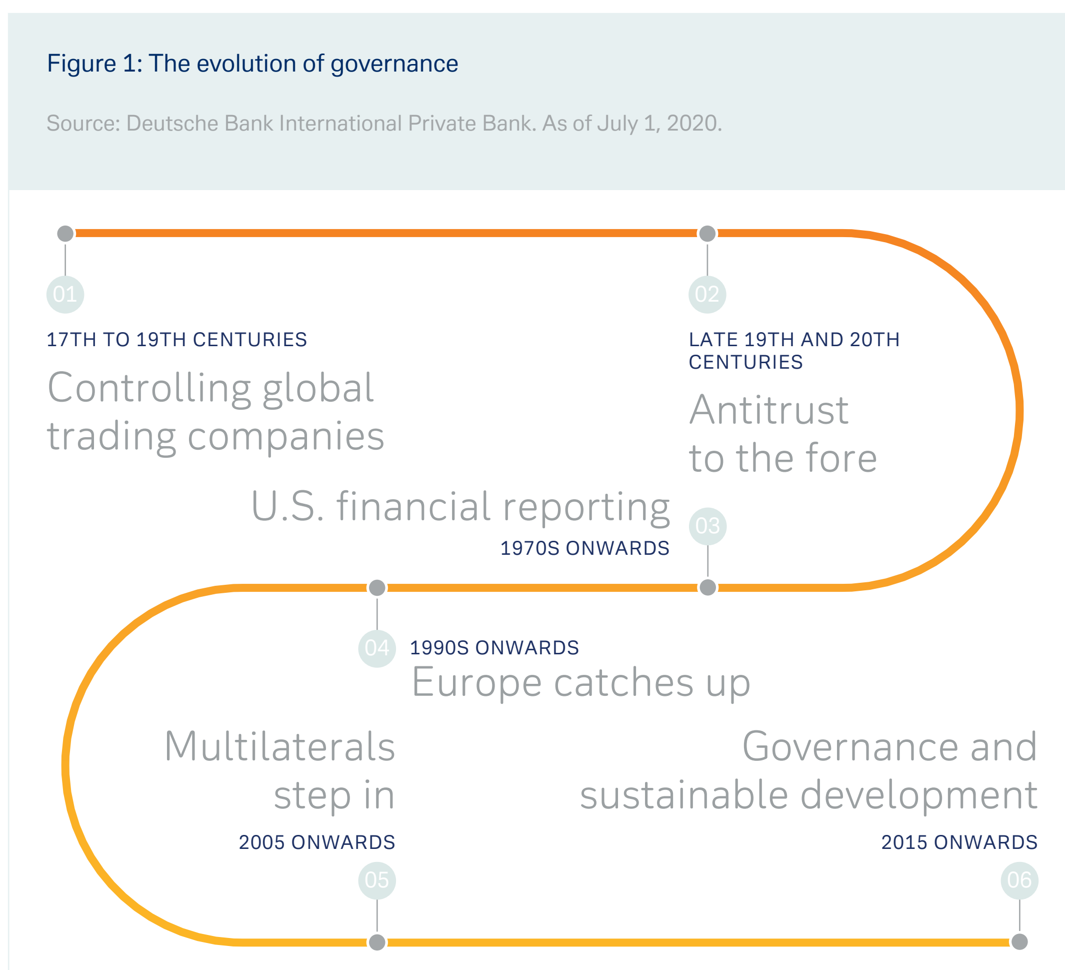
04 1990s onwards – Europe also builds up corporate governance. The UK was one leader, with the 1992 Cadbury Report a key driver, setting out recommendations on the arrangements of company boards and accounting systems. This was followed by other reports later in the decade which together essentially form the UK Corporate Governance Code (previously the Code). Meanwhile, the German Corporate Governance Code was adopted in 2002. In addition to the presentation of essential legal regulations on corporate governance and publicity, the code contains numerous recommendations and suggestions for the management and monitoring of listed companies.

05 2000s onwards – multilateral and regional organisations get more involved. The OECD set out its view in its Principles of Corporate Governance (1999, 2004 and 2015), with particular relevance for developing economies. The European Commission presented its action plan "Modernising Company Law and Enhancing Corporate Governance in the European Union – A Plan to Move Forward" in 2003, driven forward by the creation of a Single European Market. This has been followed by other declarations of principle, such as EU's Directive on Disclosure of Transparency (2013) or EU's Directive on Non-Financial Disclosures (2014).

06 2015 onwards – governance and sustainable development goals. United Nations initiatives in the 1970s and 1980s were followed by the Rio de Janeiro Earth Summit of 1992 and then the 2012 United Nations Conference on Sustainable Development. This resulted in the United Nations Sustainable Development Goals (SDGs) for 2030, finally ratified by the United Nations General Assembly in 2015. Corporate interest in sustainable development had run in parallel with this: the World Business Council for Sustainable Development (WBCSD) is also a CEO-led organization of over 200 international companies, founded in 1995.

Figure 1: The evolution of governance

Source: Deutsche Bank International Private Bank. As of July 1, 2020.



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03

How the focus of governance is changing

As governance has evolved, one overarching change of emphasis has become increasingly apparent – a shift from a desire to control to a desire to guide.

Historically, as we discussed above, governance was driven by a desire to extract some benefits from the operations of dominant large international trading companies before, rather more a century ago, the focus shifted to the danger of monopolies for consumers in domestic markets. In the 1970s, the governance focus shifted once more to limiting the damage that could be to shareholders or to other companies through financial or other misgovernance.

Now, however, a second strand in governance has become increasingly important. The desire to control is now accompanied by a desire to guide corporates (and governments) towards objectives, many of them environmental. The coronavirus pandemic may give an extra impetus to this, if the fundamental cause is seen as environmental (i.e. virus transmission through zoonosis).[1]

This desire to guide has come not only from individuals and interest groups, but also from multilateral and regional organisations with long-term social or environmental targets.

From a corporate perspective, the question is how best to manage these two strands: the answer, again, is through what is referred to as "good governance".

The scope of governance is also determined by what it is possible to achieve. More transparent financial reporting made more detailed internal and external governance possible during the 20th century. Now, information technology has taken the process of transparency a stage further. Through providing better (if still incomplete) access to information, technology has both increased consumer and investor interest in governance and also their ability to monitor what is going on. Technology means that transparency within companies and also externally around "G" has become a more pressing issue, as it is around "E" and "S". At present, however, external transparency is still limited to some extent by different data providers using different governance metrics in their assessments.

Historically, governance has been driven by a desire to restrict some company activities – now there is also a desire to guide them towards given objectives.

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[1] Environmental destruction is generally seen as favouring zoonoses, in that the reduction of biodiversity may allow "generalist" diseases to multiply in the ecological niches that then appear. This means that the "species barrier" between humans and animals can become less of an obstacle and disease transmission takes place more quickly. See Sommer and WHO (2020) for more details.

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Box 1

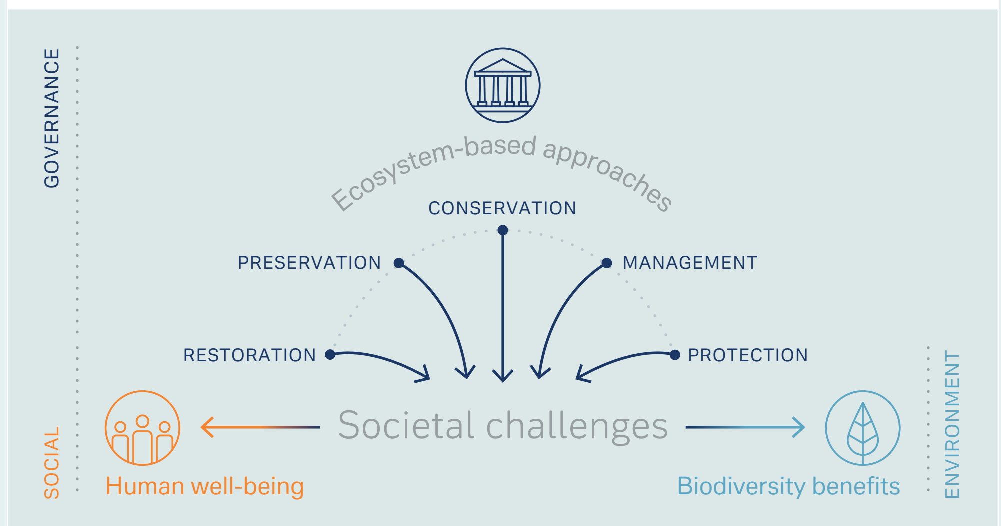
Governance and preservation/conservation

The concept of governance has expanded out to include both preservation and conservation of the natural environment. This is not a completely new concept: nature parks in many countries have been managed (in different ways) by governments for many decades. But the speed of environmental depredation is leading to a more interventionist approach, often for economic reasons. Consider, for example, the "blue economy": the value of ocean assets has been put at USD24 trillion by the OECD and there are well-known concerns around fish stocks and other issues. One of the UN's Sustainable Development Goals (SDGs) concerns "life under water" and better governance will be necessary to achieve appropriate dedicated rights to natural resources. Governance here will have to address such issues as the so-called "tragedy of the commons" – where incentives for individual actors (e.g. fishermen) may go against collective needs (conservation to allow the long-term supply of adequate food supplies).

According to the UK's Dasgupta Review, the interim results of a study into the economics of biodiversity led by Professor Sir Partha Dasgupta, this can be seen as an asset management problem because natural capital is subject to produced capital (e.g. roads, buildings) and human capital (e.g. knowledge, skills). But, in addition, nature is an asset that delivers regenerative returns which are far higher than for narrowly-defined economic assets. Institutional failure is one of the reasons why we have over-used the biosphere, and this is manifest through the presence of externalities (economic impacts not fully reflected in market prices). This is because nature is free and open to everyone, and there are often only limited incentives to curb our demand and prevent us from over-consumption and its mismanagement. For example, studies have shown that changes to land use have been identified as a driver of emerging infectious diseases. The impact of the illegal wildlife trade on biodiversity loss is another example. Governance must therefore play a key role in addressing how to best manage our natural resources. As we reflect upon the current crisis, we should consider how we achieve sustainable economic prosperity.

Figure 2: Governance's impact on preservation/conservation

Source: IUCN, Deutsche Bank International Private Bank. As of July 1, 2020.



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04

The corporate and investment impact

Governance data has been compiled for a longer period of time than environmental and social data, and the criteria of governance have been more widely discussed from an academic and investment perspective. Received wisdom is that firms with good governance have higher performance. According to one study[2], using a sample of 1500 firms during the 1990s, firms with stronger shareholder rights had higher firm value, higher profits and higher sales growth, although later research suggested that this relationship weakened in the 2000s.

As always in such studies, the specific context faced by firms will vary so that the results may not be clear-cut. Corporate governance is determined by a combination of structures and mechanisms within a company and there are academic theories to describe them: agency theory (interests of all parties are pursued), stakeholder theory (information is distributed among all participants and everyone has the opportunity to express opinions and criticism publicly); stewardship theory (protecting corporate interests and achieving common goals through commitments). Aims here may be complementary or contradictory.

Corporate behaviour can also be viewed from a different perspective, in terms of specific concerns – e.g. business ethics (reported codes of conduct), anti-competitive practices (which can both indicate structural problems within a company and lead to immediate legal issues), tax transparency (which must be able to withstand stakeholder and regulatory scrutiny); corruption and instability; and, finally, the governance of individual companies seen within the context of the overall financial system.

Academic studies try to focus on issues that are manageable in terms of analysis and data. In terms of corporate governance, these may be selected in different combinations, but tend to include:

Board diversity: Studies have suggested that companies generate better returns in complex environments where there is diversity – in terms of gender, demographics, culture or nationality.[3] Monitoring mechanisms of such aspects may also improve performance.[4]

Independent board members: Boards' objectivity and ability improves with a higher number of independent (i.e. non-firm) board members[5], as may do resource allocation.[6] However, the number of members alone may say nothing about their expertise in sustainable issues, such as social or environmental problems.[7]

Executive pay: Stock options may be long-term incentives for sustainable value creation and financial performance. What is also interesting is that non-financial criteria (e.g. environmental incentives) can be used to determine long-term pay in order to meet regulatory requirements, particularly in companies generating high levels of pollution.[8]

CEO characteristics: This is an area where the research can point in different directions. One study has argued that companies in which the CEO takes on the role of chairman too may be more stable[9], but this runs counter to accepted wisdom (as for example in the UK's Cadbury report, see above). Other studies suggest that combining such roles could result in riskier outcomes[10] or a weaker monitoring function for the board.[11]

[2] See Gompers et al. (2003).
[3] For example, Fancouer et al. (2008) and Campbell and Mínguez-Vera (2008).
[4] See Mallin et at. (2013) for more details.
[5] See Kock et al. (2012) or Mallin et al. (2013).
[6] Compare Andres-Alonso et al. (2012) and Bozec et al. (2010).
[7] See Walls et al. (2012).
[8] For more details, see Rodrigue et al. (2013) or Beronne and Gomez-Mejia (2009).
[9] See Iyengar and Zampelli (2009).
[10] Compare Galema et al. (2012).
[11] See Tuggle et al. (2010).

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Oversight: The importance of governance increases during market turmoil (as we discuss in more detail in the next section with regards to the coronavirus pandemic). Some studies suggest that better monitoring, as measured by the proxy of board meeting frequency[12], can be linked with higher performance, but transparency may be the key underlying factor here.

Ownership structure: The evidence is inconclusive. Studies find that institutional ownership can have an impact on strategic decisions.[13] But, once you factor in investment horizons and other factors, other ownership structures may have an improved performance[14] – perhaps the key implication is that ownership structures and objectives need to be aligned. We look at the issues around German family businesses in Box 2 below.

Accounting: Corporate governance and accounting go hand in hand, but standards here still vary substantially between countries and regions – and thus to stock returns, firm value and operating performance, as confirmed by various studies.

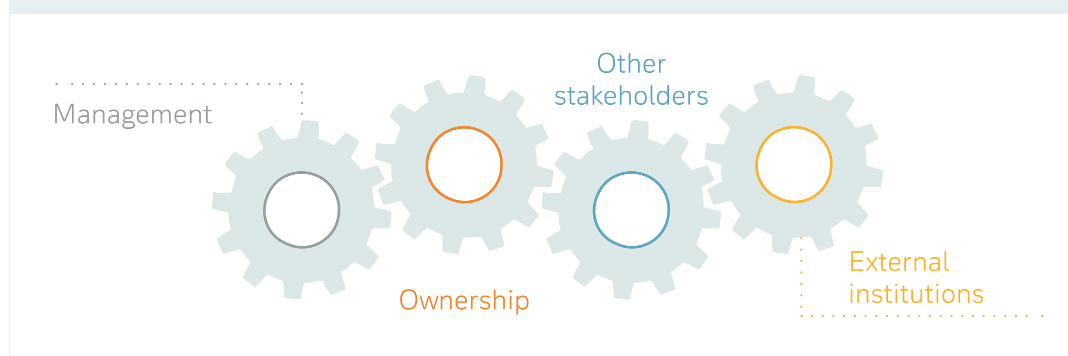
Studies may also give a flavour of differences in governance across countries, and across industries. One analysis[15] identifies three reasons for variations in corporate governance strength across countries: ownership structure, stakeholder orientation and the institutional setting. Digging deeper, other studies have, for example, looked at the implications of shareholder concentration[16] or at the advantages and disincentives faced by Chinese state owned enterprises (SOEs). The scope for such studies is huge: Figure 3 gives the simplest indication of the groups of topics under review.

Comparing governance across industrial sectors, studies suggest, unsurprisingly, that governance can vary according not just sector but also size and value of companies with companies with better governance having better financial characteristics.[17] Other studies[18] deduce, again unsurprisingly, that governance structures are necessary in order to protect the environment and use resources effectively.

What can we take from all this? The first point is these are complex subjects, so it should be no surprise that studies sometimes show conflicting outcomes – there are many variables in play here. The second point is that such studies are by nature historical and thus may not consider the environment and social factors that seem likely to increasingly concern governance, as discussed above. Third, while the evidence is that good governance leads to better long-term investment performance (see for example the MSCI calculations in Figure 4), gains may be increased when combined with good environmental and social practice.

Figure 3: Four components of the governance "gearbox"

Source: Deutsche Bank International Private Bank. As of July 2020.



[12] See Klijn et al. (2013) for more details.
[13] See Ben Amar et al. (2013).
[14] For example, see Anderson and Reeb (2003).
[15] See Khan (2019).
[16] See Bebchuk and Hamdani 2009.
[17] For example, In et al. (2017).
[18] See Samimi et al. (2012) or Walls et al. (2012) for a broader discussion.

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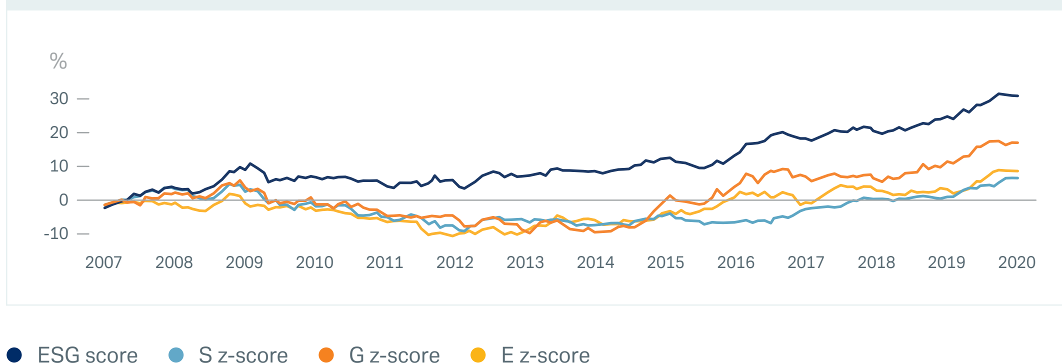
Figure 4: Governance and equity performance

Source: MSCI ESG Research LLC, Deutsche Bank International Private Bank. As of June 15, 2020. This figure shows the relative performance of the top 20% (quintile) of firms for each individual ESG pillar (E, S and G) in the MSCI World Index (local currency) relative to the bottom 20% of firms. The comparison is made via so-called "z-scores" which show at how a group of values (e.g. different companies) relate to the average score.



ESG score · S z-score · G z-score · E z-score

Box 2

Governance: the German family business experience

Professor Dr. Nadine Kammerlander (WHU – Otto Beisheim School of Management)

While research generally agrees that clearly defined governance rules increase investor confidence and, ultimately, the company's market value (Newell and Wilson, 2002; Picou and Rubach, 2006), critical voices are also evident (Cuervo, 2002 and Sonnenfeld, 2004). For instance, Dehnen (2019) has criticized the "one size fits all attitude" of the German Corporate Governance Code (DCGK).

I start from the perspective that neglecting good governance opens the door for operational sloppiness and exploitation, so threatening the company's sustainable and long-term success. Governance mechanisms are therefore of utmost importance for all owners, board members, and management. But I do think that there is a need for discussion about what exactly good governance should look like and how regulations should be applied. To understand this better, we look here at family businesses.

The governance of family businesses is often disparaged by experts and the media. They are seen as too owner-focused, with accompanying risks around concentration of power and succession. But are people right to be so sceptical? There have been long, intensive academic debates about whether family businesses enjoy higher or lower business success than other companies (O'Boyle et al., 2012). The difficulties mentioned above, combined with a focus on non-financial goals, might have been expected to lead to worse performance. But, at least for German listed companies, the opposite appears to be the case.

Around a third of the German prime standard firms can be described as family businesses. Due to their long-term orientation, they are credited with a special resilience during times of crisis. Corporate culture, the trust of employees and partners, as well as the commitment of the owning family are seen as contributing to this resilience. Is "good governance" in listed family-owned companies also a positive factor? In fact, an analysis by

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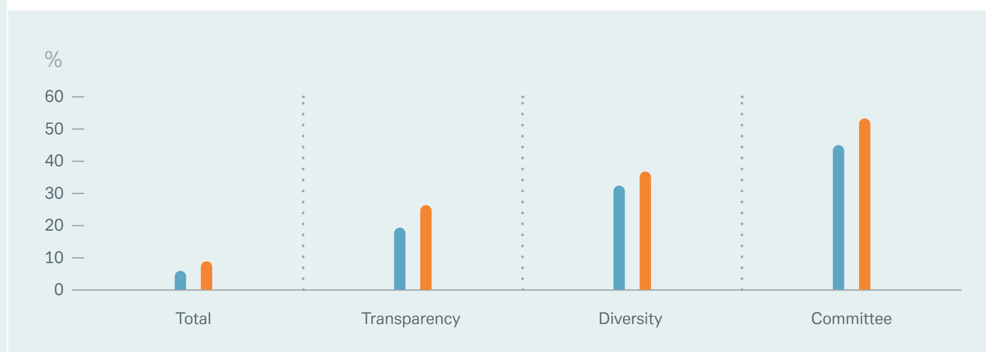
Figure 5: Percentage of Prime Standard firms that fully comply with the DCGK

Source: WHU – Institute of Family Business, 2018. Conformity of German, Prime Standard family and non-family businesses with regard to the DCGK, along four dimensions from 2012 to 2016.



Family businesses   Non-family businesses

Isabelle Arndt at the WHU Institute of Family Business shows a comparatively high number of “declarations of non-conformity” for this type of company (see Figure 5), compared to other listed companies. In other words, family businesses are less, not more, likely to comply with the DCGK guidelines. So can one still speak of “good governance” here?

From my long-term observation of family businesses, I would say, in principle, yes. Good governance requires not only good corporate governance but also good personal governance (Kammerlander, 2019). In other words, do the individual decision-makers possess the skills, values, and attitudes in such a way that their actions and decisions will maximize the good of the company? Do the decision-makers keep an eye on other stakeholders (e.g. employees, environment, the local region)? Here, in particular, there is a dovetailing with the social and environmental components of ESG.

In addition, there are further positive developments in the area of family businesses investing in personal governance: for example, we see a trend in entrepreneurial families to invest in a good education for their next generation – which indirectly benefits governance. There is also the question of due diligence and loyalty. While the DCGK encourages the independence of the individual members on the supervisory board, this may be more difficult for family businesses, since members of the supervisory board are also often the firm owners. The positive side of the coin here is that these people often intrinsically care for the long-term well-being of the company and spend a lot of time and effort ensuring this – especially if the company bears the family name. But how can you make sure that family members put the interests of the company and its stakeholders first? In order to achieve this and to appoint the most appropriate family members to the committees, the governance of family businesses often makes use of other regulations, such as the family charter, that emphasize family member appointments should be based on identification, attitude, lifelong learning, and intellectual independence. Such approach contributes to good governance and possibly inspires good governance in other firms, too.

However, a glance at Figure 5 reveals possible issues around transparency and diversity. The disclosure of decisions, figures, and other facts may go against family entrepreneurs’ need for control and desire to avoid scrutiny by external parties. A lack of transparency often goes hand in hand with a lack of preparation and availability of data internally – which in turn makes it difficult to act and react quickly in times of scarce liquidity during crises.

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For all companies (not just family businesses), the value of good governance shows itself in a crisis. In good times, a company may be able to hide its weaknesses and still participate in the general upswing. However, a crisis – such as the coronavirus pandemic – shows the stability afforded by sophisticated governance mechanisms. In particular, those that control the monitoring can be decisive in such crises. More diverse management and supervisory teams may also cope better with crises because they can offer more different perspectives than non-diverse teams and come up with more creative solutions. So even if governance is less frequently explicitly mentioned in the media during the current crisis, its implicit role is as important as ever. The current situation seems likely to motivate companies to deal with the subject of “good governance” in more depth – in order to be able to better master future challenges in a volatile, uncertain, complex, and ambiguous world.

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05

Governance and coronavirus

Since January, the impact of the coronavirus outbreak has developed from a China-centred supply shock, disrupting local but also global supply chains, to a worldwide shake up on financial markets, to a demand shock as consumers around the world have delayed (or have been unable to make) non-essential consumption.

The pandemic has posed multiple questions and challenges for companies, which have needed to be addressed to ensure their continued survival. Obvious business responsibilities and decision making have included maintaining cash flow and fulfilling contractual obligations while keeping workforces and customers safe.

But, at a broader level, the pandemic has forced both individuals and firms to reflect on the nature and effectiveness of our systems of governance, both at a corporate level but also more widely regarding the governance of our health systems and our complex societies. The central governance issue has involved getting people to divert from their normal routines, adapt to (often challenging) new ones and do so in the name of public health and societal goals. This has had multiple implications for corporate operations, for example on supply chains. Domestic and international trade transactions have fallen sharply in the wake of production shutdowns and falling consumption. Firms have had to adapt in order to achieve more optimal and diversified supply chains that minimizes risks. Consequently, a company's resilience and crisis management abilities are now seen as a crucial element of governance, and very important for long-term performance.

The crisis has also made it clear that social norms need to be considered when promoting better governance approaches in crisis situations. The most immediate example of this is in our social attitude to healthcare provision – which can vary enormously between countries, but has come under increasing discussion. Another longer-term example of what some may consider as a "public good" (available to all) is education. Changing social norms may create governance challenges for many firms.

Governance will also have to take on board the social impact of coronavirus pandemic, particularly on the most vulnerable groups in society. The UN estimates that there will be 42-66 million more children that fall under the poverty line as a result of this pandemic, adding to the 386 million already in poverty.[19] The deteriorating economic conditions suggest that inequality, exclusion, discrimination and unemployment will rise around the world in the short to medium term. Social protection schemes and protecting workers are likely to become even more important governance issues – although there will also be continuing debate about how much responsibility for protection should rest on individuals, rather than corporates or governments.

The resilience issue in governance will not just include managing immediate challenges. In order to adapt to the post coronavirus world, we need a much more systematic focus on ensuring that our economic, social and environmental systems are resilient and – where necessary – regenerated. Investors will need to understand ESG factors and incorporate these trends into investment decision making. Technology is likely to have an impact here, too, for example through making it possible to gather more information about the operations and impact of business (e.g. satellite imagery of carbon emissions data). Investors' ability to assess this data will have financial implications.

[19] See UN (2020) for more details.

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06

Conclusion

Governance ("G") issues will continue to evolve over time and will widen in scope to include more environmental ("E") and social ("S") aspects. The impact of coronavirus is reinforcing this process. "ESG" is thus becoming an increasingly integrated concept.

The complexity of governance issues – and the fact that they are constantly evolving, as discussed above – means that this is not something that is quickly resolvable. Getting governance right will demand an engaged and granular approach by investors, and an ability to analyse and balance increasing amounts of data.

The case remains that firms with good governance are likely to prove more successful investments over the longer term as we discuss in Chapter 4. But the expansion of the concept of governance into new areas will continue to create challenges for firms and previously successful enterprises may find the going tough.

History reminds us that this evolution of the concept of governance is nothing new: it also suggests that any investor approaching governance should think in terms of varying, but overlapping future time frames. For example:

- First, consider immediate governance hurdles at a sector and firm level – which may create investment winners and losers.

- Second, investors should aim to capitalise on likely medium-term gains by firms implementing good governance, as has happened.

- Third, investors should consider the long-term impact of good governance on industry structures – and on the capital markets themselves.

But, ultimately, in this constantly changing environment, governance will remain a question of balance for both investors, corporates and governments. You will need to balance a range of concerns – including not just financial management, but also increasingly social and government issues – in search of the best, sustainable investment solution. Maintaining this balance is likely to require constant reassessment and, when necessary, guidance.

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Glossary

CEO stands for Chief Executive Officer who oversees the operation of a company.

The German Corporate Governance Code (DCGK) is a set of rules that primarily contains recommendations and suggestions for listed companies on good corporate governance.

ESG stands for Environment, Social, Governance, and is the acronym most commonly used to sustainable investments.

Kairos is an Ancient Greek word meaning the critical, right or opportune moment.

Monopoly occurs when a company's product offerings dominate a sector or industry.

MSCI stands for Morgan Stanley Capital Index. It is an independent provider of market indices and other analytical tools.

OECD stands for the Organisation for Economic Co-operation and Development which to stimulates economic progress and world trade.

SDGs stands for Sustainable Development Goals. They are a collection of 17 global goals set by the United Nations General Assembly in 2015.

SEC stands for Securities and Exchange Commission. It is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of the securities markets, and facilitating capital formation.

A state-owned enterprise (SOE) is a legal entity, which is wholly or partially owned by a government or state.

UN stands for United Nations and is an international non-profit organization to increase political and economic cooperation among its member countries.

USD is the currency code for the U.S. Dollar.

The World Business Council for Sustainable Development (WBCSD) is a global organization of over 200 leading businesses working together to accelerate the transition to a sustainable world.

The World Health Organization (WHO) has the primary aim of directing and coordinating international health within the United Nations system.

Zoonosis is a disease that can pass from an animal to a human.

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