

The background of the cover features a low-angle shot of a modern glass skyscraper with a complex network of steel beams and cables. The sky is a clear, bright blue. In the foreground, there are lush green leaves from a plant, partially obscuring the bottom of the image. The overall aesthetic is clean, professional, and modern.

# ecgi

# ANNUAL REPORT 2021

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EUROPEAN CORPORATE GOVERNANCE INSTITUTE

LEADING RESEARCH WITH GLOBAL IMPACT

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# 2021 ANNUAL REPORT

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2021 will be remembered as the second year of the pandemic. It was also the year of the vaccination, which brought some light as restrictions slowly began to ease. A change of US administration also reduced anxiety levels for some, while incensing others. Unfortunately, travel was still incredibly difficult and so life online persisted. Instead of cancelling events, as in the previous year, ECGI and its members were hitting their stride at the beginning of 2021, with a record-breaking year of online conferences, workshops and seminars.

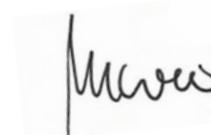
Making the most of low cost events and a captured audience, ECGI research members delivered highly topical events on climate change, capital markets, shareholder engagement, corporate purpose, and boards, to name only a few. This report contains details of many more and it hopefully provides an idea of the feverish research debates that continued to gain momentum throughout the year. Indeed, much of ECGI's current programme of work evolved from this collection of stimulating discussions regarding the fundamentals of capitalism.

The ECGI Board was very active too. Building on the recommendations of its past and current directors, it put in place the foundations to engage with a broader community of scholars, practitioners and policymakers. This has since manifested in the launch of an exciting programme on Responsible Capitalism and a new Blog platform. The appointment of Reena Aggarwal (Georgetown University) and Sophie L'Helias (Leader XXchange) to the ECGI Board was a great opportunity to include new expertise and dynamic support for ECGI plans.

Despite the challenging circumstances, institutional support for ECGI did not flounder in 2021. Norges Bank Investment Management granted funding for a two-year event-based project which launched in 2021. In addition, the leading pharmaceutical company, and now household name, AstraZeneca, became a patron member, committing funding for five years. ECGI is enormously grateful for this support and for that of its other sponsors, patrons, and institutional members who continued to fund ECGI activities in 2021.

ECGI is unique in collecting both finance and law perspectives from around the world. It operates thanks to the generous contributions of a significant number of people around the world who sit on committees, who organise events, who adjudicate on submissions and prizes, who publish their research, who speak at events, who join the boards, who contribute financially, or provide support in other ways.

With thanks to all those who contribute to make ECGI the stimulating global network of ideas and people that it so clearly demonstrated in 2021. We hope you enjoy reading the report which records a very positive outcome for another turbulent and challenging year.



**MARCO BECHT**  
EXECUTIVE DIRECTOR

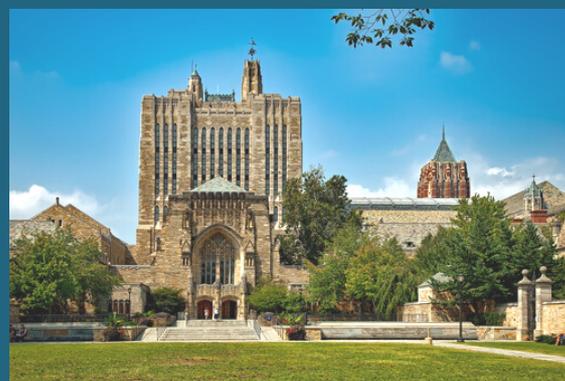


Yale Law School ecgi

2021 Global Corporate Governance Colloquium

11-12 June 2021

Partner logos include: Columbia Law School, ecgi, 光华管理学院, S A F E, FOUNDATIONS OF LAW AND FINANCE, HARVARD LAW SCHOOL, Imperial College London, JPX, NUS, UNIVERSITY OF OXFORD, Stanford Law School, SNU Law, SWEDISH HOUSE OF FINANCE, 東京大学, Yale Law School, and ZURICH.



# 2021 EVENTS

ECGI engages with its members and partners through wide-ranging events around the world. These take the form of academic conferences, roundtables, and practitioner-academic events. The aim of these events is to encourage discussion and debate across geographic, industry and disciplinary boundaries. In some cases, ECGI organises the events and in others it collaborates with partner organisations to deliver material and insights from events around the world. A full list of events is available at: <http://ecgi.global/content/event-list>

## 2021 GLOBAL CORPORATE GOVERNANCE COLLOQUIUM (GCGC)



11 - 12 June

The Seventh Annual GCGC Conference was hosted (online) by Yale Law School.

The Global Corporate Governance Colloquia (GCGC) is a global initiative to bring together the best research in law, economics, and finance relating to corporate governance at a yearly conference held at 12 leading universities in the Americas, Asia and Europe.

The 12 hosting institutions in 2021 were:

Columbia University, Harvard University, Imperial College London, Leibniz Institute for Financial Research SAFE/DFG LawFin Center, Goethe University Frankfurt (Germany), National University of Singapore, Peking University, Seoul National University, Stanford University, Swedish House of Finance, University of Oxford, University of Tokyo, and Yale University.

The aim of the conference series is to attract current research papers of the highest scholarly quality in the field of corporate governance. The conferences are primarily 'academic to academic' events with some participants from industry and the public sector including the practitioner partners of GCGC and other invited panelists. The practitioner partners in 2021 were Zurich Insurance Group and Japan Exchange Group (JPX).

In anticipation of the GCGC event, the organisers also presented a virtual workshop on **'The History of the Corporation'** on 10 June 2021. The workshop highlighted Imperial Russia, turn of the century Egypt and China, Edwardian Britain and the Gilded Age US, exploring issues of corporate governance that continue to resonate in the present day. The conference concluded with commentary that draws out the broader implications of these historical studies, setting up themes.

## 2021 WALLENBERG LECTURE



28 October

The 2021 Wallenberg Lecture, "**The Iron Law of Financial Regulation**" was delivered by **Roberta Romano** (Yale University and ECGI) and discussed by **Franklin Allen** (Imperial College London and ECGI)



**"Data supports the Iron Law hypotheses that congress enacts major financial legislation in wake of a financial crisis."**

**- Roberta Romano**

*Oscar M. Ruebhausen Professor of Law and Director  
Yale Law School Center for the Study of Corporate Law,  
Yale University and ECGI Fellow*

The lecture reviewed the components of what Professor Romano terms the "iron law of financial regulation" - that following a crisis, legislators will act despite its being an importune time regarding the availability of information regarding a crisis' causes and corresponding solutions, creating a complex, regulatory ratchet, increasing costs that can have adverse unintended consequences, and then provided preliminary findings regarding the empirical foundations for the iron law.

**"Evading regulations enforcing sanctions against money laundering and other criminal activities may be behind the success of cryptocurrencies such as Bitcoin."**

**- Franklin Allen**

*Professor of Finance and Economics and Executive Director  
Brevan Howard Centre at Imperial College London,  
and ECGI Fellow*



The Annual Members' Meeting comprises a General Assembly of the ECGI members, the Wallenberg Lecture and the award of the ECGI Working Paper prizes.

Following the 2021 lecture, ECGI awarded two research prizes for the best papers in the Finance and Law Working Paper Series' from the previous year (see announcements section).

## ECGI FULL PICTURE (POLICY) SERIES

In 2020, ECGI launched a policy series which provides a forum for ECGI research members to organise and participate in policy workshops, facilitating informed commentary on topical issues that are being considered by global policymakers. The goal is to provide a 'full picture' of the research on these topics which will in turn allow for more measured decisions and policy evolution. ECGI Fellows and research members are invited to organise these workshops.

### New Listing Rules for SPACs and Dual Class?



14 - 15 April

This ECGI Full Picture Series workshop, supported by ECGI, Latham & Watkins and Oxera, provided a briefing on SPACs, dual-class shares and other control enhancing mechanisms in a comparative perspective.

Participants questioned and discussed how SPACs are different from traditional initial public offerings. Are SPACs a useful innovation or the latest financial tool for selling poorly performing securities to public market investors? Do disclosure or listing rules need to be reformed to take into account of the SPAC phenomenon?

They highlighted a comparison between countries and their initiatives on dual class shares and SPACs. Many reflected towards the U.S. markets as it continued to be a preferred venue for dual class IPOs, also for foreign issuers. Additionally, there are SPACs that go public with a dual class structure. Responding to these developments, the United Kingdom also started to revisit its listing rules to make the London markets more competitive globally. Participants shared their views on the EU listing rules as several EU countries also began to offer alternative control enhancing mechanisms (CEMs) like non-voting shares or tenure voting ("loyalty shares").

**"As long as you don't make money anywhere except in two asset classes, equity and emerging market bonds - and emerging market bonds is a rough sport not available to everyone - the only asset classes where you can get some form of yield is equity"**

**- Stéphane Boujnah**  
CEO, Euronext

The event was opened by **Marco Becht** (Université libre de Bruxelles and ECGI) and **Lucrezia Reichlin** (London Business School and ECGI). The first paper and keynote presentation, "**A Sober Look at SPACs**", was presented by **Michael Klausner** (Stanford Law School and ECGI) and discussed by **Lora Dimitrova** (University of Exeter).

The next session was presented by **Antonio Coletti** (Latham & Watkins) and **Chris Horton** (Latham & Watkins) as they gave a "**Briefing on SPACs in Europe**".

A panel discussion moderated by **Luis Correia da Silva** (Oxera) and panelists **Stéphane Boujnah** (Euronext) and **Jean-Pierre Mustier** (Pegasus Europe) discussed that in the EU, listing rules are generally more permissive and companies can freely choose the place of listing within the single market, but some countries allow only minor deviations from one share-one vote. Hence the debate about listing rules is closely tied to the freedom of establishment and the ability of SMEs to adopt the company law of their choice.

Concluding remarks were provided by **Tim Jenkinson** (University of Oxford and ECGI) and **Marco Becht** (Université libre de Bruxelles and ECGI)

**"We may need to be concerned about the diktat of the short-term investors, but we may also need to be concerned about the potential diktat of the visionary controlling entrepreneur."**

**- Michelle Lowry**  
Professor of Finance  
Drexel University and ECGI

Day two was welcomed by **Anete Pajuste** (Stockholm School of Economics (Riga) and ECGI) and **Luca Enriques** (University of Oxford and ECGI).

**Mike Burkart** (London School of Economics and ECGI) shared his perspective on "Dual Class Shares - Theory" followed by **Anete Pajuste** (Stockholm School of Economics (Riga) and ECGI) on, "Dual Class Shares - Empirical Evidence". **Roberto Tallarita** (Harvard Law School) presented his views on the "US Dual-Class Company Charters" with discussion from **Roni Michaely** (University of Geneva and ECGI).

A panel discussion on the question "**Do CEMs Matter for IPOs?**" was moderated by **Tim Jenkinson** (University of Oxford and ECGI) and the panelists, **Laura Field** (University of Delaware and ECGI) and **Michelle Lowry** (Drexel University and ECGI) shared their thoughts on dual class share IPOs which continues to increase in popularity, while also remaining controversial.

**Anete Pajuste** (Stockholm School of Economics (Riga) and ECGI) and **Marco Becht** (Université libre de Bruxelles and ECGI) concluded the two day workshop.

## ECGI SPOTLIGHT SERIES



22 February | 12 April | 28 June | 18 October

In 2020, ECGI launched a global seminar series highlighting chosen papers from the ECGI Working Paper Series. The Spotlight Team works together to identify papers that will have broad appeal to members of the ECGI network.



In 2021 the ECGI Spotlight Team consisted of **Mike Burkart**, Professor of Finance, London School of Economics and Political Science and Editor of the ECGI Working Paper Finance Series; **Amir Licht**, Professor of Law, Harry Radzyner Law School, Interdisciplinary Center Herzliya and Editor of the ECGI Working Paper Law Series; **Miriam Schwartz-Ziv**, Assistant Professor of Finance, Michigan State University; and **Geeyoung Min**, Assistant Professor of Law, Michigan State University College of Law.

### Episode 4 | Institutional Investors and Corporate Governance

*Finance Working Paper No. 700/2020 | Amil Dasgupta, Vyacheslav Fos and Zacharias Sautner*

The paper was presented by **Amil Dasgupta**, Professor of Finance at the London School of Economics, and ECGI, **Vyacheslav Fos**, Associate Professor of Finance and Hillenbrand Family Faculty Fellow, Boston College, and ECGI and **Zacharias Sautner**, Professor of Finance, Frankfurt School of Finance & Management, and ECGI

The guest panel consisted of **Wei Jiang**, Arthur F. Burns, Professor of Free and Competitive Enterprise Columbia Business School and ECGI, **John Morley**, Professor of Law, Yale Law School and ECGI and **Amy Wilson**, Sector Lead, Retail and Engagement at Federated Hermes International.

**"Heterogeneity due to different direct and indirect incentives across institutional investors affect the governance role."**

**- Zacharias Sautner**  
Professor of Finance

Frankfurt School of Finance & Management and ECGI

## Episode 5 | AI in Corporate Law and Practice

*Law Working Paper 558/2020 | John Armour, Richard Parnham, and Mari Sako | Augmented Lawyering*

*Law Working Paper 475/2019 | John Armour and Horst G. M Eidenmueller | Self-Driving Corporations?*

Two papers were presented by **John Armour**, Professor of Law and Finance, University of Oxford, Faculty of Law and ECGI Fellow

The guest panel consisted of **Hse-Yu Iris Chiu**, Professor of Corporate Law and Financial Regulation at the University College London and ECGI Research Member and **Florian Möslein**, Professor of Law at the Philipps-University Marburg and ECGI Research Member.

**"AI is not going to replace corporate directors as strategic descision-makers any time soon."**

**- John Armour**

*Professor of Law and Finance  
Oxford University and ECGI Fellow*

## Episode 6 | Bail-outs and Bail-ins are better than Bankruptcy

*Law Working Paper 535/2020 | Kristin van Zwieten, Horst Eidenmüller and Oren Sussman*

The paper was presented by **Kristin van Zwieten**, Associate Professor of Law and Finance, University of Oxford, Faculty of Law and ECGI Research Member.

The guest panel consisted of **Anthony Casey**, Professor of Law and Economics, University of Chicago Law School and ECGI and **Aurelio Gurrea-Martínez**, Assistant Professor of Law, Singapore Management University (SMU).

**"At the onset of the Covid-19 pandemic, there was a clear case for intervening even in states in which there was a well-functioning reorganisation procedure capable of restoring financially distressed but viable businesses to solvent trading in normal conditions."**

**- Kristin van Zwieten**

*Clifford Chance Associate Professor of Law and Finance  
University of Oxford and ECGI*

## Episode 7 | Investor Impact on ESG

*Finance Working Paper No. 774/2021 | Roni Michaely, Guillem Ordóñez-Calafi, Silvina Rubio | ES Votes That Matter*

*Finance Working Paper No. 786/2021 | Yazhou He, Bige Kahraman and Michelle Lowry | ES Risks and Shareholder Voice*

*Finance Working Paper No. 715/2020 | José Azar, Miguel Duro, Igor Kadach, Gaizka Ormazabal | The Big Three and Corporate Carbon Emissions Around the World*

Three papers were presented by **Roni Michaely**, Professor of Finance, University of Hong Kong, and ECGI, **Michelle Lowry**, Professor of Finance, Drexel University, and ECGI, and **Gaizka Ormazabal**, Associate Professor, IESE Business School, and ECGI.

**"ES funds support many more ES proposals than non-EF funds...it also holds when we focus on votes on identical firms and same agenda items."**

**- Roni Michaely**

*Professor of Finance and Entrepreneurship  
University of Hong Kong and ECGI*

**"Shareholder proposals on ES issues are common, often sponsored by an entity with fiduciary duty to focus on Shareholder value and they nearly always fail."**

**- Michelle Lowry**

*TD Bank Professor of Finance, Academic  
Director of the Gupta Governance Institute  
Drexel University and ECGI*

**"The patterns suggest that Big Three influence plays a role in the reduction of corporate CO2 emissions around the world."**

**- Gaizka Ormazabal**

*Professor  
IESE Business School and ECGI*

## COLLABORATIONS

ECGI also provided organisational and communication support to events organised by ECGI Research Members during the year. These included the following events:

### RIETI/WBF/ECGI Webinar Series: A New Concept of the Corporation



16 March | 28 April | 20 May | 18 June | 21 July

On the occasion of the publication of the Japanese translation of Colin Mayer's book "Prosperity: Better Business Makes the Greater Good" in March 2021, the Research Institute of Economy, Trade and Industry (RIETI), Waseda University Institute for Business and Finance (WBF) and ECGI came together to organise a webinar series on the new concept of the corporation, the EU/UK experience and its lessons for Japanese corporate governance reforms.

#### PART 1 | The Purpose of the Corporation and Its Implication for Law and Business in Japan

This conference was organised and hosted by **Hideaki Miyajima** (Waseda University and RIETI), with support from ECGI. The conference focused on the reconceptualization of business in the 21st century while defining the purpose of the corporation and the implication of the new concept of the corporation for Japan addressed by **Colin Mayer** (University of Oxford, ECGI). **Sophie L'Helias** (LeaderXXchange) and **Wataru Tanaka** (University of Tokyo) discussed the book and shared their perspectives.



#### PART 2 | Fiduciary Duties under the New Conception of the Corporation

This conference was organised and hosted by **Kazunori 'Icko' Suzuki** (Waseda University and RIETI), with support from ECGI. The conference focused on the implication of the new concept of the corporation for Japan mainly in regards to the design of corporate law and interpretation of the duties of care of directors and the conventional stakeholder model. The conference also addressed multi- vs single purpose debates, European /UK experience on the purpose of firms and international developments and the CG code revision in 2018. It was presented by **Colin Mayer** (University of Oxford and ECGI) and **Jennifer Hill** (Monash University and ECGI). Discussants, **Katja Langenbucher** (Goethe University and ECGI) and **Gen Goto** (University of Tokyo) presented their views on the book and elaborated on the issues.



### PART 3 | Ownership of the New Corporation: The Role of Activist Funds

This conference was organised and hosted by **Hideaki Miyajima** (Waseda University and REITI), with support from ECGI. The conference focused on diverse topics including parallel ownership of long-term shareholders and portfolio investors, different forms of ownership around the world, candidates for long-term owners in Japan, EY report on short-termism, the experience of UK and EU of activism and the possible role of activist funds in Japan. It was presented by **Colin Mayer** (University of Oxford and ECGI) and **Julian Franks** (London Business School and ECGI). **Tetsuya Watanabe** (RIETI) moderated the conference and **Yasunori Nakagami** (Misaki Capital Inc.) and **Frederieke Helfer** (Cevian Capital) discussed the book and provided perspectives on the presentations.

### PART 4 | Ownership of the New Corporation: The Role of Institutional Investors

This conference was organised and hosted by **Icko Suzuki** (Waseda University and ECGI), with support from ECGI. The conference tackled multiple topics including the Environmental, Social and Governance (ESG) and sustainable finance, ownership of companies by long-term shareholders and portfolio investors, engagement and stewardship by institutional investors, PRI signatories, accounting, measurement and valuation of corporate purpose, regulation of institutional investment, the EU/UK/US experience of institutional investment and engagement and role of institutional investors in promoting purposeful businesses in Japan. It was presented by **Colin Mayer** (University of Oxford and ECGI) and **Ranja Gibson Brandon** (University of Geneva, Swiss Finance Institute and ECGI). Discussants **Christina Ahmadjian** (Hitotsubashi University) and **Yuki Ikehata** (Asset Management One) shared their perspectives on the topic and the book.

### PART 5 | The Purpose of the Corporation and How to Realize its Purpose

This conference was organised and hosted by **Hideaki Miyajima** (Waseda University and RIETI), with support from ECGI. The last part commenced with a guest lecture by **Nobuhiro Endo** (NEC Corporation and Japan Association of Corporate Executives) followed by the presentations from speakers, **Colin Mayer** (University of Oxford and ECGI) and **Jordi Canals** (IESE Business School, University of Navarra). Part 5 of the series focused on the concept of the purpose of firms, the future of the corporation project of the British Academy, EU/UK experiences and the current status of Japanese corporations. With the speakers, **Kiyomi Kasai** (Keidanren and Japan Business Federation) also discussed the various topics.

## Corporate Governance Symposium



16 March

The John L. Weinberg Center for Corporate Governance and the Department of Finance at the Lerner College of Business and Economics, at the University of Delaware, hosted its 2021 annual corporate governance symposium in collaboration with the European Corporate Governance Institute (ECGI). The focus of the Symposium was "Critical Issues for Boards and Investors in 2021."

The symposium featured the two winning papers of the 2021 John L. Weinberg/IRRCi Research Paper Award competition which seeks to highlight innovative research and includes an award of USD 10,000. Semi-finalist's papers were also presented in this seminar. The papers included in the symposium collectively address topics within the area of ESG that are of critical importance in 2021 for boards of directors and investors. The winning papers were presented and discussed with the semi-finalist's papers for the prize.

The winning papers:



**Lauren Cohen** (Harvard Business School and NBER) presented the paper, '**The ESG-Innovation Disconnect: Evidence from Green Patenting**' (Lauren Cohen, Umit Gurun, Quoc Nguyen), and was discussed by **Laura Starks** (University of Texas at Austin and ECGI).



**Vyacheslav Fos** (Boston College and ECGI) presented the paper, '**The Distribution of Voting Rights to Shareholders**' (Vyacheslav Fos, Cliff Holderness), and was discussed by **Michelle Lowry** (Drexel University and ECGI).

**Pedro Matos** (University of Virginia Darden School of Business and ECGI) presented his co-authored paper on "Responsible Institutional Investing Around the World" (Rajna Brandon Gibson, Simon Glossner, Philipp Krueger, Pedro Matos, Tom Steffen) and was discussed by **Alexander Dyck** (University of Toronto).

**Kunal Sachdeva** (Rice University) presented his co-authored paper on "The Real Effects of Environmental Activist Investing" (S. Lakshmi Naaraayanan, Kunal Sachdeva, Varun Sharmak) and was discussed by **Lilian Ng** (York University and ECGI).

**Elroy Dimson** (Cambridge Judge Business School and ECGI) presented his co-authored paper on "Coordinated Engagements" (Elroy Dimson, Oğuzhan Karakaş, Xi Li) and was discussed by **Wei Jiang** (Columbia University and ECGI).

**Sandra Mortal** (The University of Alabama) presented her co-authored paper on "The Big Three and Board Gender Diversity: The Effectiveness of Shareholder Voice" (Todd Gormley, Vishal Gupta, David Matsa, Sandra Mortal, Lukai Yang) and was discussed by **Tracy Wang** (University of Minnesota).

**Nadya Malenko** (University of Michigan and ECGI) presented her co-authored paper on "Trading and Shareholder Democracy" (Doron Levit, Nadya Malenko, Ernst Maug) and was discussed by **Liyan Yang** (University of Toronto).

**Eliezer Fich** (Drexel University) presented his co-authored paper on "Disloyal Managers and Shareholders' Wealth" (Eliezer Fich, Jarrad Harford, Anh Tran) and was discussed by **Xiaoyun Yu** (Indiana University and ECGI)

## 14th Annual Drexel Corporate Governance Conference



15 - 16 April



Since 2008, the Annual Corporate Governance Conference at Drexel University, hosted by the Gupta Governance Institute, has highlighted top academic research. The research is accepted for the conference when it is in its early stages and much of it is subsequently published in the most highly regarded research journals. Within a decade, the conference has had 84% of presented papers subsequently published (64% in top 3 journals) and it has become a key event of the finance research calendar.



The conference featured theoretical and empirical research related to corporate governance. It included but was not restricted to, topics such as Boards of Directors, compensation, shareholder activism, mergers, debt as a form of governance, ESG-related issues, political influences on governance, and more.



Co-organised with ECGI, Wharton Research Data Services generously provided sponsorship for the conference, including offering a \$1,000 best paper prize which was voted at the end of the conference.



Four papers were presented and discussed:

- "CEO Pet Projects" (Paul Decaire, Denis Sosyura) paper was presented by **Paul Decaire** (Arizona State University) and discussed by **Scott Yonker** (Cornell University).
- "CEO Activism and Firm Value" (Anahit Mkrtychyan, Jason Sandvik, Vivi Zhu) paper was presented by **Jason Sandvik** (Tulane University) and discussed by **Zacharias Sautner** (Frankfurt School of Finance & Management and ECGI).
- "Board Dynamics over the Startup Life Cycle" (Michael Ewens, Nadya Malenko) paper was presented by **Nadya Malenko** (University of Michigan and ECGI) and discussed by **Audra Boone** (Texas Christian University and ECGI).
- "Does Private Equity Ownership Make Firms Cleaner? The Role of Environmental Liability Risks" paper was presented by **Aymeric Bellon** (University of Pennsylvania) and discussed by **Ian Appel** (Boston College).

## London Business School and ECGI Events



15 April | 12 October

### Climate Standards and Enterprise Value

The virtual conference was organised by the Wheeler Institute for Business and Development at the London Business School, and ECGI.

This online event discussed the guiding principles of international sustainability standards based on enterprise value where **Lucrezia Reichlin**, Professor of Economics at the London Business School, was joined by the former Governor of the Bank of England, **Mark Carney**. **Elias Papaioannou**, co-Academic Director of the Wheeler Institute and Economics Professor at London Business School hosted the discussion.

The event underlined the importance for the public interest of reporting standards that address enterprise value, which captures expected value creation for investors in the short, medium and long term and is interdependent with value creation for society and the environment, noting that sustainability standards should focus on information that is material to the decisions of investors, lenders and other creditors.

## CEO Compensation: Evidence From the Field

The virtual seminar was organised by the Centre for Corporate Governance at the London Business School, and ECGI.

The study, 'CEO Compensation: Evidence From the Field', (Alex Edmans, Dirk Jenter, Tom Gosling) was presented by **Alex Edmans** (London Business School, CCG, and ECGI) had proposed the survey of more than 200 directors and 150 investors in FTSE-listed companies. He revealed the dynamics around the remuneration of CEOs, including the objectives and constraints facing board directors and professional investors in devising executive pay, as well as the factors determining CEO remuneration.

**Deanna Oppenheimer** (CameoWorks and Hargreaves Lansdown) and **Beo Yeoh** (RBC Global Asset Management (UK) Limited) discussed the key findings of the paper that are underlying differences in opinion between directors and investors which may be a root cause for disagreements on pay package. **Tom Gosling** (London Business School, and ECGI) also the co-author of the paper moderated the seminar and shared his conclusion remarks.

## Board 3.0 : Bringing the Private Equity Model to Public Companies



21 May

A virtual conference that explored a new model for public company boards ("Board 3.0") featured the private equity portfolio company governance model, was organised by Ira M. Millstein Center for Global Markets and Corporate Ownership, Columbia Law School and ECGI.

The Board 3.0 model was proposed by **Ronald J. Gilson** (Stanford Law School, Columbia Law School and ECGI) and **Jeffrey Gordon** (Columbia Law School and ECGI) explaining the need for the Board to evolve to deal with increased complexity, the reconcentration of share ownership, and the tensions between market myopia and management hyperopia, among other challenges.



**"I would argue that the essence of good governance is ensuring that the board, and not management, sets the agenda."**

**- Sandra S. Wijnberg**

*Former Partner at Cognizant, Board of Directors at T. Rowe Price, and Board of Directors of Automatic Data Processing*

**"Public company boards have to find a way to evolve toward something that more closely resembles the activist board members."**

**- Les Brun**

*Chairman of Broadridge Financial Solutions and CDK Global, Lead Director of Merck, Board of Corning Incorporated, NXT Capital*

## Business Law and the Transition to a Net Zero Carbon Economy



25 - 27 May

The **5th Annual Oxford Business Law Blog Conference** was organised in collaboration with the University of Oxford Faculty of Law and Sustainable Law Programme, Universität Hamburg Faculty of Law, Freie Universität Berlin Department of Law and Freie Universität Berlin Empirical Legal Studies Center, National University of Singapore Faculty of Law, EW Barker Centre for Law & Business and Asia-Pacific Centre for Environmental Law and ECGI.

Day one of the conference focused on Climate Change Disclosures and Net Zero Commitments where professors presented and discussed the papers on identifying climate-related disclosures and motivations for making carbon-reduction pledges in companies.

Day two focused on Climate Change: Exit or Voice highlighting the role of ESG investors in achieving net-zero goals.

**"Although ESG investing has recently risen in prominence, there is still a concern that climate-conscious investors will divest from brown business targets, letting less climate-conscious investors seize profitable 'brown' investment opportunities."**

**- Andreas Engert**  
Professor of Law at Freie  
Universität Berlin and ECGI

On day three, the final session focused on Climate Change in the Boardroom suggesting how climate change should be handled at the level of the board of directors. Presenters, discussants and panelists shared their views on the studies presented including the possibility of strong reforms of corporate and securities law, the importance of corporate law and shareholder litigation, which can shape the scope of managerial discretion and how it is exercised and more.

The discussion of directors' duties as a potential mechanism to align companies' behaviour with a net zero target continued in the panel discussion. The panel concluded that the main problem in changing corporate behaviour in furtherance of achieving net zero goals is not the absence of duties and corresponding rights (thus, the legal basis for directors' duties may go beyond company law to, for example, human rights legislation etc) but their enforcement.

**"In concentrated ownership countries like Singapore (where controlling shareholders ultimately decide on a company's strategy and where large companies are often controlled by the state or families), the state plays a decisive role in setting rules for combating climate change, and it is important to hold the state accountable for both its actions and lack thereof."**

**- Ernest Lim**  
Professor of Law, National  
University of Singapore



## Corporations and Covid-19



17 June

The European Corporate Governance Institute (ECGI), in collaboration with the University of Oxford, the Review of Corporate Finance Studies (RCFS) and the Review of Financial Studies (RFS), organised an online workshop to provide a forum for scholars analysing corporate responses to the pandemic that are informed by comprehensive datasets. The event is a part of a wider ECGI project funded by Norges Bank Investment Management.

The webinar addressed important issues related to covid-19 including the effect on the research and economic landscape, female analytics on working from home, covid crisis on firms and finances, corporate governance, and more.

The programme committee included several ECGI members; **Bo Becker** (Stockholm School of Economics and ECGI), **Alon Brav** (Duke University and ECGI), **Claire Celerier** (University of Toronto), **Rudy Fahlenbrach** (EPFL and ECGI), **Lily Fang** (Insead), **Daniel Ferreira** (London School of Economics and ECGI) **Ron Gianmarino** (University of British Columbia, Sauder School of Business) **Mariassunta Giannetti** (Stockholm School of Economics and ECGI) **Mireia Giné** (IESE Business School, University of Navarra and ECGI), **Rainer Haselmann** (Goethe University) **Bige Kahraman** (University of Oxford), **Matti Keloharju** (Aalto University), **Theresa Kuchler** (NYU Stern), **Mark Leary** (Washington University in St. Louis), **Nadya Malenko** (University of Michigan and ECGI), **Adair Morse** (University of California, Berkeley), **Kasper Nielsen** (Copenhagen Business School), **Charlotte Østergaard** (BI Norwegian Business School and ECGI), **Paige Ouimet**, (University of North Carolina), **Yihui Pan** (University of Utah), **Giorgia Piacentino** (Columbia Business School), **Markus Schmid** (University of St Gallen), **Nicolas Serrano Velarde** (Bocconi University), **Kelly Shue** (Yale University), **Boris Vallee** (Harvard Business School), **Yongxiang Wang** (Shenzhen Finance Institute), **Yupana Wiwattanakantang** (National University of Singapore (NUS) and ECGI), **Yishay Yafeh** (The Hebrew University of Jerusalem and ECGI), and **Tracy Yue Wang** (University of Minnesota).

## Fifth Annual Mergers and Acquisitions Research Centre Conference



17 June

Since 2016, the annual MARC conference has brought together cutting-edge research and practice on M&A by leading professors and industry experts around the world. The conference was organised by the M&A Research Centre, City, the University of London in cooperation with ECGI.

The MARC conference is among the most selective high-quality conferences in the field. The papers presented at the conference are at the forefront of knowledge and of high academic rigour, as evidenced by a high acceptance rate in the top three academic journals in accounting and finance. As of January 2021, four out of eight papers presented at the first conference in 2016 have been published in the Journal of Finance and the Review of Financial Studies. Four out of seven papers presented at the second conference in 2017 have been published in the Journal of Financial Economics, the Review of Financial Studies, and the Journal of Accounting Research.

## Boards of Directors and Corporate Strategy in an Uncertain Context



04 - 05 October

The conference was organised by IESE Business School and ECGI with the financial support of the Social Trends Institute. The conference brought together leading scholars -including a Nobel laureate- from the areas of corporate strategy, corporate finance and organizational economics, as well as CEOs and chairpersons from top-tier companies.

The conference held five sessions where a distinguished scholar presented their paper, followed by a discussant, broadly sharing perspective on corporate governance and the duties of the boards of directors. They discussed the need for the board of directors to understand the businesses of the company, their industries, and the main issues in complex strategic decisions, such as digital transformation, decarbonization, or corporate restructuring. Moreover, the level of strategic uncertainties that companies and their boards face is also increasing.

There were also two sessions with CEOs and chairpersons to discuss the practical implications of boards' involvement on these strategic issues.



**Gaizka Ormazabal**

IESE Business School and ECGI



**Margarethe Wiersema**

University of California, Irvine



**Colin Mayer**

University of Oxford and ECGI



**Renée Adams**

University of Oxford and ECGI



**Francisco Reynés**

Naturgy



**Mireia Giné**

IESE Business School and ECGI



**Bengt Holmström**

Nobel Laureate  
MIT and ECGI



**Sophie L' Helias**

LeaderXXChange



**Marta Elvira**

IESE Business School



**Jordi Canals**

IESE Business School



**Jean-Pascal Tricoire**

Schneider Electric



**Marco Becht**

Université libre de Bruxelles  
and ECGI



**Ioannis Ioannou**

London Business School



**Fabrizio Ferraro**

IESE Business School



**Pascual Berrone**

IESE Business School



**Jay B. Barney**

University of Utah



**Joan Enric Ricart**

IESE Business School



**Africa Ariño**

IESE Business School



**Juvencio Maeztu**

Ingka Group, IKEA



**Risto Siilasmaa**

Nokia Corporation



**Jordi Gual**

La Caixa



**Denise Kingsmill**

Inditex



**Tobias Martínez**

Cellnex Telecom



**Rafael del Pino Calvo-Sotelo**

Ferrovial

## New Frontiers of Shareholder Engagement



14 October

With the goal to advance the collective thinking on shareholder engagement, the Bocconi University, New York University and ECGI co-organised a virtual workshop on 'New Frontiers of Shareholder Engagement'.

The workshop brought together leading scholars from three continents to discuss, in an interdisciplinary perspective, some pressing corporate governance issues, such as institutional investors' stewardship and commitment to environmental and societal objectives, collective engagement, the resurgence of retail investors and their power to bring business corporations to pursue ESG goals.

Over 10 academic speakers explored the institutional and retail investors' engagement with corporate governance by placing emphasis on the expectations that citizens lay in their investments and in the corporate sector from both a financial and an ESG account.

The virtual workshop was divided into two sessions, during which scholars discussed their work, also allowing questions from the audience.

## Celebrating Henry Hansmann's Book: The Ownership of Enterprise



29 - 30 October

Twenty-five years ago, Harvard University Press published the seminal book *The Ownership of Enterprise* by Professor **Henry Hansmann** of Yale Law School. The book revolutionized the study of business organizational law, providing a far-reaching framework for understanding why some enterprises are owned by shareholders, while others are owned by producers or customers, and a third group — the non-profits — have no owners at all.

Supported by Columbia Law School, Fordham University, Yale Law School, IRA M Millstein Center, ECGI and ECGRF, the hybrid event explored the broad influence of Professor Hansmann's masterwork through panel discussions and presentations of original papers by more than twenty professors of law, business, and economics.

The event featured keynote speeches by two Nobel Laureates in Economics — Professor **Oliver Hart** of Harvard University, and Professor **Bengt Holmström** of the Massachusetts Institute of Technology — as well as by Professor Hansmann himself.



**"The key to the success of a particular form... depends on the balance between the costs of contracting in the market and the costs of ownership."**

- **Henry Hansmann**

*Oscar M. Ruebhausen Professor of Law  
Yale Law School and ECGI*

## Online Public Lecture Series on Corporate Governance



03 November | 02 December

The Institute for Corporate Governance (ICG) at the Kelley School of Business, in partnership with the Ostrom Workshop at Indiana University and ECGI held a seven-part public lecture series on corporate governance.

### ESG: Do We Need It and Does It Work?



The first lecture in this new series was given by **Professor Alex Edmans** (London Business School and ECGI) where he compared and contrasted the traditional model in Finance (that of shareholder primacy as propounded by Nobel laureate Milton Friedman) with his "pieconomics" model in which he contends that organisational leaders should pursue the strategy of "growing the economic pie." He suggested that since economic activities are a positive-sum game such pie-growing strategies will in the long run create both profits and serve society more reliably than will a narrow focus on profit maximisation.

The lecture was introduced by **Laureen Maines** (Kelley School of Business), moderated by **Phil Cochran** (Kelley School of Business) and concluded as also organised by **Jun Yang**, (Institute for Corporate Governance, IU).

### Corporate Governance: Data and Technology

The second lecture in this series was given by **Professor Wei Jiang**, Arthur F. Burns Professor of Free and Competitive at Columbia University and an ECGI Research Member.

She highlighted corporate governance as a set of processes, customs, policies, laws, and institutions affecting the way a corporation is directed, administered, or controlled. Her lecture covered a selected few most direct implications of technology (e.g., blockchain, alternative data, and AI), including mutability of record-keeping and enforcement, redistribution of information rents between insiders and outsiders, and limits of machine-driven insights for decision making.

The lecture was welcomed by **Marco Becht** (Université libre de Bruxelles and ECGI), **Scott Shackelford** (The Ostrom Workshop, Indiana University) and concluded as also organised by **Jun Yang**, (Institute for Corporate Governance, IU).



# ANNOUNCEMENTS

In September, ECGI announced the appointment of **Herman Daems** as the Chair of the ECGI Board of Directors. Mr. Daems succeeds Lucrezia Reichlin (London Business School and ECGI), who stepped down from the role in August 2021.

Herman Daems is Chair of the Board of BNP Paribas Fortis. He is an emeritus professor at the Faculty of Economics and Management of K.U. Leuven and former Chair of the Board of Governors at KU Leuven. He has chaired the Belgian Corporate Governance Committee, which sets the governance code for boards of listed companies in Belgium.

Mr. Daems was a member of the executive committee of the Belgian employers association and holds several board positions. He received the hereditary title of Baron from his Majesty the King of Belgium in April 2014.



**"The ECGI board is both thankful and honoured that Herman Daems has accepted the appointment. We very much look forward to benefitting from his vast experience and wise guidance."**

**- Guy Jubb**

*Honorary Professor, University of Edinburgh  
Vice-Chair, ECGI Board*



In October, ECGI announced the appointment of **Sophie L'Helias** and **Reena Aggarwal** to the Board of Directors. They were appointed to the Board by the General Assembly on 28 October 2021, replacing **Lisa Rabbe** and **Daniela Weber-Rey**, who had each served on the Board for nine years

**Sophie L'Helias** is the President of LeaderXXchange and creator of an award-winning search engine that tracks gender diversity in leadership in companies around the world. She serves on the Board of Kering, Herbalife, Agence France Locale as well as Africa50 and Echiquier Positive Impact funds.

**Reena Aggarwal** is the Robert E. McDonough Professor of Finance and Director, Center for Financial Markets and Policy at Georgetown University. She serves on the Board of Cohen and Steers, New York Life Investments IndexIQ, and Nuveen Churchill Direct Lending Corp. She is an ECGI research member and until recently, she was an active member of the ECGI Research Committee.

# 2021 WORKING PAPER PRIZES

Sponsored by ECGRF, the 2021 **ECGI Finance Prize** for the Best Paper in the ECGI Finance Working Paper Series was awarded to **José-Luis Peydró** (Imperial College London and CEPR), **Andrea Polo** (Luiss University, EIEF, CEPR and ECGI), **Enrico Sette** (Bank of Italy) for their paper on:

**"Risk Mitigating versus Risk Shifting: Evidence from Banks Security Trading in Crises"** (ECGI Finance Working Paper 713/2020).



The 2021 Cleary Gottlieb Steen Hamilton Prize for the best paper in **the ECGI Law Working Paper Series** was awarded to **Dionysia Katelouzou** (Kings College London) and **Mathias Siems** (European University Institute and ECGI) for their paper:

**"The Global Diffusion of Stewardship Codes"** (ECGI Law Working Paper 526/2020)

CLEARY GOTTLIB



**Each paper was awarded a prize of €5,000.**

**The ECGI Finance Prize paper, "Risk Mitigating versus Risk Shifting: Evidence from Banks Security Trading in Crises"**, analysed whether banks start to gamble when they are closer to distress or become more cautious. They found that more fragile banks react to financial market stress by rebalancing their portfolio toward securities with lower yield, and bank own incentives, instead of supervision, were the main drivers. This finding is particularly important for European banking regulators who have been considering introducing limits on bank securities trading, specifically in the area of the purchases of sovereign bonds.

**The ECGI Law Prize paper, "The Global Diffusion of Stewardship Codes"** found that there is both uniformity and diversity between the many stewardship codes that have been introduced globally. It noted that among the seven key stewardship principles of the UK Stewardship Code 2012, most of them have diffused widely, while the principles on escalating engagement activities and collective action are the least travelled. It concluded that while diffusion involves various actors, local contexts and complex pathways, stewardship norms and practices will continue to travel globally.

# 2021 RESEARCH

In 2021, ECGI's 327 research members published 151 ECGI Working Papers on corporate governance and stewardship-related topics. One of ECGI's main roles is to disseminate this research output to a variety of audiences using different formats and tools. All working papers are available on the ECGI website.

Topics that featured in 2021 include, Climate & ESG, Stewardship, Covid-19, Capital Markets, Common Ownership, Corporate Purpose, together with familiar topics of Ethics Trust & Governance, Bankruptcy, Diversity, Remuneration, Labour, M&A, Technology and Corporate Governance, Banking and more.

## Climate and ESG

### **Do Environmental Regulations Do More Harm Than Good? Evidence from Competition and Innovation**

Rui Dai (University of Pennsylvania), Rui Duan (York University), Lilian Ng (York University and ECGI)

Finance Working Paper N° 725/2021

### **Outsourcing Climate Change**

Rui Dai (University of Pennsylvania), Rui Duan (York University), Hao Liang (Singapore Management University and ECGI), Lilian Ng (York University and ECGI)

Finance Working Paper N° 723/2021

### **Climate Regulation and Emissions Abatement: Theory and Evidence from Firms' Disclosures**

Tarun Ramadorai (Imperial College London, ABFER, NCAER, CEPR and ECGI), Federica Zeni (Imperial College London)

Finance Working Paper N° 730/2021

### **Climate Risk and Capital Structure**

Edith Ginglinger (Université Paris-Dauphine, PSL and ECGI), Quentin Moreau (Université Paris-Dauphine, PSL)

Finance Working Paper N° 737/2021

### **Sustainability or Performance? Ratings and Fund Managers' Incentives**

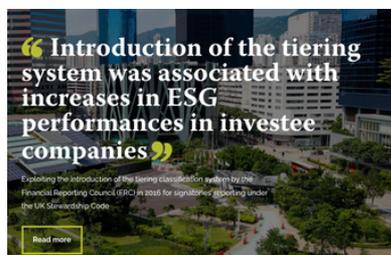
Nickolay Gantchev (University of Warwick, CEPR and ECGI), Mariassunta Giannetti (Stockholm School of Economics, CEPR, Swedish House of Finance and ECGI), Rachel Li (University of Alabama)

Finance Working Paper N° 747/2021

### **The Real Effects of Environmental Activist Investing**

S. Lakshmi Naaraayanan (London Business School), Kunal Sachdeva (Rice University), Varun Sharma (London Business School)

Finance Working Paper N° 743/2021



### **Sustainable Corporate Governance: A Way Forward**

Florian Möslein (Phillips-University Marburg, MCG and ECGI), Karsten Engsig Sørensen (Aarhus University)  
Law Working Paper N° 583/2021

### **The EU Sustainable Governance Consultation and the Missing Link to Soft Law**

Guido Ferrarini (University of Genoa, ECLE Group, EUSFiL and ECGI), Michele Siri (University of Genoa, EUSFiL), Shanshan Zhu (University of Genoa, EUSFiL)  
Law Working Paper N° 576/2021

### **The ESG - Innovation Disconnect: Evidence from Green Patenting**

Lauren Cohen (Harvard University and NBER), Umit G. Gurun (University of Texas at Dallas and NBER), Quoc Nguyen (DePaul University)  
Finance Working Paper N° 744/2021

### **The Effects of Mandatory ESG Disclosure around the World**

Philipp Krueger (University of Geneva, GFRI, SFI and ECGI), Zacharias Sautner (Frankfurt School of Finance and Management and ECGI), Dragon Yongjun Tang (The University of Hong Kong), Rui Zhong (University of Western Australia)  
Finance Working Paper N° 754/2021

### **Do ESG Mutual Funds Deliver on Their Promises?**

Quinn Curtis (University of Virginia), Jill E. Fisch (University of Pennsylvania and ECGI), Adriana Z. Robertson (University of Toronto)  
Law Working Paper N° 586/2021

### **Is There a Role for Benefit Corporations in the New Sustainable Governance Framework?**

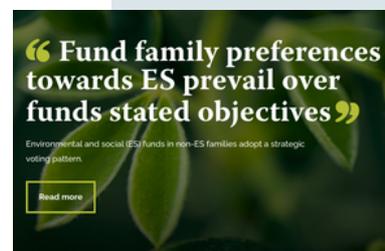
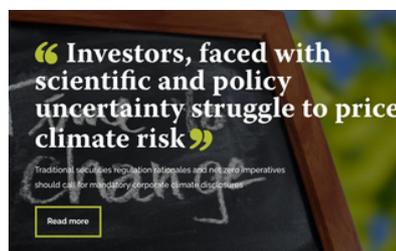
Guido Ferrarini (University of Genoa, ECLE, EUSFiL and ECGI), Shanshan Zhu (University of Genoa, EUSFiL)  
Law Working Paper N° 588/2021

### **Climate Change and Adaptation in Global Supply-Chain Networks**

Nora M.C. Pankratz (University of California, Los Angeles), Christoph M. Schiller (Arizona State University)  
Finance Working Paper N° 775/2021

### **The Role of Disclosure in Green Finance**

Sebastian Steuer (Leibniz Institute for Financial Research SAFE), Tobias H. Tröger (Goethe-University, Center for Advanced Studies Foundations of Law and Finance (CAS LawFin), LIF SAFE, and ECGI)  
Law Working Paper N° 604/2021



### ES Votes That Matter

Roni Michaely (University of Hong Kong and ECGI), Guillem Ordonez-Calafi (University of Bristol), Silvina Rubio (University of Bristol)  
Finance Working Paper N° 774/2021

### ES Risks and Shareholder Voice

Yazhou He (University of Manchester), Bige Kahraman (University of Oxford and CEPR), Michelle Lowry (Drexel University and ECGI)  
Finance Working Paper N° 786/2021

### Joining Forces: The Spillover Effects of EPA Enforcement Actions and the Role of Socially

Responsible Investors

Sudipto Dasgupta (Chinese University of Hong Kong, ABFER, CEPR, and ECGI), Thanh D. Huynh (Monash University), Ying Xia (Monash University)  
Finance Working Paper N° 790/2021

### Will the EU Taxonomy Regulation Foster a Sustainable Corporate Governance?

Alessio M. Paces (University of Amsterdam, ACLE and ECGI)  
Law Working Paper N° 611/2021

### Mandatory Corporate Climate Disclosures: Now, but How?

John Armour (University of Oxford and ECGI), Luca Enriques (University of Oxford, EBI and ECGI), Thom Wetzler (University of Oxford)  
Law Working Paper N° 614/2021

### Does Private Equity Ownership Make Firms Cleaner? The Role Of Environmental Liability Risks

Aymeric Bellon (University of Pennsylvania)  
Finance Working Paper N° 799/2021

## Stewardship

### Coordinated Engagements

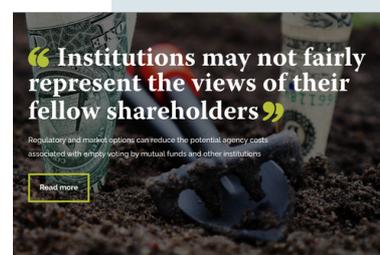
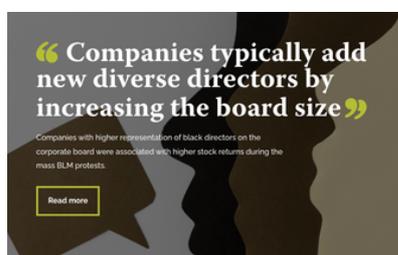
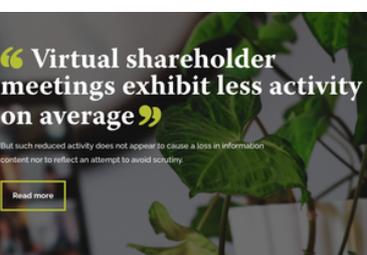
Elroy Dimson (University of Cambridge, FTSE Russell, London Business School and ECGI), Oğuzhan Karakaş (University of Cambridge and ECGI), Xi Li (London School of Economics and Political Science, Ohio State University, Cambridge University)  
Finance Working Paper N° 721/2021

### The Voting Premium

Doron Levit (University of Washington and ECGI), Nadya Malenko (University of Michigan, CEPR and ECGI), Ernst Maug (University of Mannheim and ECGI)  
Finance Working Paper N° 720/2021

### Systematic Stewardship

Jeffrey N. Gordon (Columbia University, University of Oxford and ECGI)  
Law Working Paper N° 566/2021



### **Wage gap and stock returns: Do investors dislike pay inequality?**

Ingolf Dittmann (Erasmus University Rotterdam, Tinbergen Institute, ERIM and ECGI), Maurizio Montone (Utrecht University), Yuhao Zhu (Erasmus University Rotterdam)  
Finance Working Paper N° 727/2021

### **Should Shareholders Have a Say on Acquisitions?**

Marco Becht (Université libre de Bruxelles, CEPR and ECGI), Andrea Polo (Luiss Guido Carli University, Universitat Pompeu Fabra, Barcelona GSE, CEPR, EIEF and ECGI), Stefano Rossi (Bocconi University, CEPR, and ECGI)  
Finance Working Paper N° 734/2021

### **The Distribution of Voting Rights to Shareholders**

Vyacheslav Fos (Boston College, CEPR and ECGI), Clifford G. Holderness (Boston College and ECGI)  
Finance Working Paper N° 733/2021

### **The Benefits of Access: Evidence from Private Meetings with Portfolio Firms**

Marco Becht (Université Libre de Bruxelles, CEPR, and ECGI), Julian Franks (London Business School, CEPR, and ECGI), Hannes F. Wagner (Bocconi University, IGER, and ECGI)  
Finance Working Paper N° 751/2021

### **How Shifting from In-Person to Virtual-Only Shareholder Meetings Affects Shareholders' Voice**

Miriam Schwartz-Ziv (Hebrew University of Jerusalem - Department of Finance and Banking; ECGI)  
Finance Working Paper 748/2021

### **The False Hope of Stewardship in the Context of Controlling Shareholders: Making Sense Out of the Global Transplant of a Legal Misfit**

Dan W. Puchniak (National University of Singapore and ECGI)  
Law Working Paper N° 589/2021

### **Outsourcing Active Ownership in Japan**

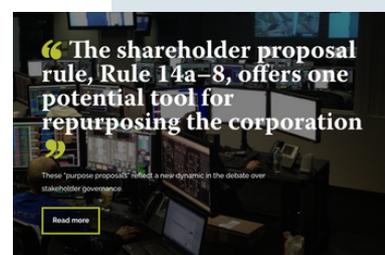
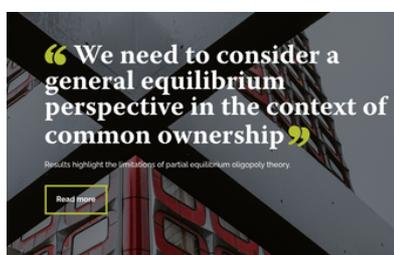
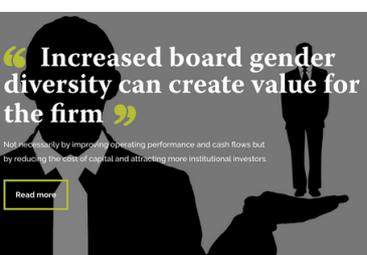
Marco Becht (Université libre de Bruxelles, CEPR, and ECGI), Julian Franks (London Business School, CEPR, and ECGI), Hideaki Miyajima (Waseda University and RIETI), Kazunori Suzuki (Waseda University and ECGI)  
Finance Working Paper N° 766/2021

### **Global Shareholder Stewardship: Complexities, Challenges, and Possibilities**

Dionysia Katelouzou (Kings College London), Dan W. Puchniak (National University of Singapore and ECGI)  
Law Working Paper N° 595/2021

### **Creating Controversy in Proxy Voting Advice**

Andrey Malenko (University of Michigan, CEPR), Nadya Malenko (University of Michigan, CEPR and ECGI), Chester S. Spatt (Carnegie Mellon University)  
Finance Working Paper N° 772/2021



## **Transnational Migration of Laws and Norms in Corporate Governance: Fiduciary Duties and Corporate Codes**

Jennifer G. Hill (Monash University and ECGI)  
Law Working Paper N° 597/2021

## **Governing the Purpose of Investment Management: How the 'Stewardship' Norm is being (Re)Developed in the UK and EU**

Iris H-Y Chiu (University College London and ECGI)  
Law Working Paper N° 602/2021

## **Can a Global Legal Misfit be Fixed? Shareholder Stewardship in a Controlling Shareholder and ESG World**

Ernest Lim (National University of Singapore), Dan W. Puchniak (National University of Singapore and ECGI)  
Law Working Paper N° 600/2021

## **Mutual Fund Stewardship and the Empty Voting Problem**

Jill E. Fisch (University of Pennsylvania and ECGI)  
Law Working Paper N° 612/2021

## **Investor-led Sustainability in Corporate Governance**

Wolf-Georg Ringe (University of Hamburg, University of Oxford, EBI and ECGI)  
Law Working Paper N° 615/2021

## **Covid-19**

### **The Role of Corporate Culture in Bad Times: Evidence from the COVID-19 Pandemic**

Kai Li (University of British Columbia, ABFER, CAFR, CSFN and ECGI), Xing Liu (University of British Columbia), Feng Mai (Stevens Institute of Technology), Tengfei Zhang (Louisiana State University)  
Finance Working Paper N° 726/2021

### **COVID-19 and Comparative Corporate Governance**

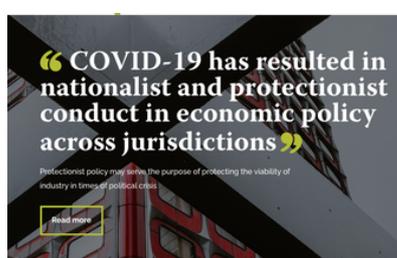
Martin Gelter (Fordham University and ECGI), Julia M. Puschunder (Columbia University and The New School)  
Law Working Paper N° 563/2021

### **Towards a Principled Approach for Bailouts of COVID-distressed Critical/Systemic Firms**

Horst Eidenmueller (University of Oxford and ECGI), Javier Paz Valbuena (University of Oxford)  
Law Working Paper N° 571/2021

### **Bankruptcy & Bailouts; Subsidies & Stimulus: The Government Toolset for Responding to Market Distress**

Anthony J. Casey (University of Chicago and ECGI)  
Law Working Paper N° 578/2021



### Virtual Shareholder Meetings

Francois Brochet (Boston University), Roman Chychyla (University of Miami), Fabrizio Ferri (University of Miami and ECGI)  
Finance Working Paper N° 777/2021

### Mutual Fund Loyalty and ESG Stock Resilience during the COVID-19 Stock Market Crash

Rui Albuquerque (Boston College, CEPR and ECGI), Yrjö Koskinen (University of Calgary and ECGI), Raffaele Santioni (Bank of Italy)  
Finance Working Paper N° 782/2021

### Between Scylla and Charybdis: CEO Political Ideology, Dividends and Downsizing During the Pandemic

Ali Bayat (University of Aberdeen), Marc Goergen (IE University and ECGI), Panagiotis Koutroumpis (Queen Mary University London), Xingjie Wei (University of Leeds)  
Finance Working Paper N° 802/2021

## Capital Markets and Common Ownership

### Have exchange-listed firms become less important for the economy?

Frederik P. Schlingemann (University of Pittsburgh and ECGI), René M. Stulz (The Ohio State University, ABFER, NBER, Wharton Financial Institutions Center and ECGI)  
Finance Working Paper N° 731/2021

### The Role of "Expert Reviewers" in Private Capital Markets

Reena Aggarwal (Georgetown University and ECGI), Kathleen W. Hanley (Lehigh University), Xiaofei Zhao (Georgetown University)  
Finance Working Paper N° 739/2021

### Does Common Ownership Really Increase Firm Coordination?

Katharina Lewellen (Dartmouth College), Michelle Lowry (Drexel University and ECGI)  
Finance Working Paper N° 741/2021

### Torpedo Your Competition: Strategic Reporting and Peer Firm IPO

Matthew T. Billett (Indiana University), Mark (Shuai) Ma (University of Pittsburgh), Xiaoyun Yu (Indiana University, CAFR and ECGI)  
Finance Working Paper N° 732/2021

### Activist Capitalism and Democracy

Saura Masconale (University of Arizona), Simone M. Sepe (University of Arizona, Université Toulouse 1 Capitole and ECGI)  
Law Working Paper N° 568/2021

### A Sober Look at SPACs

Michael Klausner (Stanford University and ECGI), Michael Ohlrogge (New York University), Emily Ruan (Stanford University)  
Finance Working Paper N° 746/2021

“For an economy to operate successfully, a society must first find a politically sustainable social equilibrium”

The COVID-19 external shock to the economy has the potential to affect corporate governance profoundly.

[Read more](#)

“Common ownership affecting firm behaviour lacks robust evidence”

Study finds no evidence that common ownership causes increases in firm coordination, as measured by joint ventures, strategic alliances, or mergers between firms.

[Read more](#)

“In 91% of cases, firms file a proxy to notify investors of the record date after that date has occurred”

Notification of the record date for the distribution of voting rights seems to be one way that managers can influence the voting of their shareholders.

[Read more](#)

“Deviations from shareholder governance should be allowed in limited circumstances”

When the external impacts on other shareholders are large, deviations should be defended with a statement of the social benefits.

[Read more](#)

### London allowing dual class Premium listings: A Swedish commentary

Erik Lidman (University of Gothenburg), Rolf Skog (University of Gothenburg and ECGI)  
Law Working Paper N° 580/2021

### Will Nasdaq's Diversity Rules Harm Investors?

Jesse M. Fried (Harvard University and ECGI)  
Law Working Paper N° 579/2021

### The Rise of a Network: Spillover of Political Patronage and Cronyism to the Private Sector

Terry S. Moon (University of British Columbia), David Schoenherr (Princeton University and ECGI)  
Finance Working Paper N° 757/2021

### Legal Perception and Finance: The Case of IPO Firm Value

Gerhard Schnyder (Loughborough University London), Anna Grosman (Loughborough University London), Kun Fu (Loughborough University London), Mathias Siems (European University Institute, Durham University, and ECGI), Ruth V. Aguilera (Northeastern University)  
Law Working Paper N° 587/2021

### Do Commonalities Facilitate Private Information Channels? Evidence from Common Gender and Insider Trading

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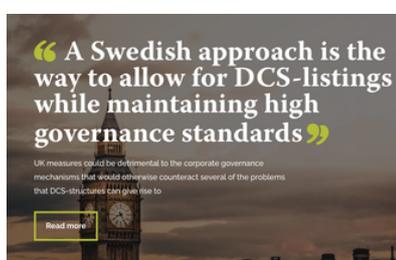
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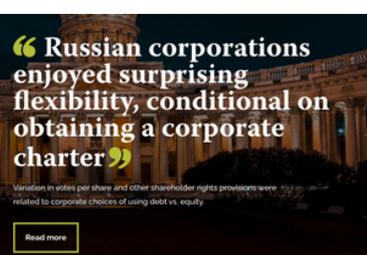
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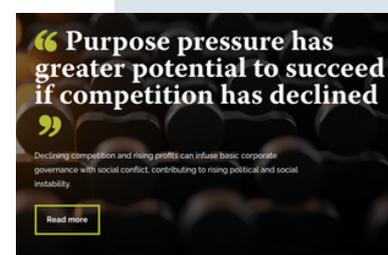
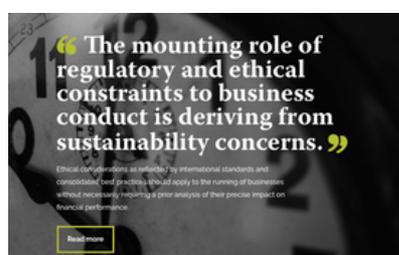
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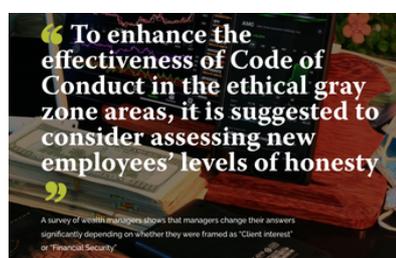
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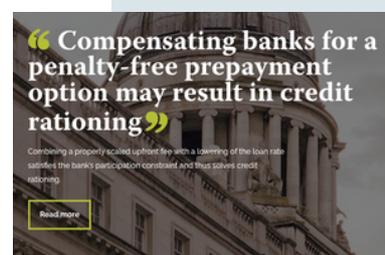
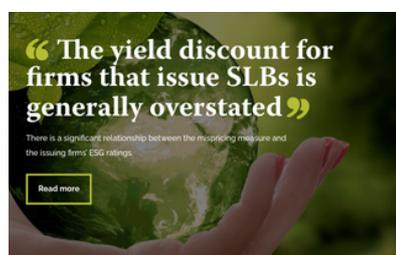
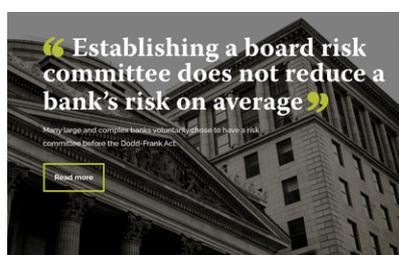
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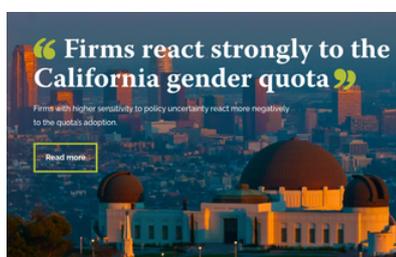
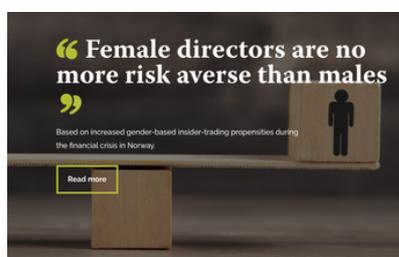
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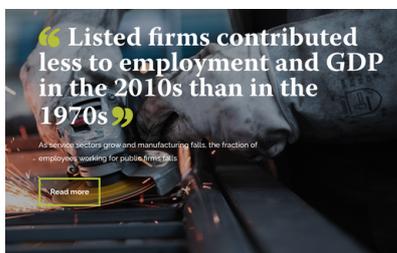
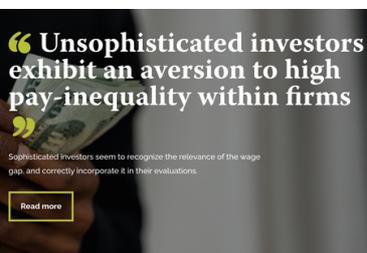
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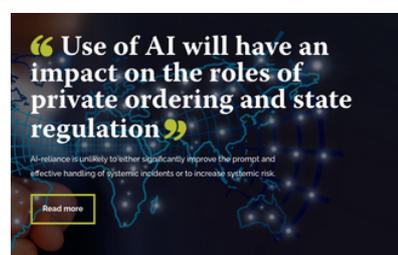
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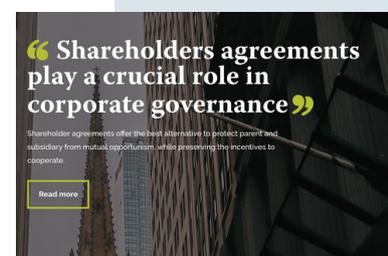
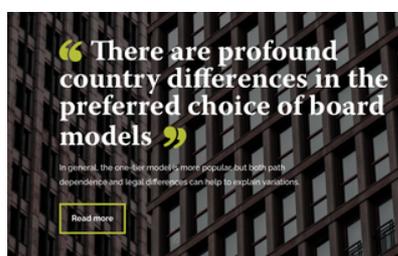
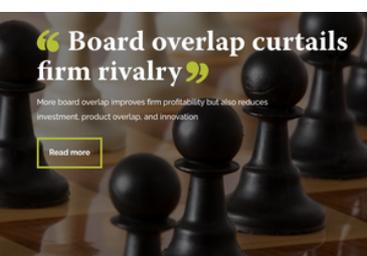
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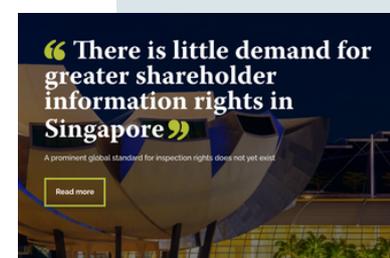
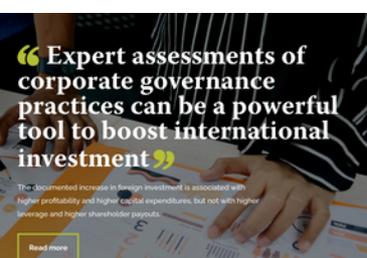
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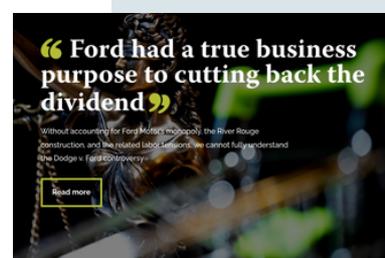
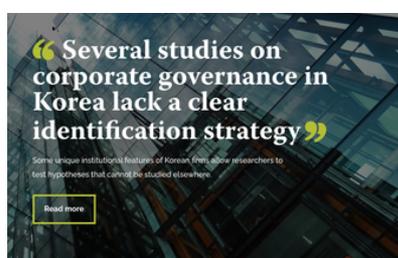
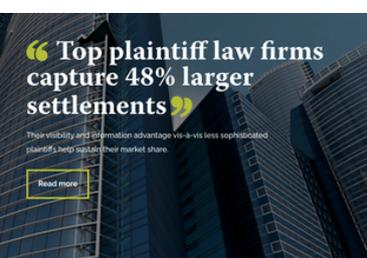
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Heng Geng (Victoria University of Wellington), Harald Hau (University of Geneva, CEPR, Swiss Finance Institute and ECGI), Roni Michaely (University of Hong Kong and ECGI), Binh Nguyen (Victoria University of Wellington)  
Finance Working Paper N° 803/2021

### **The Purpose of a Finance Professor**

Alex Edmans (London Business School, CEPR, Gresham College and ECGI)  
Finance Working Paper N° 900/2021



# 2021 GOVERNANCE REPORT

## Governance Structure

The governance of ECGI is delegated across a number of responsible groups.

The **ECGI Board** is responsible for overseeing the financial, operational and strategic stability of the Institute (see 'Board Composition').

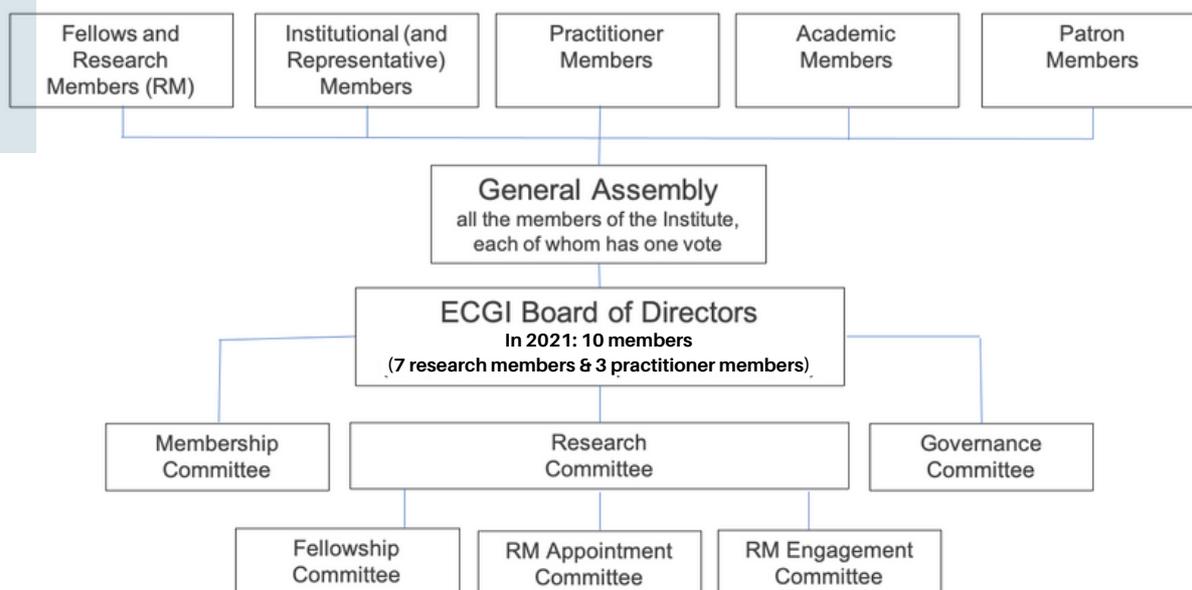
The **Governance, Remuneration, and Nominations Committee (GNRC)** is a sub-committee of the Board which is responsible for overseeing and making recommendations with respect to board balance and composition, nominations, remuneration and expense policies, conflicts of interest, and board effectiveness. In 2021, the committee was chaired by **Guy Jubb**.

The **Membership Committee** is a sub-committee of the Board with responsibility for overseeing new membership applications for non-research member categories.

The **Research (Member) Committee** as appointed by the ECGI Board, is responsible for promoting and overseeing the research activities of ECGI. This includes the appointment of research members, the election of Fellows, the approval of research projects and collaborations, overseeing the working paper series, and any other activities that the ECGI Board deems classified as research activities. The Chair of the Research Committee in 2021 was Professor

**Luca Enriques**. The committee in turn delegates some of its responsibilities to additional groups comprised of ECGI research members:

- The **Working Paper Editors and Editorial Boards** are responsible for monitoring the quality of research papers and accepting papers into the working papers series' in both law and finance. In 2021, Professor **Amir Licht** was Editor of the Law Series and Professor **Mike Burkart** was Editor of the Finance Series.
- The **Fellowship Committee**, chaired in 2021 by Professor **Julian Franks**, oversees the election by the current Fellows of distinguished academics as ECGI Fellows.
- The **Research Member Appointment Committee**, chaired in 2021 by Professor **Laura Starks**, oversees and decides the appointment of new ECGI Research Members.
- The **Engagement Committee**, chaired in 2021 by Professor **Jennifer Hill**, encourages and monitors the engagement of ECGI Research Members.



## 2021 Board Composition

The ECIGI Board ("the Board") convened five times in 2021 to discuss, review and debate pertinent matters to the financial, operational, and strategic stability of the Institute. The composition and powers of the Board are enshrined in the ECIGI Statutes which are published on the ECIGI website (<https://ecgi.global/content/ecgi-articles>).

In 2021 the ECIGI Board consisted of nine Non-Executive Directors and an Executive Director. The Chair until 18 August 2021 was **Lucrezia Reichlin**, who was succeeded by the appointment of **Herman Daems** as Chair of the Institute on 21 September 2021.

**Guy Jubb** continues to serve as Vice-Chair of ECIGI, since 24 June 2020. He is also Chair of the ECIGI Governance Committee.

**Lucrezia Reichlin** resigned from the Board with effect 18 August 2021; Both **Lisa Rabbe** and **Daniela Weber-Rey**'s mandates expired, with effect 28 October 2021.

**Sophie L'Helias** and **Reena Aggarwal** were appointed to the Board by the General Assembly on 28 October 2021.

# 2021 BOARD COMPOSITION



**Herman Daems** (Chair)  
Board Member  
BNP Paribas Fortis  
Year appointed: 2020



**Guy Jubb** (Vice Chair)  
Practitioner Member  
University of Edinburgh  
Year appointed: 2017



**Marco Becht** (Executive Director)  
Fellow, Founder  
Solvay Brussels School, Université  
libre de Bruxelles  
Year appointed: 2002



**Erik Berglöf**  
Fellow, Founder  
Asian Infrastructure  
Investment Bank (AIIB)  
Year appointed: 2005



**Reena Aggarwal**  
Research Member  
Georgetown University  
Year appointed: 2021



**Luca Enriques**  
Fellow, Research Member  
University of Oxford, Faculty  
of Law  
Year appointed: 2018



**Jill Fisch**  
Research Member  
University of Pennsylvania  
Law School  
Year appointed: 2014



**Colin Mayer**  
Fellow, Founder  
Saïd Business School,  
University of Oxford  
Year appointed: 2002



**Sophie L'Helias**  
Practitioner Member  
Kering  
Year appointed: 2021



**Yupana Wiwattanakantang**  
Research Member  
National University of  
Singapore  
Year appointed: 2020



**Lucrezia Reichlin**  
Research Member  
London Business School  
Year appointed: 2020  
Year of departure: 2021 (August)



**Daniela Weber-Rey**  
Practitioner Member  
HSBC Trinkaus & Burkhardt and  
Groupe FNAC DARTY  
Year appointed: 2012  
Year of departure: 2021 (October)



**Lisa Rabbe**  
Practitioner Member  
Moody's  
Year appointed: 2012  
Year of departure: 2021 (October)

# DIVERSITY, INCLUSION AND TRANSPARENCY

Much has changed since ECGI was founded in 2002 by 24 acquaintances from similar backgrounds. The organisation has evolved from a very small volunteer collective into a significantly larger and more global volunteer collective. The collegiate spirit of debate and cooperation has endured through the years, with all 327 research members now being encouraged to submit their papers to the ECGI series, to attend and participate in ECGI events, and to collaborate on projects. ECGI deliberately aims to be an inclusive and fair global forum for collaboration on corporate governance research in all it does.

In earlier years, however, less attention was placed on the diversity of ECGI's appointed members, programmes, board and committee compositions, many of which were conceived or developed quickly. As a result, the depth of programming and discussion across ECGI activities did not adequately reflect the full extent of the growing network, nor the broader academic landscape beyond it.

At the end of 2015, ECGI established an office and hired its first full-time permanent employee. Soon afterwards, it established many formal processes and a development plan. The plan prompted a discussion about the future of ECGI and a continued focus on its strategic direction and reputation. At this time, there was a strong consensus that the ECGI research network was not supportive enough of underrepresented groups including female scholars and minorities.

Since then, ECGI has worked hard to correct this imbalance, by identifying previously overlooked individuals for appointment, participation on programmes, and recruitment to committees and boards. It now has strong female representation on all boards and committees and has established guidance points for collaboration requests e.g. a minimum of 40% female participants on conference programmes.

2020 was the first year that more female scholars (28) were appointed than male scholars (22). This was the result of a concerted effort in messaging, planning and the pro-active identification of potential candidates which was not undertaken in previous years. Although not a minority group in the global sense, female scholars still account for only 22% of the ECGI research network, so work in this area will continue until the network is fully reflective of the global academic world. Research member appointments are currently scheduled for every two years. Therefore there were no new appointments in 2021.

Similar initiatives are planned to analyse and rebalance the representation of minority groups across ECGI. Although progress has been hampered by recent events and resourcing challenges, many of our university partners have already made progress with meaningful initiatives. ECGI hopes to benefit from these initiatives, by learning, following and using them to identify candidates for appointment and participation in future activities.

We appreciate the understanding, cooperation and patience of our network and followers as we strive to make more noteworthy advances on diversity, inclusion and transparency.

If you wish to contribute by submitting ideas or candidate names that will help to further diversify the ECGI research network, please contact ECGI: [membership\(at\)ecgi.org](mailto:membership(at)ecgi.org)

# 2021 FINANCIAL STATEMENTS

Since its inception in 2002, ECGI has operated on a modest budget with a spirit of collaboration and innovation. It has developed a global reputation for disseminating high quality research and also for organising top-class events on important topics, with highly knowledgeable speakers. In addition to the funds it invests in research related activities with the support of the European Corporate Governance Research Foundation (ECGRF), it also relies on collaborations and contributions from various research grants and centres which help to deliver the many activities throughout the year.

## ECGI - BALANCE SHEET as at 31 December 2021

		Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
		Euro	Euro	Euro
<b>ASSETS</b>				
<b>Intangible assets</b>		24,632	51,415	48,810
<b>Tangible assets</b>		3,651	1,769	
<b>Cash at bank</b>				
	Savings Accounts	12,548	12,659	32,694
	Current Accounts	487,984	417,850	362,921
Total Current/Savings		500,532	430,509	395,614
<b>Accounts Receivable</b>		31,177	49,238	170,708
<b>deferred charges</b>		7,497	15,935	6,501
<b>TOTAL ASSETS</b>		<b>567,489</b>	<b>548,866</b>	<b>621,633</b>
<b>Equity</b>				
	Retained Earnings	510,629	512,896	444,316
	Net Income	16,431	-2,267	68,580
		527,060	510,629	512,896
<b>Current liabilities</b>				
	Charges payable	38,395	33,774	102,274
<b>deferred income</b>		2,035	4,463	6,463
<b>TOTAL LIABILITIES</b>		<b>567,489</b>	<b>548,866</b>	<b>621,633</b>

The 2021 audit was conducted by Ghislain Dochen, Réviseur d'entreprises, whose offices are located in Belgium, Boulevard du Centenaire, 93, 1325 Dion-le-Val (Chaumont-Gistoux). A copy of the Audit Letter is available on request at [admin@ecgi.org](mailto:admin@ecgi.org)

## Profit and Loss Account

		2021 Actual	2020 Actual	2019 Actual
		Euro	Euro	Euro
<b>Income/Expense</b>				
<b>Income</b>				
	Subscriptions income	141,400	126,850	161,692
	ECGRF Contribution	100,000	100,000	100,000
	GCGC overhead (15%)	57,859	10,597	68,663
	GCGC Income (contracted)	11,460	55,743	34,618
	Sponsorships	10,000	10,000	0
	NFI Covid project (2021-2022)	18,000		
	NFI Covid project - overhead (10%)	2,000		
	Bank interest/exchange rate loss/gain	3	8	88
<b>Total Income</b>		<b>340,722</b>	<b>303,198</b>	<b>365,061</b>
<b>Expenditure</b>				
<b>Administration</b>				
	Accounting & Fin. charges	-12,381	-10,192	-15,609
	Staffing & Insurance	-114,481	-158,196	-135,210
	IT & Online Services	-7,754	-3,255	-7,213
	Office Rental	-5,500	-5,500	-5,500
	Office expenses	-2,320	-1,468	-2,695
	Travel and representation	-62	-2,700	-9,416
	AGM	0	0	-4,633
	Miscellaneous	-11,430	0	-397
<b>Total Admin</b>		<b>-153,928</b>	<b>-181,311</b>	<b>-180,673</b>
<b>Research</b>				
	Annual Lecture & Prizes	-10,000	-10,032	-18,144
	Conferences & Workshops	-3,041	-11,081	-2,193
	Research & Academic Staff	-30,000	-30,000	-30,000
	Research Communication	-38,778	-8,304	-1,072
	Working papers	-21,082	-19,850	-17,223
	NFI Project Expenditure	-17,227	0	0
<b>Capital investment</b>	Online Research Portal	-50,236 <sup>1</sup>	-44,887	-47,174
<b>Total Research</b>		<b>-170,364</b>	<b>-124,154</b>	<b>-115,807</b>
<b>Total Expenditure</b>		<b>-324,292</b>	<b>-305,464</b>	<b>-296,481</b>
<b>Net Total Income</b>		<b>16,431</b>	<b>-2,267</b>	<b>68,580</b>

1 Includes website maintenance, development + EUR 26,783 depreciation.

# MEMBERSHIP

The European Corporate Governance Institute is the home for all those who have an active interest and involvement in corporate governance. At the core of ECGI are the research members who are appointed on the basis of their significant contribution to the field of corporate governance study and are selected on the basis of strict criteria by a designated committee. ECGI distributes the work of the research members through its extensive global network which comprises of practitioner, academic and institutional members.

## **ACADEMIC MEMBERSHIP**

Open to individuals either employed by or engaged in full or part-time study in any accredited university or educational institution. Academic members are eligible for election as an academic representative on the ECGI Board. The academic membership subscription is currently EUR 100 per annum.

## **INSTITUTIONAL MEMBERSHIP**

Open to companies, institutions and enterprises such as stock exchanges, regulators, investors, companies, rating agencies, stock price index producers and law firms, whether based in Europe or elsewhere. The institutional membership subscription is currently EUR 2,500 per annum.

## **ACADEMIC INSTITUTIONAL MEMBERSHIP**

Open to universities, business schools, or other academic bodies whether based in Europe or elsewhere. The institutional membership subscription is currently EUR 2,000 per annum.

## **PRACTITIONER MEMBERSHIP**

Open to private individuals or those in companies, institutions and enterprises who wish to join in their own right. Practitioner members are eligible for election as a non-academic representative on the ECGI Board. The practitioner membership subscription is currently EUR 250 per annum.

## **PATRON MEMBERSHIP**

Patron Members are legal entities or individuals interested in corporate governance and are Patrons of the European Corporate Governance Research Foundations (ECGRF). They are appointed in agreement with the boards of ECGI and ECGRF.

## **RESEARCH MEMBERSHIP**

Research Members are individuals who have been appointed by ECGI. These include ECGI Fellows. Membership, which is for the duration of their appointment, is free.

\*\*\* ECGI is not responsible for, nor does it screen or certify the corporate governance policies or practices of its members. Membership of ECGI therefore should not be regarded or used as a sign or certification of corporate governance quality. However, ECGI research members are appointed following an appraisal by the committee.

Prices exclude VAT (21%). Anyone who wishes to apply for membership of the Institute can do so on the ECGI website.

More information is available at: <https://ecgi.global/content/become-member>

# CONTACT

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