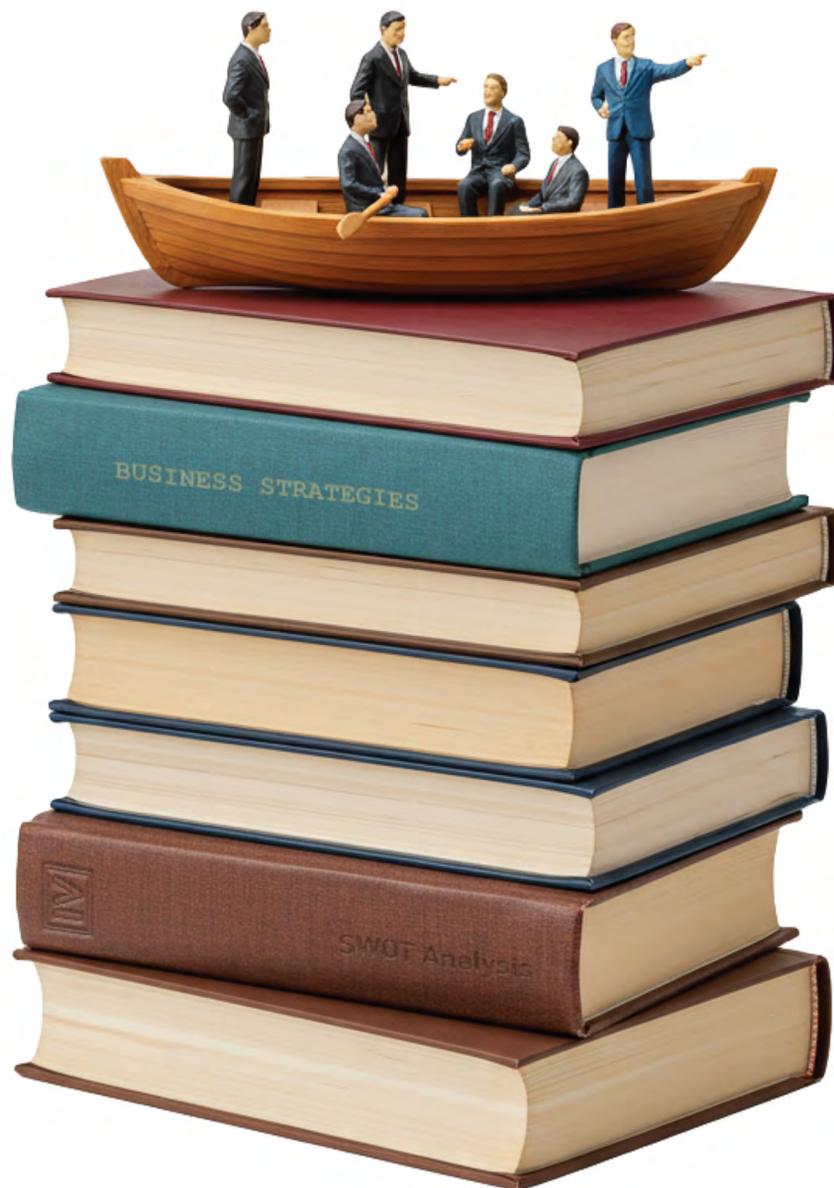


Governance in Action:

Leading Through Uncertainty and Transition



Rise **Above**. Lead **Beyond**.

Message from the Chair of the CGDF Working Group

As we enter the second half of the year, the global environment continues to shift in ways that demand principled, bold, and adaptive leadership. We are witnessing a period defined, not just by uncertainty, but by transition. New regulations, geopolitical complexity, ESG accountability, technological disruption, and calls for justice and equity are reshaping how institutions are expected to lead—and whom they are accountable to.

In this revolving landscape, governance must move beyond traditional concepts of control and compliance. It must become a force for alignment: between short-term agility and long-term purpose; between profit and sustainability; between shareholders and broader society.

The **CGDF Working Group** believes that governance, when done right, is transformative. It is not about ticking boxes, but about building institutions that are ethical, inclusive, resilient, and future-ready. The CGDF provides a clear roadmap, grounded in five pillars, to help companies and development institutions elevate their governance practices and respond effectively to today's challenges.

This edition of our newsletter "**Governance in Action**" curates practical insights and case studies, connecting them to the five CGDF pillars. It also spotlights how boards, executives, and regulators are recalibrating to lead through transition with accountability and vision.

We invite you to reflect on your organization's governance journey. Where are you performing well? Where is bold action needed? The time to act is now because tomorrow's actions and legitimacy will rest on today's choices.

Leadership quality matters. In times of transition, the caliber of those in charge—board members, executives, and governance officers—directly shapes the resilience and integrity of decision-making. Their ability to blend values with agility is what defines effective governance. This is why revisiting governance frameworks and the leadership that applies them is not optional.

The role of governance has never been more complex—or more vital. As we look ahead this trimester, we encourage members, governance officers, and stakeholders to revisit the CGDF, apply its principles, and use governance not only to protect—but to enable and lead.

Warm regards,

Bruno Cassi

Chair, CGDF Working Group



CGDF Pillar: Board Effectiveness

Mid-Year Governance Reviews What Should Boards Be Asking Now?

The midpoint of the fiscal or calendar year offers boards and governance committees a rare strategic opportunity. It's a natural pause to assess performance, question assumptions, and refine governance systems in light of evolving internal and external risks.

Boards today are expected not just to oversee but to anticipate. From climate transitions to AI regulation and reputational risk, the governance landscape is evolving fast. Yet many boards still rely on static governance calendars and outdated evaluation practices.

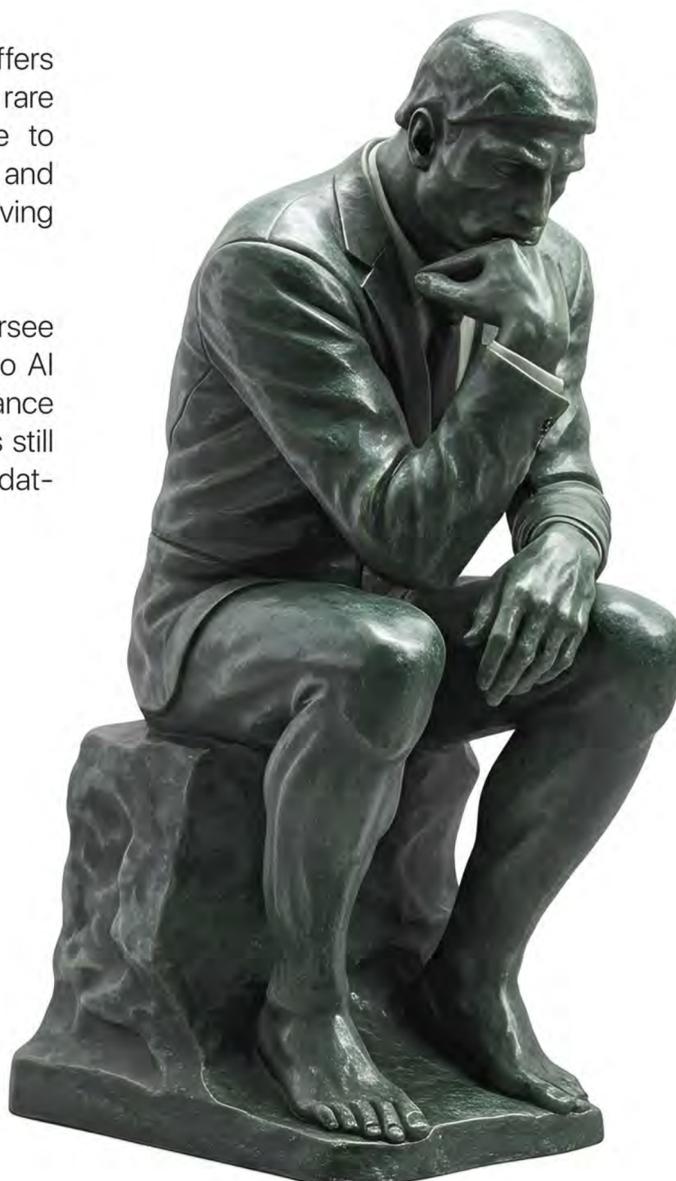
Key Mid-Year Review Questions:

Have we tracked progress against ESG commitments made in Q1?

Has our risk appetite changed due to macroeconomic or geopolitical shifts?

Do board committees have the resources and mandate to respond to new developments (e.g., AI ethics, biodiversity disclosure)?

Have we activated succession planning and board renewal strategies?



CGDF Insight:

Mid-year board self-assessments are a recommended best practice under Pillar 2: Board Effectiveness. The framework emphasizes structured performance reviews, role clarity, and capacity-building for directors.

Action Tool:

Use CGDF's "Board Health Check" to benchmark governance maturity across oversight, decision-making, and committee performance.

References:
IFC Corporate Governance Development Framework;
NACD: "2023 Board Trends and Priorities";
Spencer Stuart: "Board Performance Reviews (2023)"

ESG MOMENTUM OR FATIGUE?

Staying Accountable Amid Scrutiny

The ESG movement has reached a crossroads. While many investors and regulators are doubling down on ESG performance and reporting, others are questioning its relevance, politicizing its language, or rolling back requirements. This divergence is causing confusion and fatigue across boardrooms.

But governance rooted in purpose doesn't shift with political winds. Now is the moment for boards to reaffirm ESG as a strategic enabler—not a PR exercise.

Key Governance Practices:

Evaluate risks and opportunities connected to the business model and integrate corresponding ESG KPIs into corporate scorecards and performance reviews. shifts.

Maintain ESG subcommittees with cross-functional representation (finance, legal, HR, sustainability).

Conduct materiality reassessments regularly to reflect stakeholder shifts.

Global Trends to Watch:

New European CSRD mandates will affect non-EU companies with significant EU operations.

Asian exchanges are tightening ESG disclosure standards (e.g., HKEX, SGX).

U.S. companies face ESG backlash, requiring careful narrative framing.

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CGDF Connection:

Under Pillar 5: Stakeholder Engagement, CGDF calls for ongoing, transparent engagement with stakeholders—including civil society, communities, and investors—alongside integrated reporting aligned with material issues.

Case Example:

Unilever's "Climate Transition Action Plan" was voluntarily submitted for a non-binding shareholder vote—a bold move that earned 99% approval and set a new benchmark for ESG transparency.

References:

CGDF: Pillar 5 – Stakeholder Engagement

Harvard Law School Forum on Corporate Governance: "The Future of ESG Disclosures" (2023)

European Commission: Corporate Sustainability Reporting Directive (CSRD), 2023



AI, Cybersecurity, and Tech Risk – The New Governance Frontier



Text Message
July 2025 08:29

Digital innovation has become a cornerstone of corporate growth strategies. Yet the boardroom often lacks the expertise and oversight structures needed to govern technology-related risks effectively.

AI ethics, data privacy, algorithmic bias, and cybersecurity breaches are now core governance concerns—not just operational ones.

Cool! Thanks for the info... :)

Delivered

Top Boardroom Actions:

Appoint or consult directors with deep tech/cyber experience.

Ensure cybersecurity is reviewed quarterly, with incident response plans stress-tested annually.

Create a board-level “digital governance charter” to define oversight principles for emerging tech.

AI-Specific Risks Boards Must Oversee:

Intellectual property and generative AI misuse

Bias in automated decision-making systems

Non-compliance with AI legislation (e.g., EU AI Act)

CGDF Emphasis:

The **Control Environment** pillar stresses the importance of establishing clear internal controls and digital accountability mechanisms to prevent, detect, and respond to organizational risk—including cyber and AI threats.

Action Point:

CGDF recommends a digital literacy training module for boards and senior executives to bridge the governance gap.

References:
Corporate Governance Development Framework (CGDF): Pillar 4 – Control Environment
World Economic Forum: “Principles for Board Governance of Cyber Risk” (2022)
OECD: “Corporate Governance and Digitalisation” (2023)
European Parliament: EU Artificial Intelligence Act (2024) Reporting Directive (CSRD), 2023

CORPORATE CULTURE as a GOVERNANCE LEVER

CGDF Pillars: Commitment to Good Governance, Control Environment

Corporate culture drives how decisions are made, how values are lived, and how crises are handled. It's the invisible force that can either enable ethics and innovation—or erode trust. For boards, monitoring and influencing culture is now seen as a core governance responsibility.

Culture Monitoring Practices:

1. Task the board with defining the desired culture and setting expectations for how it aligns with governance systems and corporate strategy.
2. Include culture dashboards in board packs (employee surveys, ethics hotline usage).
3. Require management to report on alignment between strategy and values.
4. Encourage "culture deep-dives" during site visits and town halls.

Regulatory Drivers:

In the UK, the Financial Reporting Council's Corporate Governance Code explicitly tasks boards with assessing and shaping company culture. Similar expectations are emerging globally.

CGDF Guidance:

Pillar 1 stresses that governance begins with leadership commitment to ethical culture. Boards must set the tone, model accountability, and ensure culture is regularly



Quote to Remember:

"If strategy is what you say, culture is what you do.
Governance is what ensures the two align."

References:
CGDF: Pillars 1 and 4
UK Financial Reporting Council: "Corporate Culture and the Role of Boards" (2021)
PwC: "Global Culture Survey" (2023)
Institute of Business Ethics (IBE): "Culture Indicators for Boards" (2022)



Regulatory Monitor – What's Changing Globally?

CGDF Pillar: Transparency and Disclosure

2024 is shaping up to be a transformative year in corporate governance regulation. From climate disclosures to anti-corruption frameworks, boards must proactively track and respond to changes that affect reporting obligations and stakeholder expectations.

Disclosure Evolution:

ESG is moving from voluntary to mandatory in many jurisdictions. Boards are increasingly expected to formally sign off on integrated reports, ensuring accountability for ESG disclosures alongside financial performance. Assurance and data integrity are becoming central to disclosure quality.

CGDF Application:

Pillar 3: Transparency and Disclosure requires boards to ensure timely, accurate, and integrated reporting that reflects material risks and performance—financial and non-financial.

Next Steps:

1. Boards should map upcoming regulatory timelines against internal readiness, using CGDF's Disclosure Readiness Checklist.
2. Ensure regulatory developments are a standing board agenda item and assign clear internal ownership to track and implement updates.

Key Regulatory Trends:

EU CSRD (Corporate Sustainability Reporting Directive): Requires audited ESG disclosures for large companies operating in the EU.

U.S. SEC Climate Rules: Mandates GHG emissions disclosures and climate risk integration into financial filings.

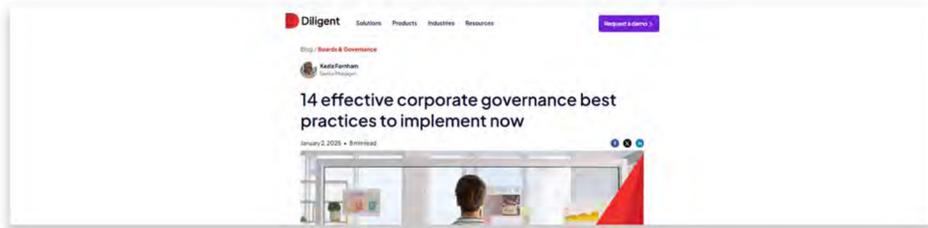
Updated OECD Principles of Corporate Governance: Emphasize sustainability, equitable treatment of shareholders, and digital governance.

References:
CGDF: Pillar 3 – Transparency and Disclosure
EU Commission: CSRD (Corporate Sustainability Reporting Directive) Overview
U.S. Securities and Exchange Commission (SEC): Climate Disclosure Rules (2024)
OECD: 2023 Revision of the G20/OECD Principles of Corporate Governance
IFRS: International Sustainability Standards Board (ISSB) Standards, 2023

RECOMMENDED READING

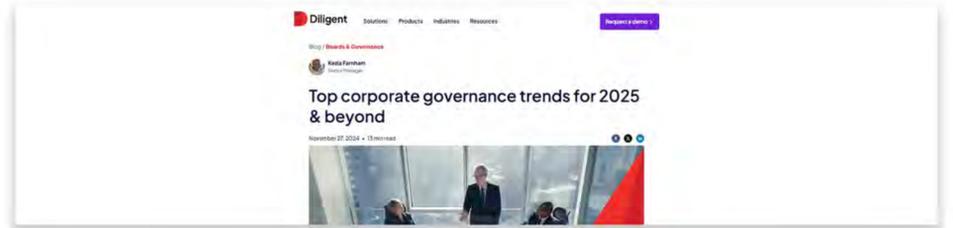
"14 Effective Corporate Governance Best Practices to Implement Now"

A comprehensive guide offering actionable board-level strategies—from onboarding directors to risk alignment and accountability systems



"Top Trends in Corporate Governance for 2025 & Beyond" – Diligent

Highlights how generative AI, cybersecurity, regulatory flux, and geopolitical risk are reshaping board responsibilities



"Directors Should Prepare to Address Five Board Dilemmas in 2025" – NACD

Offers a deep dive into urgent board issues—like AI oversight, agenda setting, and specialist vs. generalist membership



"Key Corporate and Board Governance Trends Shaping 2025" – Board-Room.org

Explores the integration of AI, DEI, and digital governance into core board functions



"Corporate Governance for Succession" – Forbes

Describes how sound succession planning and governance practice enhance credibility and valuation



"The Changing Landscape of Corporate Governance" – Alvarez & Marsal

Focuses on regulatory compliance, sustainability due diligence, stakeholder impact, and board-level prerequisites



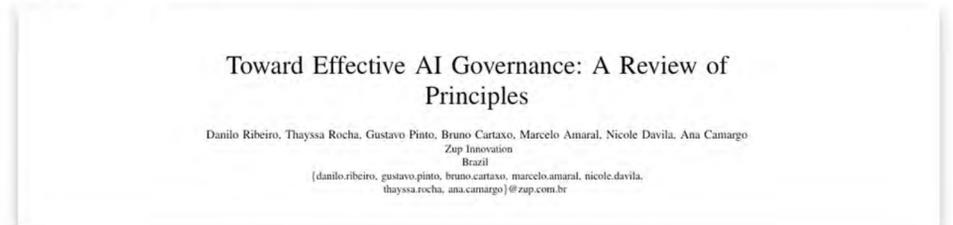
"Global Corporate Governance Trends for 2025" – PDF

Presents data showing AI and cybersecurity dominating board agendas, with emphasis on trusted data and resilient infrastructure



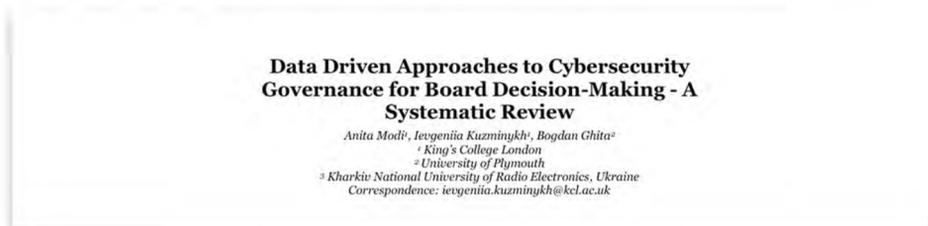
"Toward Effective AI Governance: A Review of Principles" – arXiv

An academic review detailing frameworks and actionable guidance for responsible AI oversight in organizations



"Data-Driven Approaches to Cybersecurity Governance for Board Decision-Making"

Surveys boardroom tools and metrics for cybersecurity risk management, user-friendly for non-technical directors



"PwC's 2025 Global Digital Trust Insights survey"

Explores how businesses can bridge critical gaps in cyber resilience, navigate emerging risks like AI-driven threats, and strengthen regulatory compliance .



Intro to Considering AI from IMD



GRC and resilience

