

# Korean firms urged to focus on governance reforms

*Morrow Sodali picks Shinhan as leader in ESG management*

By Park Jae-hyuk  
pjh@koreatimes.co.kr

Korean companies are still considered poor at improving their governance structures, despite their accelerated efforts to satisfy environmental, social and corporate governance (ESG) criteria, in order to follow global trends, a seasoned investor relations and corporate affairs specialist said.

Christian Sealey, the CEO of Morrow Sodali Asia Pacific, advised businesses here to make more efforts in their governance reforms than for the other two factors of the ESG criteria at this moment.

“Corporate governance has been regarded as a weakness of many Korean companies for a long time,” the executive of the world’s leading provider of corporate governance advisory services told The Korea Times. “It should be taken into account that there are cultural differences in the operation of the board of directors, but it is still some distance away from meeting global standards.”

A growing number of domestic firms have recently begun to embrace ESG principles, since institutional investors worldwide put the top priority on the criteria for their important decisions.

Morrow Sodali’s survey of institutional investors last year also showed that all respondents agreed that the ESG criteria have become more important than ever, and that this focus, reflected in decision-making, has increased.

In Korea, Samsung Electronics, Hyundai Motor and many other large businesses have shown high standards from an ESG perspective, especially in terms of their environmental and social disclosures, but the governance issues resulting from their family ownerships and controls have led them to face the risk of shareholder activism.

In addition to Hyundai Motor and Korean Air, both of which are well known for the activities of activist funds toward them, LG



Christian Sealey, Morrow Sodali Asia Pacific CEO

“It is still some distance away from meeting global standards.”

Group also encountered an attack last year from a U.S. hedge fund, Whitebox Advisors, for its plan to spin off affiliates.

“In the Korean market, activist funds appear to have more demands in terms of corporate governance, compared to environmental and social factors,” Sealey said. “It’s not just activist funds that need to be considered. Recently, BlackRock announced a more open policy on

shareholder proposals related to ESG. If ESG performance is sluggish or there is no improvement, there is the likelihood for an increase in collaboration with, or support of, activist funds from the major global investors.”

He added that the National Pension Service, which has meddled with the management of domestic conglomerates as its major shareholder, also seems to have placed its

emphasis heavily on corporate governance, according to its current stewardship policy.

### Importance of disclosures

Sealey, who is also known for his understanding of global capital markets, mentioned sufficient disclosures and communication with shareholders as ways to counter activism on governance issues.

He emphasized that the recent amendment of the Commercial Act here made investor relations more important, given that the new law requires listed companies to appoint at least one director as an audit committee member, and limits each shareholder’s voting power to 3 percent when selecting audit committee members.

“Lack of disclosure may lead investors to reasonably believe that ESG risks are not well managed, which could lead to voting against the directors up for re-election at the shareholder meeting,” he said. “In the case of the separate appointment of

audit committee members subject to the 3 percent rule, it could be particularly difficult.”

He believes proper disclosures will lead to direct and regular communication with shareholders that enables companies to build trustworthy relationships with investors.

“The presence of an investor who trusts the company’s management and board of directors will greatly help the company navigate through unprecedented challenges the company faces, just like COVID-19,” he said. “Furthermore, a relationship can provide a strong support base of friendly investors against potentially extreme activist funds.”

From that standpoint, the CEO picked Shinhan Financial Group as one of the exemplary Korean companies in terms of ESG management.

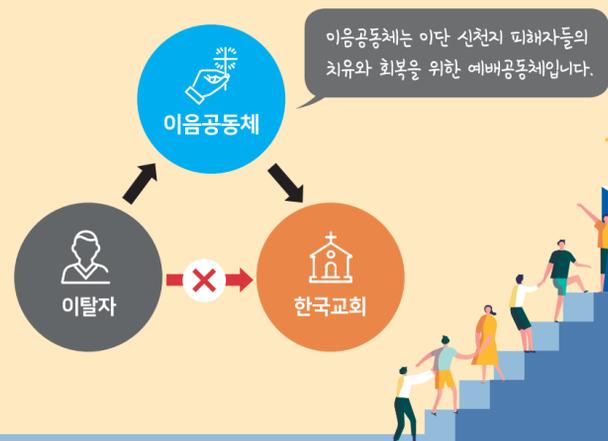
“When we say that companies are good at ESG management, the point to note is how well they understand and respond to changing investors’ expectations,” he said. “Communication with investors is by far the most effective way to understand inves-

tors’ expectations, and in this respect, many major Korean corporations, such as Shinhan Financial Group, are leading the way.”

He also promised that his company will continue to provide strategic advice for Korean companies in all processes of communication with investors regarding ESG and proxy solicitation, as it has done for a number of well-known companies here since Morrow Sodali opened its Seoul office in October, 2019.

“Korean companies seem to have a very proactive attitude in communicating with overseas institutional investors, and at the same time, it seems that they are also concerned about accurately identifying who their own shareholders are, whom to communicate with and understanding their agendas,” he said. “For companies just starting to prepare for improved ESG management, we provide advice from materiality assessment to disclosure, as well as training on ESG-related topics to management and board members.”

## 신천지를 이탈한 그들 어디로 가야하나



## CBS와 한국교회가 함께하는 신천지 피해자 회복 프로젝트 이음공동체

### 1기 신천지 피해자 회복 과정

참여대상 1 이탈자 및 피해가족

매주 토요일 14:00 ~ 18:00 모집기간 : 2021. 01. 01. ~ 2024. 12. 31.			
준비	1주	건강한 신앙회복을 위해 이탈자에게 필요한 자세	실제 과정
	2주	비유풀이	
	3주	시대별 목자, 율법의 바른 이해	
	4주	세례요한	
	5주	언약과하나님나라	
	6주	창조와 구원	
마무리	7주	계시와 불가해적 신비 멘토링(힐링토크 "치유")	실제 과정
	8주	보혜사, 삼위일체 멘토링(취업, 진로문제)	
	9주	부활	
	10주	요한계시록1 멘토링(은혜의찬양)	
	11주	요한계시록2 멘토링(힐링토크 "회복")	
	12주	마음건강 심리지원	

### 1기 이단 전문 사역자 양성

참여대상 1 목회자 및 상담사역 희망자

매주 월요일 14:00 ~ 18:00 1차모집기간(기초반) : 2020. 12. 01. ~ 2021. 01. 08. 2차모집기간(심화반) : 2021. 01. 18. ~ 2021. 02. 17.		
준비	1주	오프닝, 한국 교회 이단의 현황과 대책
	2주	신천지의 현황과 차후 전망
	3주	신천지 이탈자와 피해가족의 이해
	4주	회복 교육과정 1 (세례요한, 비유풀이)
	5주	회복 교육과정 2 (보혜사, 부활, 언약, 구원)
	6주	회복 교육과정 3 (요한계시록)
마무리	1주	신천지 이탈자들을 위한 교회의 준비 1
	2주	신천지 이탈자들을 위한 교회의 준비 2

\* 심화과정 준비중(24주)

### 주요강사 소개

- 탁지일** 교수 - 부산장신대학교 '현대종교, 이사장 겸 원장장'
- 권수영** 교수 - 연세대학교 신학장 한국상담서비스네트워크 이사장
- 권남계** 목사 - 부산장신대학교총무부 이단상담실장 부산이음교회담임
- 강성호** 목사 - 대한이단상담소장 대한예언교회담임
- 윤수봉** 소장 - 한주 이단상담소
- 유에스라** 회장 - 그루터기 상담협회
- 장은정** 소장 - 그루터기 상담협회 경기 이단상담소
- 최인혁** 목사 - 한양사역자
- 안재우** 소장 - 복희술연구소



개강일시 및 신청문의  
02-2650-7875, 7931, 7874

후원문의  
02-2650-7004

CBS는 신천지 이탈자와 피해가족들을 위한 무료상담을 지원합니다.