



**B20**

**GOVERNANCE AND  
SUSTAINABILITY THEME  
POLICY SUMMARY**

B20 Turkey, 2015

June 2015



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## Table of contents

Objective of policy paper	3
Task Force Constitution and process	3
Background of Governance and Sustainability Theme	4
Survey Findings	9
Summary of Recommendations	20



## OBJECTIVE OF THIS POLICY PAPER

This policy paper includes key recommendations proposed by the B20 Small and Medium Enterprises (SMEs) & Entrepreneurship Task Force to the G20 and serves as a framework for discussion with G20 representatives.

## TASKFORCE CONSTITUTION AND PROCESS

The Turkish Deputy Prime Minister appointed 7 prominent business organization leaders to guide the work of the B20 Turkey in 2015 under the leadership of Mr. M. Rifat Hisarciklioglu, President of the Union of Chambers and Commodity Exchanges of Turkey (TOBB), and B20 Sherpa Sarp Kalkan. B20 Turkey continued five priority areas pursued under the Australian presidency of 2014 to reflect the Turkish G20 presidency's focus on boosting economic growth and creating jobs: Trade, Infrastructure & Investment, Financing Growth, Employment and Anti-Corruption. B20 Turkey also established a new SMEs and Entrepreneurship Taskforce to focus on strengthening SMEs and supporting entrepreneurship. In addition to these Task Forces B20 Turkey Presidency established Food Security and Nutrition, Energy and Climate Change, Digital Economy and Governance and Sustainability Themes.

### Leadership

The SMEs and Entrepreneurship Taskforce was established under the leadership of Mr Rifat Hisarcikliođlu and ARGE Consulting, who is the knowledge partner of the theme. ARGE Team members Dr. Yılmaz Argüden (Chairman of ARGE), Dr. Erkin Erimez (Executive Partner in ARGE) and Ms. Pinar Ilgaz (Executive Partner in ARGE) conducted the research and meetings with partner institutions. ARGE worked in close cooperation with UN Global Compact, International Integrated Reporting Council and OECD in preparation of the final output.

### Membership

Governance and Sustainability Theme is a cross cutting theme. Therefore there are no specific members for the Theme but all Task Forces Members' are accepted as natural members of the theme.

### Policy development

The policy development process began with a review of the topics prioritized by the B20 in Australia, themes raised in recent reports published on Governance and Sustainability around the world and topics suggested by Partner Organizations. An e-survey has been developed and sent to all Task Forces Members to understand their priorities and what has been achieved so far. Results of survey have been analyzed and priority areas has been understood.

Based on the results of the survey and recent global priorities the draft recommendations have been prepared. These recommendations were developed in a series of actions for the G20 to implement.. The Theme partner organizations like UNGC would help to test the feasibility of each recommendation with policy makers in different countries.



## BACKGROUND OF THE GOVERNANCE AND SUSTAINABILITY THEME

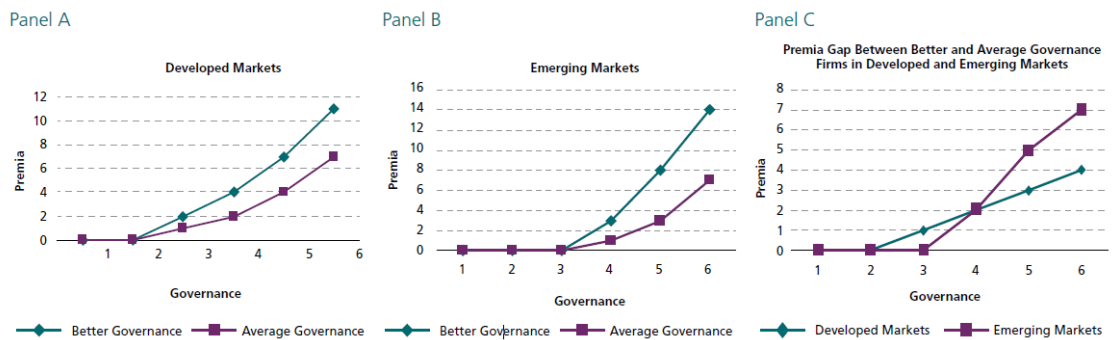
2015 marks a milestone year in which UN will establish Sustainable Development Goals (SDGs) and the Climate Summit to be held in Paris will be another milestone event related to global sustainability. Furthermore, continuity of the B20 agenda items is a key priority and a significant number of the recommendations of the Australia's chairmanship period were related to governance issues.

B20 Turkey Executive Committee has decided to establish a specific work stream for "Governance and Sustainability" Cross-Cutting Theme to support the six Task Forces established who will focus on recommendations for enhancing global growth and job creation, after having reviewed the following key goals of the B20:

- 1) In order to address current and emerging global issues, influence policymakers to implement measures that will enhance the business communities' contribution;
- 2) To provide a clear set of implementable policy solutions and recommendations;
- 3) Ensure the continuity of key agenda items from previous B20 presidencies;

Trust is the foundation of sustainable development. As the world continues to get smaller, our mutual interdependence increases and we all need to be able to mobilize others' resources and goodwill to achieve success. Mobilizing others' resources can only be achieved through gaining their trust. Gaining trust of all the stakeholders in the value chain can be achieved by implementing good governance in private and public institutions.

An IFC research showed that Good Governance has positive impact on company value.

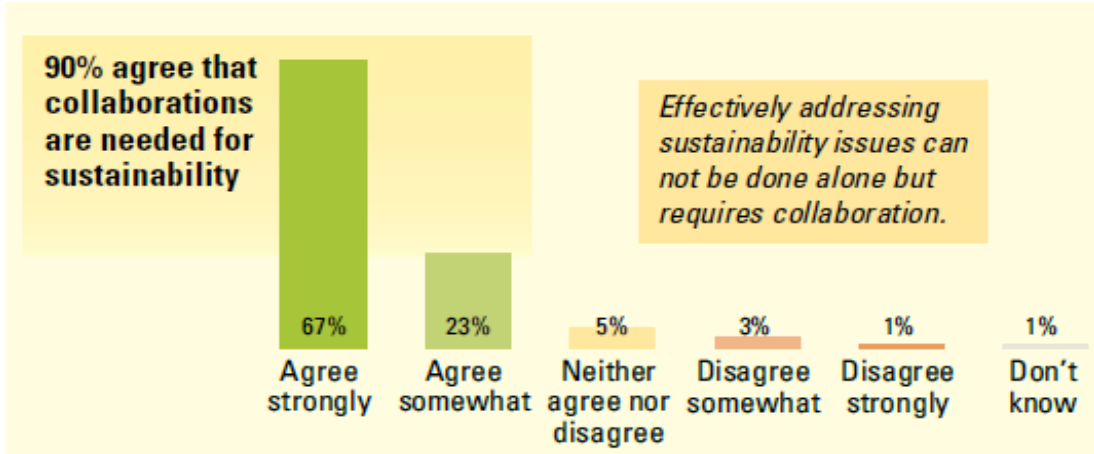


Most businesses understand that their sustained success depends upon the economic, social and ecological contexts in which they operate. But the stability of those contexts can no longer be taken for granted. As sustainability issues have become more global and pivotal to success,



businesses are realizing that they cannot go it alone and there should be a collaborative approach by business, governments, and society

A UNGC and BCG research showed that collaborations for a sustainable future are increasing.

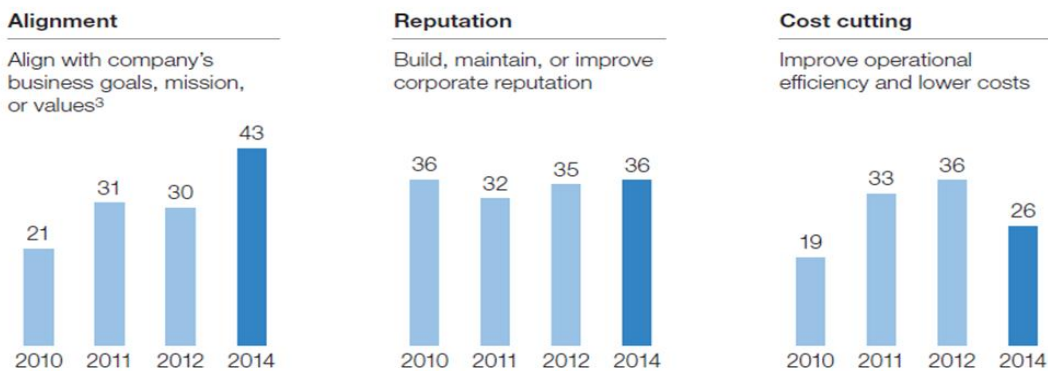


A sustainable global economy is one that combines long-term profitability with ethical behavior, social justice, and environmental care. Companies can play a fundamental role in creating a sustainable future by embracing this challenge as an opportunity for innovation and long-term value creation.

As external pressures - including resource scarcity, globalization, and access to information - continue to increase, the way corporations respond to sustainability challenges will determine their long-term viability and competitiveness. More and more companies align their goals with sustainability. (Mc Kinsey Global Survey)

% of respondents<sup>1</sup>

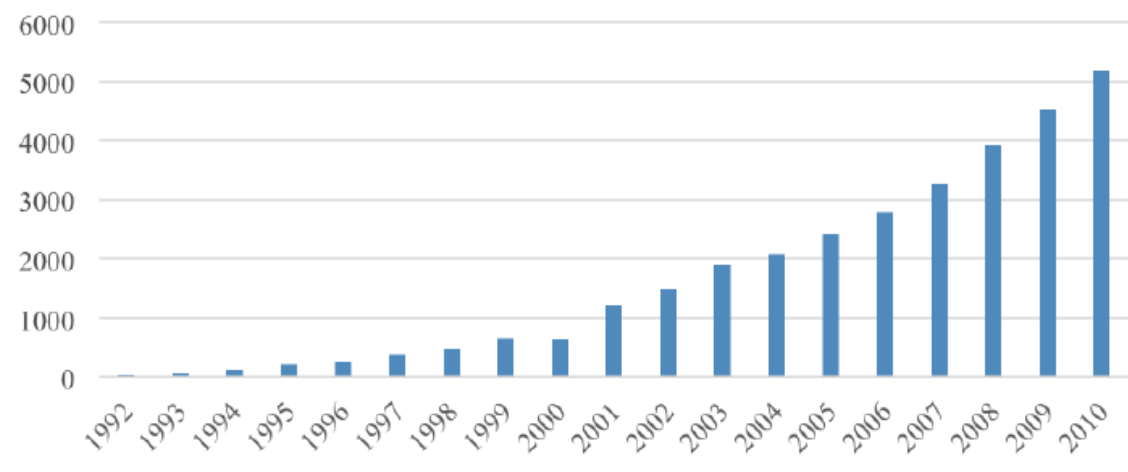
Top 3 reasons that respondents' organizations address sustainability<sup>2</sup>



The trust that has to be built externally with stakeholders must first be created internally, if trust is to be robust. Openness between the non-executive members of the board and the executives is essential, with confidence that information is openly shared and that differences of opinion are openly discussed and resolved, while also making sure that the vision and values are truly penetrated throughout the company. This not only involves the board and executives setting the right tone, but it also includes questioning and discussion at all levels in the company, checking that the penetration is indeed deep and robust.

As internal trust and coherence are built, the same process needs to take place externally. Transparency and open reporting are essential, but so is the ability of a board through its own diversity to understand and relate to the great diversity of those with whom the company engages externally, whether these are the parts of society affected by its operations, its customers, those in its supply chain, governments, or labor organizations.

Figure II: Number of Companies Issuing Sustainability Reports

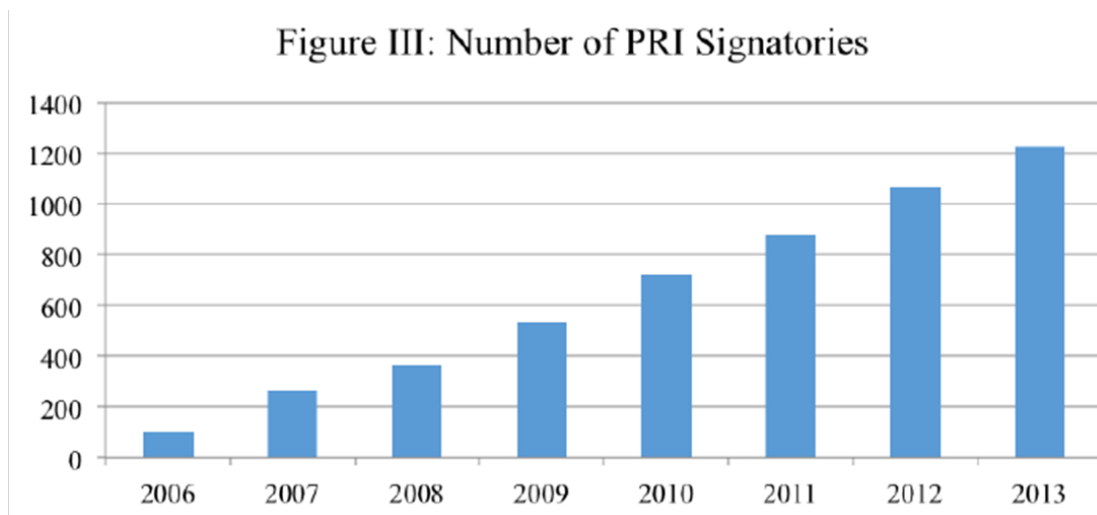


Source; UNGC

Sustainability is also becoming a priority for investor community. Investors give more importance to governance and sustainability, currently there are 1384 signatories of UNPRI with about \$50 trillion of assets under management.



Figure III: Number of PRI Signatories



A new reporting scheme, like Integrated Reporting, can help to building a common transparent platform to share information between companies and investors. Integrated Reporting is based on integrated thinking with future perspective. The cycle of integrated thinking and reporting, resulting in efficient and productive capital allocation, will act as a force for financial stability and sustainability.

Integrated thinking takes into account the connectivity and interdependencies between the ranges of factors that affect an organization's ability to create value over time.

Integrated Reporting promotes a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of an organization to create value over time.

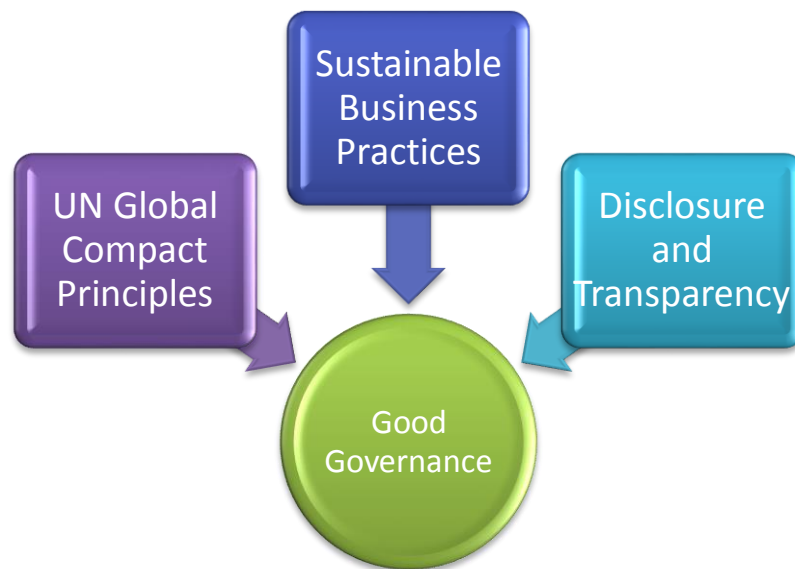
OECD will revise Corporate Governance Principles in 2015. OECD States that, Corporate Governance involves a state of relationships between a company's management, its board, its shareholders (investors) and other stakeholders. There is no single model of governance however there are common elements underlie good governance. Corporate Governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. The principles recognize the interests of all stakeholders and their role in contributing to the long term success and performance of the company. The principles are developed with an understanding that corporate governance policies have an important role to play in achieving broader economic objectives with respect to investor confidence, capital formation and allocation. Corporate Governance rules and practices provide a framework to bridge the gap between household savings and real investments in the economy. (Draft OECD Principles)



Governance is in the core of the sustainability concept and would help to improve the quality of life all around the world. To move toward a more sustainable future, we need to have organizations that assume their sustainability responsibilities and act on them. Corporations - with their resources, efficiency, innovation capabilities, and access to talent - have the opportunity to be at the forefront of this change.

Paragraph 101 of new Draft OECD Corporate Governance Principles gives board the responsibility of good governance by caring environmental, social and economic issues.

101. -Together with guiding corporate strategy, the board is chiefly responsible for monitoring managerial performance and achieving an adequate return for shareholders, while preventing conflicts of interest and balancing competing demands on the corporation. In order for boards to effectively fulfil their responsibilities they must be able to exercise objective and independent judgement. Another important board responsibility is to oversee systems designed to ensure that the corporation obeys applicable laws, including tax, competition, labour, environmental, equal opportunity, health and safety laws. In some countries, companies have found it useful to explicitly articulate the responsibilities that the board assumes and those for which management is accountable.



Good governance could be achieved by adopting UNGC Principles, embedding sustainability to the strategy and implementing Integrated Reporting. The findings of the survey supports the approach.





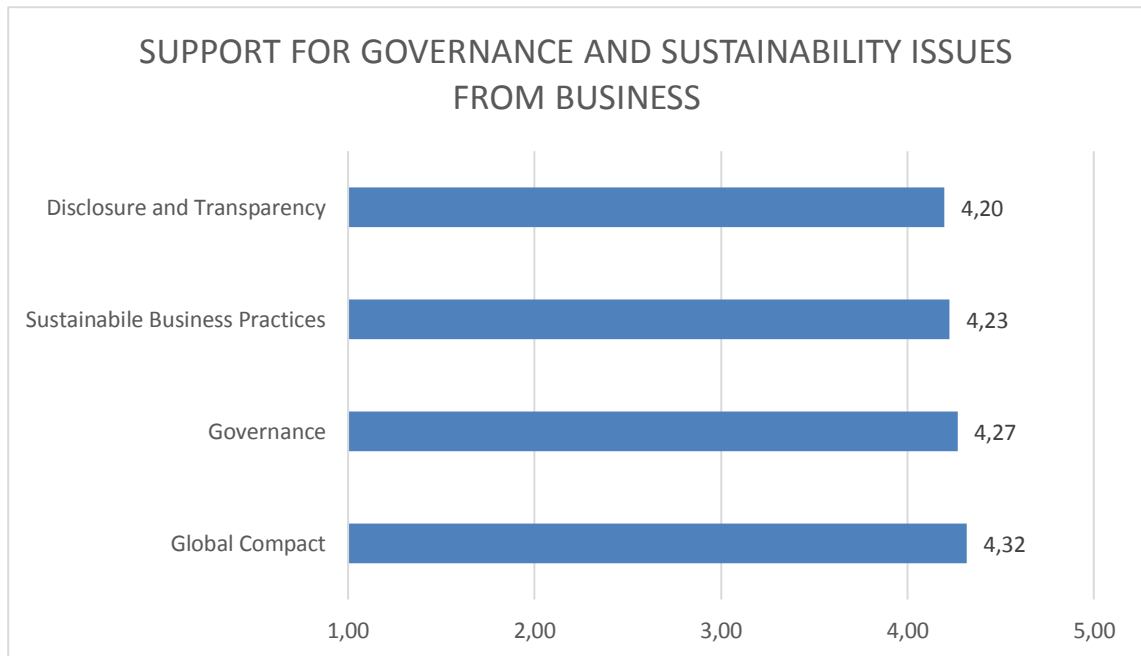
## SURVEY FINDINGS

Background information shows that governance and sustainability are two critical and interrelated issues for a better future. It has been decided to conduct a survey to get the views on and priority of these two issues from business perspective. UNGC's and IIRC's views have been collected and reflected in survey preparation process.

The survey has been sent to all 6 Task Forces' Members. The survey is an e-survey so responses have been collected online.

The findings of the survey are summarized below.

Task Forces' Members believe that Governance, UNGC, Disclosure and Transparency and Sustainable Business Practices are all important issues for the business and focusing on these issues could create positive impact for the success of business.



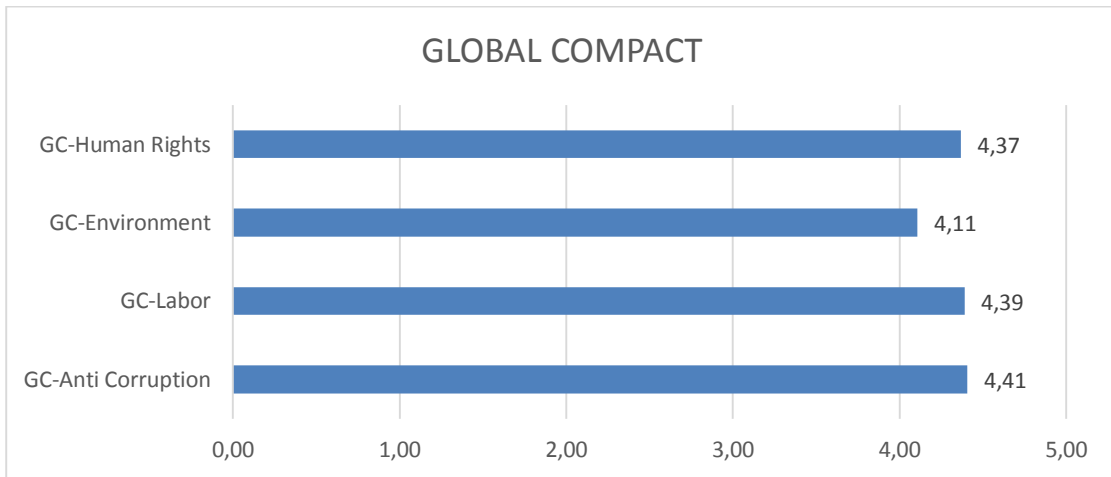
## UN Global Compact

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

As social, political and economic challenges (and opportunities) — whether occurring at home or in other regions — affect business more than ever before, many companies recognize the need to collaborate and partner with governments, civil society, labor and the United Nations.

UN Global Compact is a platform to enlighten the global business.

The survey findings show that all four areas are important for the long term success of the business.



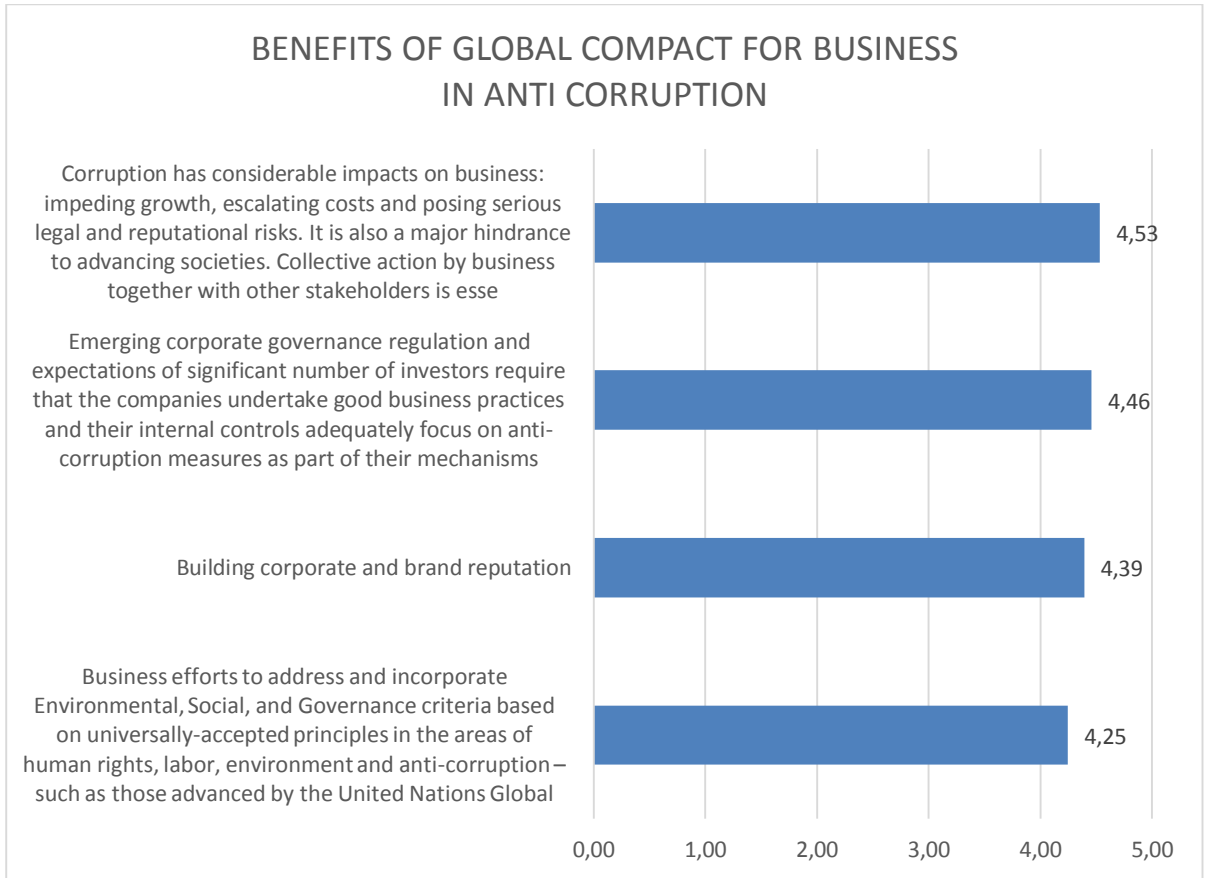
Business believes that, adopting UNGC approach to business strategy will create important improvements in all four areas. The effect of UNGC would be more on Human Rights, Labor and Anti-Corruption issues compared to environmental issues.

Even though UNGC effect on environmental issues are important, environmental considerations are already in the agenda of business due to efficiency gains and resource scarcity. This fact limits the impact of UNGC approach on environmental issues.

The reasons behind this scoring has been analyzed below.



Anti-Corruption



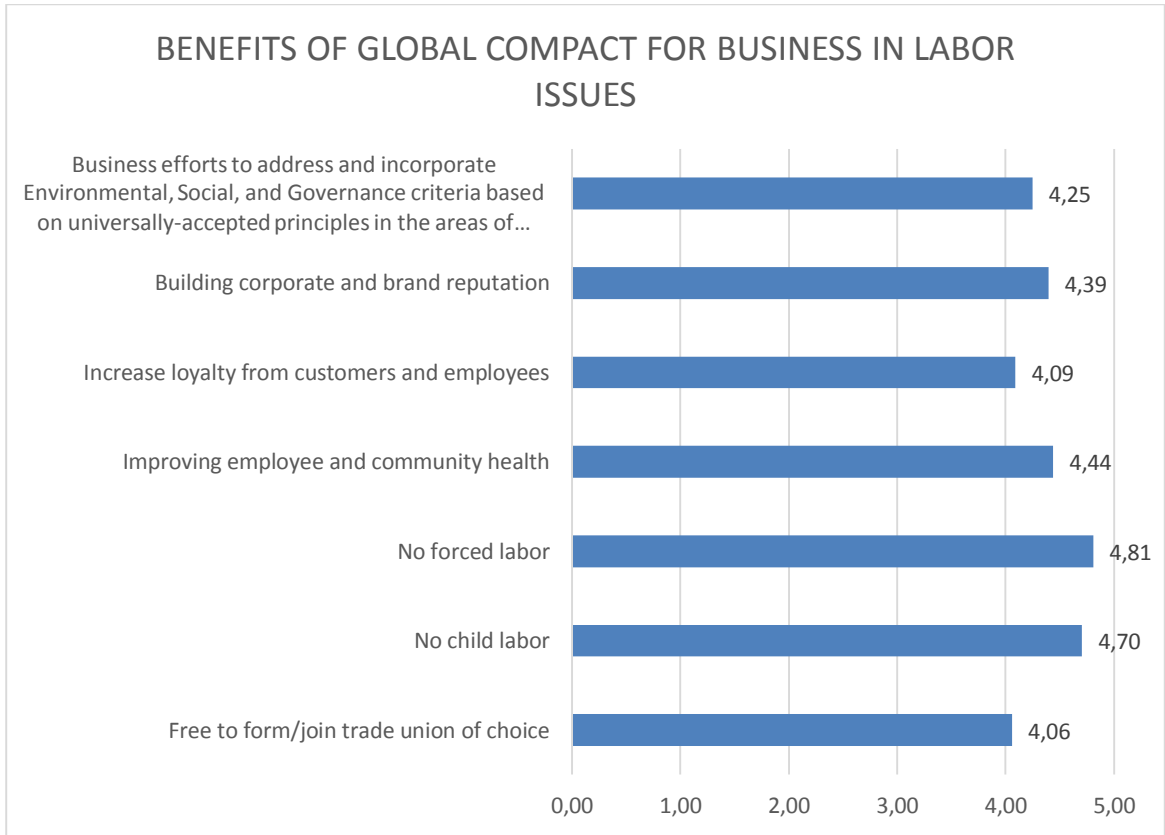
Respondents strongly agree that, UNGC would be very important tool in fight against corruption. This approach will also promote building good reputation for the business.

Labor

Business community thinks that adoption of UNGC principles to business strategy would have

- A very important impact on decreasing forced and child labor all around the world.
- A very positive effect on improvement of employee and community health and reputation.
- A positive effect for increasing employee and customer loyalty and forming trade unions. However the impact of adoption of these two issues would be lower compared to other 4 issues.



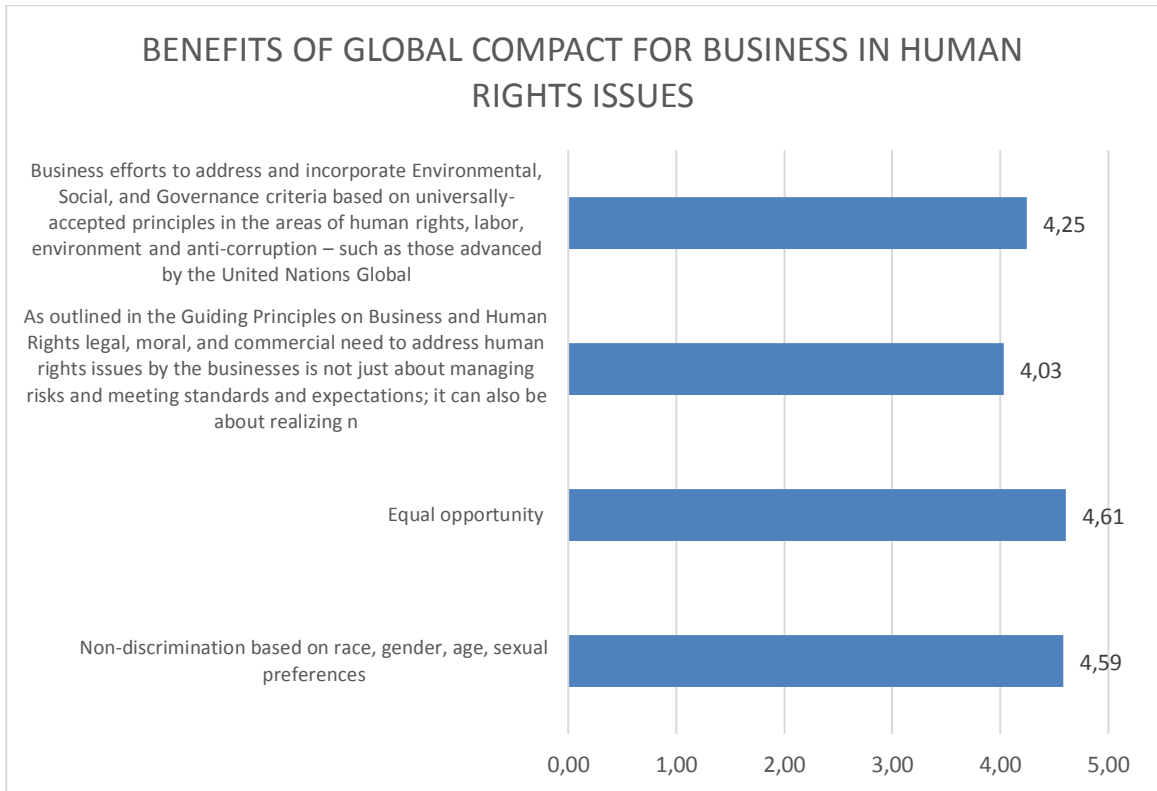


#### Human Rights

Business community thinks that adoption of UNGC principles to business strategy would have

- A very important impact on non-discrimination and creating equal opportunities for all related parties.
- Although realizing new opportunities through adopting human rights approach to business strategy has positive impact, its gains would be realized in a time horizon.





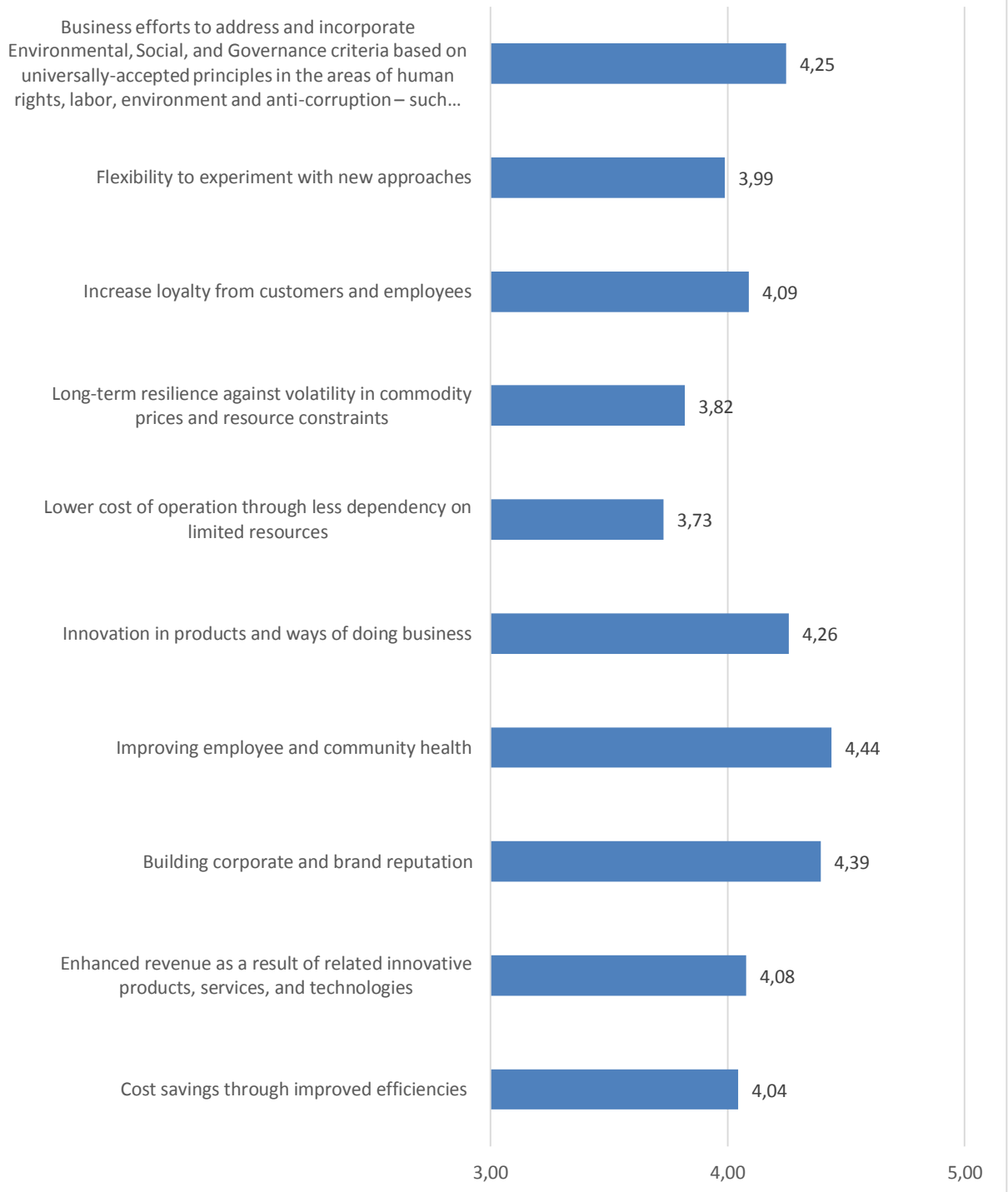
#### Environment

Business community believes that adoption of UNGC principles to business strategy would have

- Important impact;
  - On improving employee and community health,
  - On building reputation and innovation of products and new business models.
- Positive impact;
  - On increasing revenue through innovative products and business models,
  - Decreasing cost base by efficiency gains,
  - Increasing customer and employee loyalty and giving flexibility for experimenting new approaches.
- Critical impact;
  - On long-term resilience against commodity prices and resource constraints,
  - Lower cost of operation through lower dependency on limited resources. However the improvements for these two items could not be realized by only adopting UNGC environmental approach and some other mechanisms must be included to reach desired outcomes.



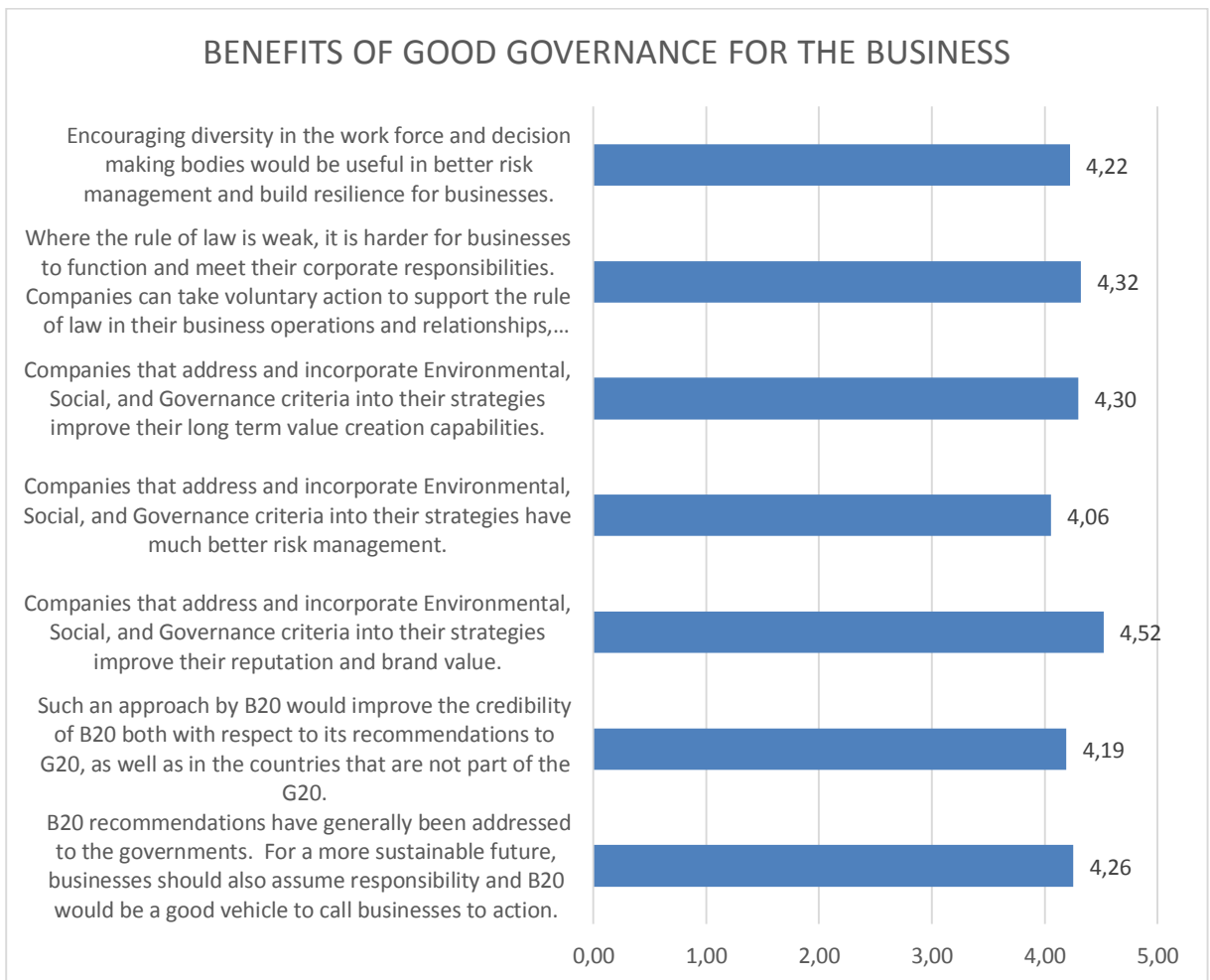
## BENEFITS OF GLOBAL COMPACT FOR BUSINESS IN ENVIRONMENT RELATED ISSUES



## Governance

The global financial and economic crisis has uncovered major failings in governance and regulation, which have undermined trust in public and private institutions alike. Amid ongoing economic uncertainty, establishing a well-functioning national regulatory framework for transparent and efficient markets is central to re-injecting confidence and restoring growth. (OECD Secretary General)

Trust is the essence of good governance and the foundation of sustainable development. Earning the trust of stakeholders is the key to mobilizing their resources toward a common vision. The communication and behavior of each institution influences the use of its own resources as well as those of its stakeholders.



Business community believes that adoption of Good Governance principles by including environmental, social and economic issues in a balanced manner to business strategy would have;

- Positive impact
  - On long term value creation,
  - On supporting foundation of rule of law by taking voluntary action in places, where rule of law is not working efficiently,
  - On reputation,
  - On credibility of B20 on making G20 to take action by taking voluntary action,
  - On better risk management.

### **Sustainable Business Practices**

A sustainable global economy is one that combines long-term profitability with ethical behavior, social justice, and environmental care. Sustainability improves the quality of human life while protecting the potential of future generation to do the same. Good governance also has a role in this responsibility to contribute toward a sense of universal commitment and universal participation in sustainable development.

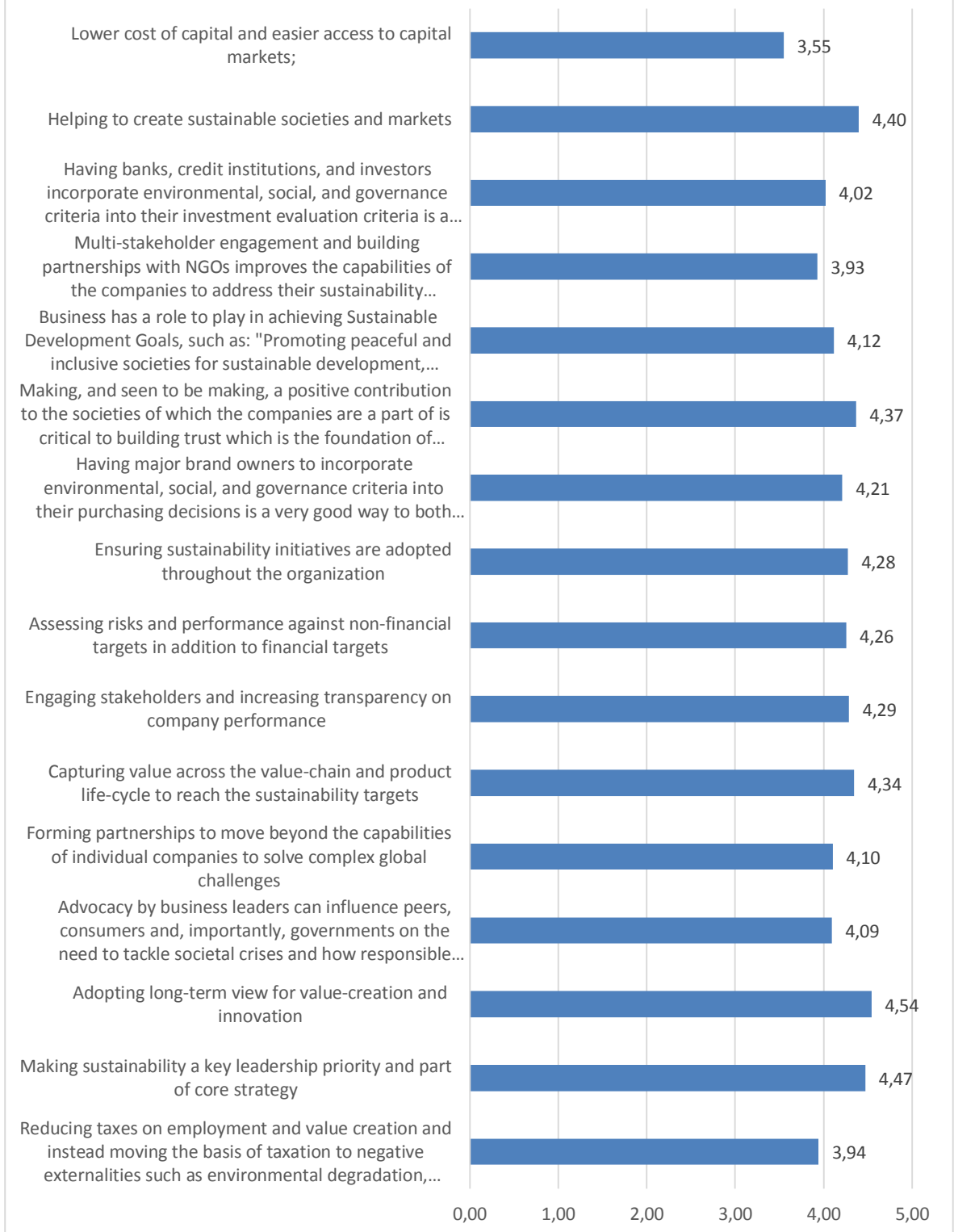
Business community believes that Sustainability;

- Must be part of the core strategy,
- Would help to adopt long term view for value creation and innovation,
- Would help to create sustainable societies and markets, which would be critical in building trust,
- Would enable to capture value in whole value chain by adopting sustainability sensitive purchasing strategies,
- Would improve transparency, which would also promote trust.
- Would help management to focus on non-financial metrics, which are very important for long term resilience, and adoption of this approach in whole organization,
- Would enable forming partnerships to solve challenges where single company resources could not be adequate,
- Would help business leaders attracting business and governments' attention by advocating sustainability issues in developing solutions for social crises and creating peaceful and inclusive societies,
- Would help to form partnerships with NGOs to improve their capability to address sustainability challenges. Both parties need to gain trusts of each other for successful cooperation.





## BENEFITS OF SUSTAINABILITY APPROACH FOR BUSINESS

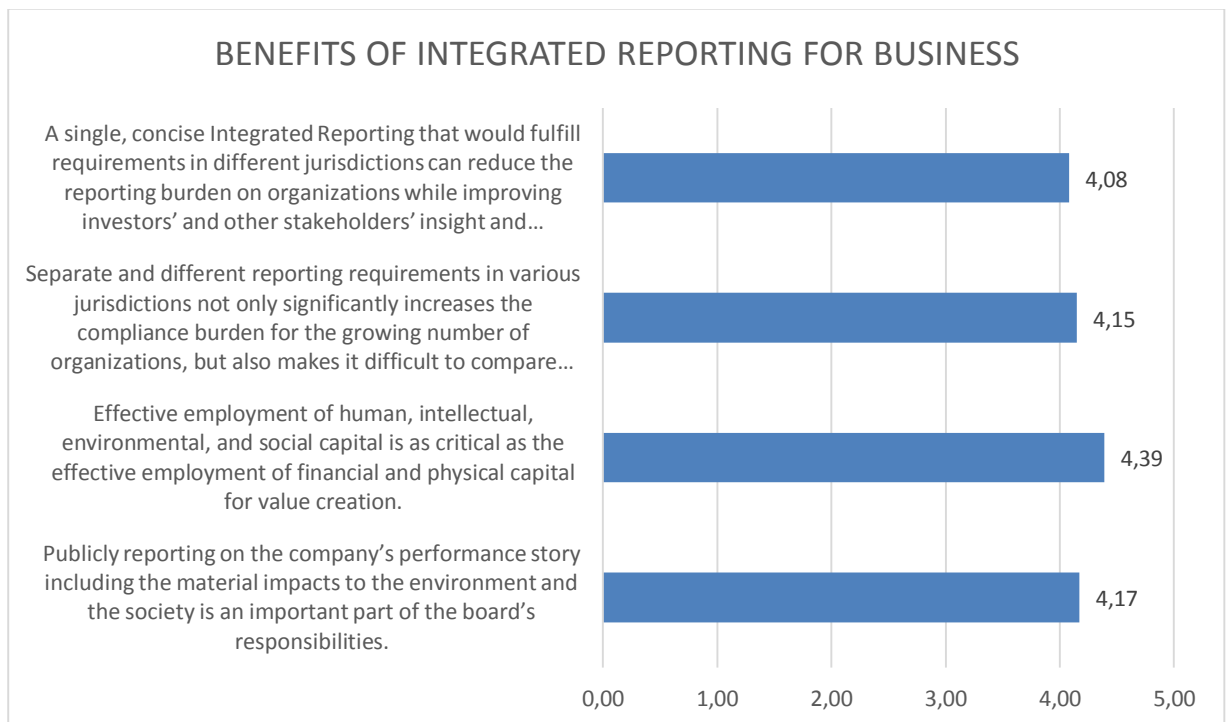


- Would help to reduce taxation on employment, however it would be realized in the long term.
- Has lower priority for financial sector currently since adoption of sustainability approach has limited effect on access to capital and on lowering the cost of capital. However incorporation of sustainability approach in to investment evaluation criteria would enable more efficient risk management and motivate more companies to adopt sustainability in to their strategy.

**Disclosure and Transparency**

The long term vision of disclosure and reporting is a world in which integrated thinking is embedded within mainstream business practice in the public and private sectors, as the corporate reporting norm.

This new reporting standard like IIRC includes both financial and non-financial information based on materiality principle with future looking perspective. This approach is very useful for the company and for the investors.



Business community believes that the IIRC;

- Is important as a tool for effective use of all capitals and would create beneficial results in achieving goals,



- Would decrease compliance burden on companies in different jurisdictions by having a common reporting and comparison base for all jurisdictions,
- Would help to fulfill boards' responsibility regarding explaining impacts of organization on environment and society based on materiality,
- Would help to communicate with investors.



## SUMMARY OF RECOMMENDATIONS

### Context

Good governance and sustainability practices are vital for innovation, economic growth, job creation, inclusive societies and justice for all across the G20 and non G20 countries. Adoption of good governance and sustainability approaches both in public and private institutions would enable to improve the quality of life and would help to build peaceful and inclusive societies. Transparency has a vital component of achieving better societies. Disclosure must include social and environmental impacts based on materiality besides financial results.

2015 marks a milestone year in which UN will establish Sustainable Development Goals (SDGs) and the Climate Summit to be held in Paris will be another milestone event related to global sustainability. Furthermore, continuity of the B20 agenda items is a key priority and a significant number of the recommendations of the Australia's chairmanship period were related to governance issues.

B20 Turkey Executive Committee has decided to establish a specific work stream for "Governance and Sustainability" Cross-Cutting Theme to support the six Task Forces.

### Recommendation

**The following issues are very important for a better world to improve quality of life, inclusive societies and successful private and public institutions.**

- **Adopting good governance practices both in public and private institutions**
- **Adopting good sustainability practices both in public and private institutions**
- **Adopting a transparent reporting approach based on materiality and future looking perspective**

To address these issues, the B20 Governance and Sustainability Theme adopted following recommendation.

***B20 calls on G20 governments to create a regulatory environment that allows existing principled-based business practices to flourish transparency in the public and private sectors is the norm by advocating the adoption of principled business practices such as those advanced by the United Nations Global Compact and actions towards the achievement of the United Nations Sustainable Development Goals. Governments should also embrace corporate reporting best practice, and encourage market-led initiatives focused on communicating value creation and sustainability performance across the economy as the most effective way of improving transparency and building trust, which is the essence of good governance and the foundation of inclusive and sustainable development.***



## Summary:

Reference	Encourage Private Sector to engage principled business practices GS1
Recommendation	Adoption of UNGC, UN SDG, transparent reporting and good governance practices by business with the encouragement and support of governments through creating regulatory environment
Owner	G20 governments, ICC, OECD, World Bank, UNGC, UN
Timing	2016 onwards
Value	
KPI	<ol style="list-style-type: none"> <li>1. Determination and implementation of a deep carbonization strategy consistent with 2 degree Celsius and GHG target for 2020, 2030, 2050. (COP21)</li> <li>2. Creating a regulatory frame work by G20 Governments for supporting the implementation of UNGC Principles by business, NGOs and public institutions as stated in Paragraph 46 of Rio + 20 document.</li> <li>3. Increase in number of UNGC signatories.</li> <li>4. Creating a regulatory frame work by G20 Governments for supporting transparent reporting practices in integrated thinking manner</li> <li>5. Adaption and implementation of OECD Regulatory Policy Development Governance approach by G20 Governments for inclusive and sustainable growth to reach a better quality of life level.</li> <li>6. Creating a regulatory frame work by G20 Governments for supporting the implementation Revised OECD Corporate Governance Principles.</li> </ol>

## Context

Paragraph 46 of Rio + 20 document of ***“The World We Want”*** states that; *“We acknowledge that the implementation of sustainable development will depend on the active engagement of both the public and the private sectors. We recognize that the active participation of the private sector can contribute to the achievement of sustainable development, including through the important tool of public-private partnerships. We support national regulatory and policy frameworks that enable business and industry to advance sustainable development initiatives, taking into account the importance of corporate social responsibility. We call upon the private sector to engage in responsible business practices, such as those promoted by the United Nations Global Compact.”*

Paragraph 101 of Draft Revised OECD Principles states that;



101. -Together with guiding corporate strategy, the board is chiefly responsible for monitoring managerial performance and achieving an adequate return for shareholders, while preventing conflicts of interest and balancing competing demands on the corporation. In order for boards to effectively fulfil their responsibilities they must be able to exercise objective and independent judgement. Another important board responsibility is to oversee systems designed to ensure that the corporation obeys applicable laws, including tax, competition, labour, environmental, equal opportunity, health and safety laws. In some countries, companies have found it useful to explicitly articulate the responsibilities that the board assumes and those for which management is accountable.

Adoption of good governance and sustainability approaches to business strategy and business conduct would help to improve risk management capability for private, public institutions and investors. Good governance, sustainability and transparent reporting practices are spreading due to adoption of sustainability approach in the value chains. Private institutions, large companies and SMEs, need to adopt this approach to be competitive and to sustain their businesses. Support of government is critical for transition period. Investors would be focusing more on the issue in the future.

COP21 Paris Summit in December 2015 is very important junction in moving forward to a sustainable future.

SDGs are very important tools in building inclusive societies, fighting against poverty and corruption, and empowerment of all related parties.

**Value**

To be defined

**Actions:**

Ref	Action
GS1.1	■ Creating a principles based regulatory framework in COP21 that aims to create a fairly distributed responsibility for all related parties.
GS1.2	■ Developing plans and creating regulatory framework by G20 Governments to implement COP21 decisions.
GS1.3	■ Establishing mechanisms for implementation of UN SDGs and measuring the performance of implementation by all countries (governments) to reach the goal of inclusive and sustainable growth for better life.
GS1.4	■ Creating a regulatory framework and soft mechanisms by G20 Countries to promote and incentivize adoption of UNGC principles in private and public sector and increasing number of signatories all around the world as stated in Rio+20 Document
GS1.5	■ Adoption of OECD Good Regulatory Governance Principles by G20 Governments to include all effected parties in to regulation making process and effective implementation of regulations regarding above approach



GS1.6	<ul style="list-style-type: none"> <li>Widely using impact assessment approach by G20 Governments before and after the implementation of regulation to improve the effectiveness and to eliminate unnecessary burdens on the community</li> </ul>
GS1.7	<ul style="list-style-type: none"> <li>Adoption of Revised OECD Corporate Governance Principles in each G20 jurisdiction by considering the countries' specific circumstances through laws, regulations and soft mechanisms</li> </ul>
GS1.8	<ul style="list-style-type: none"> <li>Creating a cross-border cooperation platform to harmonize government actions on governance and sustainability related issues</li> </ul>
GS1.9	<ul style="list-style-type: none"> <li>Improving transparency, quality of disclosure and ease of compliance through a reporting approach based on materiality, future looking perspective , common standards accepted by all related parties and stakeholders</li> </ul>
GS1.10	<ul style="list-style-type: none"> <li>Policymakers should explicitly recognize that productive societies and strong economic growth are fundamental for inclusive growth. Effective implementation of structural reforms in product and labor markets is vital, and should promote equal opportunities in our economies, and inclusive growth requires improving employment opportunities to all segments of the society, providing an environment whereby affordable products are available for all, and an enabling environment for all to have access to both public services and to be able to contribute to public decision making.</li> </ul>

## GS1.1 – GS1.2

**Creating a principles based regulatory framework in COP21 that aims to create a fairly distributed responsibility for all related parties.**

**Developing plans and creating regulatory framework by G20 Governments to implement COP21 decisions.**

COP21 will be held in December 2015 in Paris. Parties expect the determination of sound and fair responsibilities and mechanisms for all related parties to create an acceptable deep carbonization strategy and action plan of implementation including targets for 2020, 2030 and 2050 to limit average temperature increase of 2 degrees. Creating a platform to follow the developments regarding decisions taken in COP21 could be useful for quick mobilization of governments and effectively reaching the goals. This mechanism needs to be discussed and decided in COP21 and needs to be structured and established immediately after the summit.



### GS1.3

**Establishing mechanisms for implementation of UN SDGs and measuring the performance of implementation by all countries (governments) to reach the goal of inclusive and sustainable growth for better life.**

In September 2015, a summit of heads of state will adopt Sustainable Development Goals (SDGs). The goals will chart out a universal, holistic framework to help set the world on a path towards sustainable development, by addressing all three dimensions of economic development, social inclusion, and environmental sustainability. Indicators will be the backbone of monitoring the SDGs at local, national, regional, and global levels. They will serve as a **management tool** to help countries develop implementation strategies and allocate resources accordingly, and as a **report card** to measure progress towards achieving a target and to ensure the accountability of governments and other stakeholders for achieving the SDGs. The monitoring framework and indicators for the SDGs should reflect the lessons from the MDGs. The full indicator framework and a sound baseline needs to be adopted in time for the High Level Political Forum (HLPF) in July 2016.

### GS1.4

**Creating a regulatory framework and soft mechanisms by G20 Countries to promote and incentivize adoption of UNGC principles in private and public sector and increasing number of signatories all around the world as stated in Rio+20 Document.**

Paragraph 46 of Rio + 20 document of ***“The World We Want”*** states that; *“We acknowledge that the implementation of sustainable development will depend on the active engagement of both the public and the private sectors. We recognize that the active participation of the private sector can contribute to the achievement of sustainable development, including through the important tool of public-private partnerships. We support national regulatory and policy frameworks that enable business and industry to advance sustainable development initiatives, taking into account the importance of corporate social responsibility. We call upon the private sector to engage in responsible business practices, such as those promoted by the United Nations Global Compact.”*

Creating incentive mechanisms by G20 Governments to promote to be a signatory of UN Global Compact network will promote sustainable business practices in voluntary manner. G20 Governments leadership could attract other countries in activating similar frameworks. This action would also enhance especially SMEs to be part of global value chains which would improve welfare and GDP in all economies. UN Global Compact becomes a requirements of multinational value chain platforms. Incentives mechanism needs to be determined according to each country’s special conditions.





## GS1.5

**Adoption of OECD Good Regulatory Governance Principles by G20 Governments to include all effected parties in to regulation making process and effective implementation of regulations regarding above approach.**

The global financial and economic crisis has uncovered major failings in governance and regulation, which have undermined trust in public and private institutions alike. Amid ongoing economic uncertainty, establishing a well-functioning national regulatory framework for transparent and efficient markets is central to re-injecting confidence and restoring growth. The principles recommend;

- Provides governments with clear and timely guidance on the principles, mechanisms and institutions required to improve the design, enforcement and review of their regulatory framework to the highest standards;
- Advises governments on the effective use of regulation to achieve better social, environmental and economic outcomes; and
- Calls for a “whole-of-government” approach to regulatory reform, with emphasis on the importance of consultation, co-ordination, communication and co-operation to address the challenges posed by the inter-connectedness of sectors and economies including multinational platforms.

Implementation this approach will decrease bureaucracy, will create in inclusive approach by including all related parties in regulation making process and improve the ease of enforcement and implementation. Increasing multinational trade relations creates a pressure on harmonization of some regulations which could be part of this approach. Open and transparent government approach would be very helpful tool in fight against corruption. OECD needs to advise and monitor the implementation of this approach by G20 Governments who could be pioneers to flourish this approach to other countries.

## GS1.6

**Widely using impact assessment approach by G20 Governments before and after the implementation of regulation to improve the effectiveness and to eliminate unnecessary burdens on the community.**

Integrating Regulatory Impact Assessment (RIA) into the early stages of the policy process for the formulation of new regulatory proposals would be helpful to identify policy goals, and evaluate if regulation is necessary and how it can be most effective and efficient in achieving determined



goals. Sometimes this approach could promote means other than regulation and could identify the tradeoffs of the different approaches analyzed to identify the best approach. OECD and G20 Governments could play a pioneer role in adoption of this policies and show its benefits to other countries which could implement by seeing the benefits.

### **GS1.7**

**Adoption of Revised OECD Corporate Governance Principles in each G20 jurisdiction by considering the countries' specific circumstances through laws, regulations and soft mechanisms.**

The main intention of OECD Corporate Governance Principles is to help policy makers to evaluate and improve regulatory and institutional framework for corporate governance with a view to support economic efficiency, sustainable growth and financial stability. This could be achieved by providing right incentives to all stakeholders. The role of governments is to create mandatory or voluntary mechanisms that takes into account country specific economic, legal and cultural differences.

OECD could play active role in adaption of this approach first in G20 Governments and flourish to other counties.

### **GS1.8**

**Creating a cross-border cooperation platform to harmonize government actions on governance and sustainability related issues.**

Creating supranational bodies with rule making powers could be encouraged to develop tools to diagnose regulatory issues that cut across governments to identify and reform overlapping regulations and where appropriate to use measures to achieve harmonization, or to use mutual recognition agreements.

### **GS1.9**

**Improving transparency, quality of disclosure and ease of compliance through a reporting approach based on materiality, future looking perspective, common standards accepted by all related parties and stakeholders.**

Integrated thinking and reporting approach could result in efficient and productive capital allocation and support financial stability and sustainability. The corporate reporting for an inclusive and sustainable future needs to show the ability of organization to create value in short, medium and long term. The report needs to contain past performance, materiality based performance and future strategic focus. The reporting standard needs to be consistent with



internationality accepted standards and could be used commonly in different jurisdiction which would decrease compliance costs, improve access to finance and global value chains.

G20 Governments would support the formation of reporting standards to improve transparency in all aspects for companies including performance in financial, social, environmental aspects and future plans. This approach will improve disclosure standards and will help to fight against human rights abuses, corruption and environmental degradation.

## GS1.10

**Policymakers should explicitly recognize that productive societies and strong economic growth are fundamental for inclusive growth. Effective implementation of structural reforms in product and labor markets is vital, and should promote equal opportunities in our economies, and inclusive growth requires improving employment opportunities to all segments of the society, providing an environment whereby affordable products are available for all, and an enabling environment for all to have access to both public services and to be able to contribute to public decision making.**

Given the prominent role of productivity for the success of our economies, it is important to ensure that the underlying sources of economic growth should be well understood in the public debate on inclusive growth.

We should make clear that reforms promoting economic growth do not necessarily have negative impacts on equality. In fact, quite the opposite can be true. Finding the right synergies and using the right mix of policies is key.

Recent research by the OECD finds that many structural reforms have little or no impact on income inequality, because they have offsetting employment effects.

- Regulatory reform in support of inclusive growth could be;
- Reforms that reduce regulatory barriers to domestic competition, trade and FDI;
- Reforms that increase job-search support and activation program; and
- Reforms that tighten unemployment benefits for all categories of jobseekers are found to deliver stronger income gains for low-income households. They help to narrow inequality in disposable incomes.

One important factor for increasing the implementation of proposed reforms would be to improve the effectiveness of the regulatory consultation process. Effective regulatory consultation processes contribute to improve the design of new regulations and help to ensure key stakeholder support their implementation. The methodologies that are stated in GS 1.5 and GS 1.6 would help to achieve effectiveness.





## TASK FORCE SCHEDULE AND COMPOSITION

### Schedule of meetings

#	Date	Location	Theme
1	6 March	Istanbul	Kick Off Meeting. Align on scope and list all topics to address
2	25 March	Teleconference Call	Initial review of long list of potential recommendations and draft prioritization based on TF members' votes
3	16/17 April	Washington D.C.	First joint Taskforce Meeting: Crosspollinate with other TFs and review first version of policy paper with short list of recommendations
4	13 May	Teleconference Call	Receive feedbacks on second draft of t of policy paper
5	2 June	OECD, Paris	II. Joint Taskforce Meeting. Refine second draft of policy paper
6	9 July	Teleconference Call	Refine and finalize policy paper
5	3-5 Sept.	Istanbul	B20 Conference
6	14-15 Nov.	Antalya	B20 Summit

