

Climate-smart Public Financial Management MENA Conference

February 26–29, 2024
Cairo, Egypt



Mobilising SOEs for climate action

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Agenda

1. SOEs in the green transition.
2. OECD SOE Guidelines and sustainability
3. Examples of practices from countries



SOEs in the green transition

Fortune Global 500 SOEs

Table 1. General indicators

Indicator	Indicator	Total	Share
SOEs in Fortune 500	126	500	25
Private SOEs	91	126	72
Revenues (USD bn)	12,303	40,957	30
Profits (USD bn)	730	2,898	25
Assets (USD bn)	53,545	151,986	35
Employees	21,202,854	70,119,405	30

Created with Datawrapper

Fiscal years ending before March 2023.
Source: Fortune 500 Global list.

Investors' public equity holdings, end 2022

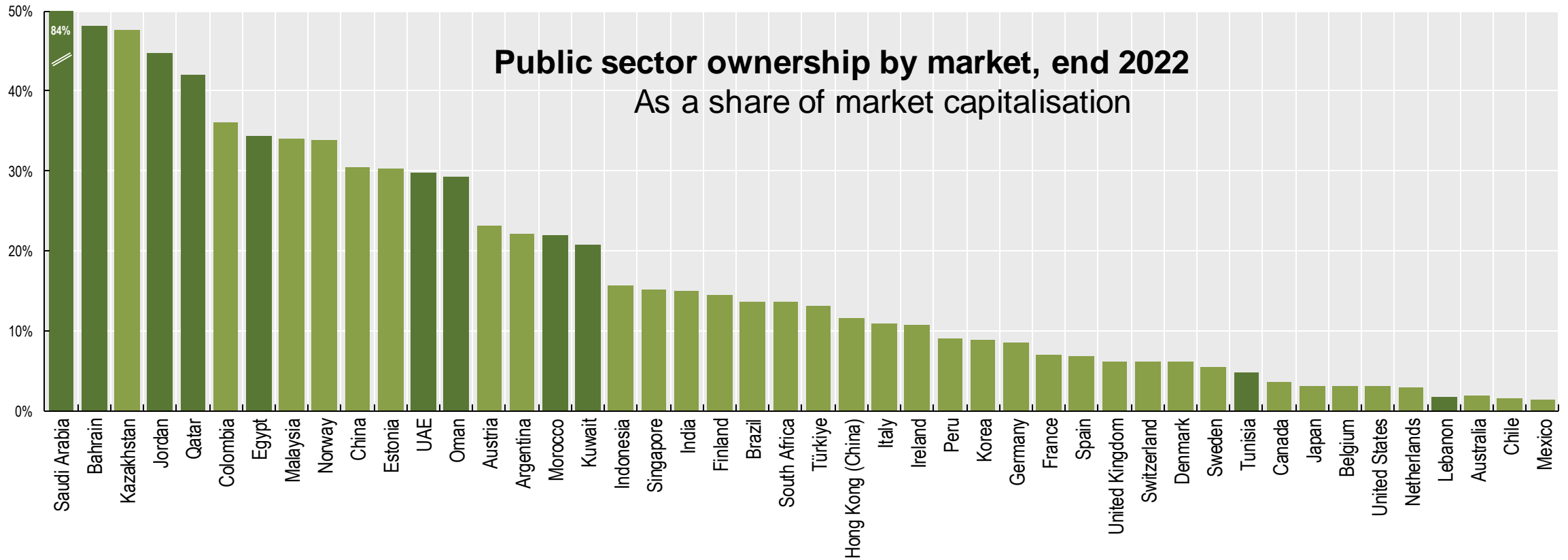


Note: The figure shows the overall ownership share by market capitalisation of the categories of owners for 31 000 listed companies from 100 different economies for which there is firm-level ownership information

Source: OECD (2023), OECD Corporate Governance Factbook 2023, OECD Publishing, Paris, <https://doi.org/10.1787/6d912314-en>



SOEs in the green transition



Source: OECD Capital Market Series dataset, FactSet, LSEG, Bloomberg.



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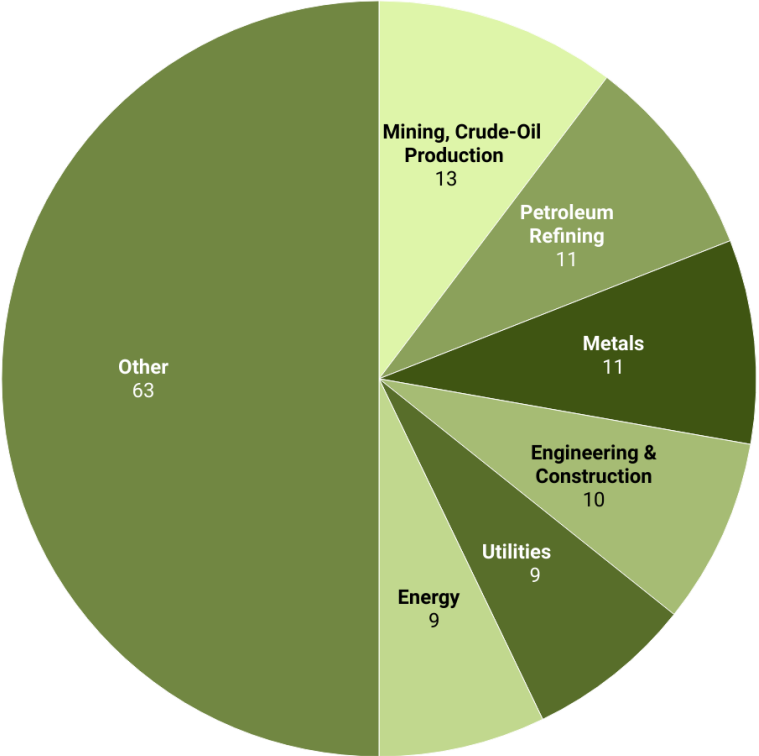
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SOEs in the green transition

Fortune Global 500 SOEs by industry

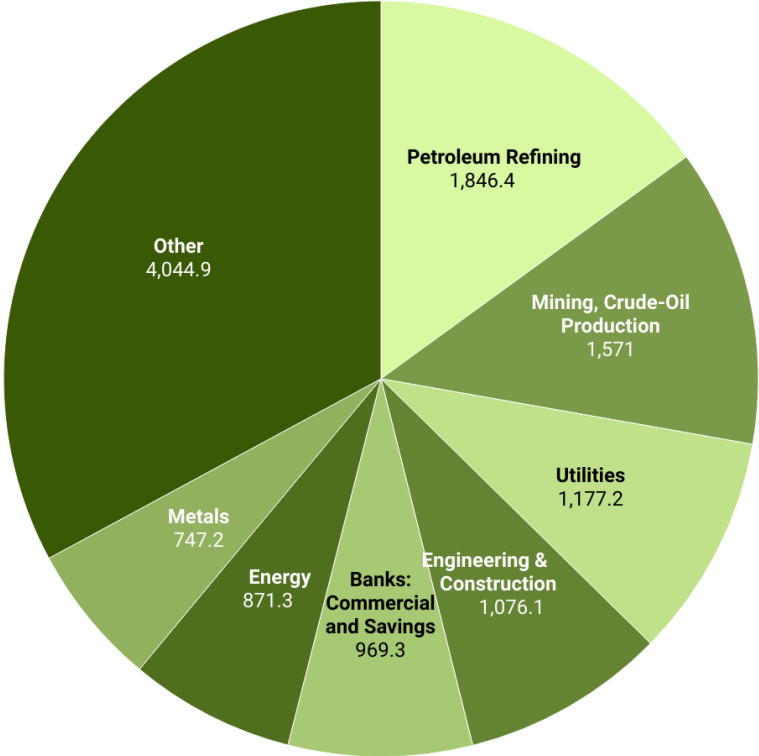
Number of SOEs (out of 126)



Source: Fortune, Global 500 • Created with Datawrapper

Fortune Global 500 SOEs by industry

Revenues in USD billion

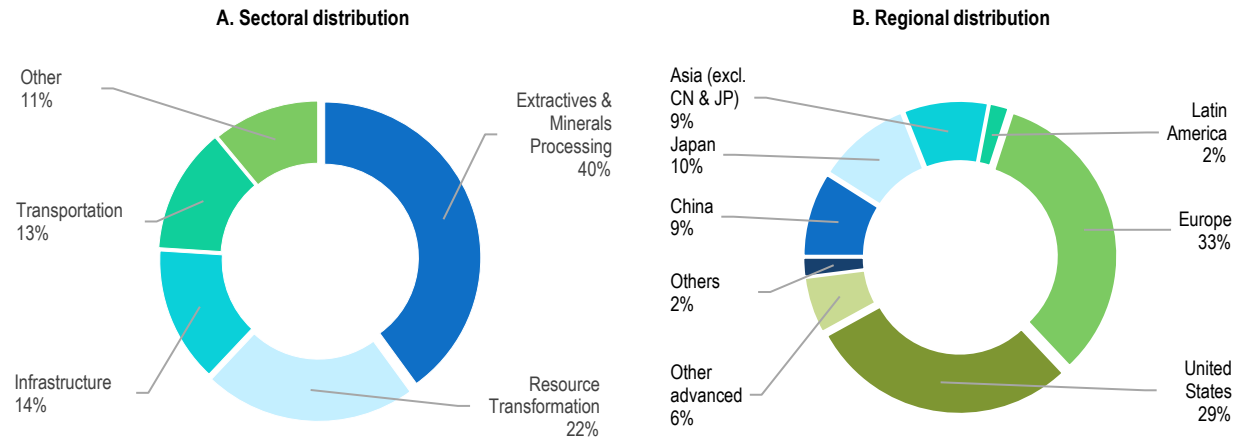


Source: Fortune, Global 500 • Created with Datawrapper

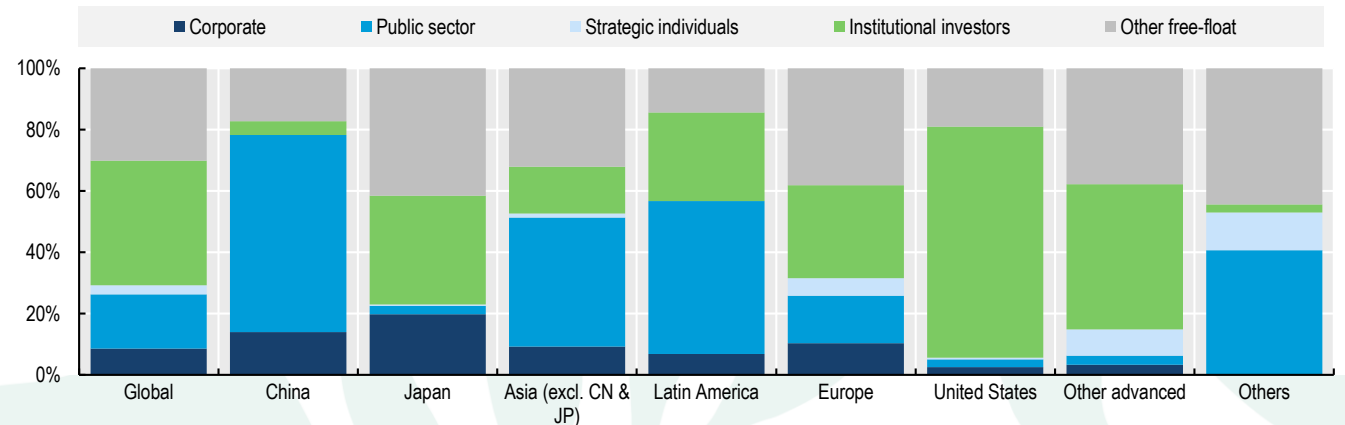


SOEs in the green transition

100 listed companies with the highest GHG emissions



Investor holdings of the 100 high-emitting companies



Note: The highest disclosed GHG emissions include scope 1, scope 2, and scope 3 GHG emissions. The shares in this figure are calculated using the number of companies, and not their market capitalisation.

Source: OECD (2023), OECD Corporate Governance Factbook 2023, OECD Publishing, Paris, <https://doi.org/10.1787/6d912314-en>

Note: "Other free-float" refers to the holdings by shareholders that do not reach the threshold for mandatory disclosure of their ownership records or retail investors that are not required to do so.



OECD Guidelines on Corporate Governance of SOEs

- Global standard on ownership and governance for SOEs
 - *High-level of aspiration and outcomes based (adopted in 2005, revisions in 2015 and 2024 – ongoing).*
 - *New chapter on sustainability*
- To help policy makers assess and strengthen the ownership and governance framework for SOEs, to improve their performance, efficiency and transparency.
- 41 adherents: OECD members and three partner economies.
- Applicable to:
 - *All SOEs (including financial and sub-national).*
 - *All government institutions responsible for SOEs.*



Government/Parliament

- Sets ownership policy
- Coordinates at cabinet level



Indirectly accountable to Government and Parliament

Ownership function

- Defines objectives for individual SOEs
- Monitors performance

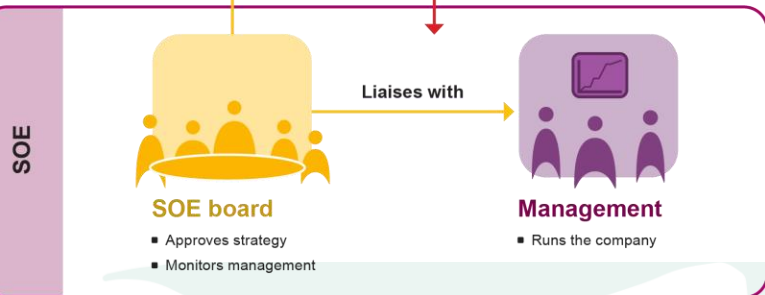
Liaises with



Setting, tracking monitoring and communicating state ownership results

- 1 Overall state ownership policy, including, disclosure policy
- 2 Rational for individual SOEs & SOE mandates
- 3 Ownership expectations communicated to board (shareholder agreements); KPIs- Financial & public policy
- 4 Dialogue with board on expectations and targets
- 5 Disclosure by the SOE around expectations Quarterly and annually
- 6 Monitoring by the ownership entity
- 7 Disclosure in the annual aggregate report on results

Liaises with and is accountable to



Ensuring policy coherence of state ownership and practices, including on sustainability.



Exercising ownership rights or control over SOEs (a single agency, a ministry, a coordinating body, or a holding company).



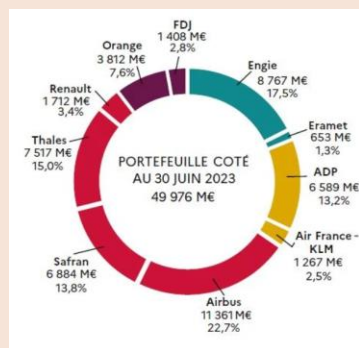
A board of directors for each SOE oversees corporate strategy, monitors SOE management and reports to the ownership entity.



Approaches and tools for mobilising SOEs for climate action

France

- Ownership entity (APE) under Ministry of Finance.
- Portfolio of 83 enterprises.



- Sustainability policy reflected in the CSR Charter, with focus on Paris Agreement and NAP.

Norway

- 69 companies managed by 12 ministries and coordination by Ministry of Industry.

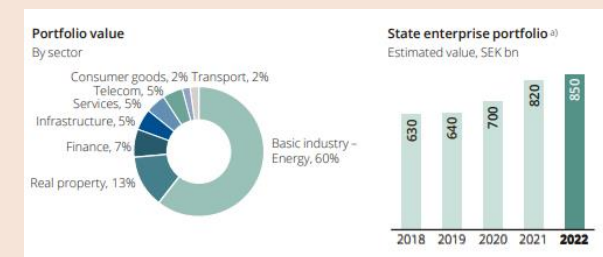
- Two categories of SOEs:

- Those whose goal is the highest return possible in a sustainable manner.
- Most efficient attainment of public policy goals.
- Total value: NOK 1,179 bn (USD 112 bn).
- Examples: Equinor (oil), Statkraft (renewable energy), Finans Norge (finance).
- Specific climate and environmental goals for SOEs.

Source: <https://www.regjeringen.no/en/aktuelt/new-report-to-the-storting-on-state-ownership/id2937720/> and <https://www.regjeringen.no/en/topics/business-and-industry/state-ownership/id1336/>

Sweden

- 43 SOEs managed by Ministry of Enterprise and Innovation



- Total value: USD 82 bn.
- Examples: Vattenfall (electricity and gas), LKAB (mining), PostNord (postal services).
- Climate targets and reporting for SOEs reflected in policy.

Source: <https://www.government.se/contentassets/c5981b6e50d4401abdea63b61496ce/annual-report-for-state-owned-enterprises-2022.pdf>

Focus on reporting and disclosure

Disclosure of scope 1 and 2 GHG emissions by listed companies in 2022

A. By number of companies

<i>In per cent</i>	Global	China	Japan	Asia (excl. CN & JP)	Latin America	Europe	United States	Other advanced	Others
Consumer Goods	11	6	9	6	21	31	28	10	7
Extractives & Minerals Processing	16	12	18	12	35	27	46	10	13
Financials	16	56	25	10	18	30	15	13	8
Food & Beverage	15	7	8	11	19	27	35	16	9
Health Care	11	8	12	10	25	27	8	4	8
Infrastructure	16	9	9	12	25	28	38	19	7
Renewable Resources & Alternative Energy	20	16	35	10	31	38	38	6	26
Resource Transformation	14	4	11	8	17	37	39	15	9
Services	12	3	5	7	7	27	20	10	3
Technology & Communications	14	5	7	12	25	33	22	7	18
Transportation	20	7	21	14	33	36	36	26	15

B. By market capitalisation

<i>In per cent</i>	Global	China	Japan	Asia (excl. CN & JP)	Latin America	Europe	United States	Other advanced	Others
Consumer Goods	79	38	65	73	78	97	82	68	39
Extractives & Minerals Processing	85	55	83	79	84	97	88	86	88
Financials	75	88	74	77	69	91	63	90	46
Food & Beverage	76	29	69	74	75	94	94	77	68
Health Care	76	39	73	65	76	95	79	81	27
Infrastructure	69	33	61	73	68	83	79	76	57
Renewable Resources & Alternative Energy	68	59	76	63	83	89	80	20	49
Resource Transformation	67	21	68	65	89	92	84	86	39
Services	66	9	63	60	56	86	70	66	11
Technology & Communications	83	32	70	83	82	92	90	78	74
Transportation	77	40	84	80	75	88	86	81	64

Forthcoming OECD work in SOEs and sustainability

- Revised Guidelines on Corporate Governance of SOEs.
- Global Corporate Sustainability Report.
- Sustainability in the State-Owned Sector: Good Practices for SOEs and their State Owners
- Ownership and Governance of State-Owned Enterprises 2024 (a Compendium).

THANK YOU

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<https://www.oecd.org/corporate/soes/>



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