

STATE-OWNED ENTERPRISES (SOE) GLOBAL CONFERENCE

# SOEs and Sustainability: A New Framework for Mobilizing Ownership Functions for Climate Action



**SESSION 7:**  
**SOEs as Drivers for Innovation and Sustainability**



**Peter Ladegaard**  
Senior Governance Specialist  
World Bank Group



APRIL 27–30, 2026



SEOUL, REPUBLIC OF KOREA



(THE WESTIN SEOUL PARNAS)

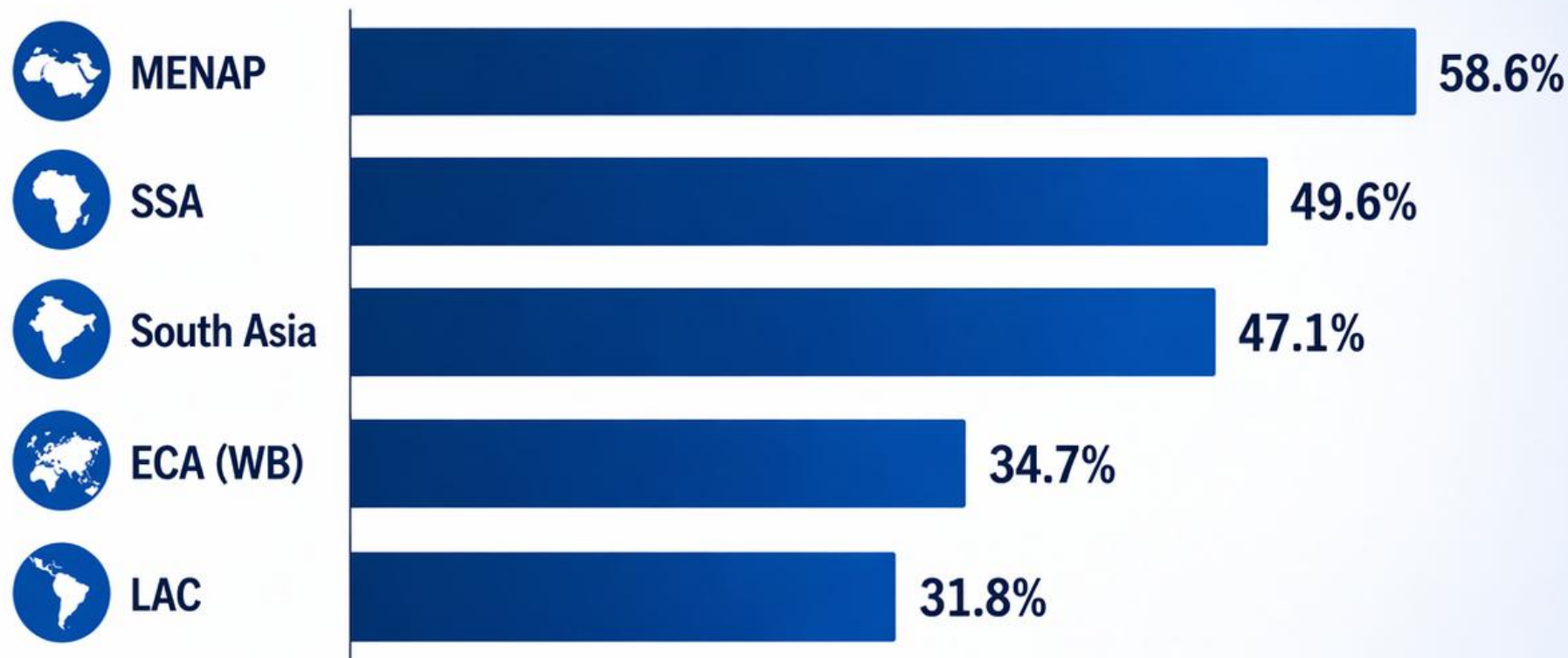




# New data shows that SOEs are major emitters across all regions

## Average SOE Share of National GHG Emissions (Scope 1), by Region

SOE emissions as a % of total national Scope 1 emissions



SOEs account for ~40%+ of global emissions from fossil fuel combustion

In some countries, SOEs exceed 70% of emissions



Source: Asset Impact Database; OECD; IEA. Scope 1 emissions from major emitting sectors (power, oil & gas, coal, steel, cement, transport).



# SOE ownership functions provide powerful—yet underutilized—levers for climate action

Governments can use a broad set of ownership tools—across policy, oversight, and enterprise levels—to steer SOEs toward low-carbon, resilient, and climate-smart outcomes.



## State Ownership Function

Active ownership to drive climate outcomes in SOEs

1



### Ownership Policy

- Climate objectives in SOP
- Alignment with NDC / Paris
- Portfolio-level direction

2



### Expectations & Performance

- Letters of expectation
- Climate KPIs
- SOE transition plans and targets

3



### Boards & Governance

- Climate expertise on boards
- Board oversight of climate strategy
- Risk governance (physical & transition)

4



### Incentives & Accountability

- ESG-linked remuneration
- Performance contracts & KPIs
- Monitoring, evaluation and reviews

5



### Capital & Investment

- Green capex allocation
- Climate screening of investments
- Green bonds & blended financing

6



### Disclosure & Transparency

- Climate reporting (CSRD / IFRS)
- Emissions disclosure (GHG)
- Portfolio-level transparency

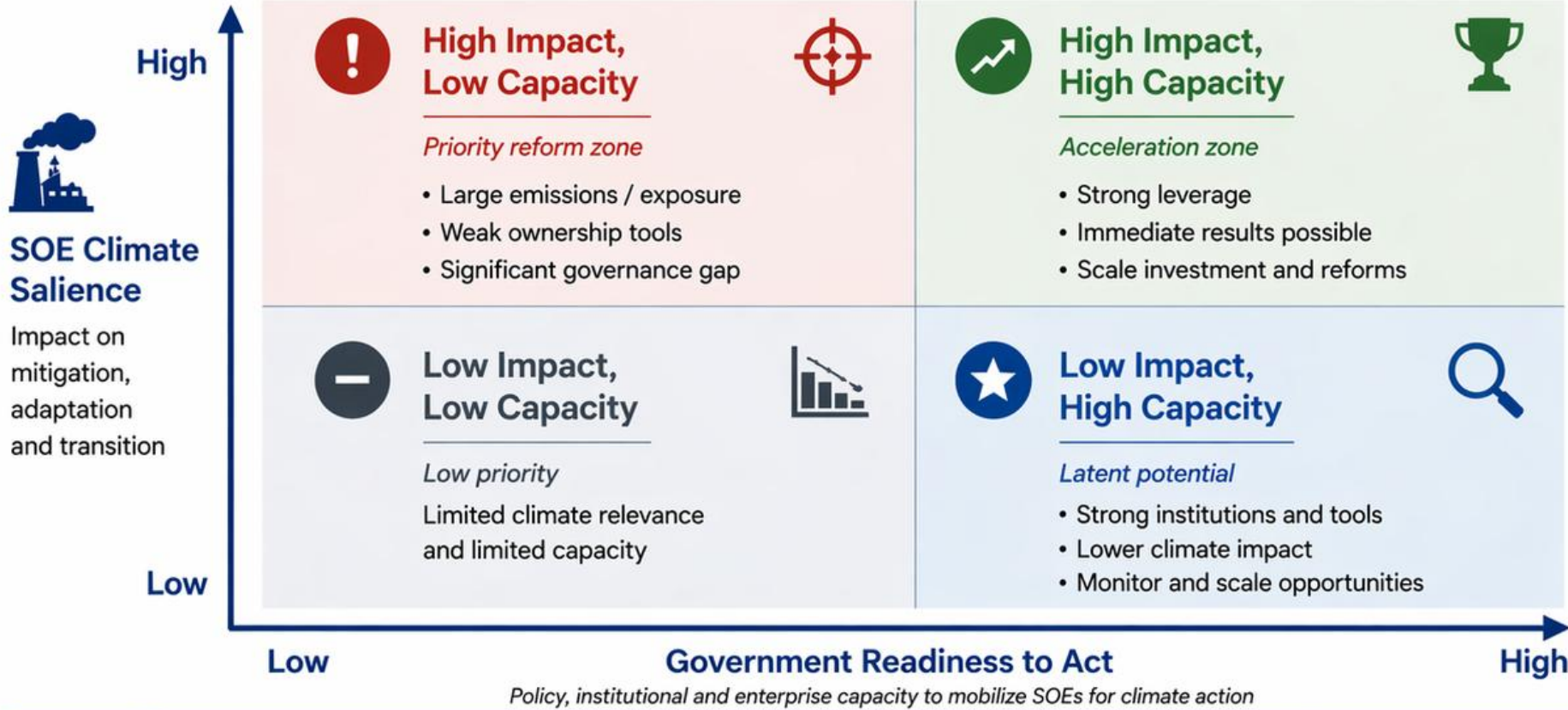


These are standard corporate governance tools—reoriented for climate outcomes



# A new framework to capture the salience of SOEs' climate impact and the readiness of governments to act through ownership functions

Use the framework to identify where SOE–climate action will have the greatest impact—and where governance reforms are most needed.



## How to read the framework



### Salience (Relevance)

The extent to which SOEs contribute to emissions, climate risks and the transition—or can drive climate solutions.



### Readiness (Capacities)

The strength of policies, institutions and SOE capabilities to enable climate action.



### Goal

Focus reforms and resources where impact is high and capacity is lacking.



**The greatest challenge is where salience (relevance) is high, but readiness (capacities) is low.**



# Case study: High climate relevance, but limited readiness to act through SOEs

Illustrative country diagnostic

## 1. HIGH CLIMATE RELEVANCE (SALIENCE)



### Mitigation

SOEs account for a large share of national GHG emissions (Scope 1) and are major energy producers.



### Adaptation

SOEs own and operate critical infrastructure exposed to climate risks (energy, water, transport, etc.).



### Transition

SOEs dominate fossil-intensive sectors but are also central to clean energy, efficiency and low-carbon transition pathways.



## 2. LIMITED READINESS TO ACT (CAPACITIES)



### Policy Readiness

- Climate objectives not systematically embedded in SOE ownership policy.
- Limited alignment between SOE oversight and national climate commitments.



### Institutional Readiness

- Fragmented ownership roles and mandates.
- Limited coordination across line ministries and agencies.



### Enterprise Readiness

- Weak financial performance in parts of the SOE portfolio.
- Limited climate-related capabilities, data, incentives and governance practices.



## 3. RECOMMENDATIONS: PRIORITY ACTIONS TO CLOSE THE READINESS GAP



### Strengthen ownership policy and strategy

Embed climate objectives in SOE ownership policy and portfolio strategy.



### Clarify institutional mandates and coordination

Define clear ownership roles and improve coordination across government.



### Enhance boards and performance management

Strengthen board oversight, introduce climate KPIs and align incentives.



### Align investment and capital allocation

Integrate climate criteria in investment decisions and prioritize green and resilient infrastructure.



### Build SOE capabilities, transparency and disclosure

Improve data, reporting, risk management and access to finance and technology.



SOEs are highly relevant for climate outcomes, but reforms of the ownership function are needed to turn this relevance into impact.

# Thank You

---

**Peter Ladegaard**

World Bank Group

[Pladegaard@worldbank.org](mailto:Pladegaard@worldbank.org)

