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# Corporate Purpose Beyond Borders

A Key to Saving Our Planet or Colonialism Repackaged

# Sustainable Corporate Purpose: Global vs Local

The classic debate has largely been built on an understanding of corporate law and governance that is *local*—jurisdiction-bound—while the issues of sustainability and climate change are *global*.



01  
Global corporate  
law and  
governance

02  
State-based  
extraterritorial

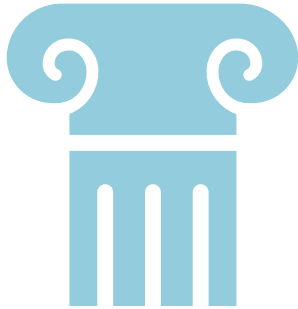
03  
Firm-based  
multijurisdictional

04  
Organization-  
based  
transnational

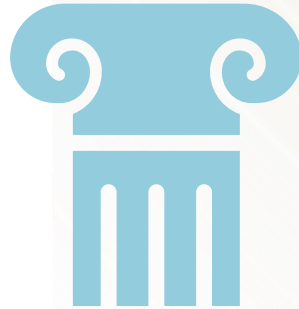
05  
Questions remain

# Taxonomy: Three pillars, three actors

## Global Corporate Law and Governance



States



Firms



Organizations



# State-Based Extraterritorial Corporate Law and Governance

# State-Based Extraterritorial: EU

## EU Corporate Sustainability Reporting Directive (CSRD)

Scope and coverage

Double materiality

## EU Corporate Sustainability Due Diligence Directive (CS3D)

Scope and coverage

Liability

## Carbon Border Adjustment Mechanism (CBAM)

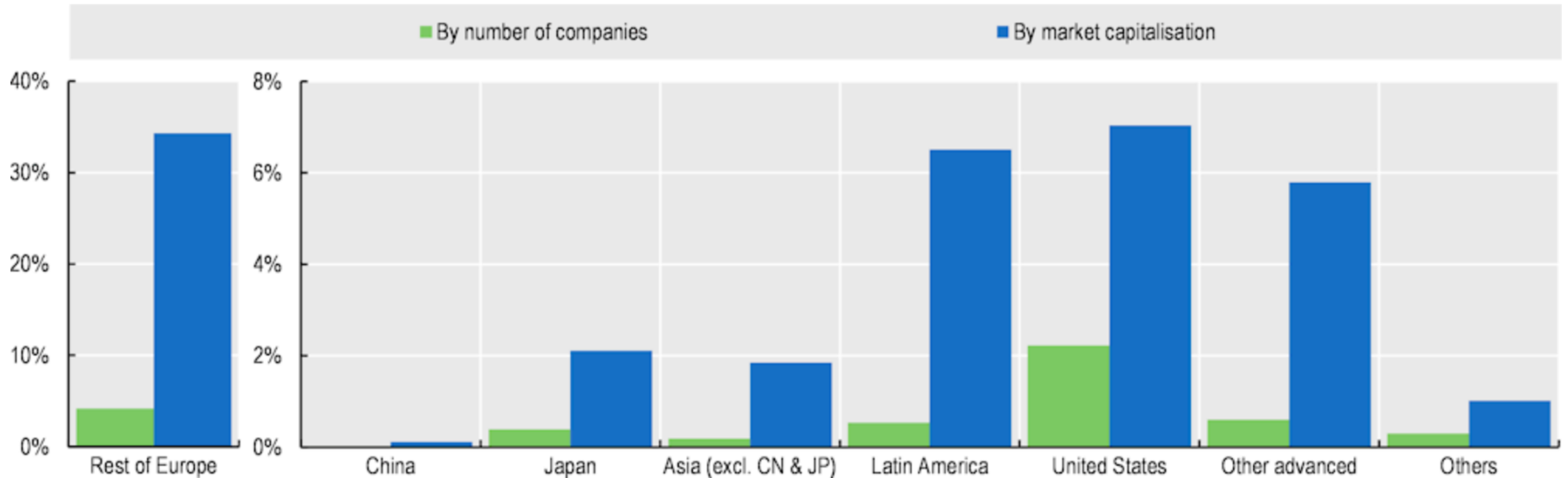
Scope and coverage

“Climate stick”

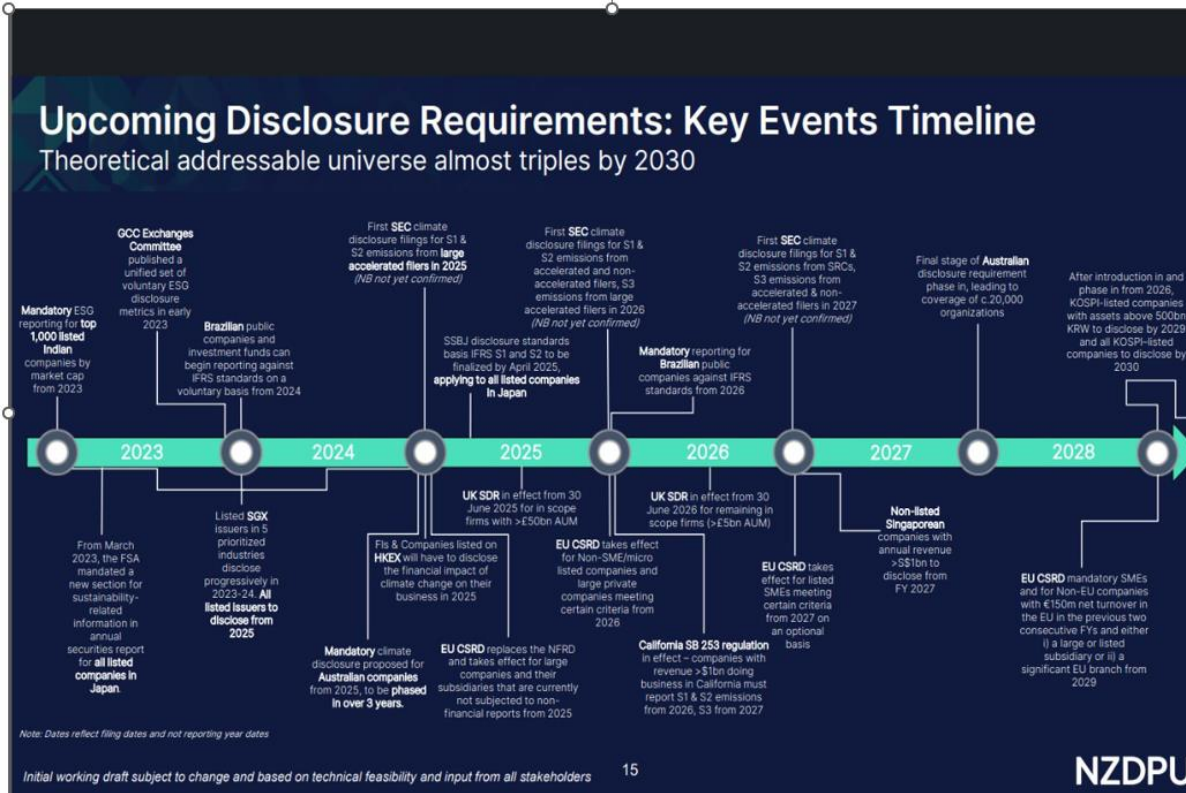
# State-Based Extraterritorial: EU effect

Figure 3.1. **Share of listed companies with net revenues above EUR 150 million in the EU**

CSRD's global impact may be more important in non-EU countries, the United States, and Latin America



# State-Based Extraterritorial: Global trend



## Key disclosure requirements timeline

Source: Net-Zero Data Public Utility (NZDPU)

# State-Based Extraterritorial: Critique

Pushback



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An unfair burden on other countries and their companies (climate injustice): Annual gains for the Global North, while countries of the Global South would lose.

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A protectionist measure that aims to secure the international competitiveness of European companies in violation of global trading rules.

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No authority to regulate emissions beyond the border

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“Anti-ESG Laws”





# Firm-Based Multijurisdictional Corporate Governance

# Firm-Based Multijurisdictional: Two actors



# Firm-Based Multijurisdictional: Limitations

Greenwashing

One size fits all

Other types of firms

Geopolitics



# Organization-Based Transnational Corporate Law and Governance

# Organization-Based Transnational: Future?

Whether in the future, these same international organizations, which are increasingly viewed as part of the Western world order, will be as impactful as they were in the past.

The rise of other organizations.

From global to regional?

- The UN institutions, the International Monetary Fund (IMF), the World Bank, the Organization for Economic Cooperation and Development (OECD), and others have been the “source of institutional innovation” for corporate law and governance around the world (international corporate law).
- International standard setters: the International Organization of Securities Commissions (IOSCO), the Basel Committee on Banking Supervision (Basel), the Financial Stability Board, the International Sustainability Standards Board (ISSB), etc.

# Taxonomy: Summary

## State-Based

- Is grounded on states' exclusive legislative capacity
- Key determinants: commercial leverage and regulatory gap

## Firm-Based

- Is driven by the enormous wealth and the massive worldwide presence of MNCs and multijurisdictional investors
- Agenda of states with the largest number of MNCs

## Org-Based

- Is the product of international organizations
- Collective action problem and erosion of trust

# Questions Remain



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Other pillars

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Factors and context for state extraterritorial reach

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Jurisdictions with extraterritorial potential

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Other types of firms (public sector)

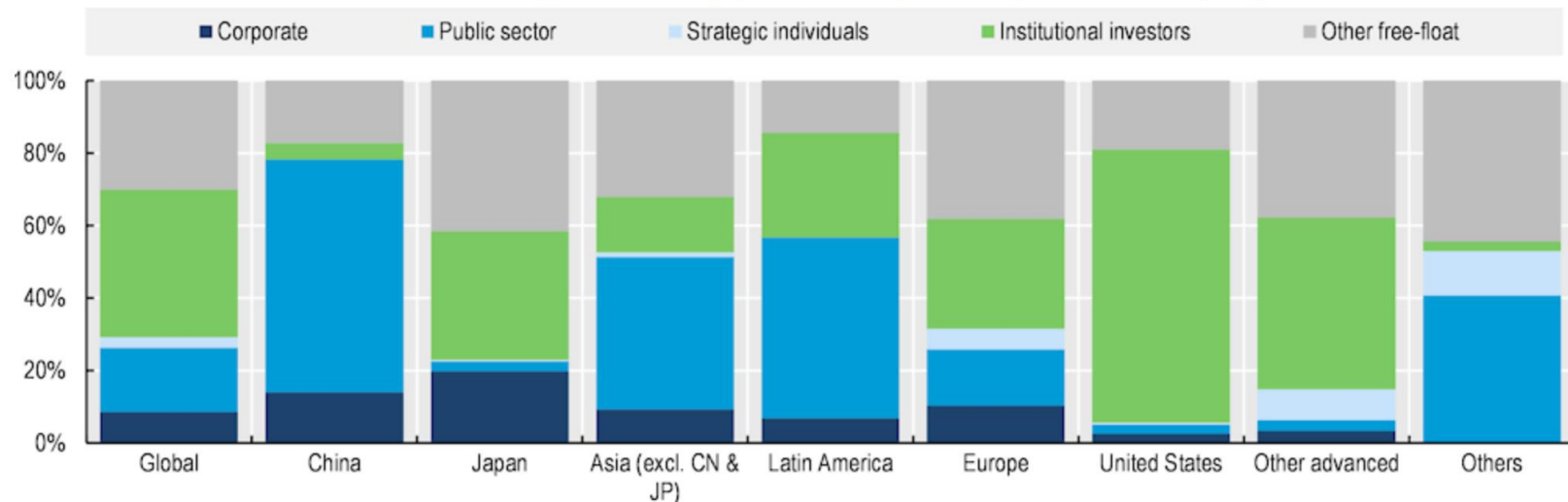
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Climate-related political divide and future of global corporate law and governance

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Figure 2.20. **Investor holdings of the 100 high-emitting companies**

Institutional investors hold the highest share of equity in top-emitting listed companies, followed by the public sector



Source: OECD Global Corporate Sustainability Report 2024



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Thank you for your attention 

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