Monthly Roundup

Georgeson

October 2016

Dear All,

Please find below a rundown of recent corporate governance news and developments that have taken place around the world:

Georgeson's 2016 Proxy Season Review – UK, France, Netherlands, Germany, Switzerland, Italy and Spain

› We have published **Georgeson's 2016 Proxy Season Review**: http://www.georgeson.com/uk/agm2016. "Georgeson has expanded the number of countries included in its 2016 Proxy Season Review, which was released by the strategic shareholder services provider today. As well as providing a wide-ranging analysis of corporate governance developments, quorum levels, meeting resolutions and recommendations from proxy advisors in the UK, France, the Netherlands, Germany and Switzerland, this year's report also includes Italy, Spain and Denmark. Cas Sydorowitz, CEO of Georgeson's Corporate Advisory business in Europe, said: 'Our annual report provides a unique insight into the issues affecting companies in the lead up to their AGM, with detailed analysis of shareholders behaviour. Its content reflects Georgeson's expertise in these key markets and our in-depth local client support and investor engagement services.'" Print copies are available upon request.

Shareholder Activism

› The Wall Street Journal reports that **SEC Proposal Eases Path of Dissidents Waging Campaigns for Corporate Boards**: http://www.wsj.com/articles/sec-to-vote-on-proposal-easing-path-of-dissidents-to-corporate-boards-1477491499. "Dissidents competing to join a company's board of directors would get a boost for their campaigns under a proposal approved Wednesday by the U.S. Securities and Exchange Commission. […] Currently, voters typically receive two sets of ballots, each featuring a rival slate of board candidates. Supporters of the move say the current arrangement favors companies, because shareholders voting by mail or electronically are forced to choose between a slate backed by management or another composed of dissidents. The SEC's proposal to allow 'universal ballots' would make it easier for investors to split their votes, picking some nominees backed by activist investors and others favored by management. Under existing rules, shareholders must attend a company's annual meeting in person to vote for candidates on both slates. Few individual investors do so." See here for the SEC announcement: https://www.sec.gov/news/pressrelease/2016-225.html.

› The Wall Street Journal reports **Meet the New Corporate Power Brokers: Passive Investors**: http://www.wsj.com/articles/the-new-corporate-power-brokers-passive-investors-1477320101. "The reversal is a reminder of who now has leverage over America's corporate boards. It increasingly belongs to investors such as Vanguard, pioneers of passive investment funds that track indexes instead of trying to beat the market like Wall Street's classic stock pickers. Passive funds are increasingly the default investing option for individuals and big pension funds alike. At the end of June, U.S.-based mutual funds and exchange-traded funds that track indexes owned 11.6% of the S&P 500, up from 4.6% a decade ago, according to a Wall Street Journal analysis of data from Morningstar Inc. and S&P Global Market Intelligence. Vanguard's U.S.-based passive funds owned 5% or more of only three S&P 500 companies at the end of 2005. By the end of June this year, that number had rocketed to 468 companies, or about 94%, according to the Journal analysis. […] Index funds say they routinely talk to companies and use data and research to make sure their approach to governance questions is best for their investments and all shareholders over the long haul. 'We're riding in a car we can't get out of,' said Vanguard's Mr. Booraem. 'Governance is the seat belt and air bag.'"

- Reuters reports that **Elliott push for Samsung makeover puts founding family plans under microscope**: http://uk.reuters.com/article/us-samsung-elec-elliottmanagement-idUKKCN1251FA. "Samsung Electronics Co shares jumped to a record high on Thursday after activist investor Elliott Management submitted unsolicited proposals for a radical corporate makeover at the world's biggest smartphone maker. An attempt by the U.S. hedge fund to wring change at South Korea's biggest conglomerate last year failed in acrimony. But investors and analysts said Elliott's latest move could open the way for the founding Lee family to embrace change, cementing its grip as it negotiates succession from its ailing patriarch to the next generation and a hefty inheritance tax bill. The approach […] by Elliott, which owns 0.62% of Samsung Electronics, came as the tech giant faced fresh claims of problems with its flagship Note 7 smartphone, with a report that a handset began smoking inside a U.S. plane."

- The Financial Times reports that **Activists push their agenda on boards with place holders**: https://www.ft.com/content/77d54d50-86a6-11e6-bcfc-debbef66f80e. "Activist investor Corvex Management has said it wants to seat 'A-team' level board members. But finding them is time-consuming. So when a deadline approached this summer to put up a slate of directors at $20bn energy pipeline company, Williams, Corvex founder Keith Meister did not look far to find his 10 nominees. The group he picked, including himself, were all employees of his company. Corvex is a hedge fund so, unsurprisingly, all were men. Alas, as fond as Mr Meister may be of his colleagues, he was only asking them to serve as 'place holders'. In the three months leading up to the November meeting and shareholder vote, he planned to identify suitable energy and management experts. Once his place holder team won the official board election, they would summarily resign and his bona fide picks would take those slots according to his securities filing. Mr Meister's straw men are just the latest creative manoeuvre by dissident investors attempting to muscle their agendas on to boards."

- The Daily Telegraph reports about **WANdisco founder in dramatic return a week after being sacked**: http://www.telegraph.co.uk/technology/2016/10/06/wandisco-founder-in-dramatic-return-a-week-after-being-sacked/. "The founder of WANdisco has retaken control of the technology company just a week after he was forced out after orchestrating a dramatic shareholder revolt that has seen its chairman, chief financial officer and senior independent director leave. David Richards, who was fired as chief executive by WANdisco chairman Paul Walker last Thursday morning after 11 years at the helm, announced he had returned to the post after rallying the company's biggest investors behind him."

- State Street Global Advisors has published a paper entitled **Protecting Long-Term Shareholder Interests In Activist Engagements**: http://newsroom.statestreet.com/press-release/corporate/state-street-global-advisors-calls-corporations-protect-long-term-shareholde. "Ron O'Hanley, president and chief executive officer of State Street Global Advisors (SSGA), the asset management business of State Street Corporation, today called on corporate boards to develop principles for engaging with activist investors to promote long-term value creation and sustainable economic growth. This comes in response to new research from a report by Lazard's Corporate Preparedness Group, showing that more companies are reaching quick settlements with activists and conceding board seats without input from other investors, including long-term shareholders like SSGA." The document is available here: https://www.ssga.com/market-commentary/protecting-long-term-shareholder-interests-in-activist-engagements.pdf.

Europe…

- The Financial Times published a comment entitled **In defence of corporate quarterly reports**: https://www.ft.com/content/88b393a6-741e-11e6-bf48-b372cdb1043a. "Most prominently, in 2013 the European Commission amended its Transparency Directive to abolish the requirement for quarterly reports by publicly traded companies in favour of semi-annual reports. After an impact assessment, the commission concluded that 'quarterly financial information is not necessary for investor protection'. But a recent study severely undermines the commission's conclusions. […] If regulators wanted to mitigate the problems of short-termism in listed companies more directly, they should adopt two measures. First, regulators should prohibit these companies from publicly projecting their earnings for the next quarter. These projections put undue emphasis on how well the company will do in the next three months. Second, regulators should push boards to distribute executive bonuses and stock grants based on the company's performance over the prior three to five years, rather than just the last year. Such an approach would incentivise executives to look beyond the current year to the longer term." Also see here: https://corpgov.law.harvard.edu/2016/10/10/the-eus-new-reporting-rules-creating-an-informational-vacuum/.

...and beyond

- ISS have launched their **2017 Benchmark Policy Comment Period**: https://www.issgovernance.com/iss-launches-2017-iss-benchmark-policy-comment-period/. "To ensure its benchmark voting policies take into consideration many perspectives, including the views of global institutional investors and those of the broader corporate governance community, ISS gathers input each year from asset owners and managers, companies, and other market constituents through a variety of channels and mediums. Following the release last month of its 2017 policy survey results, ISS is now making available for public comment certain proposed benchmark voting policy changes for 2017." European markets may be affected by the following draft policies. **Relating to all of Europe**: European Pay for Performance Methodology (https://www.issgovernance.com/file/policy/europe-u.k.-ireland-european-pay-for-performance-methodology.pdf). **Relating to Continental Europe**: Non-Executive Director Remuneration (https://www.issgovernance.com/file/policy/non-executive-remuneration.pdf) and Director Overboarding (https://www.issgovernance.com/file/policy/director-overboarding.pdf). **Relating to U.K. & Ireland**: Executive Remuneration (https://www.issgovernance.com/file/policy/uk-ie-exec-remuneration.pdf) and Audit and Remuneration Committee Composition for Smaller Companies (https://www.issgovernance.com/file/policy/uk-ie-committee-composition.pdf). **The open comment period closes at 6:00 p.m. ET on 10 November 2016.**

- Russell Reynolds have published their **Global Board Culture Survey**: http://www.russellreynolds.com/en/insights/thought-leadership/pages/global-board-culture-survey-understanding-the-behaviors-that-drive-board-effectiveness.aspx. "During the summer of 2016, 369 corporate (supervisory) large public company directors from a dozen countries participated in Russell Reynolds Associates' Global Board Culture Survey. The goal of the survey was to better understand the director behaviors that create a high-performing board culture and drive board effectiveness. Directors around the world were surprisingly consistent in the top five behaviors they named as key to a strong culture and an effective board. The survey showed that the attributes that define an effective director transcend cultural and national differences." The full document is available here: http://www.russellreynolds.com/en/Insights/thought-leadership/Documents/Russell%20Reynolds%202016%20Global%20Board%20Culture%20Survey.pdf.

- Reuters reports that **Economists from Britain, Finland win Nobel for research on pay, rewards**: http://www.reuters.com/article/us-nobel-prize-economics-idUSKCN12A0ZB. "British-born Oliver Hart and Finland's Bengt Holmstrom won the Nobel Economics Prize on Monday for work that addresses a host of questions from how best to reward executives to whether schools and prisons should be privately owned. […] Contract theory considers, for example, whether managers should get paid bonuses or stock options, or whether teachers or healthcare workers should be paid fixed rates or by performance-based criteria."

UK

- The Financial Times reports that **Funds vow to vote against appointments to boards lacking women**: https://www.ft.com/content/0fb269c4-8fb6-11e6-a72e-b428cb934b78. "Jupiter Asset Management and Old Mutual Global Investors have committed to vote against board appointments in companies that do not have enough women executives. Newton Investment Management, the Environment Agency Pension Fund and Eden Tree Investment Management have also made the same commitment, with other fund managers under pressure to improve the diversity of the companies in which they invest. The 30% Club, which campaigns for greater representation of women in corporate senior management, will call on Wednesday for more fund managers to follow suit and vote against board appointments in companies that show no progress." Jupiter's Head of Governance responded to the article (https://www.ft.com/content/359eb502-9169-11e6-a72e-b428cb934b78) by pointing out that "Jupiter has not 'pledged' to vote against board appointments in companies that do not have enough women executives. We have said that we 'may choose to do so'". The **30% Club Investor Group: Statement of Intent** is available here: https://30percentclub.org/assets/uploads/UK/Investor_Group/30__Club_Investor_Group_Statement_of_Intent_2016_FINAL.pdf.

- Legal & General Investment Management have published their **Principles on Executive Remuneration** (http://www.lgim.com/library/capabilities/LGIM_Summary_Pay_Principles.pdf) as well as a briefing on executive remuneration entitled **Mind the gap!**: http://www.legalandgeneralgroup.com/media-centre/press-releases/press_releases.asp?newsid=2962. "The pay disparity between top executives and the average worker has significantly widened. At the same time, there is little evidence that ratcheting up executive pay leads to better company performance. In this month's Fundamentals, titled 'Mind the Gap', Legal & General Investment Management (LGIM) publishes several practical steps to align pay with stakeholders' interests." The full briefing is available here: http://www.legalandgeneralgroup.com/assets/portal/files/Fundamentals_Oct_2016.pdf. The Guardian reports that **Legal & General warns firms over bonuses and pay: Insurer's fund manager arm calls for cap on director bonuses at two times salary and publish their CEO-staff pay ratio**: https://www.theguardian.com/business/2016/sep/16/legal-general-warns-firms-over-bonuses-executive-pay.

- The Investment Association has published their **Principles of Remuneration for 2016**: https://www.ivis.co.uk/media/12456/2016-Letter-of-introduction-for-Principles-of-Remuneration-Final.pdf. "The main changes are: 1) The Principles have been slimmed down to a set of high level issues and updated to reflect the recommendations of the Executive Remuneration Working Group. 2) The Principles have also been amended to acknowledge the need for increased flexibility of remuneration structures. 3) The Principles and Guidance have been updated to ensure that they do not promote a single remuneration structure. 4) The Principles have been updated to ensure that the level of remuneration has appropriate focus and that companies should disclose pay ratios between the CEO and median employee, and the CEO and the Executive team, to provide the context of the remuneration provided. 5) The Guidance includes a new section on the importance of improving shareholder consultation, ensuring that it is based on the strategic elements of remuneration and leads to consultation rather than affirmation of the company's position. 6) Post retirement shareholding guidelines have also been encouraged." The full document is available here: https://www.ivis.co.uk/media/12445/Principles-of-Remuneration-2016-Final.pdf.

- Bloomberg reports that **Hermes Proposes CEO Salary Cap for Biggest British Companies**: http://www.bloomberg.com/news/articles/2016-10-14/hermes-proposes-ceo-salary-cap-for-biggest-british-companies. "Hermes Investment Managers is proposing Britain's largest companies impose a ceiling on the salaries of their chief executive officers. The London-based money manager, owned by BT Pension Scheme, has sent draft proposals on pay to the remuneration committees of companies in the FTSE 350 Index, a spokeswoman confirmed Friday. The report will be published by the end of the month. […] Hermes is proposing that companies should publish the maximum that a CEO could earn, which would then be discussed with investors. 'We want to see simpler packages, lower variable pay, much higher shareholding requirements and stronger accountability of remuneration committees,' Hirt said. The company is also recommending that executives at FTSE 100 companies should hold shares valued at five times their base salary, higher than the level proposed by other fund managers."

- The Investor Forum has launched its **Collective Engagement Framework**: http://media.wix.com/ugd/1cf1e4_9b1448d328a143aa8d007ba8dab59669.pdf. "This is a step by step guide for investors which details how they can participate collectively with other investors through the Investor Forum, and within the confines of the law and regulatory regime, in order to address corporate governance and strategic concerns directly with company boards. This is a significant step in delivering one of the Investor Forum's key objectives to create an effective model for collective engagement and should enhance the UK's reputation as a global leader in governance and engagement practices." The **Collective**

Engagement Framework Summary is available here: http://media.wix.com/ugd/1cf1e4_2982e569543345c583d8db5707281fb6.pdf.

- The ICGN **has published a letter in response to the BIS Committee Corporate Governance inquiry**: https://www.icgn.org/sites/default/files/UK%20Parliament%20%25E2%2580%2593%20Corporate%20Governance%20Inquiry_0.pdf. "While binding votes provide the potential for shareholders to have a final say in a pay package, this effectively takes an operational decision away from the board and remuneration committee – which is not necessarily a good thing. It could also result in skewed engagement between companies and investors, focusing on remuneration over other strategic, financial and governance matters. [...] Board directors are collectively responsible for pursing the success of the company and should not act for any self interest or for any one constituent group. We would therefore be cautious about considering a more systematic introduction of workers to the boards of companies, and careful consideration would have to be given to the fiduciary responsibility of the employee director relative to the company and other constituencies, such as trade unions." For more details on the inquiry see here: https://www.parliament.uk/business/committees/committees-a-z/commons-select/business-innovation-and-skills/news-parliament-2015/corporate-governance-inquiry-launch-16-17/.

France

- The AFEP-MEDEF's **Haut Comité de Gouvernement d'Entreprise** (HCGE – "High Committee on Corporate Governance") has published its third annual **Rapport d'activité**: http://www.medef.com/medef-corporate/salle-de-presse/communiques-de-presse/communiques-de-presse/back/108/article/communique-de-presse-du-haut-comite-de-gouvernement-dentreprise-1.html. "The report presents the positions taken by the High Committee in the context of its consultations and interventions. It also includes an analysis of the corporate governance and remuneration disclosures provided in the annual reports of SBF 120 companies." The full document is available here: http://www.afep.com/uploads/medias/documents/Rapport_HCGE_2016.pdf.

Germany

- Responsible Investor reports that **Deutsche crisis shows failure of German corporate governance model, says Professor John Kay**: https://www.responsible-investor.com/home/article/deutsche_kay_feat/. "The respected economist says the collapse of investor confidence in Deutsche Bank, which has seen its shares plummet to multi-decade lows, reflects a failure of the German corporate governance model which is incapable of dealing with the 'arrogant management' of large businesses. Kay, whose UK-government commissioned Kay Review looked into the practices of short-termism in the UK capital markets, said that while the German corporate governance model had worked well for small and medium companies, recent corporate governance scandals had shown that this model did not work for larger businesses like Deutsche and Volkswagen. 'The way corporate governance works in Germany has strengthened the position of incumbent management, and this has worked very well for small and medium companies who have that freedom to develop effectively. But the very same system has shown that it is not capable of dealing with the arrogant management of large businesses. We have seen that at VW and we are now seeing that with Deutsche,' he told RI in an interview."

- Handelsblatt reports that **Deutsche Bank, Germany's embattled largest lender, faces yet another billion-dollar lawsuit**: https://global.handelsblatt.com/finance/taking-friendly-fire-629120. "For Deutsche Bank, Europe's largest investment bank that is already dealing with some 7,800 legal cases, another lawsuit might sound rather inconsequential. This time, however, the plaintiff is none other than one of the lender's main shareholders. The U.S. fund giant BlackRock, Deutsche Bank's second-biggest investor with a shareholding of just over 5 percent, is leading a new multi-billion dollar lawsuit brought by institutional investors. The group claims Deutsche Bank neglected its duties as the administrator of trusts that held residential mortgage-backed securities in the wake of the 2008-2009 financial crisis."

Netherlands

› Eumedion have published their **Eumedion Focus Letter 2017**: http://eumedion.nl/en/news/institutional-investors-urge-companies-to-report-on-impact-climate-change-and-paris-agreement. "The impact of climate change and of the Paris Climate Agreement is one of the main themes Eumedion participants will focus on during their dialogues with Dutch listed companies in the run up to the reporting and proxy season 2017. The themes are incorporated in the so-called Eumedion Focus Letter 2017 that was sent to the Dutch listed companies this week. Eumedion participants request all Dutch listed companies to provide an overview of the company's efforts to help deliver the goals of the Paris Agreement, accompanied by relevant data and targets. […] The second Eumedion focus point relates to board diversity and effectiveness. Eumedion participants expect companies to provide information on – amongst others – the board recruitment process, selection criteria and the company's diversity policy." The full focus letter is available here: http://eumedion.nl/nl/public/kennisbank/speerpuntenbrief/speerpuntenbrief-2017.pdf.

Switzerland

› The Financial Times reports that **Swiss court blocks Saint-Gobain move for Sika**: https://www.ft.com/content/0084f0c0-9d35-11e6-a6e4-8b8e77dd083a. "French industrial group Saint-Gobain's attempt to take over Switzerland's Sika has been blocked by a court ruling in the latest twist of a bitterly-contested saga that has raised concerns about corporate governance in the affluent Alpine country. In a decision late on Friday, a court in the Swiss canton of Zug said directors of locally-based Sika were entitled to block the company's family owners from selling their controlling stake to its French rival. The ruling followed clashes between the family and opponents of the deal – including Sika employees and board members – which began almost two years ago when Saint-Gobain offered to pay SFr2.75bn for the family holding. Their stake comprises 52 per cent of voting rights but just 16 per cent of the share capital."

› Ethos has announced that **Ethos and six Swiss pension funds found Ethos Engagement Pool International**: http://www.ethosfund.ch/en/news/dialog-with-companies-ethos-and-six-swiss-pension-funds-found-ethos-engagement-pool. "Following the success of the dialogue programme with companies listed in Switzerland, the aim is to extend the dialogue activities to the international level. Through collective engagement, the members of the group seek to raise awareness of companies with regard to corporate governance, as well as environmental and social responsibility best practice."

Sweden

› The Swedish Corporate Governance Board have published **the English translation of their 2016 Annual Report**: http://www.corporategovernanceboard.se/UserFiles/Archive/603/Annual_Report_2016.pdf. Additionally, they published a **New Instruction on companies' sustainability reporting and diversity policy**: http://www.corporategovernanceboard.se/UserFiles/Archive/613/Press_release_Instruction_3-2016.pdf. "The EU directive regarding disclosure of non-financial and diversity information by certain large undertakings and groups and the Swedish legislative changes made on the basis thereof causes some minor changes to the Code." The full document is available here: http://www.corporategovernanceboard.se/UserFiles/Archive/613/Instruction_3-2016.pdf.

Spain

› The Comisión Nacional del Mercado de Valores (CNMV), the Spanish market regulator, has published their **Annual Report on Corporate Governance** (*Informe Anual de Gobierno Corporativo*) and their **Annual Report on Remuneration** (*Informe Anual de Remuneraciones de los Consejeros*): http://www.cnmv.es/portal/verDoc.axd?t={447af240-7143-49f5-8832-272c09bf784a}. Highlights: "1) It is the first year in which companies must report on compliance with the recommendations of the new Code; 2) Recommendations were complied with 81.8% of the time; and, 3) 27% of companies followed 90% of the new Code recommendations, and two companies state that they complied with 100% of recommendations." The full documents are available here: http://www.cnmv.es/DocPortal/Publicaciones/Informes/IAGC_2015.pdf and here: http://www.cnmv.es/DocPortal/Publicaciones/Informes/IARC_2015.pdf.

United States

- The Wall Street Journal reports that **SEC Unveils Executive Pay Ratio Guidelines**: http://www.wsj.com/articles/sec-unveils-executive-pay-ratio-guidelines-1476987334. "The Securities and Exchange Commission issued its first guidelines for calculating pay ratios that compare executive compensation to that of the company's median employee. Companies are required to report this information in their proxy, registration and information statements, as well as annual reports for the first fiscal year beginning January 1, 2017. The rule is mandated by the Dodd-Frank law and was adopted in August 2015. The SEC, in an update on compliance and disclosure interpretations on Oct. 18, said companies must pick a date within the last three months of their fiscal year on which to assess their employee population. The worker count should include employees whose compensation the company or its subsidiaries determine, but exclude contract workers from unaffiliated third parties."

- The New York Times reports that **Executive Pay Clawbacks Are Gratifying, but Not Particularly Effective**: http://www.nytimes.com/2016/10/02/business/exclawbacks-are-gratifying-but-not-particularly-effective.html. "If the goal is to keep corporate executives honest, compensation clawbacks aren't doing the job. […] After the financial crisis, lawmakers went further, tasking the S.E.C. and other major financial regulators with writing new rules that would require companies to institute clawback policies of their own. Those rules are not yet final, and in testimony on Capitol Hill on Wednesday, Janet L. Yellen, the chairwoman of the Federal Reserve Board, said getting the rule on the books was a top priority. Most companies already have such programs in place. Nevertheless, actual clawbacks remain unusual. Even with its prosecutorial power, the S.E.C. has brought just 40 cases against top executives since 2011. Only 18 of those have generated cash payments from executives; some $17 million was returned to their companies. (Many of the cases are still being litigated.)"

- Bloomberg View columnist Luigi Zingales comments on **Where Was Wells Fargo's Board?** https://www.bloomberg.com/view/articles/2016-10-20/where-was-wells-fargo-s-board. "The scandal surrounding the opening of fake accounts at Wells Fargo illustrates a deeper dysfunction in the governance of U.S. companies: Corporate boards are failing at their job of overseeing management. If regulators can't address the problem, shareholders can and should. Despite years of evidence that a policy coming from the very top was driving illegal and abusive practices at Wells Fargo, the bank's directors were notable mainly in their passivity. They did not act in 2013, when the Los Angeles Times reported that bank employees were opening phony accounts to meet unrealistic sales quotas. They did not act in September, when Wells Fargo agreed to pay a $187.5 million fine and admitted to creating more than 2 million fake accounts. Only after CEO John Stumpf was excoriated in congressional hearings did they decide to claw back some of his compensation. Still, they never fired him – he resigned on his own."

- PwC have published their **2016 Annual Corporate Directors Survey**: http://www.pwc.com/us/en/corporate-governance/annual-corporate-directors-survey.html. "Our 2016 Annual Corporate Directors Survey highlights continued changes in the boardroom. Companies are facing disruption from new technologies, geopolitical turmoil, cyber threats, increased regulation, and more vocal investors. […] Meanwhile, a shift is happening in the boardroom. Investors have more influence on issues ranging from board composition and executive compensation to company strategy. How are boards responding and keeping up?" The full document is available here: http://www.pwc.com/us/en/corporate-governance/annual-corporate-directors-survey/assets/pwc-2016-annual-corporate--directors--survey.pdf while the "top 10 findings" are covered here: http://www.pwc.com/us/en/corporate-governance/annual-corporate-directors-survey/top-10-findings.html.

India

- Bloomberg reports that **Tata's Alleged Governance Lapses Said to Be Probed by India**: http://www.bloomberg.com/news/articles/2016-10-27/india-said-to-probe-alleged-governance-lapses-at-tata-group. "India's market regulator is looking into the boardroom tussle at the Tata Group for possible breach of corporate governance rules and listing regulations by companies in the salt-to-software conglomerate, two people with knowledge of the matter said. The Securities and Exchange Board of India is examining the letter written by ousted Chairman Cyrus Mistry that alleged financial irregularities and lapses in corporate governance, the people said, asking not to be identified as they aren't authorized to speak on the subject. The regulator will also check if companies made timely and adequate disclosures, the people said."

Japan

- The Financial Times reports that **Companies fail to buy into Japan's stewardship code**: https://www.ft.com/content/138e73b4-98d3-11e6-8f9b-70e3cabccfae. "Japan's stewardship code – launched in early 2014 as a critical weapon in the 'Abenomics' push to improve corporate governance – has been adopted by a grand total of just one non-financial corporate pension fund. The lonely-looking sign-up figure, say governance advocates, represents a 'demoralising shrug' by corporate Japan after nearly three years of government efforts to persuade company pension funds from across industries to back the stewardship code. Although the code has been signed by more than 150 asset managers working on behalf of company pension funds, banks and insurers, the symbolic absence from the signatory list of what should theoretically be thousands of corporate names – from Toyota, Panasonic and Sony downwards – threatens to undermine the code's effectiveness."

Taiwan

- The Taiwan Stock Exchange Corporation (TWSE) has released **amended Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies**: http://www.twse.com.tw/en/about/press_room/tsec_news_detail.php?id=19754. "In keeping with Taiwan's commitment to the highest possible standards of business ethics and integrity, the Taiwan Stock Exchange amended the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies in response to the latest G20/OECD Principles of Corporate Governance. The changes cover 22 articles relating to key corporate governance issues in Taiwan, and were announced on September 30, 2016."

Brazil

- The Associação de Investidores no Mercado de Capitais (Amec), the Brazilian Association of Capital Market Investors, **has published two letters addressed to ISS and Glass Lewis**: http://www.amecbrasil.org.br/en/cartaamecpresi-n-072016/ and http://www.amecbrasil.org.br/en/cartaamecpresi-n-082016/. "Our membership considers most of your recommendations to be well explained in your reports. However, there was a general feeling that your guidelines for Brazil are very brief, demanding many decisions on a case-by-case basis. While this may certainly be the best approach in many cases, we feel that companies and investors could benefit from a more detailed guideline – especially in controversial and YES-NO decisions, as we shall see below." The full letters are available here: http://www.amecbrasil.org.br/wp-content/uploads/2016/09/CARTA_PRESI_07_2016_Contribution_to_ISS_Voting_Guidelines1.pdf and here: http://www.amecbrasil.org.br/wp-content/uploads/2016/09/CARTA_PRESI_08_2016_Contribution_to_Glass_Lewis_Voting_Guidelines1.pdf.

If you have any comments or questions please do not hesitate to contact me.

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