Monthly Roundup

Georgeson

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Dear All,

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

Shareholder Activism

- The Telegraph reports that **AkzoNobel stands firm in bitter shareholder dispute by rejecting request for vote to oust chairman**: http://www.telegraph.co.uk/business/2017/04/25/akzonobel-stands-firm-bitter-shareholder-dispute-rejecting-request/. "Dulux owner AkzoNobel has continued to stand its ground in an increasingly acrimonious dispute with leading shareholders by rejecting a request to hold a vote on the future of its chairman. A group of shareholders, led by activist investor Elliott Advisors, had earlier this month requested an extraordinary general meeting to oust Akzo chairman Antony Burgmans over the paints giant's continued opposition to a takeover from US rival PPG Industries. But in the saga's latest twist, Akzo has now dismissed the request and condemned it as both 'irresponsible' and 'damaging'. The move was condemned within hours by Elliott, which said the rejection of the proposal was an 'egregious dismissal of shareholder rights' and was 'unprecedented in European corporate history'. Under Dutch law, shareholders with a stake of at least 10pc have the right to request a general meeting. Elliott and its fellow investors met the 10pc minimum, but Akzo said Dutch law also stipulates that the request must meet 'standards of reasonableness and fairness'. In a statement, Akzo said it has concluded that the request to remove Mr Burgmans does not meet those standards."

- The Financial News reports that **GAM rebuffs boardroom challenge from activist RBR**: https://www.fnlondon.com/articles/gam-rebuffs-boardroom-challenge-from-activist-rbr-20170427. "GAM has seen off an attempt by activist investor RBR Capital Advisors to stage a boardroom coup at its annual general meeting in Zurich today, but shareholders showed their discontent by voting against executive pay at the Swiss asset manager. The results of the firm's AGM come after a fierce battle with RBR, which owns 3.28% of GAM. The hedge fund has attacked GAM's chief executive Alexander Friedman for 'expensive and misguided acquisitions', saying earlier this month that 'a new CEO is required'. The activist also pushed to get its founder and chief investment officer Rudolf Bohli and two other candidates elected to the asset manager's board. That strategy failed today as shareholders rejected Bohli, Kasia Robinski, whom RBR had put forward as GAM's new chairman, and William Raynar. Instead, shareholders voted in Hugh Scott-Barrett as chairman to replace Johannes Gier, who is retiring."

- The Financial Times reports that **Elliott Management releases private Kleinfeld letter after CEO exit**: https://www.ft.com/content/a6699c00-259f-11e7-8691-d5f7e0cd0a16. "Activist investor Elliott Management has released a letter sent to its founder Paul Singer by the ousted chief executive of US engineering group Arconic that it claims was a veiled attempt to 'intimidate or extort' the hedge fund veteran over his celebrations at the 2006 World Cup. New York-based Elliott is the largest shareholder in Arconic and has been locked in a battle with the US engineering group over the direction of the company. The fund had sought to oust chief executive Klaus Kleinfeld, arguing the company has underperformed other industrial groups under his tenure. Mr Kleinfeld stepped down this week as chairman and chief executive after the company's board decided he had shown 'poor judgment' in writing the letter, which was sent last week. The letter is vague in making allusions to events at the World Cup and written at times in ungrammatical English."

- Reuters reports that **Corporate America's top shareholder referee gets tougher on activists**: http://uk.reuters.com/article/us-iss-activists-idUKKBN1710EH. "Institutional Shareholder Services Inc, the world's top proxy advisory firm, is making activist investors work harder than ever to earn its backing in corporate control battles in a shift being led by the new man in charge of its recommendations. Since Cristiano Guerra formally took over in January as the head of ISS's special situations research team, the firm's support for activists in proxy fights has fallen to 50 percent of the cases, compared with 60 percent last year, according to data from FactSet and Proxy Insight. Guerra became acting head on Sept. 1 of last year. While it is still early in his tenure, Guerra has indicated a greater willingness to challenge activist funds pushing for changes in corporate boards and strategies, according interviews with advisors, investors, and current and former colleagues."

- Proxy Monitor have published their **Proxy Season Preview: Shareholder Activism *en Marche***: http://www.proxymonitor.org/Forms/pmr_14.aspx. "This report gives a final review of shareholder-proposal activism in the 2016 proxy season and previews the 2017 season. […] Key findings include: 1) A very small number of shareholders sponsor most shareholder proposals. In 2017, three shareholders – John Chevedden, Kenneth Steiner, and James McRitchie – have sponsored more than one-third of all shareholder proposals. 2) Most shareholders are not engaged in shareholder-proposal activism. In 2016 and 2017 to date, no institutional investor has sponsored a shareholder proposal, except for those affiliated with a labor union or public-employee pension plan or those with a social-investing, public-policy, or religious purpose. Such institutional investors have sponsored only 1% of all shareholder proposals dating back to 2006. 3) Shareholder activism related to social and policy concerns is up. […] 4) Most large publicly traded companies are adopting proxy access, but they have some scope in how to structure these rules. […] 5) No shareholder proposal has received majority support to date in 2017. […]".

Europe…

- Norges Bank Investment Management has published a **Position paper on CEO remuneration**: https://www.nbim.no/en/transparency/news-list/2017/position-paper-on-ceo-remuneration/. "As a global investor, our main concern is that CEO remuneration should be value-creating for the company and shareholders. Our position is directed at company boards. The board should ensure that remuneration is driven by long-term value creation and align CEO and shareholder interests. The board should also develop pay practices that are simple and do not put undue strain on corporate governance, provide transparency on total remuneration to avoid unacceptable outcomes, and ensure that all benefits have a clear business rationale. We will invite peer investors to consider shared principles for effective remuneration, and we will discuss with boards how this general position could be applied, taking into consideration the company's specific circumstances." The full paper is available here: https://www.nbim.no/contentassets/474d914d7b9b4e538ed2efa60e206259/ceo-remuneration---position-paper---norges-bank-investment-management.pdf. Additionally, Investment & Pensions Europe reports **Pay CEOs in decade-locked shares, says Norway SWF**: https://www.ipe.com/countries/norway/pay-ceos-in-decade-locked-shares-says-norway-swf/10018406.article.

- The BPP Group Steering Group has announced its intention to **review the operation of the Best Practice Principles for Shareholder Voting Research**: https://bppgrp.info/2017-review-terms-reference/. "The purpose of the review is to assess the implementation and content of the Best Practice Principles, to ensure that they are achieving the original objectives, and to identify where there is scope to improve practice and transparency. […] The review also aims to ensure that the Principles are capable of being applied in all markets for which voting research and analysis is provided, and by all providers of such services. […] In order to gather the views of stakeholders, a public consultation will be held in the summer of 2017, and an advisory stakeholder panel established to provide input to the preparation of the consultation document and any subsequent revisions to the Principles. The review will be overseen by a steering group comprising representatives from the current signatories to the Principles and an independent chair, Chris Hodge (formerly Director of Corporate Governance at the UK Financial Reporting Council and chair of the European Corporate

Governance Codes Network)."

...and beyond

- The Organisation for Economic Co-operation and Development has published the **OECD Corporate Governance Factbook 2017**: http://www.oecd.org/daf/ca/corporate-governance-factbook.htm. "This 2017 edition of the OECD Corporate Governance Factbook is an important complement to the G20/OECD Principles of Corporate Governance. The Factbook tracks how countries are actually implementing the Principles, which offer a comprehensive set of recommendations to policy makers to support sound corporate governance frameworks. The OECD Corporate Governance Factbook supports the implementation of good corporate governance practices by providing an easily accessible and up-to-date, factual underpinning for understanding countries' institutional, legal and regulatory frameworks. Governments may use the Factbook to compare their own frameworks with that of other countries or to obtain information about practices in specific jurisdictions." The full document is available here: http://www.oecd.org/daf/ca/Corporate-Governance-Factbook.pdf.

UK

- The House of Commons Business, Energy and Industrial Strategy Committee has published its **Corporate Governance inquiry report**: http://www.parliament.uk/business/committees/committees-a-z/commons-select/business-energy-industrial-strategy/news-parliament-2015/corporate-governance-report-published-16-17/. "The Committee recommends a series of actions on executive pay, a new and stronger voluntary code of governance for private companies, better reporting by companies on how directors fulfil their duties and responsibilities and a major expansion of the role and powers of the Financial Reporting Council (FRC), with a new rating system for companies to be assessed for their corporate governance performance. On executive pay, the Committee calls for businesses to simplify the structure of executive pay and put an end to long-term incentive plans (LTIPs), which lack transparency and which can distort decision-making. The Committee also suggests workers be represented on remuneration committees and for the chairs of remuneration committees to be expected to resign if shareholders fail to approve the company's pay policy. The report calls for companies to explain their pay policies better, including by publishing pay ratios annually. On gender diversity, the Committee calls for the Government to set a target that from May 2020 at least half of all new appointments to senior and executive management level positions in the FTSE 350 and all listed companies should be women, and for companies to explain if they fail to achieve this ambition." The full report is available here: https://www.publications.parliament.uk/pa/cm201617/cmselect/cmbeis/702/702.pdf.

- The Financial News reports that **Legal & General gets feistier on pay**: https://www.fnlondon.com/articles/legal-general-gets-feistier-on-pay-20170404. "The UK's biggest shareholder seems to be getting feistier. In 2016, Legal & General Investment Management voted against management at company general meetings 10% of the time, up from 8% the year before – with more of its opposition based on pay. LGIM, which has £902 billion under management, voted at over 3,000 company meetings around the world during 2016. It went against the management line on at least one vote at 56% of the meetings, up from 52% the year before, the company said in its annual governance report, released today. The votes driving LGIM's opposition were primarily on remuneration for company bosses – but also on the composition of boards, including the number of women; corporate strategy, succession-planning or the lack of it, and finally, climate change – business moves to combat it, or to plan and adjust for it."

- The Financial Times reports that **AstraZeneca suffers shareholder rebellion on pay**: https://www.ft.com/content/87377a2a-2b29-11e7-9ec8-168383da43b7. "AstraZeneca suffered a significant protest among shareholders on pay as the Anglo-Swedish drugmaker said generic competition on key medicines dragged down sales in the first quarter. Almost 40 per cent of investors opposed the company's pay report for 2016 – in a non-binding vote – displaying dissatisfaction with a loosening of the conditions of a long-term incentive scheme. No new awards are being made under the scheme from this year. A binding vote on overall pay policy was supported by 96 per cent of shareholders."

- The Financial News reports that **Influential adviser tells Barclays investors not to re-elect Staley**:

https://www.fnlondon.com/articles/influential-adviser-tells-barclays-investors-not-to-re-elect-staley-20170427. "Barclays's chief executive Jes Staley could find himself under pressure at this year's annual general meeting after an influential corporate governance adviser said the bank's investors should not vote for his re-election. The recommendation from ISS follows the revelation earlier in April that the CEO had attempted to uncover the identity of a whistleblower at the bank last year. Staley is now being investigated over the matter by the Financial Conduct Authority and the Prudential Regulation Authority. In light of this, ISS said an abstain vote at the bank's May 10 AGM is 'considered warranted'." Additionally, City AM reports that **Barclays chairman Sir Ian Cheshire to reduce board commitments amid shareholder pressure ahead of AGM**: http://www.cityam.com/263708/barclays-chairman-sir-ian-cheshire-reduce-board-commitments. "Barclays chairman Sir Ian Cheshire is to reduce the number of boards he sits on amid investor unrest. Shareholder advisory groups have raised concerns over Cheshire and chief executive Jes Staley. Glass Lewis has advised investors to vote against the re-election of Cheshire, suggesting he may be 'over-boarded'. Institutional Shareholder Services (ISS) recommended that shareholders vote for Cheshire, but noted that his position was 'not without concern' because of his 'significant external time commitments'. A note said: 'This situation will be reviewed ahead of the next AGM.'"

› The Financial Times reports that **Aggreko pulls pay plan after investors resist**: https://www.ft.com/content/326a3796-2b59-11e7-bc4b-5528796fe35c. "Aggreko, the generator-hire company, has become the latest UK group to pull an executive pay plan after hitting resistance from investors. Shareholders in the FTSE 250 group were due to vote on Thursday on the package, which would have given directors shares equal to 75 per cent of their salary if they stayed at the company for three years, regardless of performance. But Aggreko opted not to put the proposal to a vote at the annual general meeting. Ken Hanna, chairman of Aggreko, said the board had decided not to proceed despite expecting the measures to be approved because it did not feel 'comfortable' introducing the package given the level of support from shareholders for the share award plan."

› Sky News reports that **BP slashes Dudley's maximum payout by £5m to avert new revolt**: http://news.sky.com/story/bp-slashes-dudley8217s-maximum-payout-by-1635m-to-avert-new-revolt-10823937. "Crucially, though BP has bowed to investors' demands to toughen the criteria for awarding bonuses to executives. Under the plans to be published this week, Mr Dudley will receive half his maximum annual bonus entitlement – about £1.66m, or 112.5% of his base salary – if the company achieves on-target levels of performance. Previously, he could earn 150% of his salary in short-term bonuses just for meeting those targets. City sources said the company had informed shareholders that it would also scrap the matching element of Mr Dudley's short-term incentive scheme, which meant that he could previously earn as much as an additional £2.2m annually by deferring the payment of up to two-thirds of the bonus award for three years. Excluding pension contributions and other payments, Mr Dudley's maximum annual pay over the next three years will be roughly £12.2m – comprising his salary, an annual bonus of £3.33m and an LTIP award worth up to £7.4m. That compares to a total package previously valued at up to £17.4m including the matching share awards – meaning that BP has axed more than £5m of potential pay for its chief executive."

› The Financial Times reports that **Reckitt Benckiser cuts CEO pay after investor revolt**: https://www.ft.com/content/cc5ac758-1533-11e7-b0c1-37e417ee6c76. "Rakesh Kapoor, the third highest-paid FTSE 100 chief executive in 2015, had his pay cut more than a third last year as Reckitt Benckiser bowed to shareholder pressure by denying him a bonus and slashing his long-term incentive benefits. Mr Kapoor received a total pay packet of £14.6m last year, according to the annual report from the maker of brands such as Air Wick fresheners, Durex condoms and Nurofen painkillers published on Friday, down from £25.5m in 2015. He would have been entitled to an additional £14m last year – mostly from a long-term incentive plan – had the remuneration committee not decided 'to exercise discretion' in curbing his pay, according to the report. The household goods company also said that when calculating Mr Kapoor's pay in the next two years, it would exclude the boost to earnings per share expected from the UK group's $17bn takeover of Mead Johnson, the US baby food group."

› Bloomberg reports that **U.K. Companies Are Disclosing Gender Pay Gaps and They're Huge**: https://www.bloomberg.com/news/articles/2017-04-24/u-k-companies-are-disclosing-gender-pay-gaps-and-they-re-huge. "As British companies prepare to make public the difference between what their male and female employees earn, early reports from a handful of companies have revealed pay gaps as high as 36 percent – twice the national average. Virgin Money disclosed that men who work at the bank earn, on average, 36 percent more than women. At asset manager Schroders Plc, the pay gap was 31 percent. Utility SSE Plc reported an average pay gap of 23.4 percent, and consulting firm PwC said it found a 15 percent difference in pay. The companies released the numbers ahead of a new law that requires companies to calculate the difference between the average and median hourly pay rates for all male and female employees, with and without bonus. All companies will be required to publish the results of their pay-gap analysis on their websites by April 2018, a measure that supporters say will help close the gulf in compensation."

France

› Le Monde reports (in French) that **Rémunération des patrons: les entreprises sous pression ("Executive remuneration: companies under pressure")**: http://www.lemonde.fr/economie/article/2017/04/15/remuneration-des-patrons-les-entreprises-sous-pression_5111735_3234.html. "The high season of annual general meetings, which has just begun, brings back under the spotlight the controversial theme of the executive remuneration. This is certainly a traditional area of controversy, but it risks deteriorating further in the middle of the highly charged presidential campaign. 'The remuneration of directors is the main topic of the 2017 general meetings, at the heart of both the concerns of public opinion and the requirements of shareholders,' said Bénédicte Hautefort, editor of L'Hebdo des AG. Several major international investors, starting with BlackRock and the Norwegian sovereign wealth fund, have said they intend to fight excesses."

› Les Echos reports (in French) that **La place de Paris réfléchit à des actions à droits de vote multiple ("The Paris stock exchange reflects on multiple voting shares")**: https://www.lesechos.fr/finance-marches/marches-financiers/0211992209502-la-place-de-paris-reflechit-a-des-actions-a-droits-de-vote-multiple-2081321.php#xtor=CS1-33. "The principle of 'one share-one vote' is no longer the golden rule for stock exchange listings. Facebook, LinkedIn, Alphabet, Alibaba or Snap have not applied it. Unlike a number of stock exchanges, the Paris Stock Exchange does not allow multiple voting shares. This situation could nevertheless change. The High Legal Committee (HCJ) has just begun to reflect on this point. This body, created under the impetus of the Autorité des marchés financiers (AMF) and the Banque de France, is responsible for proposing reforms to promote the legal competitiveness of the financial center of Paris."

Germany

› Reuters reports that **Munich Re shareholders reject management pay system at AGM**: http://www.reuters.com/article/munich-re-agm-pay-idUSFWN1HY0YL. "A majority of shareholders rejected German reinsurance group Munich Re's management pay policy on Wednesday, following criticism of the remuneration system by shareholder adviser Institutional Shareholder Services (ISS). Supervisory board Chairman Bernd Pischetsrieder said at the group's annual general meeting that shareholders representing only just over 34 percent of votes had approved the pay policy. ISS earlier this week said shareholders should vote against Munich Re's pay policy because it was not transparent enough and contained only vague information on management targets. The shareholder vote is not binding for Munich Re, but Pischetsrieder said the group would discuss the matter with ISS."

› The Financial Times reports that **Focus on executive pay expected to sharpen as German poll looms**: https://www.ft.com/content/f1733428-157c-11e7-b0c1-37e417ee6c76. "Along with pensioners making the most of free buffets, wrangling over executive pay is a fixture of German shareholder meetings. But this year the debates are likely to be sharper than ever. With a general election looming, Germany's Social Democrats, the junior partners in Angela Merkel's ruling grand coalition, have put forward a plan to rein in top executive pay at listed corporations. The SPD plans come as the shareholder voting season approaches in Germany and elsewhere. Pay has also risen up the agenda in Europe with the EU agreeing on rules that will give investors at listed groups a remuneration vote at least every four years. The SPD's law would limit tax deductibility of the pay of management board members to €500,000; let shareholders agree a maximum multiple for executive pay in relation to the average salary in a company; and give the supervisory board the right to reduce some payments in the case of misconduct or poor performance."

- Handelsblatt reports that **Deutsche Börse Shareholder Adviser Refuses to Back CEO**: https://global.handelsblatt.com/finance/deutsche-borse-shareholder-adviser-refuses-to-back-ceo-754881. "An influential advisory firm for Deutsche Börse shareholders has advised clients not to back the exchange's Chief Executive Carsten Kengeter at an annual shareholders meeting next month, Handelsblatt has learned. Glass Lewis said the failed merger with the London Stock Exchange and allegations of insider trading against Mr. Kengeter were enough reason for a vote of no confidence in management at the May 17 meeting. While such votes are non-binding in German companies, stiff resistance from shareholders will often force CEOs to resign. Glass Lewis criticized plans to clear management of responsibility for the failed LSE deal and encouraged shareholders to vote against the measure at the May meeting: 'We believe that, in light of the failed merger, there are differing views about the performance of the executive and supervisory boards,' the firm said in its recommendation, which Handelsblatt has obtained. The firm also highlighted an ongoing investigation by Frankfurt prosecutors into whether Mr. Kengeter engaged in insider trading related to the merger's initial announcement. Mr. Kengeter has denied the charges and hopes to get his name cleared, but Glass Lewis argued it would be unwise to issue a vote of confidence in the CEO while the investigation was ongoing."

- Bloomberg reports that **Daimler Shareholder Demands Right to Be Naked at Annual Meeting**: https://www.bloomberg.com/news/articles/2017-03-29/daimler-shareholder-demands-right-to-be-naked-at-annual-meeting. "Daimler AG's annual meeting threatened to veer off course for a second year after a shareholder pontificated on his right to be naked. Wilm Diedrich Mueller, well-known for pranking gatherings at companies ranging from Allianz SE to Bayer AG, used his allotted speaking time to criticize the board because he hadn't been invited to appear in 'species-appropriate attire.' In other words: his birthday suit. 'I'm grateful you didn't already put into action your understanding of species-appropriate attire,' Daimler Chairman Manfred Bischoff responded. 'My definition of species-appropriate attire and that of the broad majority of people here, is different than yours.'"

<u>Switzerland</u>

- Reuters reports that **Credit Suisse AGM approves executive bonuses despite opposition**: https://uk.reuters.com/article/uk-credit-suisse-gp-agm-idUKKBN17U1Z9. "Credit Suisse shareholders on Friday approved proposed compensation for its top managers and board of directors despite significant opposition to its decision to pay bonuses after a 2.7 billion Swiss franc (2.1 billion pounds) loss in 2016. Investors holding 59.6 percent of the voting rights supported short-term bonuses of 17 million francs for Credit Suisse's executive management team, down from 81.5 percent in the corresponding vote at last year's annual meeting. Senior management at Credit Suisse, Switzerland's second-biggest bank, had volunteered a 40 percent cut in their bonuses amid unrest over the pay packets. The board of directors also offered to freeze their pay."

- Reuters reports that **GAM shareholders veto execs' bonuses**: http://www.reuters.com/article/gam-holding-agm-bonuses-idUSL8N1HZ5C8. "GAM Holding shareholders on Thursday blocked up to 16 million Swiss francs ($16.1 million) in bonuses for the Swiss asset manager's senior management, the strongest example yet of a backlash in Switzerland over executive pay. It is apparently the first time in Switzerland that shareholders have blocked bonuses for senior management, according to shareholder advisory group Ethos. The run-up to GAM's annual general meeting (AGM) had been dominated by a campaign from activist investor RBR Capital Advisors to gain three GAM board seats, part of a broader effort to cut costs at GAM and replace the chief executive."

<u>Ireland</u>

- The Irish Times reports that **Advisory firm says main shareholder in Glanbia has too much sway**: http://www.irishtimes.com/business/agribusiness-and-food/advisory-firm-says-main-shareholder-in-glanbia-has-too-much-sway-1.3056802. "The main shareholder in listed agribusiness group Glanbia holds too much sway over the company's board, according to an influential advisory firm, which has urged investors to reject the re-election of three directors at the company's upcoming annual general meeting. Institutional Shareholder Services (ISS), which advises major investment firms on corporate governance issues, has recommended that shareholders vote against the re-election of Glanbia's chairman Henry Corbally and fellow co-op representatives on the board Martin Keane and Patrick Murphy at the group's AGM in Kilkenny on Wednesday. All three are members of the major shareholder – the Glanbia Co-operative Society. ISS noted that the three serve as non-independent members of the group's audit and remuneration committees, which is contrary to best practice guidelines for corporate governance."

Denmark

› FinansWatch reports that **Institutional investors are increasingly active at AGMs**: http://finanswatch.dk/asset_management/article9462270.ece. "And interest in the general assemblies, also known as AGMs, is increasing, especially among institutional investors. 'What we're seeing is that there's significantly more capital present at general assemblies today than earlier on. This doesn't mean that there are necessarily more people present, but the ones attending represent larger amounts than before,' says Michael Kjøller-Petersen, Chief Executive for Computershare in Denmark. According to Kjøller-Petersen, this is due to a growing number of professional investors showing up to exert active ownership, either by way of actual voting, or by putting forward comments and requests from the rostrum. […] When investors vote, typically remuneration and bonus schemes draw the most votes both for and against. But in Georgeson's review for Computershare, it appears that subjects such as stock buybacks, issuance of new stock, and changes in regulations give rise to activity among investors in Danish companies. According to Danish law, companies are required to put remuneration for board members and top management up for a vote at the annual general assembly. And while Danish remuneration levels have typically been lower than in e.g. British or American companies, that is changing, says Kjøller-Petersen."

Italy

› Reuters reports that **Italy orders Vivendi to cut stake in either Telecom Italia or Mediaset**: http://www.reuters.com/article/us-mediaset-vivendi-regulator-idUSKBN17K2HS. "An Italian regulator ordered French media group Vivendi on Tuesday to cut its stake in either Telecom Italia or broadcaster Mediaset within a year, ruling it was in breach of rules designed to prevent a concentration of power. Vivendi, which aims to build a media empire in southern Europe, is the biggest single shareholder in Italy's main telecoms firm, with 24 percent, and recently acquired 28.8 percent of Mediaset, the country's biggest private broadcaster. In its ruling, communications authority AGCOM found Vivendi exercised significant influence over both firms and was therefore in breach of the anti-trust rules. It threatened to fine Vivendi an amount equal to between 2 and 5 percent of its revenues unless it complied with the divestment. The authority did not say how much Vivendi would need to divest in either company but ordered the French group to present it with a 'specific plan of action' within 60 days."

United States

› The Financial Times reports that **Wells Fargo record shareholder rebellion does not mark end of woes**: https://www.ft.com/content/33e0efc4-29f2-11e7-9ec8-168383da43b7. "The shareholder vote against Wells Fargo directors on Tuesday was larger than anything seen at a big US bank during the financial crisis – but without Warren Buffett's help the rebellion would have been even bigger. For four board members, only the support of the billionaire investor's Berkshire Hathaway prevented them from being removed from office in the wake of the bank's bogus accounts debacle. Chairman Stephen Sanger, who received backing from only 56 per cent of total votes cast at the bank's fiery annual meeting, was among those saved by Berkshire. Wells's biggest shareholder used its 10 per cent stake to vote in favour of all 15 directors, even though the share price drop that followed the revelations about its sales practices cost the bank its status as the world's most valuable." Additionally, BBC News reports that **Wells Fargo claws back another $75m from former bosses**: http://www.bbc.co.uk/news/business-39556808. "Wells Fargo has clawed back a further $75m (£60.3m) from two former executives in the wake of a fake accounts scandal. Former boss John Stumpf will give back $28m, while Carrie Tolstedt will lose share options worth $47m."

- Bloomberg reports that **Shareholder Advocacy Shut Down in Republican Plan**: https://www.bna.com/shareholder-advocacy-tool-n57982086844/. "A shareholder tool used to advocate for changes in corporate behavior would be effectively shut down under the latest Republican plan to roll back the Dodd-Frank Act. U.S. House Financial Services Committee Chairman Jeb Hensarling wants to require anyone seeking to put a proposal on the corporate ballot to hold a minimum of 1 percent of a company's outstanding stock for three years. Currently, shareholders with as little as $2,000 in shares for a year or more can do so." Additionally, the Council of Institutional Investors announced that **Institutional Investors Oppose Key Provisions of the Financial CHOICE Act**: http://www.cii.org/choice_act_press_release. "In a letter delivered today to House Financial Services Committee Chairman Jeb Hensarling and Ranking Member Maxine Waters, CII outlines troubling ways that the Financial CHOICE Act threatens fundamental shareholder protections. In particular, CII is alarmed by provisions that: 1) Set prohibitively costly hurdles on shareholder proposals. […]; 2) Roll back curbs on abusive pay practices. […]; 3) Restrict the right of shareholders to vote for directors in contested elections for board seats. […]; 4) Create an intrusive new regulatory scheme for proxy advisors that provide shareholders with independent research they need to vote responsibly. […]; 5) Shackle the Securities and Exchange Commission (SEC) with excessive cost-benefit analysis requirements. […]"

- Pensions & Investments reports that **BlackRock opposes shareholder proposal critical of firm's proxy voting on executive compensation**: http://www.pionline.com/article/20170418/ONLINE/170419868/blackrock-opposes-shareholder-proposal-critical-of-firms-proxy-voting-on-executive-compensation. "BlackRock's board of directors recommended voting against a shareholder proposal critical of the money manager's proxy voting on executive compensation at companies in which it invests, the company's proxy statement disclosed. The proposal, which calls for a re-evaluation of BlackRock's proxy-voting policies, states that BlackRock approved 99% of votes on CEO pay packages in the year ended June 30. 'This level of support was higher than that of other investment managers; the average approval rating of 200 fund families was 89% support,' it said. BlackRock, in its recommendation to vote against the proposal, said a nearly identical proposal at its 2016 annual meeting was voted down by 95% of shareholders. 'We do not believe that additional reporting on the stewardship team's approach to compensation policies is warranted or would add value to our shareholders' understanding of the stewardship team's approach to compensation. We are also concerned that the shareholder proposal, if implemented, would place undue emphasis on the voting record of the stewardship team and jeopardize their ability to engage with companies on behalf of BlackRock's clients,' the company said in the April 13 proxy statement. In 2016, Institutional Shareholder Services, Glass Lewis, the C$175.6 billion ($132 billion) Ontario Teachers' Pension Plan, Toronto, and $133.2 billion Texas Teacher Retirement System, Austin, all opposed the previous shareholder proposal. BlackRock's annual meeting is May 25 in New York." Additionally, the Financial Times reports that **Larry Fink pay hits $25m despite BlackRock calls to curb excesses**: https://www.ft.com/content/1428bdda-2108-11e7-a454-ab04428977f9.

- The Financial Times reports that **All-male boards in the US face investor backlash**: https://www.ft.com/content/2b915d48-1f81-11e7-a454-ab04428977f9. "Britain's largest asset manager has pledged to start voting against directors at US companies that have failed to appoint a woman to their board, as investors become increasingly frustrated by the continued prevalence of male-dominated boardrooms. Legal & General Investment Management, the London-based fund company that oversees $1tn of assets, has toughened its voting stance after deciding that simply urging US companies to take action on board diversity has not delivered results. […] According to S&P Dow Jones, the index provider, four S&P 500 companies still have an all-male board: Coty, the beauty products manufacturer; Dentsply Sirona, the dental equipment company; PayChex, a provider of human resources services; and TransDigm Group, the manufacturer of parts for commercial and military aircraft. Another 177 companies in the S&P 1500 index, and 18 companies in the MSCI USA index of America's 622 biggest businesses, have no female directors."

Canada

- CBC News reports that **Anger over Bombardier executive pay puts leaders in Quebec, Ottawa in**

tight spot: http://www.cbc.ca/news/canada/montreal/bombardier-justin-trudeau-philippe-couillard-pay-raise-1.4053138. "The reaction underscores the delicate position that Bombardier has created for the federal and provincial politicians who have poured hundreds of millions of dollars into the aerospace company in the past year – funding that spared it the ignominy of filing for bankruptcy. In promptly deciding to award themselves a nearly 50 per cent pay raise, Bombardier's senior executives sparked sharp public backlash. So deep was the anger, the executives agreed over the weekend to forgo a portion of the raise until 2020 and make it contingent on meeting performance targets. Now politicians in both Quebec City and Ottawa, who once boasted of their investments in the company's CSeries business jet program, are struggling to demonstrate to the electorate that they understand the outrage."

Israel

- The Financial Times reports that **Teva investor warns of rebellion as pressure mounts**: https://www.ft.com/content/133847c0-1734-11e7-a53d-df09f373be87. "Teva Pharmaceuticals, the Israeli drugmaker, will face a shareholder rebellion unless it nominates new directors with significant pharmaceuticals experience, a prominent activist investor has warned as the company comes under mounting pressure. The world's largest producer of copycat off-patent medicines has been the subject of sustained investor criticism in recent months, after it pressed ahead with the debt-fuelled $40bn acquisition of Allergan's generic drugs business last year. Some shareholders and analysts had warned it was vastly overpaying for the asset at a time when the price of generic medicines was falling. Teva in February parted ways with its chief executive, Erez Vigodman, and appointed Sol Barer, the veteran biotech executive, as its chairman, tasked with leading the search for the company's third chief executive since 2013. Benny Landa, a prominent activist investor in Teva, suggested new management would not be enough to satisfy shareholders and called for the company to nominate new directors who are well-versed in the drug making industry. Few people on the company's 11-member board have experience in pharmaceuticals, and four are up for re-election this year."

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

Kind regards,

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