



March 2017

Dear All,

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

Shareholder Activism

- > The Financial Times reports that **Akzo Nobel investors back call for talks with PPG**: <https://www.ft.com/content/667e928c-13c8-11e7-b0c1-37e417ee6c76>. "Investors representing almost 25 per cent of Akzo Nobel's share capital want the Dutch group to engage with US rival PPG Industries in its €22.4bn pursuit of the company, according to a survey commissioned by activist hedge fund Elliott Advisors. Elliott, which owns more than 3 per cent of the paints and coatings company, has been among the most vocal shareholders demanding that management at Akzo Nobel sit down with PPG. The board of Akzo Nobel dismissed two offers in three weeks, citing factors such as potential job cuts, antitrust concerns and a poor cultural fit between the two businesses."
- > Reuters reports that **Hedge fund TCI intensifies pressure on Safran to scrap \$9 billion Zodiac deal**: <http://www.reuters.com/article/us-zodiac-aero-safran-tci-idUSKBN16M1EA>. "Pressure on France's Safran to rethink its proposed \$9 billion takeover of Zodiac Aerospace intensified on Wednesday as a profit warning sent the target's shares tumbling and hedge fund TCI called for Safran's chairman to be ousted unless it abandons the deal. Zodiac shares were down 16 percent at 23.07 euros by 1259 GMT, well below Safran's offer price of 29.47 euros. Safran shares were down 0.6 percent. Paris-based Zodiac disclosed new cost overruns and slashed its earnings guidance late on March 14, with the manufacturer of aircraft interiors saying it expects annual core operating income to fall by about 10 percent, against a previous forecast of a 10-20 percent increase. [...] Nevertheless, investor TCI – which owns about 4 percent of Safran and is also a shareholder of Zodiac – said in an open letter to Safran chairman Ross McInnes that it would urge shareholders to oust him unless the takeover is abandoned."
- > The Lex Column discusses **Arconic/Elliott**: <https://www.ft.com/content/d0e4983c-1018-11e7-b030-768954394623> "When Alcoa bought aerospace parts business Firth Rixton from private equity firm Oak Hill in 2014, it agreed to settle the working capital levels in the business later. It turned out that Firth Rixton owed Alcoa on that working capital claim. Last August, before the Alcoa separation and Elliott agitation, the parties settled. Per the compromise, Oak Hill agreed to vote its 2 per cent stake in Arconic in support of management's candidates for the board for two years. Those votes could matter. Elliott is putting up its own candidates against the company's. The arrangement was only disclosed in Arconic's recent proxy filing. Elliott refers to it as a 'vote buying' plot and demands an investigation about who at Arconic/Alcoa knew what and when. It makes sense for Elliott to appear as indignant as possible given the governance fight raging. Its underlying concern remains reasonable, however. While the benefit of the voting agreement accrues to the incumbent board of directors, not shareholders, what was given to Oak Hill to secure those votes belongs to the company's owners."
- > Asian Investor reports that **GPIF calls for shareholder activism – Japan style**: <http://www.asianinvestor.net/article/gpif-calls-for-shareholder-activism-japan-style/434705> "The chief investment officer of Japan's Government Pension Investment Fund has urged asset managers to engage

local companies' management in a more vigorous debate about corporate governance. The world's largest retirement fund started buying more equities in 2014, marking a dramatic policy shift in search of better performance. It recorded a record quarterly gain in its fiscal third quarter which ended in December. GPIF has been leading the way domestically in terms of raising overseas allocations – it is now looking to set another example by leaning on its asset managers to push for higher returns for Japanese pensioners.”

- › Bloomberg reports that **Ackman Sells Valeant Stake After at Least \$2.8 Billion Loss:** <https://www.bloomberg.com/news/articles/2017-03-13/valeant-falls-as-bill-ackman-sells-out-departs-company-s-board>. “Bill Ackman has finally conceded defeat on Valeant Pharmaceuticals International Inc. After waging a costly and outspoken public defense of the controversial drugmaker, its once-biggest champion sold his entire stake in the company at a loss and said he will leave the board. Precise figures are hard to come by, but public filings suggest that Ackman's Pershing Square Capital Management may have lost \$2.8 billion just on the Valeant shares it owned at the end of 2016, with overall losses likely to be much higher. The shares have plunged more than 90 percent from their peak. Billionaire Ackman's big, concentrated bets and brash personality have made him one of the most polarizing names in investing. His decision to give up on Valeant, a favorite among hedge-fund types before probes into its business practices, accounting and drug pricing caused a collapse in the shares, comes after a lengthy campaign to turn around the company and salvage his investment.”

Europe...

- › Reuters reports that the **EU adopts rules to curtail executive pay, avoid short-term investing:** <http://uk.reuters.com/article/us-eu-markets-pay-idUKKBN16L1G0>. “Shareholders in listed European Union companies will have a greater say in setting executive pay under new rules adopted by EU lawmakers on Tuesday. Investors in the more than 8,000 listed companies on EU markets will be able to issue binding votes on remuneration policies, although EU states are free to make this advisory and will have about two years to enact them in national law. The Parliament's vote came after a deal reached in December with representatives of the 28 EU states on measures which are also meant to encourage long-term investment in listed firms by asset managers, insurers and pension funds and avoid short-termism.” See here for the official announcement: <http://www.europarl.europa.eu/news/en/news-room/20170308IPR65673/stronger-rights-for-shareholders-in-eu-companies>.
- › The Financial News reports that there is a **'Huge gulf' in fund managers' responsible investment standards:** <https://www.fnlondon.com/articles/huge-gulf-in-fund-managers-responsible-investment-standards-20170313>. “Some of Europe's biggest asset managers have been called out by a pressure group for failing to be clear about fees, and being uncommunicative on responsible investment issues, such as the way they vote at company AGMs. The UK lobby group ShareAction conducted research on 40 managers overseeing €21 trillion (\$22.3 trillion) between them, ranking them out of 90 on responsible investment criteria. It put the Spanish fund manager BBVA Asset Management, Swedish financial group SEB and Germany's Union Investment at the bottom of its list. But Schroders, Robeco Group of the Netherlands and Aviva Investors scored top marks. ShareAction assessed the fund managers on transparency – including the accessibility of information on voting and engagement with companies they invest in, and information on fees charged to investors – and then sent managers a questionnaire asking them to explain how their investment process incorporates ESG factors.” See here for the report: <https://shareaction.org/press-release/benchmark-finds-vast-gulf-in-responsible-investment-performance-at-european-asset-management-firms/>.

...and beyond

- › Bloomberg Briefs reports that **BlackRock Finds Shareholder Action Goes Both Ways:** https://newsletters.briefs.bloomberg.com/document/ZAq33YrjbIsCER50poBT1g--_9ez25goq72ezes8vkh/front. “A group of smaller long-term investors led by Walden Asset Management and the Center for Community Change, along with the City of Seattle Employees' Retirement System and First Affirmative Financial Network, notched a victory Monday when the \$5 trillion asset manager said it would prioritize talking with companies on climate risk, gender balance on boards and other long-term strategic issues, and vote against their directors

when it feels the companies are not acting. The small shareholders, overseeing about \$3.5 billion, had submitted a proposal ahead of BlackRock's annual meeting in May, asking the firm to clarify its proxy voting policies. Walden said Monday that it withdrew the proposal after BlackRock clarified its engagement and proxy voting priorities."

- > The Financial News reports that **State Street to vote against companies that lack female directors:** <https://www.fnlondon.com/articles/state-street-to-vote-against-companies-that-lack-female-directors-20170307>. "Funds giant State Street Global Advisors is embarking on a push to get large firms to put more women on their boards by voting against directors if they fail to make female appointments, The Wall Street Journal reports. SSGA, which manages \$2.47 trillion and is known for its index funds business, will not set exact quotas for female representation on company boards, but the firm must prove it had attempted to diversify. It wants companies it invests in to identify problems with their nominating procedures that may contribute to a lack of female board members. The fund manager plans to give most firms in the Russell 3000, FTSE 350 and S&P/ASX 300 a year to make changes before voting against the re-election of heads of committees that nominate new board members."
- > The Street reports that **BlackRock Calls for Gender Balance in the Boardroom:** <https://www.thestreet.com/story/14040897/1/blackrock-calls-for-gender-balance-in-the-boardroom.html>. "BlackRock, the world's largest asset manager, said it will be putting pressure on companies to address boardroom diversity as part of a series of initiatives for 2017-2018 that the company's 30-member Investment Stewardship team will discuss with portfolio companies. The New York-based firm, with \$5.1 trillion under management, said board composition, effectiveness, and accountability remain a top priority, and that it plans to engage companies in a constructive manner. 'More specifically, over the coming year, we will engage companies to better understand their progress on improving gender balance in the boardroom,' the firm said on its website on Monday. 'Diverse boards, including but not limited to diversity of expertise, experience, age, race and gender, make better decisions.'" See here for **Blackrock's engagement priorities for 2017-2018:** <https://www.blackrock.com/corporate/en-us/about-us/investment-stewardship/engagement-priorities>.

UK

- > **Centamin board re-appoints director immediately after he is voted off the board at the AGM:** <http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/CEY/13166128.html>. The FTSE 250 gold mining company states that: "It is noted that 64.29% of the votes were cast against the re-appointment of Trevor Schultz as a director (Resolution 4.4) and therefore this resolution has not been passed. [...] The nomination committee, in the absence of Trevor Schultz, has recommended the re-appointment of Trevor Schultz to the Board. In turn, the Board has unanimously resolved to appoint Trevor to the Board as a non-executive director, with immediate effect. Trevor will be re-appointed to his existing roles as chairman of the HSES committee and member of the nomination committee but will not re-join the remuneration committee."
- > The Guardian reports that **Crest Nicholson to pay bonuses despite rejection of remuneration report:** <https://www.theguardian.com/business/2017/mar/23/crest-nicholson-shareholders-reject-pay-deal-for-directors>. "Shareholders in Crest Nicholson, one of the largest housebuilders in Britain, have voted against a pay deal for the company's directors because of concerns that the performance targets were too easy. The rebellion means Crest Nicholson is the first major company this year to see investors reject its remuneration report, which is a major embarrassment. More than 58% of votes cast by shareholders at Crest Nicholson's annual meeting on Thursday were against the pay deal. The housebuilder said after the meeting that it still planned to pay out the controversial bonuses at the centre of the pay row."
- > The Daily Telegraph reports **Sports Direct accuses lobby group of 'fake news' over executive pay claims:** <http://www.telegraph.co.uk/business/2017/03/15/sports-direct-accuses-lobby-group-fake-news-executive-pay-claims/>. "Sports Direct said that a report by Pensions & Investment Research Consultants (Pirc) 'incorrectly claims that Sports Direct had a chief executive-to-average employee pay ratio of 400:1, the second highest in the FTSE 350.' Sports Direct said that the data was 'incorrect' and based on a bonus

entitlement accrued by former chief executive Dave Forsey, but was never paid out. Mr Forsey's £3.6m bonus had been waived in June last year after the sportswear giant missed profit targets and had come under fire for not paying warehouse staff the minimum wage. [...] However, Pirc said the data was used based on data from August 2015 to 31 July 2016 and Sports Direct had been given the opportunity to question the analysis prior to its report of the most highly paid chief executives. 'The remuneration policies that led to Pirc's analysis were only subsequently amended.'"

- > The Financial Times reports that **Shareholders ready to show their hand over executive pay:** <https://www.ft.com/content/5c031f44-13a5-11e7-80f4-13e067d5072c>. "So far, three FTSE companies have withdrawn schemes in the face of shareholder opposition to awards. In January **Imperial Brands**, the tobacco group, dropped its plan to pay chief executive Alison Cooper £8.5m, £3m more than the year before. FTSE 250 companies **Chemring**, the defence group, and storage provider **Safestore**, have also retreated from new incentive schemes. Travel group **Thomas Cook** abandoned plans to pay its boss a bonus worth 225 per cent of his salary. And close to 60 per cent of **Crest Nicholson's** shareholders voted against the housebuilder's remuneration report last week in protest at its tinkering with hurdles on incentives. A new mood on executive awards has already swept through Europe. Last year investor support for pay proposed by German companies dropped from 90 per cent to 76 per cent for large companies. Opposition has also increased in the Netherlands, Switzerland and France 'because executive pay is seen to have become excessive,' says Georgina Marshall, head of research at voting adviser, ISS." (emphases added)
- > The Sunday Times reports that **Boards need to engage with a wider world than investors:** <http://www.thetimes.co.uk/article/boards-need-to-engage-with-a-wider-world-than-investors-zhh63276g>. "What that something is remains open to debate, but there are three clear issues that the government wants addressed: executive pay; the connection between businesses and their broader stakeholders; and whether private companies need to be subject to the same scrutiny. Add to that the broader issue of representation. Company boards will need to work even harder to recruit more women, more people from different ethnic backgrounds and individuals with a broader range of experience more generally. Fund managers are alive to these issues. They have understood that May's threats are serious. That is why BlackRock, in particular, is taking a militant attitude to executive pay in the upcoming round of annual shareholder meetings. Historically, corporate pay rows have rarely had much to do with pounds, shillings and pence. More often than not, shareholder quibbles about a chief executive's bonus scheme are a way to leverage a point that has been made in private about strategy or governance. It has been a tool to bring a board's feet to the fire. This year, even companies that behave impeccably with their investors could get caught in the crossfire. This new shareholder spring is about attempting to bring down pay in absolute terms."

France

- > Les Echos reports (in French) that **The decree implementing the Sapin 2 law comes into force. Until now, the remuneration of executive directors was subject to an advisory vote:** <https://www.lesechos.fr/finance-marches/marches-financiers/0211888786285-remuneration-des-dirigeants-le-vote-des-actionnaires-devient-contrainant-2073244.php#9f4P5z77HKIF8abo.99>. "This decree, which companies have been preparing for for several months, appears before the start of the AGM season. Adopted at the end of 2016, the Sapin 2 law stipulates that general shareholders' meetings give their approval for executive compensation, for the 'fixed, variable and exceptional elements' as well as on 'benefits of any kinds' attributable to the Chairman, CEO and Deputy CEOs, at least annually and following any amendment. The decree specifies 'the content of the fixed, variable and exceptional elements composing the total remuneration and benefits of any kind of the directors of public limited companies with a board of directors (...) or supervisory board.'" See here for the full decree: <https://www.legifrance.gouv.fr/eli/decret/2017/3/16/ECFT1703092D/jo/texte>.
- > Le Parisien reports (in French) that **Elior: shareholders vote against the Chairman/CEO's remuneration:** <http://www.leparisien.fr/flash-actualite-economie/elior-les-actionnaires-contre-la-remuneration-du-pdg-10-03-2017-6751203.php>. "After the boss of Renault Carlos Ghosn last year, shareholders of the catering group Elior Group, voted Friday 63% against the remuneration of Chairman/CEO Philippe Salle, who has been in office for two years. The decision of the shareholders is not binding but the

controlling shareholder of Elixir announced that he would recapture the board of directors and submit to shareholders in a few months 'a proposal for change' of its long-term compensation plan. The Chairman/CEO of Elixir was paid about 1.8 million euros in the 2015/16 financial year, his remuneration breaking down into a fixed amount of 900,000 euros and a variable portion of 924,390 euros. In an article published on Thursday, Agefi reported that relations between the CEO and Elixir's founder, Robert Zolade, had become tense in recent months. Mr. Zolade, the first shareholder with 25.1% of the capital, voted against Mr. Salle's remuneration while the second Emesa (7.58%) voted in favour, according to a source close to the matter."

- > Reuters reports that **Bolloré tightens grip on Vivendi's supervisory board:** <http://www.reuters.com/article/vivendi-bollore-governance-idUSP6N1GB00H>. "French media giant Vivendi said on Tuesday it would cut the number of its supervisory board members from 14 to 12, effectively increasing the grip of chairman Vincent Bolloré on the group. Independent board members Yseulys Costes, Pascal Cagni and Alexandre de Juniac decided not to renew their four-year term in April, Vivendi said in a statement. A spokeswoman said two of them would not be replaced. This would cut the number of independent board members from 9 to 6. Vivendi's employee shareholders, who hold a 3.27 percent stake in the company, elected Sandrine Le Bihan, to be their representative at the supervisory board, replacing one of the board headcounts."

Germany

- > Reuters reports that **VW CEO gets 7.78 million euros in pay and benefits for 2016:** <http://uk.reuters.com/article/uk-volkswagen-bonuses-mueller-idUKKBN16L14S>. "Volkswagen Group's Matthias Mueller was awarded 7.78 million euros (6.83 million pounds) in pay and benefits for 2016, a more moderate package than his predecessor Martin Winterkorn got in the year the carmaker was embroiled in a diesel scandal. Winterkorn got 7.31 million euros in remuneration for 2015 for serving less than nine months as CEO before being forced out of office on Sept. 25, after the company admitted to systematically cheating diesel emissions tests. After posting record losses in 2015, VW overhauled its bonus and executive pay policy in February this year to cap total pay for its chief executive at 10 million euros (8.74 million pounds) and other top managers at 5.5 million euros. Mueller, who took over as chief executive in September 2015, was paid a total of 4.17 million euros in for that year, the company's annual report showed on Tuesday, which included remuneration for his role as Volkswagen management board member in charge of Porsche. The figure is based on amounts paid out for the fiscal year in accordance with the German corporate governance code. According to consulting firm HKP, which specialises in compensation, Mueller is the seventh best paid chief executive among German blue-chip firms which have published executive compensation. HKP lists SAP's Bill McDermott as the top earner with 15.33 million euros in total pay for 2016."
- > Handelsblatt argues **Why It's Right to Be Mad About Executive Pay:** <https://global.handelsblatt.com/our-magazine/why-its-right-to-be-mad-about-executive-pay-723317>. "The critics are right and the defenders of CEO pay are wrong, according to a study for Handelsblatt Global Magazine by Zurich-based economist Gerhard Fehr. There is, on average, no discernible relationship between executive pay and company performance – suggesting that executives generally reward themselves regardless of whether they succeed or fail. Digging into the data for 70 leading companies in Germany, Switzerland and Austria – and comparing board members' compensation with shareholder returns relative to other companies – Fehr found no pattern at all."

Netherlands

- > Investment & Pensions Europe reports that **PGGM provides securities lending lessons for responsible investors:** <https://www.ipe.com/news/esg/securities-lending-lessons-for-responsible-investors/10017769.article>. "Lending stocks to other investors for short periods is more nuanced than bad press about the activity has portrayed, he argued, and can be reconciled with being a responsible investor. The practice can generate income and create or transform liquidity. [...] The gains to be had from securities lending 'do not come completely free', however, said van der Struik. For example, investors lose their voting rights for the period they lend out the stock. This means that a responsible investor needs to have a policy in

place on securities lending and voting to ensure they are complying with their fiduciary duty, the manager said. He explained that PGGM has 'quite a strict policy' on this. It has a list of 100 companies that it does not lend out, and which it always votes on. PGGM voted on 95% of its equity positions last year, he said."

Switzerland

- > Ethos announces that on the **Sika Annual General Meeting: Ethos renews its support to the board members not linked to the Burkard family**: <https://www.ethosfund.ch/en/news/sika-xxxxx>. "At the annual general meeting of Sika to be held on 11 April 2017, the Ethos Foundation recommends to support the re-election of the 6 board members not tied to the Burkard family. Those directors have demonstrated for more than two years their commitment in maintaining Sika's independence against the hostile takeover by Saint-Gobain. Ethos however recommends not to grant the discharge and not re-elect the three board members representing the Burkard family (Urs Burkard, Willi Leimer, Jürgen Tinggren). In addition, Ethos recommends to not newly elect Dr. Jacques Bischoff, a representative of SWH, whose candidacy to the board was submitted by the Burkard family after the deadline for inclusion in the AGM agenda."

Denmark

- > Investment & Pensions Europe reports that **ATP to oppose pay rises for top management at Danish companies**: <https://www.ipe.com/news/esg/atp-to-oppose-pay-rises-for-top-management-at-danish-companies/10017894.article>. "Denmark's DKK759bn (€102bn) statutory pension fund ATP is using its clout as a shareholder to keep a lid on rising pay for top executives at Danish companies, saying the right level of remuneration for corporate leaders increases shareholder value. Claus Berner Møller, vice president for Danish equity at the Hillerød-based pension fund, said: "In general, we are experiencing upward pressure because the level of pay is so much higher in, for example, the US and Switzerland. "We are trying to fight against this pressure because we think that generally, the level in Denmark is appropriate."

Norway

- > The Financial Times reports that **Norway's \$905bn oil fund flexes its shareholder muscles**: <https://www.ft.com/content/66c387dc-033f-11e7-ace0-1ce02ef0def9>. "The world's largest sovereign wealth fund revealed on Tuesday that it opposed about 6,700 resolutions last year at annual meetings. [...] The oil fund, which on average owns 1.3 per cent of every listed company in the world, has become a more active investor in recent years, trying to use its growing heft in markets to influence company behaviour by talking to them rather than selling out. [...] More than half of the fund's votes against companies' recommendations were related to board issues, such as a lack of independence or overcommitted directors. But the fund addressed other topics including the protection of minority shareholders and companies' choice of auditors."
- > Investment & Pensions Europe reports that **Ethical exclusions dented NBIM equity return by 1.1% since 2006**: <https://www.ipe.com/news/esg/ethical-exclusions-dented-nbim-equity-return-by-11-since-2006/10018121.article>. "Norway's Government Pension Fund Global (GPF) missed out on an additional 1.1% gain on its equity portfolio over the past 11 years through excluding stocks on ethical grounds, according to the fund's manager Norges Bank Investment Management (NBIM). In its 2016 return and risk report, NBIM said in the context of its ethical investment: 'Over the last eleven years, the equity benchmark index has returned 1.1 percentage points less than an index which is unadjusted at constituent level.' Between 2006 and 2016, product-based exclusions – such as bans on tobacco and weapons manufacturers – reduced the return on the equity index by close to 1.9 percentage points, NBIM said in the report."

Russia

- > BNE Intellinews reports that **Russian corporate governance comes in from the 'Caveman era'**: <http://www.intellinews.com/russian-corporate-governance-comes-in-from-the-caveman-era-117311/>. "A significant improvement in corporate governance standards in Moscow is encouraging more Russian issuers to list on the domestic bourse rather than overseas. Russia's new corporate governance code, which has been in

place for two years, is being increasingly adhered to, according to market participants. Other reforms undertaken by the Moscow Exchange – as well as an increase in domestic liquidity – is accelerating the trend for more companies to list in the Russian capital rather than in London. Many major Russian firms have also voluntarily improved their financial and ownership transparency in terms of shareholder rights, disclosure and transparency and the appointment of genuinely independent directors.”

Italy

- › The Financial Times reports about how **Italy’s corporate spoils system unsettles investors**: <https://www.ft.com/content/286cb2a8-0e55-11e7-b030-768954394623>. “Italy’s triennial ‘spoils system’, in which the government parcels out the top jobs in some of its biggest companies, is always a drama. This year’s spectacle involves the entrance of Alessandro Profumo, who has been proposed as chief executive of Leonardo, the state-backed defence group, and the exit of Francesco Caio, chief executive of Poste Italiane. Shares in both companies have fallen on the decisions and investors do not have to look hard to see why. Though Mr Profumo’s appointment must be approved by shareholders, that is seen as a formality given the state’s 30% stake. It caps a remarkable rise, fall and rise for the former banker with ties to centre-left politicians. Mr Profumo made an inglorious exit from UniCredit in 2010 after 15 years as chief executive – pocketing a €43m golden goodbye with the share price down 85%. But he then salvaged his reputation with the centre-left government by agreeing to be chairman of Monte dei Paschi di Siena as it teetered on collapse. [...] He replaces Mauro Moretti, who is appealing his conviction and seven-year prison sentence for his role in a 2009 rail crash that killed 32 people in the Tuscan town of Viareggio. [...] Mr Caio, meanwhile, departs after successfully taking the post office public two years ago and overseeing a 13 per cent rise in net profit last year. A well respected if prickly manager who previously turned Avio, the aerospace group, round and sold it to General Electric, he declared he would have been reconfirmed in the job ‘in a normal country.’”
- › Francesco Dagnino announces **A New Shareholder Association to Improve the Governance of Italian listed SMEs**: <https://www.law.ox.ac.uk/business-law-blog/blog/2017/02/new-shareholder-association-improve-governance-italian-listed-smes>. “In this context, a group of professionals, managers and entrepreneurs have founded AIEDA (Italian Association for the Exercise of Shareholders’ Rights), a non-profit association with the goals of promoting good corporate governance and facilitating dialogue between listed companies directors and minority shareholders as well as the exercise of their rights. More specifically, AIEDA intends to promote and encourage shareholder stewardship in Italian listed SMEs by submitting of slates of candidates for the election of independent minority representatives in corporate boards. In particular, AIEDA intends to select independent candidates, submit slates and solicit proxies on-line to convey votes on its candidates.”

United States

- › Reuters reports that **Investor group seeks to bar Snap from indexes over voting rights**: <http://uk.reuters.com/article/us-snap-ipo-indexes-idUKKBN16D2D6>. “A group representing large institutional investors has approached index providers S&P Dow Jones Indices and MSCI Inc, looking to bar Snap Inc and any other company that sells investors non-voting shares from their stock benchmarks. Both index providers have said they are reviewing Snap’s inclusion. Were Snap to be added to indexes such as the S&P 500 Index or the MSCI USA Index, managers of stock index portfolios would have to buy its shares, and other investors whose performance is tracked against such indexes would likely follow suit. Some money managers worry about buying Snap’s Class A shares because they have no voting rights, meaning those shareholders will have no voice on matters like company strategy or executive pay.”
- › The Financial Times reports that **Wells Fargo knocks \$32m off executive bonuses**: <https://www.ft.com/content/6459338c-fe9b-11e6-96f8-3700c5664d30>. “Wells Fargo is cutting an average \$4m each from eight top executives’ pay, the US bank’s latest effort to restore investor and customer confidence after it was hit by a scandal over bogus accounts. Directors have axed annual cash bonuses and slashed payouts on long-term performance share awards for senior managers including Tim Sloan, chief executive, and John Shrewsbury, chief financial officer. The bank said that it was knocking about \$32m in

total from the various bonus schemes. However, three of the bank's most senior managers, who have a combined 86 years' service at Wells Fargo, will escape the measure. The pay packages for recently promoted Mary Mack, Franklin Codel and Perry Pelos will be unaffected on the grounds that they did not sit on the bank's operating committee until November."

Japan

- > The Financial Times reports that **Toshiba nuclear debacle puts governance in spotlight:** <https://www.ft.com/content/b4ff5b78-0efd-11e7-b030-768954394623>. "When Toshiba appointed a new chairman last June, it was supposed to draw a line under an accounting scandal that had stunned Japan and shattered the reputation of one of the country's most famous industrial names. But instead of hiring an outsider with a clean slate agenda, Toshiba handed the chairmanship to Shigenori Shiga, a dyed-in-the-wool company man whose personal networks extended across the conglomerate. Last month, Mr Shiga abruptly resigned and disappeared from public view as Toshiba revealed it was contending with the worst financial crisis in its history because of huge cost overruns on nuclear power stations being built by Westinghouse, its US subsidiary. Mr Shiga is a former head of Westinghouse, the reactor designer that Toshiba acquired for \$5.4bn in 2006 and which is now eyeing the case for filing for Chapter 11 bankruptcy protection in the US. More troubling, say lawyers and other experts, are signs that Toshiba is incapable or unwilling to address glaring failures in its corporate governance that transpired in the \$1.3bn accounting scandal and now appear to be a factor behind the nuclear debacle."

South Korea

- > Bloomberg reports that **Samsung Meeting Overshadowed by Trial, Questions Over Structure:** <https://www.bloomberg.com/news/articles/2017-03-23/samsung-meeting-overshadowed-by-trial-questions-over-structure>. "Samsung Electronics Co.'s shareholders will be meeting for the first time since the arrest of de facto chief Jay Y. Lee, with questions looming over whether any changes to its corporate structure are in store. The only votes being held Friday will be on the South Korean company's financial statements and directors' compensation. The annual meeting, however, will be an opportunity to question Samsung's board as it reviews whether to separate the electronics conglomerate into a holding company with operational businesses. Samsung embarked on a review of its structure in November after activist shareholder Paul Elliott Singer pushed for more independent board members, a U.S. listing, special dividends and a split of the company. Since then, Lee has been caught up in a national influence-peddling scandal, standing trial on charges of bribery and embezzlement."

Singapore

- > The Business Times reports that **Bunching up of AGMs in April getting worse, says report:** <http://www.businesstimes.com.sg/companies-markets/bunching-up-of-agms-in-april-getting-worse-says-report>. "Listed companies are continuing to cluster their annual general meetings (AGMs) around the same handful of days a year – in particular, the last two business days of April. And the situation is very likely going to get worse going forward, with new requirements – which could involve more board deliberations pushing back the AGM dates – kicking in. However, there have also been positive developments in the holding of shareholder meetings. Regulators seem to be getting stricter in granting companies waivers from holding their AGMs within the stipulated time, and there is evidence of growing shareholder activism."

Saudi Arabia

- > Bloomberg reports that **Saudi Bank Samba Follows Bourse in Naming Woman to Top Position:** <https://www.bloomberg.com/news/articles/2017-02-19/sarah-al-suhaimi-will-become-first-woman-to-head-saudi-bourse>. "Saudi Arabia's Samba Financial Group named Rania Mahmoud Nashar as chief executive officer, the second woman to ascend to a top finance position in recent days as the conservative kingdom goes through unprecedented social and economic change. Nashar's appointment is effective Feb. 19, according to a statement to the stock exchange on Sunday. She replaces Sajjad Razvi who resigned for

personal reasons. On Thursday, NCB Capital Co. CEO Sarah Al Suhaimi was named the first woman to chair Saudi Arabia's stock exchange Tadawul, the region's largest. The appointments are significant in a country where the female unemployment rate is more than 34 percent and women aren't allowed to drive. Saudi Arabia's religious authorities enforce an austere interpretation of Islam that limits the public role of women and places them under male guardianship."

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

Kind regards,

Daniele Vitale

Georgeson

Corporate Governance Manager > Corporate Advisory

daniele.vitale@georgeson.com

T +44 (0)20 7019 7034 **M** +44 (0)7747 697 136 **F** +44 (0)870 702 0158

Moor House, 120 London Wall, London EC2Y 5ET, United Kingdom

www.georgeson.com