



December 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 Cincinnati Business Courier reports that **P&G names Peltz to board:** <https://www.bizjournals.com/cincinnati/news/2017/12/15/p-g-names-peltz-to-board.html>. "Procter & Gamble Co. revealed Friday after the stock market closed that it has appointed activist investor Nelson Peltz to its board of directors – even though he didn't win election to a seat in the biggest proxy battle in the history of a public company. Peltz, the CEO of Triun Fund Management, will take a seat on the board of the Cincinnati-based maker of consumer goods such as Tide detergent on March 1. David Taylor, CEO of P&G and chairman of the board, said Peltz had agreed to not advocate for a breakup of the company. The New York hedge fund manager also agreed that P&G shouldn't be moved out of Cincinnati, Taylor said."
- > The Times reports that **Shareholders revolt against London Stock Exchange chairman Donald Brydon:** <https://www.thetimes.co.uk/article/shareholders-revolt-against-london-stock-exchange-chairman-donald-brydon-skfbvpp7q>. "The chairman of the London Stock Exchange is facing questions over his future after nearly a quarter of the LSE's shareholders failed to back him to remain in post following an abortive attempt to dump him. Nearly 21 per cent of LSE investors voted to oust Donald Brydon as chairman of the exchange at an extraordinary general meeting, while a further 3.2 per cent withheld their support, marking a significant protest."
- > Reuters reports that **Thyssenkrupp shareholders get impatient for change:** <https://uk.reuters.com/article/us-thyssenkrupp-shareholders/thyssenkrupp-shareholders-get-impatient-for-change-idUKKBN1EE2C6>. "Some investors in German industrial conglomerate Thyssenkrupp are becoming impatient with the pace of its restructuring, putting pressure on Chief Executive Heinrich Hiesinger to fix underperforming units and revive its flagging share price. [...] The muted performance even caused activist investor Cevian, Thyssenkrupp's second-largest shareholder with an 18-percent stake, to recently question whether the group's conglomerate structure was still appropriate. [...] Cevian, in the meantime, has repeatedly suggested a demerger of better-performing units, including Thyssenkrupp's most profitable elevator business that accounts for almost half of its operating profit, calls which Hiesinger has so far resisted."
- > The Deal published their **Activist Spotlight: Insurgent Rankings for 2017:** <https://pipeline.thedeal.com/31/14415341/22102905.t>. "Proxy season 2017 was busier than ever for activist investors, with more campaigns launched so far this year than for all of 2016. Overall, there were 803 activist campaigns so far, up from 737 for all of 2016, FactSet reports. Boardroom battles that went the distance still favored management. Of 82 proxy fights that were launched in 2017, 30 went to a vote, and 17 went for management. [...] A big surprise for 2017 - settlements were down. According to FactSet, there were only 25 deals to bring dissident directors onto boards in 2017 so far, down from 50 in 2016. All this suggests companies are more willing to fight to the finish, and in many cases, they are winning. With that in mind, The Deal looks back over the field and the year and choose the winners, losers, and also-rans among major activist fund managers."
- > Khaitan & Co discusses **The rise and rise of shareholder activism in India:**

<https://www.lexology.com/library/detail.aspx?g=a14478cd-b10d-4a03-8616-452a5fdebb70>. "In line with global trends, India is also seeing a rise in shareholder activism. An early instance of shareholder activism in India was the rejection of an increase in remuneration of certain key executives of Tata Motors by its shareholders in July 2014. However, when put to vote for a second time in January 2015, shareholders voted in favour of the increase in remuneration. More recently, in June 2017, shareholders of Raymond Ltd rejected the sale of JK House at an allegedly below market price to the promoters of Raymond Ltd. The above-mentioned triumphs for investors have encouraged others to take an active part in the management of companies. In July 2017, Unifi Capital Private Limited sought the appointment of a director representing small shareholders on the board of Alembic Limited. Similarly, in September 2017, certain shareholders of Religare Enterprises Ltd including India Horizon Fund filed a petition before the NCLT to prohibit Religare from making an investment of around INR 500 crore in its subsidiary. The shareholders of Religare also sought to oust the board of directors on the ground of frequent and unexplained write-offs by the company and its subsidiaries."

Europe...

- > CSR Europe has published a report entitled **A comprehensive overview of how Member States are implementing the EU Directive on Non-financial and Diversity Information**: <https://www.csreurope.org/comprehensive-overview-how-member-states-are-implementing-eu-directive-non-financial-and-diversity#.WjvdqzSnypo>. "The EU Directive for non-financial information has come as a decisive step to improve corporate transparency across Europe. [...] This publication maps the national laws implementing the Directive in all the 28 EU Member States as well as two additional countries from the wider European Economic Area (EEA): Iceland and Norway. The publication is a useful resource for companies as well as policymakers and other stakeholders to gain an overview of the current state of non-financial reporting policies implementing the Directive across Europe. It aims to help with a comparison of the national-level transpositions, and to support companies to prepare for its practical implementation for reporting cycles in 2018." See the full document here: https://www.csreurope.org/sites/default/files/CSR%20Europe_GRI%20NFR%20publication_0.pdf.
- > ShareAction reports that **French banks stride ahead of European peers in fight against climate change**: <https://shareaction.org/press-release/french-banks-ahead-on-climate-change/>. "Research by ShareAction, the responsible investment watchdog, ranks the 15 largest European banks on their disclosure and management of climate-related risks and opportunities. All 15 banks selected for examination participated in ShareAction's survey. The results show French banks take three out of the top five spots. Scored out of a possible 162 points, the five top performers are BNP Paribas (107), UBS (94), HSBC (92.5), Crédit Agricole (92), and Societe Generale (89)."

...and beyond

- > Glass Lewis has announced that **Policy Guidelines Updated: Continental Europe, UK, Germany, France & More**: <http://www.glasslewis.com/policy-guidelines-updated-continental-europe-uk-germany-france/>. "Among other updates, the 2018 Guidelines: 1) Align with the revised requirements of the EU Directive on Non-Financial Reporting, which takes effect for large European corporations in 2018; 2) Address the emerging best practice of clearly disclosing the board's skills and competencies; 3) Harmonize our approach in areas such as shareholder dissent and board responsiveness, and clarify certain methodologies, including in relation to board ratification proposals; and, 4) Reflect a range of local market regulatory updates, from expanded disclosure guidance in the German Kodex to the UK's Parker Review on Boardroom Diversity." Additionally, Georgeson has issued a report on the **Glass Lewis 2018 U.S. Policy Updates**: <http://app.info.computershare.com/e/es?s=508159127&e=14808&elq>. "Glass Lewis' 2018 policy updates encompass issues relating to board responsiveness, board gender diversity and director over-boarding, among other important governance topics. Some of the other key issues clarified in this summary report include the firm's position on virtual-only meetings, dual-class share structures, pay-for-performance and CEO pay ratio disclosure." See here for the full document: <http://www.georgeson.com/News/Georgeson-Report-121117.pdf>.
- > **Climate risks are coming into focus across many markets and by many institutions across the**

whole capital structure. The Financial Times reports that **Investors to push highest-emitting companies to do more on climate:** <https://www.ft.com/content/beaf6560-df03-11e7-a8a4-0a1e63a52f9c>. "Funds managing \$26tn join forces to urge 100 groups to cut greenhouse gas emissions". Investment & Pensions Europe reports that **Six SWFs unite to address climate change issues:** <https://www.ipe.com/news/esg/six-swfs-unite-to-address-climate-change-issues/10022324.article>. Reuters reports that **Ethical investors tightening screws on emerging-market debt issuers:** <https://www.reuters.com/article/us-emerging-funds-esg/ethical-investors-tightening-screws-on-emerging-market-debt-issuers-idUSKBN1EC275>. Bloomberg reports that **Macron's Climate Summit Draws Pledges to Make Coal a Risky Bet** (<https://www.bloomberg.com/news/articles/2017-12-12/macron-s-climate-summit-draws-pledges-to-make-coal-a-risky-bet>) and that **BlackRock Wields Its \$6 Trillion Club to Combat Climate Risks** (<https://www.bloomberg.com/news/articles/2017-12-08/blackrock-wields-its-6-trillion-club-to-combat-climate-risks>).

- > MSCI reports about **Has ESG affected stock performance?:** <https://www.msci.com/www/blog-posts/has-esg-affected-stock/0794561659>. "In our analysis we have looked at both stock-specific risks, which are linked to companies' specific business model and risk management processes, as well as systematic risks, which are macroeconomic in nature and are linked to companies' exposure to changes in the market environment, market prices or changes in regulation. We found that MSCI ESG Ratings provided valuable information for both systematic risks and stock-specific risks. For example, we saw that companies in the bottom fifth of the MSCI World Index experienced large drawdowns (above 95%) three times higher than those in the top fifth, as can be seen in the exhibit below, supporting the assertion that ESG has provided insight into incident risks throughout the 10-year period we studied."
- > Bloomberg reports that **Norway's \$1 Trillion Wealth Fund Steps Up 'No' Votes on CEO Pay:** <https://www.bloomberg.com/news/articles/2017-11-26/norway-s-1-trillion-wealth-fund-steps-up-no-votes-on-ceo-pay>. "Since releasing a position paper in April, the world's biggest wealth fund has increased the number of votes against management compensation proposals in the companies it invests in, Carine Smith Ihenacho, its global head of ownership strategies, said in an interview in Oslo. It has this year voted against pay plans at Alphabet Inc., Google's holding company, offshore driller Noble Corp. and media company Liberty Global Plc, among others. The fund was unable to provide aggregated statistics on its publicly available votes, but plans to do so in connection with its annual report on responsible investment, due in February."
- > Russell Reynolds reports about **Global and Regional Trends in Corporate Governance for 2018:** <http://www.russellreynolds.com/insights/thought-leadership/global-and-regional-trends-in-corporate-governance-for-2018>. "Across all of our interviews this year, an overriding theme was the importance of board quality and composition—and the components that go into both. Investors of all types (including institutional and activist) are continuing to ratchet up their focus on the quality of a company's board of directors, both collectively and individually. The focus on quality and composition is even greater than in previous years. Investors are motivated to hold boards accountable for company performance and are willing to take action to ensure that boards are meeting governance standards. Governance expectations continue to rise across markets and industries. Investors and proxy advisors are relying on traditional metrics (e.g., tenure, overboarding) to assess board quality, but a number of investors have talked about needing to have greater insights into the board to assess quality."

UK

- > The Financial Reporting Council has **published proposals for a revised UK Corporate Governance Code:** <https://frc.org.uk/news/december-2017/a-sharper-uk-corporate-governance-code-to-achieve>. "Today the FRC publishes proposals for a revised UK Corporate Governance Code to reflect the changing business environment and help UK companies achieve the highest levels of governance. The Code is shorter and sharper and builds on the findings from the FRC's Culture Report published in 2016. The revised Code focuses on the importance of long-term success and sustainability, addresses issues of public trust in business and aims to ensure the attractiveness of the UK capital market to global investors through Brexit and beyond." The Financial Times reports that the **UK corporate governance code changes to hit dozens of chairmen** (<https://www.ft.com/content/2c50d324-dc2f-11e7-a039-c64b1c09b482>) and that **UK executives' bonus shares face five-year lock in period** (

[11e7-a039-c64b1c09b482](#)) while Investment & Pensions Europe reports that **UK stewardship watchdog floats 'section 172' for asset managers** (<https://www.ipe.com/countries/uk/uk-stewardship-watchdog-floats-section-172-for-asset-managers/10022114.article>). **The consultation closes on 28 February 2018.**

- > The Investment Association has announced that **Over one fifth of FTSE companies listed on public register**: <https://www.theinvestmentassociation.org/media-centre/press-releases/2017/over-one-fifth-of-ftse-companies-listed-on-public-register.html>. "The Public Register includes FTSE All-Share companies which have received votes of 20% or more against any resolution or withdrew a resolution prior to their Annual General Meeting (AGM) in 2017. [...] Analysis of the data published today reveals that: 1) From the AGMs and General Meetings (GM) held in 2017 by more than 640 FTSE All-Share companies, over one in five (22%) companies listed on the FTSE All Share feature on the Public Register, due to having at least one resolution that received over 20% dissent or was withdrawn. 2) Pay-related issues top the list of shareholder concerns, with almost four out of ten (38%) resolutions listed on the Register being due to high votes against pay-related resolutions, such as shareholders voting against companies' annual remuneration reports, remuneration policy or other remuneration related resolutions. 3) The second most frequent resolutions are the re-election of company directors with one in three (32%) of resolutions listed on the Register, due to a high vote against the re-election of a company director in 2017."
- > Sky News reports that **Sports Direct shareholders block £11m payout to Mike Ashley brother**: <https://news.sky.com/story/shareholders-reject-plan-to-pay-mike-ashleys-brother-11m-11169092>. "Sports Direct boss Mike Ashley has suffered his latest bloody nose at the hands of shareholders after they rejected his proposal for the company to pay his brother £11m. Investors voted by 71% to 29% to turn down the payment to John Ashley, after the company said he had missed out on a series of benefits that should have been made available to him. The board of the company – including billionaire tycoon Mike Ashley, who owns the majority of the business – abstained from the vote."
- > Spencer Stuart has published its **UK Board Index 2017**: <https://www.spencerstuart.com/research-and-insight/uk-board-index-2017>. "A number of highlights emerge from our 2017 research on the top 250 companies: 1) The average age of non-executives has broken through the 60-year threshold for the first time; 2) 34% of newly appointed directors are serving on a board for the first time; 3) Female representation on boards of directors has risen from 10.6% to 25.5% in the decade since 2007; 4) 34.7% of all non-executives are women, up from 16.7% a decade ago; 5) 24.5% of directors are non-nationals; 6) The average retainer for non-executives has grown 41% since 2007 to £67,655."
- > Bloomberg reports that **EasyJet Reports Gender Pay Gap at 52%, Among U.K.'s Highest**: <https://www.bloomberg.com/news/articles/2017-11-27/easyjet-reports-gender-pay-gap-at-52-percent-among-u-k-highest>. "EasyJet Plc, Britain's biggest discount airline, has revealed that men at the company earn on average 51.7 percent more than women, one of the highest gender pay gaps reported so far in the U.K. as part of government transparency requirements. Under the new rules, businesses with more than 250 employees have to report the extent of the pay gap by April 2018. So far 263 firms have responded out of an expected 9,500 eligible. In its report, EasyJet, which in Carolyn McCall has had a female chief executive officer for the past seven years, wrote that the discrepancy is 'strongly influenced' by the salaries and gender make-up of its pilot community, which accounts for more than a quarter of its U.K. employees."
- > The Financial Times reports that **Smaller UK-listed companies found wanting on pay disclosure**: <https://www.ft.com/content/83a4d95e-e27e-11e7-97e2-916d4fbac0da>. "Study finds small UK-listed companies are not explaining how directors are evaluated."

France

- > Institutional Shareholder Services (ISS) **Hires Cédric Lavérie As Head of French Research**: <https://www.issgovernance.com/institutional-shareholder-services-hires-cedric-laverie-as-head-of-french-research/>. "Mr. Lavérie is an experienced investment industry practitioner currently working as Head of Corporate Governance at Amundi. [...] Mr. Lavérie will lead the ISS French research team, with a continued focus on producing market-leading high-quality research and voting recommendations on French companies

for ISS clients globally. He will also have a client-facing and public role, managing engagement with French companies, monitoring French and global corporate governance developments and ensuring ISS French voting guidelines reflect good market standards, investor needs and best practice.”

- › Les Echos reports that **Engie: l’Etat prêt à nommer un nouveau président (“Engie: the state ready to appoint a new chairman”)**: <https://www.lesechos.fr/industrie-services/energie-environnement/0301019439458-engie-letat-pret-a-nommer-un-nouveau-president-2138237.php#hXQXbcSFxqAzVyTY.99> (in French). “It is a defeat for Isabelle Kocher, the CEO of Engie. According to our information, the French energy company will decide to appoint a new chairman of the board of directors when Gerard Mestrallet, who has reached the age limit, will leave his post the day after the general meeting on May 18. Isabelle Kocher would remain the ‘boss’, but the functions of CEO and Chairman will remain dissociated, as has been the case since 2016. This issue was discussed Wednesday by the Board of Directors meeting at the headquarters of the group. Isabelle Kocher has been leading the former GDF Suez for 18 months. She wants to cumulate the two functions after the departure of Gérard Mestrallet and campaigns in this direction. The French state, which owns 24% of Engie’s capital, appears to have decided otherwise.”
- › The Club de juristes has published its **Rapport dialogue administrateurs-actionnaires (“Report on director-shareholder dialogue”)**: <http://www.leclubdesjuristes.com/les-commissions/commission-dialogue-administrateurs-actionnaires/> (in French). “At the conclusion of its work, the Commission convened on this subject by the Club des juristes has become convinced that the dialogue between directors and investors is not a passing fad or a topic of little importance. It touches on this close and natural relationship that can be established – in a more fiduciary rather than a financial way, more behavioural than bureaucratic, more regular than intermittent – between directors and shareholders who share a common concern: that of engagement.” See here for the full report: http://www.leclubdesjuristes.com/wp-content/uploads/2017/05/cdj_rapports_dialogue-administrateur_dec-2017.pdf.

Germany

- › Handelsblatt reports that **SAP to examine executive compensation structure**: <https://global.handelsblatt.com/companies-markets/sap-to-examine-executive-compensation-structure-865600>. “The mood was mixed at May’s annual general meeting of software giant SAP. Shareholders praised the company’s excellent results but fiercely critiqued its management pay policies. Not only did they condemn the level of SAP’s executive salaries as excessive, they criticized its opaque calculation methods. When it came to a vote, boardroom pay packages ultimately scraped through on a razor-thin majority, with just 50.49 percent voting in favor. [...] According to information seen by Handelsblatt, Mr. Plattner has ordered a new, thorough explanation of executive pay to be included in next year’s annual report. In October, he invited major investors and consultants to meet with him for a frank exchange of views: He is determined to avoid any further embarrassment for SAP on the topic.”

Switzerland

- › Ethos has published its **Proxy voting guidelines 2018: New expectations for the remuneration report**: <https://ethosfund.ch/en/news/ethos-proxy-voting-guidelines-2018-new-expectations-for-the-remuneration-report>. “Ethos Foundation publishes the 17th edition of its proxy voting guidelines and corporate governance principles. The 2018 edition specifies the expectations of Ethos for approval of the remuneration reports of listed companies. In particular, Ethos expects companies to increase transparency as to the variable remunerations which were paid out upon vesting of the grants at the end of the performance period.”
- › Swipra has published its **SWIPRA Corporate Governance Survey 2017**: <http://swipra.ch/news/81/43/SWIPRA-Corporate-Governance-Survey-2017/>. “The decisive interaction between shareholders and issuers increasingly takes place throughout the year in so-called engagement discussions rather than at the general shareholder meetings. These engagements generally involve members of the board of directors and are requested predominantly by international institutional shareholders. Engagement discussions decisively influence issuers’ governance structures and are increasingly

indispensable for companies to counter the standardized views of some market participants, in particular proxy advisors. This empirical finding is one of the key results of the SWIPRA Corporate Governance Survey 2017.”

- > The Financial Times reports that **GAM caps executive pay after investor revolt**: <https://www.ft.com/content/f6e03ca6-e5a3-11e7-8b99-0191e45377ec>. “Swiss fund manager to cut fixed salary of chief executive and cap bonus pool of board.”

Netherlands

- > ValueWalk reports on **The Dutch Aversion To Activism**: <http://www.valuewalk.com/2017/12/dutch-aversion-activism/>. “The Netherlands has seen its fair share of activism this year, with Elliott Management’s push to sell national champion AkzoNobel to America’s PPG Industries causing the most controversy. In part because of this campaign, which ended in PPG withdrawing its bid, the coalition government led by Prime Minister Mark Rutte is considering strengthening legal defense mechanisms for domestic companies faced by activist shareholders and foreign suitors. Under the proposals, Dutch companies would benefit from a cooling-off period of up to 250 days after they receive a request for a “fundamental change of strategy” – code for a takeover, or possibly even an activist demand. Shareholders in companies with a market capitalization of over \$750 million could also see the reporting threshold reduced from 3% to 1% ownership.”

Belgium

- > The Belgian Corporate Governance Committee has announced the **Start of the public consultation on the revised 2020 Belgian Code on Corporate Governance**: <https://www.corporategovernancecommittee.be/en/whats-new/news-committee/start-public-consultation-revised-2020-belgian-code-corporate-governance>. “In reviewing the 2009 Code, the Committee wants to focus primarily on those principles that deliver genuine added value for listed companies and the Belgian capital market. In line with international trends, it is getting back to basics and removing some of the more detailed provisions and guidelines. The revised Code also aims to make directors aware of how they embody their role. For example, during their directorships they should bear in mind the company’s long-term value creation, taking account of the interests of all shareholders and other stakeholders. The Code calls for compensation policies to support this long-term approach. The revised Code also focuses on directors’ independent conduct and integrity. Directors must be sensitive to any possible form of conflict of interests and must address such issues with the utmost care.” **The public consultation closes on 28 February 2018.**

Norway

- > Investment & Pensions Europe reports that **Norwegian SWF oil stock sell-off could trigger ‘domino effect’**: <https://www.ipe.com/countries/norway/norwegian-swf-oil-stock-sell-off-could-trigger-domino-effect/10021992.article>. “Plans by the NOK8.5trn (€860bn) Norwegian sovereign wealth fund to sell off its investments in oil and gas stocks could trigger a ‘domino effect’ among other large institutional investors, driving down real investments in the sector, according to analysts. Norges Bank Investment Management (NBIM), which runs the Government Pension Fund Global (GPF), wrote to Norway’s Ministry of Finance last month recommending the removal of oil and gas sectors from its benchmark index. GPF is one of the world’s largest equity investors. Oil and gas equities made up about 6% of the GPF’s benchmark index or just over NOK300bn, Norges Bank said, and 4% of GPF’s investment portfolio.”

Spain

- > The Spanish market regulator, CNMV (Comisión Nacional del Mercado de Valores), **Publishes the reports on the annual reports on corporate governance and the remuneration of board members of listed companies for 2016**: <https://www.cnmv.es/portal/verDoc.axd?t={dcf58c1e-014e-457a-9572-012f3809cfd7}>. “1) The degree of compliance with the recommendations of the Good Governance Code increased to 83.9%; 2) 37.2% of companies complied with 90% of the Code and four claim they comply

with it in its entirety; 3) The presence of women on boards experienced a minimal increase and in positions without executive functions.”

United States

- > Georgeson has issued a report on the **ISS 2018 U.S. Policy Updates**: <http://app.info.computershare.com/e/es?s=508159127&e=14699&elq>. “On November 16, ISS released its 2018 policy updates which will be applicable to all meetings held on or after February 1, 2018. The policy updates applicable to companies in the United States are relatively limited in scope, and were generally addressed in the surveys and/or the draft policy updates released by ISS in October. The policy updates relate to some perennial issues, including say-on-pay votes, pay for performance, and poison pills. Companies should note, however, that certain topical governance and social issues are addressed as well.” See here for the full document: <http://www.georgeson.com/News/Georgeson-Report-120517.pdf>.
- > Winston & Strawn reports about **New Proposed Legislation Targets Proxy Advisory Firms**: <https://www.winston.com/en/executive-compensation-blog/new-proposed-legislation-targets-proxy-advisory-firms.html>. “While we wait for the release of the “final” version of the Tax Cuts and Jobs Act from the Conference Committee, H.R. 4015, the Corporate Governance Reform and Transparency Act of 2017, is also supposedly headed for a floor vote of the full House of Representatives next week. H.R. 4015 was approved last week by the House Financial Services Committee in a bipartisan vote. (A similar bill was by approved House Financial Services Committee in May 2016, also with bipartisan support.) The Corporate Governance Reform and Transparency Act would add a new Section 15H to the Exchange Act, which would impose the following requirements (among others) on proxy advisory firms.”
- > BNA reports that **Corporate Boards’ Zombie Problem Proves Persistent but Curable**: <https://www.bna.com/corporate-boards-zombie-n73014472865/>. “The council has for years pressured companies with zombie directors to adopt standards requiring board members to receive a majority of votes to be elected. Otherwise, directors only have to get more votes than a competing candidate. So if they run unopposed, they only need one vote to be elected. Directors are now held to a majority-vote standard at nine in 10 companies in the S&P 500 index, but only about three in every 10 Russell 2000 companies, data from FactSet show.”
- > The Financial Times reports that **Exxon scraps ban on investor meetings with board**: <https://www.ft.com/content/5fb43100-e438-11e7-97e2-916d4fbac0da>. “Oil group makes new governance concession after large shareholders demanded access.”
- > Bloomberg reports that **As CEOs Get Older, Investors Demand to Know More on Succession**: <https://www.bloomberg.com/news/articles/2017-12-19/ceos-dying-on-job-renew-debate-over-what-investors-need-to-know>. “The same-day deaths of two aging chief executive officers – industry icons in railroading and banking – show why some investors and governance experts want companies to disclose more about succession plans and the health of their leaders. CSX Corp.’s Hunter Harrison, 73, died Saturday, one day after news of his medical leave pushed the railroad’s shares down the most in six years. M&T Bank Corp. said Robert Wilmers passed away ‘suddenly and unexpectedly’ at age 83 – just months after the death of his own heir apparent.”

Australia

- > BBC News reports that **Australia to hold royal commission inquiry into banks**: <http://www.bbc.co.uk/news/world-australia-42175463>. “Australia will hold a royal commission inquiry into its banking and financial sector, the government has announced. Prime Minister Malcolm Turnbull said the commission - Australia’s highest form of public inquiry - would help restore confidence in the sector. Australian banks have been embroiled in scandals in recent times. Mr Turnbull had resisted calls for a royal commission for more than a year, but faced mounting pressure from other parties and members of his government.” See here for the government announcement: <https://www.pm.gov.au/media/royal-commission-banks-and-financial-services>.

- > Reuters reports that **Shareholders sue Australia's Crown Resorts over China marketing:** <https://www.reuters.com/article/us-crown-resorts-lawsuit/shareholders-sue-australias-crown-resorts-over-china-marketing-idUSKBN1DY028>. "Australian casino operator Crown Resorts Ltd was slapped with a class action lawsuit on Monday for allegedly failing to inform shareholders of a marketing campaign in China that resulted in staff arrests and a slump in the share price."

Japan

- > Bloomberg reports that **Behind Abe's Biggest Reform Win, Old Japan Inc. Culture Lives On:** <https://www.bloomberg.com/news/articles/2017-11-26/behind-abe-s-biggest-reform-win-old-japan-inc-culture-lives-on>. "The nation's companies have gradually moved to accept the need to listen to shareholder concerns, and to deploy record stockpiles of cash with their interests in mind since Abe took office in 2012. But many haven't done so willingly, and now some are fighting back. The clever work-around strategy that some are deploying involves buying back their own shares, then transferring them to a charitable foundation loyal to top management. The maneuver helps make them less of a target in an environment where some investment funds are looking to push Japanese businesses to invest or return more of their \$2.3 trillion worth of cash."

India

- > The Financial Times reports that **India cracks down on 'promoter' era of impunity:** <https://www.ft.com/content/f53914de-d4ed-11e7-a303-9060cb1e5f44>. "Swaggering behaviour of influential corporate figures highlights India's bad loan crisis."

Hong Kong

- > Bloomberg reports that **Hong Kong Targets Next Alibaba in Revamp of IPO Rules:** <https://www.bloomberg.com/news/articles/2017-12-15/hong-kong-moves-toward-dual-class-shares-wooing-next-alibaba>. "Hong Kong's stock exchange proposed to let 'innovative' companies list in the Chinese enclave with dual-class share structures to avoid losing out on more initial public offerings by technology giants like Alibaba Group Holding Ltd. Allowing shares with extra voting power is part of a package of measures released Friday that may be the biggest change to the exchange's listing rules since 1993, when it allowed large Chinese enterprises to go public there."

China

- > The Hong Kong Economic Journal reports about **Party and the board: Who is the boss?:** <http://www.ejinsight.com/20171218-party-and-the-board-who-is-the-boss/>. "A growing number of Chinese state-owned enterprises (SOEs) have redrafted their by-laws to put Communist Party of China (CPC) organizations at the top of their corporate governance structures, according to news reports. Foreign investors and businesses have raised concerns about this development, noting, among other things, that it could undermine the authority of an SOE's board of directors. In view of this development, foreign investors are advised to take into consideration the party organs when planning due diligence on a state firm."

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

Kind regards,

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