Monthly Roundup

Georgeson

September 2017

Dear All,

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

Georgeson's 2017 Proxy Season Review

- We have published **Georgeson's 2017 Proxy Season Review**: http://www.georgeson.com/2017SeasonReview. "Each year Georgeson publishes an annual review of the European AGM season, containing a comprehensive analysis of trends witnessed in the following major markets: UK, France, the Netherlands, Germany, Switzerland, Italy and Spain. We also produce a review of the Danish AGM season. We are presenting a thorough analysis of the markets where Georgeson has a widespread client base, and where we are privileged to work closely with many of the leading issuers. Our local client support, thorough investor engagement and deep market expertise allow us to highlight the issues and trends which will be of interest to both companies and investors. As the leading global proxy solicitor, shareholder engagement firm and corporate governance advisor, Georgeson works hard to ensure that our clients understand the critical issues, trends and personalities which affect and motivate their shareholders. We hope that our report will give you greater insight into these markets both in terms of the general trends and of the particular issues that have arisen during the last AGM season. Georgeson remains available to help you with any more specific queries. For any support needed at your next general meeting, please do not hesitate to let us apply our market intelligence, which will help you avoid any possible pitfalls raised both by local developments and complex international trends that can affect a dispersed shareholder base."

Shareholder Activism

- Reuters reports that **Activists opposed to Huntsman merger raise Clariant stake**: https://www.reuters.com/article/us-clariant-huntsman-m-a/activists-opposed-to-huntsman-merger-raise-clariant-stake-idUSKCN1C30QN. "Activist investors seeking to block specialty chemicals maker Clariant's merger with Huntsman of the U.S. have boosted their stake in the Swiss company. […] White Tale says the merger with Texas-based Huntsman will destroy value, while Clariant argues the $20 billion deal to create the world's second-biggest specialty chemicals company will produce hundreds of millions of dollars in synergies."

- Bloomberg Businessweek reports about **An Activist Investor's Latest Tactic: Playing Nice**: https://www.bloomberg.com/news/articles/2017-08-30/an-activist-investor-s-latest-tactic-playing-nice. "As Nelson Peltz, founder of Trian Fund Management, angles for a seat on Procter & Gamble Co.'s board, he's pledging to back social, environmental, and governance issues in ways that may appeal to the consumer-products giant's institutional investors."

- The Financial Times interviews **Cevian Capital founder, on clearing out boards**: https://www.ft.com/content/1fdd0a6c-92ed-11e7-a9e6-11d2f0ebb7f0. "Europe's biggest activist investor shakes up management teams to unlock hidden value."

- The Harvard Business Review reports that **Japan Is Counting on Shareholder Activism to Improve Its Economy**: https://hbr.org/2017/09/japan-is-counting-on-shareholder-activism-to-improve-its-economy. "Shareholder activism is a quintessentially American form of investing. In the U.S., CEOs live in fear of activist hedge funds, and politicians worry about their effects on workers. But the case for shareholder activism is perhaps best seen in Japan, where the corporate sector tends to be structurally skewed in favor of employees, at the expense of shareholders and the economy. In Japan several factors combine to help insulate managers from outside influence, including cross-holdings where the company owns shares in a partner firm, docile boards mostly composed of company executives, and a court system historically biased against investment funds. In Japan the worry lately has not been about too much shareholder activism but about too little. Remarkably, Prime Minister Shinzo Abe has embraced shareholder activism, in a bid to encourage the adoption of his corporate governance reforms, a central part of his economic policy platform."

- The Financial Times reports that **Paulson attacks high CEO pay at gold producers**: https://www.ft.com/content/f9b3a720-a3a3-11e7-b797-b61809486fe2. "Hedge fund wants co-ordinated investor action to tackle 'value destruction'"

Europe…

- The European Commission has published the **Commission report on monitoring developments in the EU market for providing statutory audit services to public-interest entities**: https://ec.europa.eu/info/publications/170907-statutory-audit-services-report_en. "As required by Regulation No 537/2014, the Commission has published a joint report based on the national market monitoring reports prepared by the national competent authorities and the European Competition Network. The Commission report takes stock of the situation in the market for the provision of statutory audits of public-interest services."

…and beyond

- Reuters reports that **Genstar Capital to buy proxy advisory firm ISS for $720 million**: https://www.reuters.com/article/us-institutional-shareholder-services-m/genstar-capital-to-buy-proxy-advisory-firm-iss-for-720-million-idUSKCN1BI20C. "U.S. private equity firm Genstar Capital said on Thursday it would buy shareholder advisory firm Institutional Shareholder Services Inc (ISS) from Vestar Capital Partners for $720 million. ISS will continue to operate independently after the deal closes in the fourth quarter, Genstar said in a statement. Bought by private equity firm Vestar Capital in 2014, ISS has 900 employees covering 40,000 shareholder meetings of publicly traded companies every year, offering recommendations on everything from votes on executive pay to a company's bylaws." See here for official statement: https://www.issgovernance.com/genstar-capital-partnership-management-announces-acquisition-institutional-shareholder-services-vestar-capital-partners/.

- ISS has announced the **Results of 2018 Benchmark Voting Policy Survey**: https://www.issgovernance.com/iss-announces-results-2018-benchmark-voting-policy-survey/. "This year, survey topics were split into two parts, with an initial, high-level survey covering a small number of fundamental and high-profile topics, including: "one-share, one vote;" pay ratio disclosures; the use of virtual meetings; and board gender diversity."

- The Financial Times reports that **Big investors step up rebellion at company meetings**: https://www.ft.com/content/f26b22a6-8f10-11e7-a352-e46f43c5825d. "Eighteen out of 20 asset managers cast fewer votes in favour of management this year"

- Bloomberg reports that **These Asian Billionaires Don't Have Any Women on Their Boards**: https://www.bloomberg.com/news/articles/2017-09-25/you-won-t-find-any-women-on-boards-of-these-asian-billionaires. "Even by Asia's low standards when it comes to having women on corporate boards, the progress of the region's billionaires is lagging: Most of the richest men in China, Japan and South Korea run companies with few, if any, female board members. The situation is particularly extreme among Asia's biggest tech companies with billionaire founders. Masayoshi Son's SoftBank Group Corp., Takemitsu Takizaki's bar-code reader and sensor-making Keyence Corp., Pony Ma's Tencent Holdings Ltd., Robin Li's Baidu Inc., Lee Kun-hee's Samsung Electronics Co. and Chey Tae-won's chipmaker SK Hynix Inc. have all-male boards. The richest man in China, Jack Ma of Alibaba Group Holding Ltd., has one woman on the board."

UK

- The Guardian reports that **Sports Direct chairman narrowly survives shareholder revolt**: https://www.theguardian.com/business/2017/sep/06/sports-direct-chairman-zero-hours-contracts-keith-hellawell-agm. "The Sports Direct chairman, Keith Hellawell, has defended the use of zero-hours contracts as he survived a shareholder rebellion over his role at the retailer. Hellawell, 75, who has been chairman since 2009, had pledged to step down if he failed to win the backing of independent investors who voted against him last year. Just over 53% of independent investors backed his re-election on Wednesday even though he has been viewed as a weak chairman who is failing to counter the power of the company's majority shareholder and founder, Mike Ashley. The senior independent director Simon Bentley was also re-elected."

- Reuters reports that **Britain's Takeover Panel seeks to tighten rules on deals**: https://uk.reuters.com/article/uk-britain-takeover-code-m-a/britains-takeover-panel-seeks-to-tighten-rules-on-deals-idUKKCN1BU22L. "Britain's Takeover Panel wants to introduce a series of changes to its rules to help protect those involved with businesses that are being targeted by potential purchasers. Bidders will need to state their ultimate plans for the merged entity and the repercussions of the deal for the various stakeholders at a much earlier date, in conjunction with their intention to make a firm bid, according to the proposals from the Panel's Code Committee. Buyers will also need to spell out what will happen to the target's headquarters and research & development (R&D) operations and whether its entire workforce will be impacted, with potential changes to the mix of skilled and unskilled workers and full time versus part time staff. Such plans -- whether they remain post-offer intentions or legally binding undertakings -- will need to be published in a separate report as part of Britain's effort to make bidders accountable for what they promise." **The consultation closes on 31 October 2017.** The full consultation paper is available here: http://www.thetakeoverpanel.org.uk/wp-content/uploads/2017/09/PCP-re-statements-of-intention-September-2017.pdf.

- The Financial Times reports that **UK accounting regulator to publish register of interests**: https://www.ft.com/content/b6112d7e-a2bf-11e7-b797-b61809486fe2. "Financial Reporting Council moves to address concerns about its independence."

- The Investment Association reports that **Quarterly reporting falls as companies focus on the long-term**: https://www.theinvestmentassociation.org/media-centre/press-releases/2017/quarterly-reporting-falls-as-companies-focus-on-the-long-term.html. "The Investment Association's call for companies to stop quarterly reporting is being heeded, with the number of FTSE 100 and 250 companies issuing quarterly reports since October 2016 declining by 19% and 25%, respectively. In a bid to discourage companies from engaging in short-term behaviour, such as managing the business to meet quarterly targets rather than developing their long term strategies, the IA called on companies to stop issuing quarterly reports and earnings guidance. This formed part of the IA's wider Productivity Action Plan launched in March 2016 which aims to help boost UK productivity through long-term investment and enhanced investor stewardship."

- Bloomberg Businessweek reports about **Who Won the Battle Over Executive Pay?**: https://www.bloomberg.com/news/articles/2017-08-18/three-charts-show-the-winner-in-the-executive-pay-revolt. "Protests about bosses being paid too much are starting to have an impact, in Britain at least. Companies from drugmaker AstraZeneca Plc to Wm Morrison Supermarkets Plc have all faced shareholder uprisings over excessive compensation. In an election year, Prime Minister Theresa May added to the pressure, lambasting the gap between the pay of top execs and ordinary workers. A look at the data shows business is starting to heed these warnings: the median compensation of a FTSE 100 CEO fell 7 percent in 2016. For the 24 companies that disclosed figures for 2017, it's down 22 percent, according to data compiled by Bloomberg."

France

- Reuters reports that **Vivendi blocks Ubisoft's staff share awards scheme as stand-off continues**: https://uk.reuters.com/article/ubisoft-agm-vivendi/update-2-vivendi-blocks-ubisofts-staff-share-awards-scheme-as-stand-off-continues-idUKL5N1M348Z. "Acquisitive media conglomerate Vivendi has prevented a staff share awards scheme going ahead at Ubisoft, where it is the biggest shareholder, as it presses to get board representation at the French video games firm. Vivendi, which has built up a 26.63 percent stake in Ubisoft since 2015, said that it had abstained from voting on a number of resolutions at Ubisoft's annual general meeting on Friday, including a motion to grant bonus shares to employees. The resolution, which Ubisoft's top executives said was aimed at attracting and keeping talent, needed two thirds of the vote to be passed. But Vivendi abstained, saying some members of Ubisoft's senior management could also have received free shares and without board representation it was impossible for Vivendi to approve the resolutions submitted for voting."

- The Financial Times explains that **Liliane Bettencourt's death could transform L'Oréal and Nestlé**: https://www.ft.com/content/ca0f7c0c-9f29-11e7-8cd4-932067fbf946.

- Bloomberg reports about **L'Oréal's Problem With Men**: https://www.bloomberg.com/news/articles/2017-09-06/l-or-al-s-problem-with-men. "The cosmetics maker has a great track record drawing female employees – so great that now it's aggressively trying to attract men for balance."

Germany

- The Financial Times reports that **Deutsche Börse probe widens to all top management**: https://www.ft.com/content/c70b64d8-80d1-11e7-a4ce-15b2513cb3ff. "Prosecutors, state regulator and financial watchdog now examining German stock exchange."

- Handelsblatt reports about **Which Bosses Really Earn Their Pay? Are highly paid managers worth their exorbitant salaries? A Handelsblatt study ranks German CEOs on their record of creating value for shareholders**: https://global.handelsblatt.com/companies-markets/which-bosses-really-earn-their-pay-817882. "Executive pay is an ongoing controversy in Germany, with multi-million euro salaries, bonuses and pension pots sparking shareholder revolts, tabloid headlines and talk-show outrage. With federal elections coming up this fall, politicians of all parties have jumped to propose new restrictions on supposedly excessive compensation. For shareholders, it can be hard to answer the basic question: Are executives worth it? A new study by Handelsblatt and Goettingen University answers that question, ranking the 30 leading companies that make up Germany's most important stock market index, the DAX."

Netherlands

› Eumedion has announced that **Institutional investors establish the first edition of a Dutch Stewardship Code**: https://eumedion.nl/en/news/institutional-investors-establish-the-first-edition-of-a-dutch-stewardship-code. "Pension funds, insurers and asset managers have prepared a draft Dutch Stewardship Code which expresses their position as an engaged and responsible shareholder at Dutch listed companies. Application of the code's principles by institutional investors will contribute to sustainable long-term value creation of the investee companies and, consequently, to the long-term returns on the investment portfolio. The code also makes pension funds, insurers and asset managers more accountable to their beneficiaries and clients by making transparent how the exercise of the shareholder rights have contributed to the protection of the value of the investment portfolio. […] The draft Dutch Stewardship Code emphasises informed voting by institutional investors and their willingness to conduct a constructive dialogue with Dutch listed companies, with other shareholders and with relevant stakeholders. In addition, signatories are expected to be transparent on the voting and engagement policy, the implementation thereof and their full equity holdings. Comments and suggestions on the draft code are welcome until November 15, 2017 via info@eumedion.nl. It is intended to publish the final version of the code in December 2017."

› Manifest reports that **Numbers of Dutch female executive directors fall in 2017**: https://www.manifest.co.uk/numbers-dutch-female-executive-directors-fall-2017/. "The latest Dutch Female Board Index shows that the total numbers of female executive directors and the number of companies with female directors has fallen in the year to 31st August 2017 compared with the previous year. The study of 85 Dutch listed companies found that of the 209 total executive directors 13 of them were female (6.2%) compared with 15 out of 212 (7.1%) in 2016 and 16 out of 206 (7.8%) in 2015. The number of companies with a female executive director dropped from 14 (17%) in 2016 to just 12 in 2017 (14% of all 85 companies). As the report noted the two-tier model of corporate governance is dominant in the Netherlands. For the purposes of the study, the directors who are members of the executive board are defined as executive directors while supervisory board members have been defined as non-executive directors. The number of female directors has risen overall to 126 out of 669 directors (18.8%) in 2017, compared with 117 out of 653 17.9% in 2016." See here for the full report: https://www.tias.edu/docs/default-source/Kennisartikelen/rapport-female-board-index-2017.pdf.

Switzerland

› The Financial Times reports that **Swiss takeover panel demands China's HNA clarify its ownership**: https://www.ft.com/content/c508fe30-9de5-11e7-8cd4-932067fbf946. "Body asks why shareholders appear to differ from statements during 2016 Gategroup deal"

Italy

› Reuters reports that **UniCredit proposes to remove 5 percent cap on voting rights**: https://www.reuters.com/article/us-unicredit-governance/unicredit-proposes-to-remove-5-percent-cap-on-voting-rights-idUSKCN1BW2P0. "UniCredit has called a shareholder meeting for Dec. 4 to put new governance proposals to the vote, including removing a 5 percent cap on voting rights and allowing the board to select its own candidates to be directors. The proposed changes come at a time of renewed merger speculation following a report that Italy's largest bank by assets told Berlin recently it was interested in eventually merging with state-backed Commerzbank."

› Reuters reports that **Mediaset says still getting no picture on Vivendi's plans**: https://www.reuters.com/article/us-mediaset-results/mediaset-says-still-getting-no-picture-on-vivendis-plans-idUSKCN1C12P9. "Italy's Mediaset said on Tuesday it was still in the dark over what Vivendi planned to do with its stake in the TV group as well as its the French media group's plans for a potential joint-venture that would also involve Telecom Italia. Vivendi, which is Telecom Italia's biggest shareholder, built up a 28.8 percent shareholding in Mediaset last year, making it the second biggest shareholder after the family of former prime minister Silvio Berlusconi. But in April Italy's communications industry regulator (AGCOM) told

Vivendi to reduce its stake in one of the two Italian companies, saying it was anti-competitive. Vivendi, which is appealing against the ruling, has told AGCOM it will take a series of measures to meet the watchdog's concern, including transferring a stake of at least 19.19 percent of Mediaset shares to a blind trust."

United States

› **SEC Adopts Interpretive Guidance on Pay Ratio Rule**: https://www.sec.gov/news/press-release/2017-172. "The Securities and Exchange Commission has approved interpretive guidance to assist companies in their efforts to comply with the pay ratio disclosure requirement mandated by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under the Commission's rule implementing the pay ratio requirement, companies are required to begin making pay ratio disclosures in early 2018."

› Bloomberg reports that **Facebook Scraps New Share Class in Rare Win for Investors**: https://www.bloomberg.com/news/articles/2017-09-22/facebook-scraps-plan-to-create-new-class-of-shares. "Facebook Inc. scrapped plans to create a new class of shares, a rare victory for outside investors in a battle for control of the world's largest social media company. The move would have let Chief Executive Officer Mark Zuckerberg keep voting control even while selling almost all his shares to fund philanthropic endeavors. On Friday, only days before he was scheduled to appear in court over the matter, Zuckerberg said he will proceed without the plan. The decision follows a rash of technology executives creating special shares to control their companies, and may make similar structures more difficult to put in place in the future." Additionally, Investment & Pensions Europe reports that **AP7: Facebook climbdown over stock dispute saved investors $10bn**: https://www.ipe.com/news/esg/ap7-facebook-climbdown-over-stock-dispute-saved-investors-10bn/10020809.article.

› The Wall Street Journal report that **Big Investors Want Directors to Stop Sitting On So Many Boards**: https://www.wsj.com/articles/big-investors-want-directors-to-stop-sitting-on-so-many-boards-1506418201. "Major institutional investors, governance advisers and boards themselves are cracking down on so-called overboarding, trying to ensure that directors don't spread themselves too thin. Overstretched directors lack time to adequately monitor management, these critics contend. 'There is no good reason for having an overboarded director,' said Charles Elson, head of the Weinberg Center for Corporate Governance at University of Delaware. He expects institutional-investor pressure will make S&P 500 board members with at least five seats a dying breed. Many directors who serve multiple boards contend that they adequately manage their time and can handle their board responsibilities."

› Bloomberg reports that **Corporate Boards Get More Serious About Job Performance**: https://biglawbusiness.com/corporate-boards-get-more-serious-about-job-performance/. "How well corporate board members do their jobs is being measured more rigorously amid increased scrutiny from investors and each other. Most of the Russell 3000 company boards that say they review their performance each year now look at members individually, rather than as a whole, according to data provided by Institutional Shareholder Services Inc. Companies are also increasingly looking to outsiders for a more objective board evaluation, instead of doing it themselves. In 2016, only 12 of the companies ISS analyzed said they use an external evaluator. So far this year, it's counted 61 companies that do."

Canada

- The 30% Club has announced that **Canadian Institutional Investors call for 30% women on boards and executive teams by 2022**: https://30percentclub.org/press-releases/view/canadian-institutional-investors-call-for-30-women-on-boards-and-executive. "Canada's largest institutional investors are calling for 30% representation of women on the boards and executive management teams of S&P/TSX composite index companies by 2022. […] A total of sixteen investors managing a combined $2.1 trillion in net assets, say swifter and more decisive action is needed to bridge the diversity gap. In a joint Investor Statement, they are calling on institutions and business leaders to use their collective voice as public company investors to help drive meaningful progress on gender diversity across the country's offices and boardrooms. The initiative will be highlighted the morning of Thursday, September 7th when supporting investors come together for a Market Open Ceremony at the Toronto Stock Exchange." See here for the Investor Statement: https://30percentclub.org/assets/uploads/Canada/PDFs/30_percent_Club_Canadian_Investor_Statement_FINAL_Sept_5_.pdf.

Australia

- The Australian Financial Review reports that **ASIC reins in proxy firms ahead of lively AGM season**: http://www.afr.com/leadership/asic-reins-in-proxy-firms-ahead-of-lively-agm-season-20170901-gy91f2. "The corporate regulator is threatening to rein in influential proxy advisors, as activist investors prepare to take aim at embattled major companies such as Telstra, Bluescope Steel and Commonwealth Bank of Australia during the upcoming shareholder meeting season. Sixteen top 300 companies including CSL, Bellamy's, CBA, AGL Energy and Boral could face a board spill if they incur a 'second strike' on pay this year and Grant King has had to step away from BHP's board as investors wield their power more freely in response to underwhelming results. […] The Australian Securities and Investments Commission has met with business groups and proxy firms, who advise major shareholders how to vote during AGM season. The regulator told key players last week it intends to make an unprecedented intervention in the AGM season to hose down any fireworks after a lacklustre reporting season. 'We will be engaging with proxy advisors regarding their specific engagement practices with companies, including when an against recommendation is being proposed,' ASIC Commissioner John Price wrote to participants in a letter obtained by The Australian Financial Review. 'We will also be writing to the head offices of the proxy advisors who are based offshore to inform them of the concerns that have been raised in the Australian market,' Mr Price said."

- The Financial Times reports that **Qantas chief flies high with A$25m pay packet**: https://www.ft.com/content/d56bba6a-99df-11e7-a652-cde3f882dd7b. "Alan Joyce among world's highest paid airline executives after carrier's turnround."

- The Sydney Morning Herald reports that **ASX 200 has just 11 female CEOs, and 41 have no executive women leaders**: http://www.smh.com.au/business/workplace-relations/asx-200-has-just-11-female-ceos-and-41-have-no-executive-women-leaders-20170906-gyc2om.html. "There are just 11 female CEOs on the ASX 200, and 41 of the nation's largest companies don't have a woman on their executive leadership. That is the latest finding of the Chief Executive Women (CEW) ASX 200 Senior Executive Census 2017, which confirms that men still hold the majority (79 per cent) of roles in ASX 200 executive leadership."

Hong Kong

- The South China Morning Post reports that **New market for dual-class shares garners momentum after watered down listing reforms**: http://www.scmp.com/business/banking-finance/article/2111438/new-market-dual-class-shares-garners-momentum-after-watered. "The government, along with HKEX and the SFC, say they will work together to make the city more attractive as a listing destination for new economy companies, adding momentum to the proposed new stock market for dual class shares after regulators embraced a watered down version of listing reforms on Friday." See here for official announcement: http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=17PR122. David Webb comments that this is a **Huge climb-down by the**

SFC: https://webb-site.com/articles/listing170915.asp. "It leaves HK with a second-class system for a second-class market. In the UK and US, there is a clear division of functions. Competing exchanges run their exchange businesses, while regulators regulate. In HK, we have a conflicted, for-profit regulator making the Listing Rules, and the SFC running the Takeovers Code. There are many long-overdue corporate governance reforms that will not see the light of day under the current Listing Rule-making process."

China

- The Financial Times reports that **BlackRock and Fidelity put China's Communists into company laws**: https://www.ft.com/content/e91270a8-9364-11e7-bdfa-eda243196c2c. "Fund managers backed ranking party above company boards in state-owned enterprises."

Taiwan

- The Taipei Times reports that **Governance is top priority: Koo**: http://www.taipeitimes.com/News/biz/archives/2017/09/13/2003678319. "Financial Supervisory Commission (FSC) Chairman Wellington Koo yesterday said improving corporate governance would be the regulator's primary objective with him at the helm. Rules governing the financial sector are to be bolstered and companies will be regulated with a carrot-and-stick approach, Koo said at his first news conference as head of the agency. […] Improving corporate governance would begin strengthening the role of independent boards of directors, as well as ensuring the veracity of audits and assessments, Koo said, adding that it will take time to flesh out the plans."

Singapore

- The Straits Times reports that **SGX says 'still evaluating' feedback on dual-class shares**: http://www.straitstimes.com/business/sgx-says-still-evaluating-feedback-on-dual-class-shares. "The Singapore Exchange (SGX) is still some time away from deciding if companies with dual-class share structures should be allowed to do primary listings here, its directors said yesterday. Chairman Kwa Chong Seng said at its annual general meeting (AGM) yesterday: 'We need to be sharp and be willing to move. But at the same time, we don't need to be the first ones to move. So we'll see.' Mr Kwa was responding to a question from a shareholder who asked if such a structure – where certain shares have higher voting rights than others – is unavoidable, given that SGX's rival in Hong Kong has reconsidered its ban."

South Korea

- The Financial Times reports about **President Moon's tricky mission to tame Korea Inc**: https://www.ft.com/content/fa1e3e00-947b-11e7-bdfa-eda243196c2c. "Family-run conglomerates are a large chunk of the economy, but scandal has raised the pressure to rein them in."

Malaysia

- The BBC reports that **Malaysia to name firms lacking board diversity**: http://www.bbc.co.uk/news/business-41170149. "Malaysia plans to publish the names of companies with no women on their boards next year, and those firms risk losing government contracts. The warning was issued by Prime Minister Najib Razak in a speech about women and the economy. […] In Malaysia women make up 14% of board members, according to a survey by Deloitte tracking gender diversity on boards in 44 countries. While low in global terms, that still tops the list in Asia. In Japan, only 4% of board members are women, in South Korea 2.5%."

India

- The Times of India reports that **ITC files Rs 1,000 cr defamation suit against IiAS**: http://timesofindia.indiatimes.com/business/india-business/itc-files-rs-1000-cr-defamation-suit-against-iias/articleshow/60393558.cms. The Business Standard argues that this is a **Test case for India's proxy advisory firms**: http://www.business-standard.com/article/opinion/test-case-for-india-s-proxy-advisory-firms-117091700761_1.html. "The still nascent proxy advisory sector in India is set to face its toughest test with the recent Rs 1,000 crore legal suit filed by ITC in the Calcutta High Court against Institutional Investor Advisory Services (IiAS) over allegations of defamatory statements. However, some still see a silver lining to the development. According to Shriram Subramanian, founder and managing director, InGovern Research Services, the lawsuit only represents the increasing influence of proxy advisory firms in India."

South Africa

- The Independent Regulatory Board for Auditors has announced that **Shareholders are having their say on auditor appointments**: https://www.irba.co.za/news-headlines/press-releases/shareholders-are-having-their-say-on-auditor-appointments. "Since announcing that Mandatory Audit Firm Rotation would be a requirement from 2023, the Independent Regulatory Board for Auditors (IRBA) has been tracking the results of shareholder voting at annual general meetings with respect to the reappointment of auditors. A visible trend towards voting against the reappointment of auditors is developing, with 27% of the surveyed ordinary resolutions increasing the opposing votes by up to 40%. This appears to be the case, particularly for those companies where the tenure is excessively long. The IRBA issued a regulation in December 2015 requiring audit firms to disclose the length of tenure of an audit in the independent auditor's report to shareholders. This was to ensure that shareholders were aware of the length of the relationship between the auditor and their client, which should have also been considered by the audit committee when the auditors were considered for reappointment."

Brazil

- Bloomberg reports that **Batistas Keep JBS a Family Affair as Investor Pressure Rises**: https://www.bloomberg.com/news/articles/2017-09-18/batistas-keep-jbs-a-family-affair-as-shareholder-pressure-mounts. "One of the richest families in Brazil is clinging on to power at scandal-hit JBS SA as pressure mounts from the company's second-largest shareholder, state development bank BNDES. JBS, the world's largest meat producer, has been engulfed by a corruption scandal in recent months that left two of the Batista clan in jail including the company's chief executive officer. The JBS board voted at the weekend to appoint 84-year-old family patriarch Jose Batista Sobrinho, the company's founder and vice-chairman, as its new CEO, replacing his son Wesley Batista, who was arrested last week amid allegations of insider trading."

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

Kind regards,

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