Monthly Roundup

Georgeson

July 2017

Dear All,

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

Shareholder Activism

- Bloomberg reports that **Elliott Blasts Akzo Nobel Over Paintmaker's Shareholder Meeting**: https://www.bloomberg.com/news/articles/2017-07-25/akzo-profit-misses-estimates-as-focus-turns-to-targets-spinoff. "U.S. hedge fund Elliott Management Corp. escalated its battle with Akzo Nobel NV, accusing the Dutch paintmaker of deliberately flouting shareholder rights just as the company pledged to repair relations with investors. The Amsterdam-based manufacturer of chemicals and coatings is in 'serious and direct contravention' with European shareholder rules on the timing of a Sept. 8 investor meeting, Elliott said in a statement on Tuesday. […] Akzo Nobel is emerging from a tumultuous few months that left relations with some investors in tatters. Elliott led a campaign for talks with rival-turned-suitor PPG Industries Inc. on its unsuccessful $29 billion takeover bid, and has mounted a series of court cases to have Chairman Antony Burgmans removed. Adding to the upheaval, former CEO Ton Buechner suddenly resigned last week for unspecified health reasons, leaving the new CEO, Thierry Vanlancker – who only joined the company in 2016 – to carry out the ambitious targets the company put forth as its defense against being sold. The latest tussle between Akzo Nobel and shareholder Elliott revolves around the date chosen by the company for the meeting to vote on Vanlancker's nomination. It falls short of the 60 days required under Dutch rules for shareholders to be able to submit agenda items, but within the 42-day limit for giving them notification."

- JP Morgan have published a report entitled **The 2017 Proxy Season: Globalization and a new normal for shareholder activism**: https://www.jpmorgan.com/country/LB/en/cib/investment-banking/proxy-season. "As the 2017 proxy season came to a hectic close, activist assets under management and campaign volume remained relatively flat compared to the 2016 proxy season, at $121 billion AUM1 and 606 campaigns, respectively. These numbers do not tell the whole story, however, as the year bore witness to the continued emergence of a longer-term trend of multi-demand, value-oriented agendas, as activists around the globe drive the strategy's evolution." See here for the full report: https://www.jpmorgan.com/jpmpdf/1320739681811.pdf.

- The Financial Times reports that **Daniel Loeb, master of the universe makes a comeback: The surf-loving founder of Third Point takes aim at Europe**: https://www.ft.com/content/9f880a66-5cbd-11e7-9bc8-8055f264aa8b.

- Lazard have published a report entitled **Review of Shareholder Activism – 1H 2017**: https://corpgov.law.harvard.edu/2017/07/25/review-of-shareholder-activism-1h-2017/. "1) The most prominent activists have ramped up their activity, raising capital and launching campaigns against blue chip targets; 2) Activists are increasingly looking beyond the United States and investing significant resources globally; 3) Index owners are proactively engaging in contested situations, delivering on their promises to become more assertive; 4) Activists were successful in securing management change, with numerous high-profile CEO exits following relentless activist scrutiny and proxy campaigns; and, 5) Continued flows out of actively-managed strategies and into index funds have provided activists with outsized influence in an environment of increasing shareholder concentration." See here for the full report: https://corpgov.law.harvard.edu/wp-content/uploads/2017/07/Lazards-Review-of-Shareholder-Activism-1H-2017.pdf

- Bloomberg reports that **More Companies Cite Activism as a Risk in Financial Disclosures**: https://bol.bna.com/more-companies-cite-activism-as-a-risk-in-financial-disclosures/. "Sixty-five public companies cited 'shareholder activism' as a risk factor in SEC filings during the first six months of 2017, more than five times as many during the same period three years ago, according to a Bloomberg BNA analysis. Companies are showing increasing awareness and concern about the potential costs of activism even as the rate of growth of activist campaigns has slowed."

- The Guardian reports that **HSBC triggers investigation into palm oil company over deforestation allegations**: https://www.theguardian.com/sustainable-business/2017/jul/17/hsbc-investigation-palm-oil-company-deforestation-allegations-noble-plantations. "HSBC has triggered an investigation into Noble Plantations following allegations the company was preparing to clear thousands of hectares of rainforest in Papua for oil palm cultivation. In a decision hailed as a first by a major bank, HSBC has asked the Roundtable on Sustainable Palm Oil (RSPO), a sustainability body for the palm oil industry, to investigate the claims."

- The Financial Times reports that **Activist investors lead 'quiet revolution' in Italy: Corporate governance is improving as the grip of traditional company owners weakens**: https://www.ft.com/content/d6a695ee-6df2-11e7-bfeb-33fe0c5b7eaa.

Europe…

- Bryan Cave LLP explains that **German co-determination laws have been ruled compliant with EU law**: http://www.bcatwork.com/2017/07/19/german-co-determination-laws-are-compliant-with-eu-law/. "[On] July 18, the European Court of Justice (ECJ) followed the Advocate General's motions to hold German laws on Employee Representation on Board Level do not violate EU law. […] Thus, the exclusion of all employees of global group entities employed outside of Germany in participating in employee representatives elections is not discrimination based on nationality. The freedom of movement for workers does not grant employees' rights outside Germany, which only exist within, and under the national laws of, Germany. Co-determination laws and rules regarding the Employee Representation on Board Level belong to German corporate and collective employment law and, therefore, may legitimately be restricted to employees employed in Germany."

…and beyond

- The Financial Times reports that **Investors strive to keep European bank CEO pay below US levels: Stateside bosses were last year paid 2.1 times as much as peers across the Atlantic**: https://www.ft.com/content/eefde390-6d70-11e7-bfeb-33fe0c5b7eaa.

- Nikkei Asian Review reports that **Asian institutions edging further into sustainable investing: Embrace of 'ESG' by state funds expected to generate more private interest**: https://asia.nikkei.com/Business/Trends/Asian-institutions-edging-further-into-sustainable-investing.

- Euromoney reports that **Dana Gas puts Islamic finance to the test**: https://www.euromoney.com/article/b13jm70v8rd9pf/dana-puts-islamic-finance-to-the-test. "Dana Gas, an Emirati gas company, is using Shariah non-compliance as an argument in its sukuk restructuring talks. That remarkable move, if successful, could undermine the whole system of trust built around Islamic finance in the Middle East."

UK

- The Guardian reports that **One in three Burberry shareholders revolt against executive pay deal**: https://www.theguardian.com/business/2017/jul/13/burberry-shareholders-vote-against-executive-pay-deal-christopher-bailey. "A third of Burberry's shareholders have failed to back the luxury brand's remuneration report in a protest over high pay. Investors representing just over 32% of voting shares rejected the report with more investors withholding their votes despite recent attempts to appease their anger by reducing overall pay deals. The rebellion was the biggest since 2014, when more than half of shareholders voted against director pay at the British fashion house. At Burberry's annual meeting in central London on Thursday morning, the chairman, John Peace, defended the pay packages for key executives including Christopher Bailey, who was joint chief creative director and chief executive until last week, and the new chief operating officer and finance officer, Julie Brown."

- Sky News reports that **Embattled PwC faces fresh audit scrutiny over Vodafone 'conflict'**: http://news.sky.com/story/embattled-pwc-faces-fresh-audit-scrutiny-over-vodafone-conflict-10964563. "The world's biggest auditor is facing fresh questions over its independence after a powerful shareholder adviser warned of a possible conflict of interest in its relationship with Vodafone. Sky News has obtained a report by

Institutional Shareholder Services (ISS) highlighting PricewaterhouseCoopers' (PwC) dual role as auditor to Vodafone and administrator to the collapsed British mobile phone retailer Phones 4U. In the latter role, PwC has been drawing up plans to sue Vodafone and other mobile phone operators over their decision to stop supplying Phones 4U prior to its demise in 2014. […] The situation 'raises obvious concerns around conflicts of interest and auditor independence,' ISS's report said." The Financial Times reports that **PwC publicly rebuked over alleged Vodafone conflict: Standard Life criticises auditor at telecoms group's AGM**: https://www.ft.com/content/6b40f706-7395-11e7-aca6-c6bd07df1a3c.

- The Daily Mail reports that **Storage firm Safestore Holdings hit as almost half of shareholders revolt over fat cat pay**: http://www.dailymail.co.uk/money/markets/article-4729550/Fat-cat-pay-revolt-hits-storage-firm-Safestore-Holdings.html. "Bosses at Safestore Holdings have been rocked by a furious backlash over fat-cat pay. Almost half of shareholders yesterday voted to reject the FTSE 250 storage firm's annual accounts and pay reports amid an embarrassing row. Investors were rebelling over an award scheme that is set to hand executive directors millions of pounds – with chief executive Frederic Vecchioli in line to receive shares worth £8.4million at today's prices. Safestore had unsuccessfully tried to force through the plans earlier this year and only narrowly succeeded yesterday, carrying its resolutions with 50.8 per cent and 51.3 per cent of the votes."

- The Financial News reports that **NEX pulls political donation resolution after backlash**: https://www.fnlondon.com/articles/nex-pulls-political-donation-resolution-after-backlash-20170713. "Michael Spencer's NEX Group pulled a planned resolution seeking shareholder approval to make political donations of up to £100,000 at the eleventh hour after the furore over its support for Conservative candidates in June's general election. At the trading and technology firm's annual general meeting yesterday, shareholders had been due to vote on whether to give the company and its subsidiaries the authority to make donations up to an aggregate £100,000 between now and the next AGM. The meeting came soon after NEX drew disapproval from governance watchdogs over its £5,000 donations to five Conservative candidates in the UK's election in June. The move had been the initiative of chairman Charles Gregson, who said he would reimburse the company."

- The ICAEW has published a paper entitled **Executive Remuneration: Factors influencing consultants' advice**: http://www.icaew.com/en/technical/corporate-governance/corporate-governance-group/board-and-board-committees/remuneration-committee/what-affects-the-advice-of-executive-pay-consultants. "Executive pay consultants have a significant influence on the design of pay for FTSE 350 and other large organisations. Research interviews with 20 top consultants identified the key factors influencing their advice and their client relationships." See here for the full report: https://www.icaew.com/-/media/corporate/files/technical/research-and-academics/executive-remuneration-factors-influencing-consultants-advice.ashx.

- The Financial Reporting Council (FRC) has announced that there is **No change to pre-emption thresholds for Prospectus Regulation**: https://frc.org.uk/News-and-Events/FRC-Press/Press/2017/July/No-change-to-pre-emption-thresholds-for-Prospectus.aspx. "The Prospectus Regulation came into force on 20 July, introducing a new exemption from the obligation to publish a prospectus up to a twenty per cent increase in securities admitted to trading. In light of the new threshold, we have confirmed that the Investment Association and the Pensions and Lifetime Savings Association continue to support the current overall limit of ten per cent in the 2015 Statement of Principles, which allows for two resolutions for disapplication authority – the first five per cent for general corporate purposes and, when applied for, the second five per cent for use only in connection with an acquisition or specified capital investment. No change to the flexibility permitted by the guidelines is expected as a consequence of the new Prospectus Regulation."

- The Financial Times reports that **Banks pressed to release more non-financial data: Investor body says information on conduct and culture will help to regain trust**: https://www.ft.com/content/5fc997f2-6481-11e7-8526-7b38dcaef614. For the Investor Forum's full report see here: https://docs.wixstatic.com/ugd/1cf1e4_ef1b124345b04d63968e8a8d7d19f548.pdf.

<u>France</u>

- France Soir reports that **Elior supprime le poste de PDG, l'intéressé décide de partir ("Elior abolishes the role of combined Chairman & CEO, so he decides to leave")**: http://www.francesoir.fr/actualites-economie-finances/elior-supprime-le-poste-de-pdg-linteresse-decide-de-partir. "French collective and commercial catering company Elior Group announced on Wednesday that its Chairman & CEO, Philippe Salle, will leave in late November after the decision of the board of directors to disassociate the functions of Chairman and CEO. Mr. Salle 'will leave his role on November 30,' Elior said in a statement, explaining that the board of directors met on Wednesday had 'decided to change the corporate governance structure of the company to adopt a dual structure.' The group justified its decision by 'the considerable time that the Chairman had been forced to devote to the governance of the committees and the board', which was assessed to be 'incompatible with the simultaneous exercise of his function as CEO'."

- The Financial Times reports that **The Macron generation shakes up French business: Buoyed by new leader, a new wave of executives is pledging to reform corporate France**: https://www.ft.com/content/ab602c56-6c67-11e7-b9c7-15af748b60d0.

Germany

- Deutsche Welle reports that **Germany tightens takeover rules to shield 'critical' businesses**: http://www.dw.com/en/germany-tightens-takeover-rules-to-shield-critical-businesses/a-39652022. "The cabinet of Chancellor Angela Merkel on Wednesday approved rules to make it easier to block the sale of strategically important companies to investors from outside the European Union. The new regulations allow the government to block takeovers if there is a risk of important know-how being lost abroad. The rules do not need parliamentary approval."

- Die Zeit reports that **In drei von vier Vorständen sitzen nur Männer ("Three out of four Management Boards are comprised of men only")**: http://www.zeit.de/wirtschaft/unternehmen/2017-07/gleichstellung-frauen-maenner-vorstand-ey-studie. "Only in every fourth Management Board are women represented, 75 per cent of the Board are male only. Overall, the share of women in the Management Boards is 6.9 percent – half a percentage point higher than at the beginning of the year. This also means that seven women have made the leap into the leadership ranks of German business. As of 1 July 2016, 40 members of the Board of Directors of the 160 listed companies were women." See here for the EY report (in German): http://www.ey.com/de/de/newsroom/news-releases/ey-20170710-frauenanteil-in-deutschen-vorstandsetagen-steigt-vor-allem-bei-dax-konzernen.

- Handelsblatt reports that **Cerberus Takes a Bite Out of Commerzbank**: https://global.handelsblatt.com/finance/cerberus-takes-a-bite-out-of-commerzbank-803756. "Germany's second-largest bank, Commerzbank, is likely to feel that bite in coming months now that Cerberus has taken a 5-percent stake in the troubled bank. 'Troubled' is a word that often fits the Frankfurt-based bank, which is nearly 150 years old. In the past few decades, it has repeatedly flirted with disaster as an also-ran in a saturated market dominated by its fellow 'Grossbanks,' Deutsche and Dresdner."

Netherlands

- Eumedion reports – in their **Evaluation of the 2017 AGM Season** – that the **Turbulent 2017 AGM season leads to only 3 rejected proposals**: https://www.eumedion.nl/en/news/turbulent-2017-agm-season-leads-to-only-3-rejected-proposals. "The 2017 Dutch proxy season too place in the midst of various unsolicited bids, amongst them the take-over proposals for AkzoNobel, Unilever, Refresco, Accell Group and Telegraaf Media Groep. Nevertheless, only three proposals were rejected by the AGMs, amongst them one shareholder proposal. These are two of the main findings of the evaluation report of the 2017 Dutch proxy season, published today by Eumedion. The average number of votes cast at the Dutch general meetings (AGMs) remained at a relatively high level: 71% at the AGMs of largest Dutch listed companies and 68% at the AGMs of Dutch midcap companies. Three voting items were rejected by the AGM (2016: 3) and seven voting items were withdrawn prior to the AGM (2016: 4). Shareholders submitted two resolutions: one at the Shell AGM and one at the ASM International AGM (2016: 1)." The full document is available here: https://www.eumedion.nl/nl/public/kennisbank/ava-evaluaties/2017-ava-evaluatie.pdf.

- Reuters reports that **Dutch government to rethink plan to curb foreign takeover attempts**: http://www.reuters.com/article/us-netherlands-m-a-protection-idUSKBN19P1J9. "The Dutch government signaled on Tuesday it would rethink a plan to delay or prevent unwanted takeovers of Dutch companies by foreign firms partly over concerns about its possible impact on the investment climate in the country. In a letter to parliament ahead of a vote on proposals offering Dutch firms more protection from takeovers, Economic Affairs Minister Henk Kamp said his proposal might conflict with European law as well as discourage foreign investors. The plan, which envisages a one-year grace period in which companies could refuse integrating with a foreign buyer, should be seen as 'still under construction', Kamp added. Parliament had been expected to reject the Kamp plan in its current form, though a majority of lawmakers is likely to back a more general motion asking the government to research other options to protect Dutch companies."

Switzerland

- Ethos Fund has argued **Yes to more transparency on consultancy mandates of proxy advisors**: https://www.ethosfund.ch/en/news/yes-to-more-transparency-on-consultancy-mandates-of-proxy-advisors. "SIX Swiss Exchange has launched a consultation on a new provision of its Corporate Governance Directive. The consultation deals with the obligation of listed companies to publish the names of the proxy advisors to whom they have entrusted services other than proxy voting advice. In such a case, the fees paid to these proxy advisors must also be disclosed. Ethos supports this new provision which aims at reigning in conflicts of interest of certain proxy advisors." Additionally, ISS has published **their response to the SIX Swiss Exchange consultation**: https://www.issgovernance.com/file/duediligence/SIX-Exchange-Letter.pdf. "For the reasons outlined below, we believe the proposed rule is both unnecessary and harmful as it could undermine the manner in which ISS currently works to mitigate the potential conflict between the core business of ISS in servicing its institutional investor clients and the work that ICS does with corporations. […] We are concerned that SIX's proposed new disclosure requirement will put information about ICS' clients in the public domain , thereby undermining our goal of preventing members of the Research team from knowing the identity of the ICS clients while providing no corresponding benefit to the investors who use ISS' research and who already have access to this information."

Italy

- Glass Lewis explains that **Mediaset Heads Off Vivendi But Questions Remain**: http://www.glasslewis.com/mediaset-heads-off-vivendi-questions-remain/. "An expected battle for control over Mediaset may have been averted, but the Italian broadcaster's 2017 annual meeting was still animated by unexpected developments. […] Ultimately, Vivendi didn't participate in the meeting, declining to register their shares to vote. Fininvest fortified its position in Vivendi's absence, as the board obtained shareholder authority to purchase up to 10% of share capital, providing a protection barrier against the threat of a potential bid. Moreover, with support from institutional and individual investors, the board has activated the whitewash mechanism, meaning that Fininvest will not be required to make a mandatory tender offer should it purchase shares above a legal threshold. […] However, some critics of the pay structure, as well as the company's business plan, remain. Arturo Albano, fund manager for Amber Capital, which holds 2.5% of Mediaset, raised concerns over costs, executive compensation and strategy, questioning whether management is up to the job and calling for the consideration of alternative projects, strategic partnerships and mergers."

- Reuters reports that **Telecom Italia management shake-up fuels Vivendi's ambitions**: https://www.reuters.com/article/us-telecomitalia-ceo-genish-idUSKBN1A92G1. "France's Vivendi has tightened its grip on Telecom Italia by removing its CEO Flavio Cattaneo and paving the way for a joint venture between its own pay-TV Canal+ and the Italian group, in a boost to the French firm's ambitions to become a southern European media powerhouse. Telecom Italia said late on Monday after a board meeting that Cattaneo would be stepping aside as chief executive on July 28 after 16 months in the job, with a severance payment of 25 million euros ($29 million). Vivendi supported Cattaneo's departure, sources familiar with the matter said, after failing to convince the Italian executive to share power with other managers and work on a new strategic plan."

United States

- Georgeson co-hosted a webinar entitled **2017 Proxy Season: Lessons Learned and Coming Attractions**: http://www.georgeson.com/us/news-insights/2017-proxy-season-lessons-learned-and-coming-attractions. "Georgeson's Anne Meyer joins Latham & Watkins LLP Partners Steven Stokdyk and Bradd Williamson for the final program in our Proxy Season Webcast Series. In this webcast, these experts carefully review the 2017 proxy season, examine the current regulatory and political landscape and discuss the prospects for the rest of the year. The webcast covers the following topics and more: Executive Compensation Developments; Shareholder Proposals and Activism; Evolving Trends in Shareholder Engagement; and, Issues of Increasing Concern to Investors." A recording of the webcast is available here: https://www.sites.lwcommunicate.com/38/5145/landing-pages/on-demand-rsvp-form-(blank-generic).asp.

- Reuters reports that **FTSE Russell to exclude Snap from stock indexes over voting rights**: https://www.reuters.com/article/us-snap-russell-idUSKBN1AB2TW. "FTSE Russell said on Wednesday it planned to exclude Snap Inc from its widely followed stock indexes because the owner of the Snapchat messaging app has an unusual share structure that denies voting rights to investors. The stock index provider said it made the decision based on client feedback, the latest sign of the growing importance of corporate governance rights to investors even as technology companies move to concentrate power with insiders. It plans to require new constituents of its indexes to have at least 5 percent of their voting rights in the hands of public shareholders, though current constituents will be given a five-year grace period to comply. FTSE Russell Chief Executive Mark Makepeace told Reuters in an interview many of his clients had worried that Snap's structure could set a bad precedent." Additionally, the Financial News reports that **Daily Mail owner may be kicked out of all FTSE indices: Publishing group is one of the few UK companies that stands to be caught by new index rule provoked by Snap IPO**: https://www.fnlondon.com/articles/daily-mail-owner-may-be-kicked-out-of-all-ftse-indexes-20170728.

- The Wall Street Journal reports that **State Street Pushed 400 Companies to Put Women on Boards. Most Shrugged**: https://www.wsj.com/articles/state-street-pushed-400-companies-to-put-women-on-boards-most-shrugged-1501100453. "Index-fund giant State Street Global Advisors, which oversees more than $2.5 trillion in assets, had pledged in March to throw its weight behind the issue this year. The company found 468 companies it owns shares of in the U.S. lacked a single female board member. Of that group, the Boston-based firm said about 400 companies failed to address gender diversity in any meaningful way. The money manager, a unit of custody bank State Street Corp., then voted against the re-election of directors charged with nominating new board members at each of these companies. Directors faced re-election at those companies' latest annual meetings." Additionally, Bloomberg reports that **BlackRock Puts Its Votes Behind Proposals to Get Women on Boards**: https://www.bloomberg.com/news/articles/2017-07-14/blackrock-puts-its-votes-behind-proposals-to-get-women-on-boards. "The world's largest asset manager said it supported eight out of nine shareholder proposals on board diversity at annual meetings in the U.S. and Canada during the second quarter this year, according to a report posted on its website Thursday. At five of those companies, the firm said that it also voted against board members on the nominating committee 'for failure to address investor concerns' on the issue."

- Bloomberg reports that **Apple's Cook Reaped $145 Million Last Year, Most of S&P 500 CEOs**: https://www.bloomberg.com/graphics/2017-ceos-take-home-pay/. "Don't be fooled by Tim Cook's 2016 reported pay of $8.75 million, which ranked the Apple Inc. chief executive officer in the bottom third of all CEOs in the S&P 500. Cook, 56, actually took home $145 million, almost all of it from awards granted back in 2011. He's not the only chief executive officer of a publicly traded U.S. company to cross the $100 million threshold for take-home pay, commonly referred to as realized pay. Reed Hastings, 56, of Netflix Inc., reaped $106 million last year. Take-home pay for the top 25 S&P 500 CEOs who served in their positions for the last full fiscal year totaled about $1.65 billion. Bosses in the technology, health care and media industries dominated the list." Additionally, the Financial Times reports that **Netflix executives keep hitting bonus bullseyes: Uncanny accuracy is being achieved on targets set by often volatile video streamer**: https://www.ft.com/content/7ff016f4-6bd0-11e7-bfeb-33fe0c5b7eaa.

- Proxy Monitor has published a report entitled **Climate-Change Proposals Break Through**: http://www.proxymonitor.org/Forms/2017Finding1.aspx. "Beyond the sheer numbers of environmental and other social-oriented shareholder proposals introduced in 2017, a subset of these proposals has received unprecedented shareholder voting support this year. For the first time in the 12 years tracked in the Proxy Monitor database, some environment-related shareholder proposals received majority shareholder support. Three substantively identical environment-related shareholder proposals introduced at oil or electricity companies – ExxonMobil, Occidental Petroleum, and PPL – each received the support of a majority of shareholders."

Australia

- The Financial Services Council **has launched their Internal Governance and Asset Stewardship Standard**: https://www.fsc.org.au/resources/resource-detail/?documentid=636e71f5-0e6c-e711-8103-c4346bc5c274. "The FSC's Asset Stewardship Standard, which has incorporated the strongest stewardship and governance elements from these jurisdictions, is mandatory for all FSC asset manager members. […] FSC Standard 23: Internal Governance and Asset Stewardship has been developed to: 1) encourage higher standards of internal governance and stewardship practices; 2) provide better information for clients and other stakeholders; and, 3) raise the quality and standing of Australia's financial services internationally. The new Standard aims to strengthen consumer confidence in Australian financial services and ensure the long term sustainability of the industry. Good stewardship supports companies with productive use of capital to generate long-term sustainable returns with the potential for societal gains. Crucially, it can also facilitate better alignment between companies and the end investor, leading to better outcomes for all."

Japan

- Nikkei Asian Review reports that **Activist investor's plea brings rare board change in Japan: Investment fund Reno shakes up Kuroda Electric's shareholders meeting**: https://asia.nikkei.com/Business/Companies/Activist-investor-s-plea-brings-rare-board-change-in-Japan.

China

- Caixin Global reports that **China to Accelerate SOE Consolidation in Bid to Build Corporate Giants**: http://www.caixinglobal.com/2017-07-19/101118793.html. "China is preparing to accelerate its consolidation of companies owned by the central government, aiming to create from existing enterprises about 80 corporate giants that can be globally competitive, a knowledgeable source told Caixin. A key component of the plan involves dividing all major state-owned enterprises (SOEs) into three groups, according to the source at the State-Owned Assets Supervision and Administration Commission (SASAC), which oversees all companies owned by the central government. A document now being drafted by SASAC will be released by the end of the year, with a target of classifying all companies as either investment, financial services or industry firms, the source said. Industry companies will also include manufacturers."

Saudi Arabia

- The Guardian reports that **City regulator plans rule change to allow Saudi oil giant's $2tn float in London**: https://www.theguardian.com/business/2017/jul/13/city-regulator-plans-rule-change-to-allow-aramco-flotation-in-london. "The City regulator is proposing to water down stock market rules in a move regarded as an attempt to attract the world's biggest ever flotation – of Saudi Aramco, the Gulf kingdom's state oil company – to London. The proposals by the Financial Conduct Authority come as Aramco weighs up which financial centre to pick for the sale of 5% of its shares. The company could be valued at $2tn – a huge price tag that would also generate hundreds of millions of dollars in fees for investment bankers, lawyers and other professional firms involved in stock market flotations. However, investors immediately warned that the FCA's proposal to create a new category for firms controlled by a shareholder that is a sovereign country could damage London's reputation for protecting shareholders in companies that have dominant owners." See here for the FCA announcement: https://www.fca.org.uk/news/press-releases/fca-proposes-new-premium-listing-category-sovereign-controlled-companies.

Pakistan

- The Securities and Exchange Commission of Pakistan (SECP) **has announced a new legal requirement on board gender diversity**: https://www.secp.gov.pk/wp-content/uploads/2017/07/Press-Release-July-8-Women-directors-in-Pakistan.pdf. "In a major break-through for gender diversity in corporate boards in Pakistan, the Securities and Exchange Commission of Pakistan (SECP) has required listed companies to have at least one woman director within three years. This change is being implemented through the revised Code of Corporate Governance under the new Companies Act 2017, which specifies that public interest companies shall have such representation of women directors as specified by the SECP. As a result, the proportion of women directors on listed companies, which are a subset of public interest companies, is expected to jump from 6.4 percent to at least 14.3 percent. At present out of 100 companies included in the KSE 100 index of Pakistan Stock Exchange, 69 companies have no woman director. These include 16 out of the 20 largest listed companies in terms of free-float market capitalization."

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