Monthly Roundup

Georgeson

November 2017

Dear All,

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

Shareholder Activism

- Reuters reports that **Trian's Peltz claims win in proxy fight, P&G says not yet**: https://uk.reuters.com/article/us-procter-gamble-trian/trians-peltz-claims-win-in-proxy-fight-pg-says-not-yet-idUKKBN1DF34P. "Activist hedge fund manager Nelson Peltz claimed victory in his fight to win a seat on Procter & Gamble Co's board after a preliminary tally of votes was released on Wednesday, but P&G refused to concede and said it wants to see a certified result before declaring a winner. […] A new preliminary vote tally prepared by independent election inspector IVS Associates after four weeks of recounting from last month's proxy contest showed Peltz won by 43,000 shares voted out of 2.6 billion, according to a source. That leaves Peltz with a margin of victory of 0.002 percent of outstanding shares, which analysts said is so slim it could easily flip again."

- The Financial Times reports that **Bill Ackman suffers setback with rebuff from ADP investors**: https://www.ft.com/content/c0bc69a6-c3c5-11e7-a1d2-6786f39ef675. "Human resources group fights off activist's efforts to win three board seats."

- The New York Law Journal reports about **What Happens When an Activist Goes on the Board?**: https://www.law.com/newyorklawjournal/sites/newyorklawjournal/2017/11/15/what-happens-when-an-activist-goes-on-the-board/?slreturn=20171028074746. "The pattern of the vast majority of activist challenges being settled through private negotiations makes the settlement process academically interesting. What gets negotiated? And with what outcomes?"

- The Financial News reports that **Europe's busiest activist attacks big asset managers**: https://www.fnlondon.com/articles/europes-most-active-investor-attacks-big-asset-managers-20171102. "The founder of the busiest activist investor in Europe has criticised investment managers for buying large stakes in companies and then abdicating responsibility of shareholder voting to third parties. Joseph Oughourlian, founder of London-based Amber Capital, said asset managers that do not exercise their voting rights in the companies in which they are a major stakeholder 'pose a risk to the system' and could damage the economy."

- The Financial Times reports that **China Hongqiao tries to block negative reports by short-sellers**: https://www.ft.com/content/f6bc150a-c2d1-11e7-b2bb-322b2cb39656. "Aluminium maker seeks injunction to bar reviews already published by Emerson Analytics."

Europe…

- The **Wall Street Journal** (https://blogs.wsj.com/riskandcompliance/2017/11/01/the-morning-risk-report-exec-pay-directors-to-remain-hot-issues-in-e-u/) and **Reuters** (https://uk.reuters.com/article/uk-europe-agms-vote-report/pay-dissent-jumps-at-european-company-agms-report-idUKKBN1D21UP) have covered some of the findings from the **Georgeson 2017 Proxy Season Review**. The report can be downloaded here: http://www.georgeson.com/uk/2017-season-review.

- The European Commission has launched a **Public consultation on institutional investors and asset managers' duties regarding sustainability**: https://ec.europa.eu/info/consultations/finance-2017-investors-duties-sustainability_en. "The Commission is today launching a public consultation on how asset managers and institutional investors could include environmental, social and governance factors when taking decisions. This would help them allocate capital more efficiently by taking into account sustainability risks, rather than merely seeking to maximise short-term financial returns. […] As announced in its 2018 Work Programme, the Commission will adopt an Action Plan on sustainable finance in the first quarter of 2018." See here for the consultation paper: https://ec.europa.eu/info/consultations/finance-2017-investors-duties-sustainability_en. **The consultation closes on 22 January 2018.**

...and beyond

- ISS **Announces 2018 Benchmark Policy Updates**: https://www.issgovernance.com/iss-announces-2018-benchmark-policy-updates/. "Institutional Shareholder Services Inc. (ISS), the leading provider of end-to-end governance and responsible investment solutions to the global financial community, today released updates to its 2018 benchmark proxy voting policies for the Americas, EMEA, and Asia-Pacific regions. The updated policies will generally be applied for shareholder meetings on or after Feb. 1, 2018. […] Across Europe and after a one-year transition period through February 2019, ISS is tightening limits for recommending in favor of general share issuance requests in Continental Europe to 10 percent without preemptive rights and 50 percent where preemptive rights are provided. This reflects the views of many institutional investors who have already tightened their own internal voting guidelines on this issue and a growing number of whom look to see that general share issuance authorities are within these thresholds. For ISS' U.K./Ireland and European Benchmark Voting Guidelines, ISS is introducing a new policy regarding virtual or on-line shareholder meetings. From 2018, ISS will generally recommend voting 'for' proposals that allow for the convening of 'hybrid' (both physical and electronic/on-line) shareholder meetings, but will generally recommend 'against' proposals that permit the convening of virtual-only shareholder meetings, with no physical meeting." **Please contact Georgeson for our overview of all the ISS guideline updates affecting UK and European companies.**

- State Street Global Advisors **Expands Board Diversity Guidance to Companies in Japan and Canada**: http://www.businesswire.com/news/home/20171114006249/en/State-Street-Global-Advisors-Expands-Board-Diversity. "State Street Global Advisors, the asset management business of State Street Corporation, today announced that the $2.67 trillion asset manager will expand its guidance on corporate board diversity to the public companies in which it invests in Japan and Canada. In March 2017, in conjunction with the installation of its 'Fearless Girl' statue on Wall Street, State Street Global Advisors sent letters to 600 companies in the United States, United Kingdom and Australia informing them that it would vote against the chair of their nominating committees if there were no female directors or candidates. Of those companies, State Street Global Advisors ultimately voted against 400 that had not initiated any efforts to increase board diversity since receiving the letter. As a result of these efforts, 42 companies to date have committed to increasing the diversity of their boards and seven have already added women to their boards."

- Bloomberg reports that **BlackRock's Larry Fink Sees as Much as $5 Trillion Moving to Passive**: https://www.bloomberg.com/news/articles/2017-11-09/blackrock-ceo-fink-sees-as-much-as-5-trillion-moving-to-passive. "Fink also said BlackRock will probably play a more active role in corporate governance, but not be an activist, as it becomes a bigger shareholder of companies. 'I have only one power and I'm going to use that power heavily: that's the power of the vote,' he said, adding that BlackRock tends to vote with management so long as there is a coherent long-term plan."

- Citi **Successfully Pilots New Digital Platform to Transform Proxy Voting**: http://www.businesswire.com/news/home/20171113006102/en/Citi-Successfully-Pilots-New-Digital-Platform-Transform. "Citi announced today the successful pilot of a new digital proxy voting platform, Proxymity, which directly connects and authenticates the issuer and investor and makes the voting process more efficient, accurate and transparent. The platform, which is supported by Computershare for registry services, will initially be rolled out in the UK market for the 2018 proxy season with plans for additional market expansion later in 2018."

UK

- The Investment Association has published **pay principles for FTSE companies ahead of 2018 AGM season**: https://www.theinvestmentassociation.org/media-centre/press-releases/2017/ia-publishes-pay-principles-for-ftse-companies-ahead-of-2018-agm-season.html. "The Investment Association has today published its 2018 Principles of Remuneration in an open letter to the Chairs of Remuneration Committees of FTSE 350 companies. […] In its letter to Remuneration Committee Chairs, the IA also outlined areas that its 250 UK-based members, who between them manage almost £7trillion of assets globally, will be focusing on during the 2018 AGM season. These include: 1) Levels of Executive Pay: This year's AGM season (2017) saw some of the UK's top 20 companies reduce future variable pay awards (such as bonus and LTIPs) which will help to limit overall pay. Our members expect this trend to be extended across the FTSE 350 next year, with more companies showing restraint on future pay awards. 2) Pay for performance: Fund managers will be seeking greater transparency on both financial and non-financial bonus targets to ensure pay is in line with performance. 3) Pay ratios: Our members now expect companies to disclose the pay ratios between the CEO and median or average employee as well as between the CEO and the Executive team. 4) Clarity on incentives: Investors will continue to support those companies that have appropriately aligned their incentive arrangements with the delivery of the company's long term strategy."

- The ICAEW reports that **BEIS denies conflict of interest over FRC relationship**: http://economia.icaew.com/en/news/november-2017/beis-messes-up-over-frc-relationship. "The profession has been shocked by the revelation in the Financial Reporting Council's newly published register of interests that the senior civil servant at the Department of Business, Energy and Industrial Strategy (BEIS), who is responsible for managing the department's relationship with the UK audit watchdog, is married to FRC chief executive Stephen Haddrill. However, both organisations have denied that there is anything out of the ordinary in the situation." Meanwhile, Investment & Pensions Europe reports that **FRC under fire over accountability, links to UK audit profession**: https://www.ipe.com/pensions/pensions/pensions-accounting/frc-under-fire-over-accountability-links-to-uk-audit-profession/10021436.article.

- The Times reports about **Fury at 25% pay rise for Wood Group boss Robin Watson**: https://www.thetimes.co.uk/article/fury-at-25-pay-rise-for-wood-group-boss-robin-watson-7g55s5src. "A pay row is looming at the engineering giant Wood Group over a plan to boost the boss's salary by 25%. Robin Watson, 50, who earned nearly £1.2m last year, could see his basic pay jump from £600,000 to £750,000. With the new salary forming the basis of his bonus calculations, his maximum possible package will jump to £3.5m. The pay rise was outlined in a letter to shareholders. One top 10 investor told The Sunday Times it would reject the package. Wood is expected to slash thousands of jobs as a result of its £2.2bn acquisition of Amec Foster Wheeler, completed last month. It has already cut more than 2,000 jobs in Britain and 15,000 globally since the oil price crash in 2014, which hit drilling activity."

- The Financial Times reports that **New guards of the City take aim at corporate delinquents**: https://www.ft.com/content/68bad84c-c491-11e7-b2bb-322b2cb39656. "Stewardship, which for years languished in relative obscurity, is now in the spotlight." The article includes profiles of a few leading Heads of Governance/Stewardship.

- The Department for Business, Energy & Industrial Strategy has published the **Hampton-Alexander Review 2017**: https://www.gov.uk/government/news/ftse-350-companies-urged-to-fill-senior-positions-with-more-women-to-make-uk-a-world-leader-on-gender-diversity. "Figures published today in the Hampton-Alexander Review 2017, chaired by Sir Philip Hampton and the late Dame Helen Alexander, reveal almost 28% of board positions in FTSE 100 companies are occupied by women – up from 12.5% in 2011. In that time the number of all-male FTSE 350 company boards fell to just 8 from 152. This means that, with continued efforts, FTSE

100 companies are on course to meet the review's 33% target for women on boards by 2020. However, Sir Philip Hampton today called on FTSE 350 companies to quicken the pace of change on boards and extended the 33% target to senior leadership positions of all FTSE 350 companies. Previously this voluntary target only applied to FTSE 100 firms. He said that at least 40% of appointments to senior positions will have to be filled by women over the next three years if FTSE 350 firms are to hit the ambitious targets." The full report is available here: https://www.gov.uk/government/publications/ftse-women-leaders-hampton-alexander-review.

- Sky News reports that **Sports Direct investors to vote on £11m for Mike Ashley's brother**: https://news.sky.com/story/sports-direct-investors-to-vote-on-11m-for-mike-ashleys-brother-11141147. "Sports Direct says it supports a resolution to give Mike Ashley's brother John £11m but it will let minority shareholders decide."

Ireland

- The Irish Times reports about **Fishing from a small gene pool: Irish boards and interlocking directorships**: https://www.irishtimes.com/business/work/fishing-from-a-small-gene-pool-irish-boards-and-interlocking-directorships-1.3276580. "An analysis this week by The Irish Times, however, suggests that the improvement has stalled. While the banks have cleaned up their act and almost eliminated directors with Irish listed interlocks – Bank of Ireland and PTSB have one each – many of the new companies that have listed in recent years, especially property Reits, have resorted to filling their board seats from the same old pool. The UCD study found that the proportion of interlocks peaked in 2007 and 2008, when more than 8 per cent of directors of Irish listed companies held more than one Irish listed board seat. This declined to 6 per cent by 2013, where the proportion appears to be stuck on the dial. This 6 per cent of directors hold 12 per cent of all Irish listed board seats. We analysed the boards of 51 companies listed on the Irish Stock Exchange, leaving out Diageo and Tesco, which hardly ever trade here. About 55 per cent, or 28 of those 51 companies, had directors with interlocks."

France

- Reuters reports that **Corporate France swims against tide on chairman independence**: https://www.reuters.com/article/us-france-business-governance/corporate-france-swims-against-tide-on-chairman-independence-idUSKBN1CZ1QN. "Corporate France is bucking the global trend of splitting the roles of chairman and CEO, with Thomson Reuters data showing a steady growth in the number of French companies that have merged the posts in the past 15 years. Almost three quarters of listed French companies tracked by Thomson Reuters now have or have had one person holding both positions, compared to 60 percent in the United States and fewer than 20 percent in Britain, Germany and Japan, according to an analysis of more than 6,500 companies. On average, around one in three companies globally now combines the two roles, down from a little over 50 percent in 2002, when France was on a par with the global average."

- The AMF has published its **annual report on corporate governance, executive compensation, internal control and risk management**: http://www.amf-france.org/en_US/Actualites/Communiques-de-presse/AMF/annee-2017?docId=workspace%3A%2F%2FSpacesStore%2F472db924-b5e6-42d7-a906-081790a2ed51&langSwitch=true. "The fourteenth edition of this annual report reviews current regulatory topics – application of the revised AFEP-MEDEF code and the legal 'say on pay' regime, modification of the French and European normative framework, and in-depth and statistical developments on many themes – and examines the transparency of 60 listed companies. The regulator notes continuous improvement by companies, and takes the opportunity to issue new recommendations and present new areas for discussion."

Germany

- Responsible Investor reports that **German investor group DSW sues to set precedent on AGM merger votes**: https://www.responsible-investor.com/home/article/german_investor_group_dsw_sues/. "Germany's main shareholder association DSW says it stands a serious chance of winning its legal action against a planned merger between industrial groups Linde and Praxair in a bid to ensure that future mergers are approved by shareholders at AGMs. DSW (Deutsche Schutzvereinigung für Wertpapierbesitz) represents 30,000 private investors and has emerged as leading investor voice at Deutsche Bank and VW. At a September special AGM of Praxair, the American industrial gas company, about 83% of shareholders approved the merger with German competitor. Linde's supervisory and management boards, however, rejected DSW's calls to hold a vote on the transaction at an AGM. […] Jella Benner-Heinacher, DSW's Chief Managing Director, told RI that the merger creates a completely new structure and therefore the prior approval of Linde shareholders is fundamental. German company law is not explicit about whether shareholders should give the green light in such cases at an AGM. […] Bergdolt admits that the legal case will not stop the merger but would set an important precedent."

- The Frankfurter Allgemeine Zeitung reports about **Die Digitalisierung der Hauptversammlung und anderes: Die EU erwägt weitreichende Justierungen ("Virtual Annual General Meetings and more: The EU is leading to far-reaching adjustments")**: http://plus.faz.net/wirtschaft/2017-10-28/f182929224428f61d32b6649e7ae7b65/ (in German). "The Federal Ministry of Justice has meanwhile convened a commission of professors to implement the Shareholder Rights Directive, which will be chaired by the head of the Corporate Law Department, Ulrich Seibert. The first proposals are due in 2018. The fact that there will be a binding remuneration vote by the Annual General Meeting is more or less clear – this is what the directive stipulates. At the proposal of the Supervisory Board, it is to decide on the relationship between the total remuneration of the Management Board member and the average employee income in the company. Unless the SPD is involved in the government, the pressure for a cap on executive compensation, as demanded by the chancellor candidate Martin Schulz (SPD), is reduced. Also, the chances of a female quota on boards, as envisioned the Social Democrats, would not be possible with liberals and the Union."

Switzerland

- The Neue Zürcher Zeitung reports that **Nationalratskommission will 20 Prozent Frauen in jeder Geschäftsleitung ("National Council Commission wants 20 percent women in every executive committee")**: https://www.nzz.ch/schweiz/nationalratskommission-fuer-frauenquote-in-grossen-unternehmen-ld.1326551 (in German). "The Commission has voted 14 to 11 in favour of the quota, parliamentary services said on Monday. At least 30 per cent of women on the board of listed companies with more than 250 employees and at least 20 per cent on executive boards. The Federal Council does not speak of quotas but of benchmarks. In fact, no sanctions are foreseen: if a company does not meet the guidelines, it simply has to explain itself. It should explain the reasons and measures for improvement in the compensation report, according to the so-called 'comply-or-explain' approach."

Norway

- Bloomberg reports that **World's Biggest Wealth Fund Wants Out of Oil and Gas**: https://www.bloomberg.com/news/articles/2017-11-16/norway-s-1-trillion-wealth-fund-wants-out-of-oil-and-gas-stocks. "The $1 trillion fund that Norway has amassed pumping oil and gas over the past two decades wants out of petroleum stocks. Norway, which relies on oil and gas for about a fifth of economic output, would be less vulnerable to declining crude prices without its fund investing in the industry, the central bank said Thursday. The divestment would mark the second major step in scrubbing the world's biggest wealth fund of climate risk, after it sold most of its coal stocks. […] The plan would entail the fund, which controls about 1.5 percent of global stocks, dumping as much as $40 billion of shares in international giants such as Exxon Mobil Corp. and Royal Dutch Shell Plc. The Finance Ministry said it will study the proposal and decide what to do in 'fall of 2018' at the earliest."

Romania

- The Financial Times reports that **Romania's moves on corporate governance alarm investors**: https://www.ft.com/content/415b8500-ceee-11e7-b781-794ce08b24dc. "State fund warns that efforts to replace independent board directors could delay IPOs."

Spain

- El País reports that **El activismo inversor aumenta ("Investor activism increases")**: https://elpais.com/economia/2017/11/09/actualidad/1510225949_042582.html (in Spanish). "The latest analysis has been published by Georgeson and Cuatrecasas to determine how the institutional investors of the Ibex-35 and the Top 40 companies in the continuous market have behaved this year. One of its conclusions is that the matters related to the remuneration of directors were the most thorny in the Spanish sample. Here the meetings have ceased to be an area of calm in a market in which the best paid executives of the Ibex are paid 86 times more than the average of their employees, according to a calculation of El País. Up to 56 proposals (mostly on salaries of directors) submitted for approval received a vote against more than 10% of shareholders in 2017."

United States

- Bloomberg reports that **Oracle Investors Say No to Executive Pay for Sixth Straight Year**: https://www.bloomberg.com/news/articles/2017-11-15/oracle-investors-say-no-to-executive-pay-for-sixth-straight-year. "Oracle Corp. shareholders rejected the software maker's executive compensation plan for a sixth straight year after it awarded the top three bosses pay packages worth more than $100 million each in fiscal 2018. A majority of shares voted opposed the program, according to preliminary results announced Wednesday at Oracle's annual meeting in Redwood City, California. It's the only S&P 500 company that hasn't secured majority approval in a say-on-pay vote since 2011, even though founder and Chief Technology Officer Larry Ellison owns about 28 percent of the stock."

- Reuters reports that **New SEC guidance could raise bar for some shareholder measures**: https://www.reuters.com/article/us-usa-investment-regulation/new-sec-guidance-could-raise-bar-for-some-shareholder-measures-idUSKBN1D22ZY. "Companies may have new grounds to keep shareholder proposals on social or ethical matters from coming to a vote at their annual meetings under guidance published late on Wednesday by the U.S. Securities and Exchange Commission. According to the report, known as a 'staff legal bulletin' and posted on the agency's website, the SEC will take new account of a proposal's 'economic relevance' and its significance when companies ask for permission to skip votes on measures affecting less than five percent of their assets, earnings or sales. Proponents could still argue their resolutions are significantly related to a company's business, the paper states. But shareholder activists focused on social matters worry the new guidance could give companies more room to avoid proposals such as on opioid controls at drug companies, where the drugs make up just a small fraction of a company's revenue."

- Spencer Stuart have published findings from the **2017 Spencer Stuart U.S. Board Index**: https://www.prnewswire.com/news-releases/us-boardrooms-are-changing-2017-spencer-stuart-us-board-index-finds-300548514.html. "S&P 500 boards appointed 397 new independent directors in the 2017 proxy year, the highest number since 2004, and for the first time, just over half (50.1%) of the new directors were women and/or minorities (compared with 42% in 2016), according to a new study by Spencer Stuart, one of the world's leading executive search and leadership advisory firms. The 2017 Spencer Stuart U.S. Board Index found that boards are evolving in other ways in the face of growing investor interest in whether boards are composed of a diverse mix of skills, qualifications, perspectives and backgrounds that align with the company's current and future strategic objectives and risks."

- Bloomberg BNA reports that **More Companies Let Founders' Super Voting Power Fade Into Sunset**: https://convergenceapi.bna.com/ui/content/articleStandalone/247989264000000457/388269. "More companies are putting a time limit on super voting power given to founders and other insiders. Clothing subscription service Stitch Fix Inc. is set to become the sixth U.S.-based company to go public this year with a provision that makes its extra voting rights automatically fade into one-vote-per-share after a certain time. That's a record high for a single year, according to a Nov. 16 analysis by the Council of Institutional Investors that looks back to 2010. The council has pushed back against these increasingly common dual-class stock structures that grant different classes of owners different voting rights. CII says they weaken board oversight and give public investors little to no say in company matters. Companies say they let executives focus on long-term goals, rather than short-term market pressures." Additionally, Bloomberg reports that **MSCI Extends Review of Whether to Ban Multiple-Class Stocks**: https://www.bloomberg.com/news/articles/2017-11-02/msci-extends-review-of-whether-to-ban-multiple-class-stocks.

Canada

- The Canadian Securities Administrators (CSA) has published for comment a paper entitled **Approach to Director and Audit Committee Member Independence**: https://www.securities-administrators.ca/aboutcsa.aspx?id=1616. "The Consultation Paper outlines key historical developments related to the CSA's corporate governance regime, sets out our approach to determining director and audit committee member independence, and describes the approaches to determining independence in other jurisdictions. The Consultation Paper also examines the benefits and limitations of our approach." **The consultation closes on 25 January 2018.**

- The Office of the Superintendent of Financial Institutions (OSFI) has issued **Proposals for a more focused and effective approach to governance of Canadian financial institutions**: http://www.osfi-bsif.gc.ca/Eng/fi-if/rg-ro/gdn-ort/gl-ld/Pages/CG_nr_2017.aspx. "The Office of the Superintendent of Financial Institutions (OSFI) is issuing draft changes to its Corporate Governance Guideline for public consultation. OSFI's corporate governance guidance sets out expectations for boards of federally regulated financial institutions (FRFIs)." **The consultation closes on 22 December 2017.**

Australia

- The Sydney Morning Herald reports that **Shareholders begin voting against ASX200 directors for having no women on their boards: ACSI**: http://www.smh.com.au/business/workplace-relations/shareholders-begin-voting-against-asx200-directors-for-having-no-women-on-their-boards-acsi-20171107-gzgnr9.html. "Boards refusing to appoint a woman on their board are being punished by shareholders who are exercising their right to vote against reelection of directors at company annual general meetings. The Australian Council of Superannuation Investors (ACSI) this year exercised its proxy voting power to move against some of the companies that are not moving to appoint women to their boards. There are currently six companies on the ASX200 with no women on their boards."

New Zealand

- The Financial Markets Authority has published a **Consultation paper: Updated Corporate Governance Handbook**: https://fma.govt.nz/compliance/consultation/consultation-papers/consultation-paper-updated-corporate-governance-handbook-consultation/. "The revised version updates our 2014 handbook and includes developments in corporate governance since then – including non-financial reporting, director and executive remuneration, and auditors. […] The focus in our revised handbook shifts away from listed companies, but remains a practical guide for directors and executives of New Zealand-based companies and entities of various types and size, to help them apply corporate governance principles effectively." **The consultation closes on 8 December 2017.**

Japan

- The Nomura Research Institute has published a report entitled **The reality of Corporate Governance Code compliance in Japan**: http://fis.nri.co.jp/en/news/2017/11/20171110en.html. "Japan's Corporate Governance Code is now in the third year since its inception. In July 2017, NRI surveyed companies on how they are putting the Code into practice. The Code seeks to promote engagement between companies and institutional investors but such engagement may not be worthwhile for all companies at present."

- The Financial Times reports that **Corporate Japan is not warming to minority shareholders**: https://www.ft.com/content/995637f2-bfc4-11e7-9836-b25f8adaa111. "An activist investor's campaign highlights how little progress has been made on corporate governance."

Hong Kong

- The Stock Exchange of Hong Kong **seeks views on a review of the Corporate Governance Code and related Rules**: https://www.hkex.com.hk/News/News-Release/2017/171103news?sc_lang=en. "'This consultation is part of our ongoing initiative to raise the overall standard of corporate governance amongst issuers and directors. Proposed changes are aimed at addressing a number of corporate governance concerns such as the independence (or the lack thereof) of independent non-executive directors (INEDs), overboarding by some INEDs, the responsibility of the nomination committee and board diversity.' said David Graham, HKEX's Chief Regulatory Officer and Head of Listing." **The consultation closes on 8 December 2017.**

Singapore

- The Business Times reports about **What makes a director independent? Issue still hotly debated**: http://www.businesstimes.com.sg/companies-markets/what-makes-a-director-independent-issue-still-hotly-debated. "What was debated, however, was the threshold level that should be adopted to identify substantial shareholders under the Companies Act and the Securities and Futures Act. The benchmark is now 10 per cent, raised from 5 per cent in 2012 by the Monetary Authority of Singapore (MAS), in response to recommendations by the Corporate Governance Council. But the rival Stock Exchange of Hong Kong (HKEx) is looking to move towards a stringent definition of 'independence' in a director – a shareholder who does not hold more than a one per cent interest in the company."

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

Kind regards,

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