



April 2018

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 **Elliott calls on Telecom Italia shareholders to back new board:** <https://www.reuters.com/article/us-telecomitalia-elliott-agm/elliott-calls-on-telecom-italia-shareholders-to-back-new-board-idUSKBN1HY0P2>. "Activist fund Elliott stepped up pressure on Telecom Italia shareholders to change the group's board at a May 4 vote, in a move to reduce Vivendi's influence and remove 'an impediment to TIM's full potential'. The two groups have engaged in a fierce war of words since Elliott last month became TIM's second-largest investor, with a stake of 9 percent. Elliott is pushing to shake-up the way top investor Vivendi, which holds a 24 percent stake, runs the former state monopoly."
- > The Telegraph reports that **Barclays braced for AGM showdown with activist investor Bramson:** <https://www.telegraph.co.uk/business/2018/04/28/barclays-braced-agm-showdown-activist-investor-bramson/>. "Barclays is preparing for a potential showdown with notorious New York-based corporate raider Ed Bramson at its annual general meeting in London on Tuesday. Speculation is rife that Mr Bramson will turn up to the event at the QEII Conference Centre in Westminster, and that he could publicly call for a shake-up of the bank. Mr Bramson missed the deadline to table a resolution for the AGM, raising the prospect of him having to attend in order to get his points across."
- > Lazard have published their **Review of Shareholder Activism - Q1 2018:** <https://www.lazard.com/perspective/lazards-review-of-shareholder-activism-q1-2018/>. "Key observations from the Q1 2018 report include: 1) Activist activity reached new heights in 1Q 2018 both in terms of capital deployed and campaigns initiated; 2) Activism in Europe continued to be robust in 1Q 2018, accounting for ~29% of capital deployed and ~23% of campaigns initiated; 3) Influence of passive investors continued to strengthen as Vanguard, BlackRock, and State Street now own ~18% of the S&P 500 vs. ~14% in 2012; and, 4) M&A continued to be a core focus, with activists pushing for sales processes, intervening in announced transactions and forcing break-ups and divestitures." For the full document see here: <https://www.lazard.com/media/450557/lazard-1q-2018-activism-review.pdf>.
- > Reuters reports that **In victory for Elliott, Hyundai Motor to cancel \$890 million in shares:** <https://uk.reuters.com/article/uk-hyundai-motor-buyback/in-victory-for-elliott-hyundai-motor-to-cancel-890-million-in-shares-idUKKBN1HY05W>. "Hyundai Motor said on Friday it will cancel \$890 million (646.05 million pounds) worth of treasury shares, its first stock cancellation in 14 years – a plan that comes amid shareholder pressure to improve returns, restructure and bounce back from dismal earnings. The cancellation is an initial win for U.S. hedge fund Elliott Management, the most prominent among the few activist shareholders to seek reforms at South Korea's powerful chaebol or family-run conglomerates. But whether Hyundai will cede to its other demands is less clear."
- > The Financial Times reports that **Fund chiefs aid activist raiders but in Britain politeness is key:** <https://www.ft.com/content/239bd71e-4878-11e8-8ae9-4b5ddcca99b3>. "Battle of the boardrooms: after Melrose-GKN, investors are set to step up criticism."
- > Reuters reports that **ABB shareholders demand rethink on power grids business:**

<https://www.reuters.com/article/us-abb-results-shareholders/abb-shareholders-demand-rethink-on-power-grids-business-idUSKBN1HO1HY>. "ABB faces renewed shareholder demands to break up its sprawling business empire and to start by ditching its struggling power grids division. The power and automation company reports first-quarter figures on Thursday, with investors braced for another tepid performance from power grids – its largest but least profitable division, which it decided to keep in 2016. Concerned by weak share performance since then, investors say ABB should simplify operations ranging from industrial plugs and fittings to electric motors for ships and factories."

- › Bloomberg reports that **The Family Office World Grapples With How to Confront Big Corporations:** <https://www.bloomberg.com/news/articles/2018-04-12/the-family-office-world-grapples-with-confronting-big-corporations>. "So should private wealth embrace shareholder engagement and even shareholder activism? Why are few foundations or billionaires with strong values using their public stockholdings to push for change? Such questions are drawing the attention of wealthy people and family foundations across the country, particularly after the Ford Foundation announced last year that it would devote up to \$1 billion of its \$12 billion portfolio to investments that would make the endowment money while also advancing its social justice mission."
- › Reuters reports that **In Italy, activist investors find a happy hunting ground:** <https://www.reuters.com/article/us-markets-italy-activism/in-italy-activist-investors-find-a-happy-hunting-ground-idUSKBN1H51SR>. "Once a gente club that resolved its problems in quiet, behind closed doors, corporate Italy is increasingly becoming prey for activist shareholders. North American and British investors, who favor more aggressive investment styles, have been steadily building their presence in Italy as its cosy network of cross-shareholdings has broken down following the global financial crisis. Anglo-Saxon funds own 60 percent of the blue chip Italian stock market held by investors according to Borsa Italiana — itself part of the London Stock Exchange Group."

### **Europe...**

- › Responsible Investor reports that the **European Parliament proposes amendments as it finalises response to EU Action Plan on Sustainable Finance:** <https://www.responsible-investor.com/home/article/ep/>. "The European Parliament's Committee on Economic and Monetary Affairs (ECON) is reaching the final stages of its Report on Sustainable Finance, spearheaded by UK Green MEP Molly Scott Cato as rapporteur. The non-legislative initiative is intended to share the European Parliament's position as one of the EU's law-making institutions. It follows the European Commission's proposed legislative measures in its Action Plan on Financing Sustainable Growth in the EU, released on March 8."

### **...and beyond**

- › Bloomberg reports that **Big Investors Push Harder for More Women Directors:** <https://www.bloomberg.com/news/articles/2018-04-19/investors-prepare-to-flex-muscle-in-support-of-women-on-boards>. "Emboldened by last year's successful campaigns against excessive executive pay, some of the world's biggest investors are shifting their focus to women – or the lack thereof – on corporate boards."
- › The Financial Times argues that **Corporate clemency for bosses is bad for capitalism:** <https://www.ft.com/content/ca27ddd4-44a5-11e8-93cf-67ac3a6482fd>. "Boards have wider duties than simply to protect a company's share price."
- › The World Bank has published a report entitled **Incorporating environmental, social and governance factors into fixed income investment:** <http://www.worldbank.org/en/news/feature/2018/04/19/incorporating-environment-social-and-governance-esg-factors-into-fixed-income-investment>. "The main findings of the report include that a growing body of research shows that Environmental, Social and Governance (ESG) factors are material credit risk for fixed income investors. The evidence suggests that incorporating ESG into fixed income investing should be part of the overall credit risk analysis and should contribute to more stable financial returns. It also dispels the myth that incorporating ESG means having to sacrifice financial returns. ESG investing is increasingly

becoming part of the mainstream investment process for fixed income investors, as opposed to a specialist, segregated activity, often confined to green bonds." For the full document see here: <http://documents.worldbank.org/curated/en/913961524150628959/Incorporating-environmental-social-and-governance-factors-into-fixed-income-investment>.

- > The Financial Times reports **Looking to make the big bucks in banking? Go west:** <https://www.ft.com/content/a2787cbe-44bc-11e8-803a-295c97e6fd0b>. "Outsized pay in US has persisted despite humbling bailouts of global financial system."

## **UK**

- > The Financial Times reports about **The 11 investor revolts to watch for this AGM season:** <https://www.ft.com/content/0d6e4d5a-4256-11e8-93cf-67ac3a6482fd>. "From pay to gender diversity, shareholders are planning a series of protests."
- > The Guardian reports that **Persimmon investors revolt against chief's 'excessive' £75m bonus:** <https://www.theguardian.com/business/2018/apr/25/persimmon-investors-revolt-bonus-pay-vote>. "Persimmon shareholders have revolted against the 'grossly excessive' and 'totally and utterly unjustifiable' £75m bonus handed to the housebuilder's chief executive, Jeff Fairburn. Several shareholders took to their feet at Persimmon's annual meeting in York on Wednesday to express their outrage at the 'enormous sums' awarded to Fairburn and other senior managers at Britain's second biggest housebuilder. Some 64% of shareholders failed to support the huge payout and just 36% voted in favour of the housebuilder's remuneration policy in one of the biggest expressions of investor frustration in recent years. However, despite huge investor anger the pay policy was approved because nearly a third of shareholders abstained from the vote and of those who voted, 51.5% cast in favour and 48.5% against."
- > The Financial Times reports that **Weir investors in overwhelming vote for executive pay reform:** <https://www.ft.com/content/ffa3e6a6-4969-11e8-8ae9-4b5ddcca99b3>. "Decisive result is biggest test yet of UK shareholder willingness to move on from LTIPs." Additionally, the Financial Times reports that **'Get rich quick' executive pay deals under threat:** <https://www.ft.com/content/30abb36c-3805-11e8-8b98-2f31af407cc8>. "Melrose under fire for paying four of its executives pay packages of at least £42m each."
- > Sky News reports that **Sorrell pay cut by 70% to £13.9m in final year at WPP:** <https://news.sky.com/story/sorrell-pay-cut-by-70-to-139m-in-final-year-at-wpp-11348747>. "Sir Martin Sorrell took home 70% less in pay and other awards last year, ahead of his abrupt resignation from WPP this month amid personal misconduct allegations. The FTSE 100 company's annual report showed Sir Martin received a total of £13.9m in 2017 – down from £48.1m the previous year and £70.4m in 2015. The world's largest advertising agency, which Sir Martin founded and built up over 32 years, said the reduction in his awards represented adjustments to the company's long-term share incentive scheme, which had been demanded by shareholders."
- > The Investment Association has announced that **1 in 10 FTSE 350 companies fall short on gender diversity targets:** <https://www.theinvestmentassociation.org/media-centre/press-releases/2018/1-in-10-ftse-350-companies-fall-short-on-gender-diversity-targets.html>. "The Investment Association (IA) and the Hampton-Alexander Review have written to 35 FTSE 350 companies with low female representation at leadership level, calling for change. 14 companies in the FTSE 100 have been singled out. Companies in the FTSE 100 who have all-male Executive Committees, such as BP and Smurfit Kappa Group, and companies whose combined Executive Committees and Direct Reports have low proportions of women, such as Persimmon and TUI, have been asked to explain their poor gender balance and what steps they are taking to move towards the targets as set out in the Hampton-Alexander Review." Additionally, the Financial Times reports **Legal & General targets companies over gender balance:** <https://www.ft.com/content/f3f7556c-4190-11e8-803a-295c97e6fd0b>. "Big UK investor to vote against chairs if their boards are less than 25% female."
- > The Financial Times reports that **Grant Thornton exits audit market for big UK companies:** <https://www.ft.com/content/c7f1036c-326f-11e8-b5bf-23cb17fd1498>. "Firm cites Big Four dominance in

decision that will add pressure on authorities to intervene.”

- > The Department for Business, Energy & Industrial Strategy has announced that **Government launches review of audit regulator**: <https://www.gov.uk/government/news/government-launches-review-of-audit-regulator>. “The government today (17 April 2018) launched an independent review of the Financial Reporting Council (FRC), the regulator for auditors, accountants and actuaries. The review will be led by Sir John Kingman, who has extensive private and public sector experience. He will be supported by an advisory board which he will convene. The root and branch review, due for completion by the end of 2018, will assess the FRC’s governance, impact and powers, to help ensure it is fit for the future. The review aims to make the FRC the best in class for corporate governance and transparency, while helping it fulfil its role of safeguarding the UK’s leading business environment.”
- > Reuters reports that **Federated Investors takes majority stake in fund manager Hermes**: <https://www.reuters.com/article/us-hermes-m-a-federated-invt/federated-investors-takes-majority-stake-in-fund-manager-hermes-idUSKBN1HK154>. “Federated Investors said on Friday it will take a majority stake in British peer Hermes Fund Managers for 246 million pounds (\$351 million), giving the U.S. asset manager a foothold in the fast-growing field of investing with an eye on factors such as climate change and gender pay equity. The deal with the BT Pension Scheme (BTPS), which owns Hermes, will be funded through a combination of cash and a revolving credit facility and is set to close in the second half of 2018, Federated of Pittsburgh said in a statement.”
- > The Financial News reports that **Voting adviser Manifest returns with management buyout**: <https://www.fnlonon.com/articles/uk-voting-adviser-manifest-returns-with-management-buyout-20180405>. “Rebranded shareholder adviser plans to invest in a new sustainability service.”

## **France**

- > Les Echos reports that **La rémunération des patrons reste au coeur des assemblées générales (“Executive remuneration remains at the heart of general meetings”)**: <https://business.lesechos.fr/directions-generales/gouvernance/conseil-d-administration-surveillance/0301524658024-la-remuneration-des-patrons-reste-au-coeur-des-assemblees-generales-320098.php> (in French). “The AGM season starts this Wednesday with Airbus. Some remunerations are already disputed by the proxy advisors. The Sodexo AGM set the tone. The catering group was the first in the CAC 40 to bring its shareholders together for their AGM. And only the issue of remuneration has given rise to some disputes, including the severance pay of the outgoing boss. On Wednesday, the AGM season will begin in earnest with Airbus. LVMH will have its turn on April 12, then L’Oréal and Vinci on April 17.”
- > Reuters reports that **Billionaire Bollore anoints son Yannick as new Vivendi chairman**: <https://www.reuters.com/article/us-vivendi-agm/billionaire-bollore-anoints-son-yannick-as-new-vivendi-chairman-idUSKBN1HQ2I4>. “Vivendi’s top investor Vincent Bollore stunned shareholders and board members on Thursday by anointing his son Yannick as chairman only days before the company faces a crucial showdown in Italy.” Additionally, Reuters reports that **French tycoon Bollore fights Africa graft allegations in op-ed – JDD**: <https://www.reuters.com/article/us-france-bollore/french-tycoon-bollore-fights-africa-graft-allegations-in-op-ed-jdd-idUSKBN1HZ0ZB>. “French billionaire Vincent Bollore on Sunday fought allegations that his family-run group corrupted foreign public officials to win port concessions in West Africa. In a op-ed article entitled ‘Should we abandon Africa?’ in the weekly Journal du Dimanche (JDD), the businessman said the accusations were not credible and stemmed from ‘malicious’ and ‘false’ information spread on local leaders on the continent.”

## **Germany**

- > The Financial Times argues that **Deutsche Bank and VW pay price for shambolic governance**: <https://www.ft.com/content/e19c1114-3f29-11e8-b9f9-de94fa33a81e>. “Shortcomings of two-tier board structure evident at teetering German titans.”
- > The Financial News reports that **Deutsche chairman under pressure after ‘botched’ CEO search**:

<https://www.fnlonon.com/articles/deutsche-chairman-under-pressure-after-botched-ceo-search-20180409>. "Paul Achleitner has come under fire from investors to explain why his strategy to turn around the fortunes of the ailing German bank have failed."

- > The Financial Times reports that **John Cryan's ousting likely to cost Deutsche Bank €7m**: <https://www.ft.com/content/10a83794-3c41-11e8-b7e0-52972418fec4>. "Chief's severance package to cover departure before end of 5-year contract."
- > Handelsblatt Global reports that **Volkswagen's surprise CEO swap may trigger more board departures**: <https://global.handelsblatt.com/companies/volkswagen-surprise-ceo-swap-sparks-backlash-910112>. "More VW executives, possibly the CFO, could step down after they were taken by surprise by Herbert Diess' nomination as the carmaker's new boss, Handelsblatt has learned."
- > Reuters reports that **Volkswagen shareholder against reelection of Wolfgang Porsche to board: report**: <https://www.reuters.com/article/us-volkswagen-agm/volkswagen-shareholder-against-reelection-of-wolfgang-porsche-to-board-report-idUSKCN1H812T>. "A prominent Volkswagen shareholder is urging investors to vote against the reelection of Wolfgang Porsche as a member of the carmaker's supervisory board at its annual general meeting (AGM), a German newspaper reported on Sunday."

### **Netherlands**

- > Het Financieele Dagblad reports that **Heijmans trekt voorstel voor hogere beloning commissarissen in ("Heijmans withdraws the proposal for higher remuneration for the supervisory board")**: <https://fd.nl/ondernemen/1249621/heijmans-haalt-voorstel-hogere-beloning-commissarissen-van-agenda> (in Dutch). "Construction company Heijmans has withdrawn the proposal for a higher remuneration for members of its supervisory board from the agenda of the AGM. The meeting was held last Wednesday. Last Friday a news item was published about the adjusted agenda. 'Feedback from shareholders has shown that further clarification is needed.' The Supervisory Board is reconsidering and will return to the remuneration subject back at the next AGM."
- > Reuters reports that **Ahold Delhaize urged to put poison pill decision to vote**: <https://www.reuters.com/article/ahold-delhaize-shareholders/ahold-delhaize-urged-to-put-poison-pill-decision-to-vote-idUSL5N1RI31K>. "Dutch-Belgian supermarket operator Ahold Delhaize should put any decision about renewing its poison pill structure to a vote by shareholders, the association for Dutch retail investors (VEB) said on Thursday."

### **Switzerland**

- > The Financial Times argues that the **Sika saga shows instability need not be a hindrance**: <https://www.ft.com/content/7cfea684-4197-11e8-93cf-67ac3a6482fd>. "Swiss group has prospered despite unwanted approach from France's Saint-Gobain."
- > Finanz und Wirtschaft reports that **Orell Füssli: Stimmrechtsberater unterstützen Veraison ("Orell Füssli: Proxy advisors support Veraison")**: <https://www.fuw.ch/article/orell-fuessli-stimmrechtsberater-unterstuetzen-veraison/> (in German). "Investor Veraison has apparently received support for its shareholder proposal at the upcoming AGM of Orell Füssli. The proxy advisors ISS and Glass Lewis are supporting the amendment to the agenda, the investor announced on Monday. As announced on 9 April, Veraison calls for the introduction of an opting-up threshold of 34% at the AGM of Orell Füssli. This aims to ensure the equal treatment of all shareholders."
- > Reuters reports that **Credit Suisse shareholder support on compensation improves**: <https://uk.reuters.com/article/credit-suisse-gp-agm-pay/credit-suisse-shareholder-support-on-compensation-improves-idUKL8N1S4504>. "Shareholders showed increased approval for Credit Suisse's management pay on Friday while backing all compensation-related items at the banking group's annual meeting. A year after shareholders railed against high executive pay, investors have been soothed by a change to its

compensation scheme and a pickup in its turnaround. Shareholders voted in favour of the bank's 2017 compensation report with 80.8 percent support, up from 57.98 percent the prior year."

- > The Financial News reports that **GAM avoids second shareholder rebellion over pay:** <https://www.fnlonon.com/articles/gam-avoids-second-shareholder-rebellion-over-pay-20180426>. "Two-fifths of investors voting against Swiss fund manager's latest remuneration report."

## **United States**

- > The Economist reports about **Voting with your pocket: The proxy-voting season kicks off on Wall Street:** <https://www.economist.com/news/finance-and-economics/21740404-activists-are-using-shareholder-votes-promote-social-agendas-proxy-voting>. "The annual meetings of America's listed companies, usually held between February and June, have come to constitute "proxy season" – so-called because shareholders need not cast their votes in person. [...] Shareholder proposals used to relate mostly to corporate governance – for example, splitting the roles of chairman and chief executive. But in recent years that has changed. Even as the total number of proposals has fallen, the number relating to social and policy issues has crept up. Last year, according to the Manhattan Institute, a think-tank, more than half of those at America's 250 biggest firms related to such matters. An analysis by Institutional Shareholder Services (ISS), a proxy-advisory firm – which advises fund managers on how to vote on proposals – found that of the 459 shareholder proposals submitted by early April this year, many fell under just a few headings: transparency about political spending, climate change, racial and gender diversity, and pay."
- > The Financial Times reports that **Netflix and executives sued over bonus scheme:** <https://www.ft.com/content/8697d052-3de7-11e8-b9f9-de94fa33a81e>. "Shareholder complaint alleges 'rigging' and 'misleading' statements from streaming group."
- > The Wall Street Journal reports that **KPMG Gets Cold Shoulder From GE Shareholders:** <https://www.wsj.com/articles/kpmg-follows-pwc-in-adding-independent-directors-to-its-board-1524680342>. "Shareholders at General Electric Co. approved KPMG LLP on Wednesday as the company's auditor for another year, but only after a large level of opposition in the wake of GE's accounting issues and criticism from proxy-advisory firms. Only 64.9% of GE shareholders voted to ratify KPMG as GE's auditor, according to preliminary figures released at GE's annual meeting. That represents one of the highest levels of shareholder opposition to an auditor at any company in recent years, according to data from consulting firm Audit Analytics."
- > Institutional Investor reports about **Big Pay Day for BlackRock's Larry Fink:** <https://www.institutionalinvestor.com/article/b17r13m319p1c5/big-pay-day-for-blackrock%27s-larry-fink>. "After a banner year, BlackRock said in an SEC filing that it is increasing CEO Fink's pay by 10 percent and hiked other senior leaders' pay by double-digit amounts."
- > The Financial Times reports that **Zuckerberg's dual role at Facebook helm draws fresh fire:** <https://www.ft.com/content/e1f9d2f4-3ddf-11e8-b9f9-de94fa33a81e>. "Illinois state treasurer joins push by New York City pension chief for an independent chairman."

## **Canada**

- > The Financial Post reports that **Canadian regulators put proxy 'vote buying' in the crosshairs:** <http://business.financialpost.com/investing/canadian-regulators-put-proxy-vote-buying-in-the-crosshairs>. "Canadian securities regulators are vowing to take a hard look at whether companies should be allowed to pay fees to investment dealers for securing favourable shareholder votes in proxy contests and other corporate transactions. It is a move some industry watchers consider to be long overdue. The practice was dubbed "vote buying" by the Canadian Coalition for Good Governance nearly five years ago, when the controversial fees were paid to investment dealers if their clients voted in favour of re-electing the directors of Agrium who, at the time, were facing a rival board slate put forward by hedge fund investor Jana Partners."

## Japan

- > The Financial Services Agency has announced the **Publication of the "Revision of the Corporate Governance Code and Establishment of Guidelines for Investor and Company Engagement"**: <https://www.fsa.go.jp/en/news/2018/follow-up/20180330-1.html>. "The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code (Chairman: Kazuhito Ikee, Professor of Economics and Finance, Keio University) has now published the proposal "Revision of the Corporate Governance Code and Establishment of Guidelines for Investor and Company Engagement". The Council expects that in accordance with this proposal the Tokyo Stock Exchange will promptly revise the Corporate Governance Code and the Financial Services Agency will promptly issue the Engagement Guidelines."
- > Nikkei Asian Review argues that **Investors stand to gain from Japan's corporate governance reforms**: <https://asia.nikkei.com/Opinion/Investors-stand-to-gain-from-Japan-s-corporate-governance-reforms2>. "Moving closer to global standards may help reduce risks and raise returns."

## India

- > The Economic Times reports that **Fortis Healthcare shareholders seek EGM to remove existing board members**: <https://economictimes.indiatimes.com/markets/stocks/news/fortis-healthcare-shareholders-seek-egm-to-remove-existing-board-members/articleshow/63825365.cms>. "Some minority shareholders of Fortis Healthcare have asked that the hospital group's existing board of directors be removed and replaced with three independent directors of their choice. The move comes a day before the Fortis board is expected to meet to decide on four offers that have been made to acquire stake in the group."
- > The Business Standard provides a **Point-by-point analysis of Sebi's new corporate governance framework**: [http://www.business-standard.com/article/markets/point-by-point-analysis-of-sebi-s-new-corporate-governance-framework-118040300308\\_1.html](http://www.business-standard.com/article/markets/point-by-point-analysis-of-sebi-s-new-corporate-governance-framework-118040300308_1.html). "Out of the 81 recommendations by Kotak panel, market regulator has accepted 40 proposals without any modifications; 15 with modifications; 18 were rejected and 8 have been referred to other agencies."
- > The Financial Times reports that **India targets fugitive tycoons with asset seizure act**: <https://www.ft.com/content/19f2bb3c-45f4-11e8-8ae9-4b5ddcca99b3>. "Administration passes ordinance to hold to account accused who have left country."

## Singapore

- > Reuters reports that **Singapore lowers bar for proposed dual-class share listings**: <https://www.reuters.com/article/us-sgx-listing/singapore-lowers-bar-for-proposed-dual-class-share-listings-idUSKBN1H416Y>. "Singapore stock exchange plans to allow firms with an expected market capitalization of S\$300 million (\$229 million) to list with dual-class shares, versus an earlier proposed minimum of S\$500 million, a move that could give the city-state an edge over rival Hong Kong. [...] Hong Kong has proposed that applicants wanting to do dual-class shares listings, which allow one set of shareholders greater voting rights than others, should have a market cap of not less than HK\$10 billion (\$1.27 billion). [...] Dual-class shares have been criticized by corporate governance activists, who have warned that the structure could be abused by company insiders."
- > The Business Times reports about the **Asean Corporate Governance Scorecard: Singapore companies' progress flatlines**: <https://www.businesstimes.com.sg/asean-business/asean-corporate-governance-scorecard-singapore-companies-progress-flatlines>. "The country report for Singapore, part of the Asean Corporate Governance Scorecard 2018, indicated that the development of CG practices here has essentially flatlined, and that the gap in standards between the large-capitalisation (large-cap) companies and the rest of the field is continuing to widen."

## **Taiwan**

- > Glass Lewis reports that **FSC Taiwan's Governance Roadmap Sets Ambitious Goals for Issuers (and Investors)**: <http://www.glasslewis.com/fsc-taiwans-governance-roadmap-sets-ambitious-goals-for-issuers-and-investors/>. "Taiwan's long-awaited update to the 2013 Corporate Governance Roadmap is now available for review and public comment, the Financial Supervisory Commission Republic of China (FSC Taiwan) confirmed in a briefing. [...] The Roadmap seeks to update and modernize the corporate governance framework applicable to the Taiwanese capital markets, bringing the regime in line with international best practices."

## **Israel**

- > Reuters reports that **Israel's Bezeq Telecom controlling shareholder loses board control**: <https://www.reuters.com/article/bezeq-board/update-1-israels-bezeq-telecom-controlling-shareholder-loses-board-control-idUSL8N1S6060>. "Shareholders in Bezeq Israel Telecom voted for a new board of directors that removed the controlling shareholder's majority and paved the way for an overhaul of Israel's largest telecoms group. Shareholders voted to increase the board to 13 directors from nine, but just five are considered tied to controlling shareholder B Communications. [...] Interest in Bezeq's annual meeting has been building since January when activist investor Elliott said it had taken a 4.8 percent stake to push for changes in the wake of a securities investigation into the company's management and owners."
- > Reuters reports that **Teva to reduce size of board after June shareholders meeting**: <https://uk.reuters.com/article/us-teva-pharm-ind-board/teva-to-reduce-size-of-board-after-june-shareholders-meeting-idUKKBN1HX0VD>. "Three directors are stepping down from the board at Teva Pharmaceutical Industries and only one new director is being nominated to replace them, the company said on Thursday. Israel-based Teva, the world's largest generic drugmaker, is in the midst of an overhaul to deal with the \$35 billion of debt it amassed after buying Allergan's Actavis generic drug business for \$40.5 billion in 2016. Analysts and investors have criticized the company's management and board of directors for overpaying for this deal. Teva has since replaced most of its management and announced major job cuts. It has also reduced both the average tenure and age of its directors."

## **Australia**

- > The ABC reports that **AMP boss Craig Meller steps down, company apologises after scandals revealed at banking royal commission**: <http://www.abc.net.au/news/2018-04-20/amp-ceo-craig-meller-steps-down-banking-royal-commission/9679138>. "AMP's chief executive officer Craig Meller has quit his job with immediate effect, becoming the first senior executive to lose his job as a result of the banking royal commission. The resignation was accompanied by an unreserved apology from AMP to its customers. This week the royal commission heard AMP lied to the corporate watchdog ASIC for almost a decade to cover its practice of charging customers fees for advice that was never delivered."
- > The Australian Prudential Regulation Authority (APRA) **seeks improvement in executive remuneration practices**: [www.apra.gov.au/MediaReleases/Pages/18\\_15.aspx](http://www.apra.gov.au/MediaReleases/Pages/18_15.aspx). "The Australian Prudential Regulation Authority (APRA) today released the results of a review of remuneration practices at large financial institutions which found considerable room for improvement in the design and implementation of executive remuneration structures. [...] The review found that remuneration frameworks and practices did not consistently and effectively promote sound risk management and long-term financial soundness, and fell short of the better practices set out in APRA's existing guidance. [...] In response to the findings, APRA will consider ways to strengthen its prudential framework. A future review of the relevant prudential standards and guidance will take account of the forthcoming Banking Executive Accountability Regime (BEAR), as well as international best practice."



## **New Zealand**

- > The Financial Times reports that **New Zealand takes issue with HNA's leverage and share-shifting:** <https://www.ft.com/content/9068388e-42c8-11e8-93cf-67ac3a6482fd>. "Investment office blocks acquisition on view dealings do not fit 'customary practice'."

## **South Africa**

- > The Financial Times reports that **South Africa bans KPMG from auditing public institutions:** <https://www.ft.com/content/f5f50972-424e-11e8-803a-295c97e6fd0b>. "Auditor-general points to 'significant reputational risks' associated with firm."

## **Brazil**

- > Bloomberg reports about **How Vale Keeps Executive Pay So Secret:** <https://www.bloomberg.com/news/articles/2018-03-27/vale-keeps-executive-pay-secret-using-brazil-kidnapping-ruling>. "Vale SA has been willing to do a lot to improve governance and close a valuation gap with rivals, including restructuring its ownership and board. There's one thing it's not willing to do yet: disclose executive pay. For months, Vale has been celebrating its transition from a quasi-state-controlled miner to an autonomous global player and member of Brazil's corporate elite. But its adoption of global transparency standards doesn't extend to giving a breakdown of remuneration, with the board invoking a 2010 court ruling meant to protect top executives from kidnappings."

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

Kind regards,

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