



Last & First

This is the last **GLOBAL PROXY WATCH** of 2013. The first of 2014, published Jan. 3, is the annual look-ahead listing of governance events scheduled so far for the next 12 months. If you have an event to include, please email editor@proxywatch.com.



Stars 2013

Each December **GPW** names 10 people around the world who had the most impact on corporate governance in the previous year. Here is the 2013 'GPW 10':

Charles Elson has built the [Weinberg Center for Corporate Governance](#) into a venue for insights into Delaware law and penned important critiques of board misuse of peer groups in CEO compensation setting.

Abe Friedman launched [CamberView](#) to facilitate issuer dialogue with shareowners. The firm already represents more than 15% of the 100 largest US companies.

Fiona Reynolds has successfully taken the reins from [UN Principles for Responsible Investment](#) founder James Gifford since she came aboard early this year—despite this week's Danish kerfuffle (see below).

Gavin Grant helped set a new model at [Norges Bank Investment Management](#) with creation of an outside council to review its responsible investment strategy and a second one for advice on corporate governance.

Chris Hodge helped guide initiatives at the UK [Financial Reporting Council](#) to clarify financial reports, toughen risk oversight and require issuer engagement on pay.

Catherine Howarth transformed the UK's [ShareAction](#) into a powerful voice for responsible investment. [Note: **GPW** editor Stephen Davis is a ShareAction trustee.]

Mats Isaksson oversaw the launch of an [OECD](#) project on long-term investment financing and important efforts to improve governance in Asia, Russia and the Mid-East.

Cary Krosinsky coordinated colleagues at the [Network for Sustainable Financial Markets](#) to churn out insightful and influential commentary on global governance initiatives such as fiduciary duty, long-term investments, CEO pay and ESG materiality.

Thomas Minder put binding say-on-pay on the European agenda with a [referendum](#) to make it [law](#) in Switzerland.

Jean Rogers made the [Sustainable Accounting Standards Board](#) into a key arbiter of ESG reporting. [Note: **GPW** editor Aaron Bernstein sits on SASB's advisory [council](#).]



Briefings

Tough Advice The draft [code](#) of conduct [released](#) in October by [six](#) proxy advisors defines proxy voting advice so broadly that it could apply to asset managers and nonprofit investor groups, warns a [comment submitted](#) Monday by Dutch fund group [Eumedion](#) ([GPW XVII-39](#)). Surprisingly, it also gives credence to charges of conflict of interest and other complaints against advisors that have mostly been leveled so far only by corporates. **Eumedion, which represents 69 Dutch and foreign pension funds and asset managers, calls for a tougher code applied on a comply-or-explain basis and overseen by an independent body.** That's a sharp contrast from largely supportive remarks by investors at a US [SEC roundtable](#) this month ([GPW XVII-40](#)).

Rotate! European issuers will have to switch auditors every 10 to 24 years under a deal [reached](#) Tuesday by the [European Commission](#) and [European Union](#) member states. The agreement is a [compromise](#) by EC internal markets chief [Michel Barnier](#), who had [proposed](#) six years in 2011 ([GPW XV-43](#)). He also dropped a plan to require audit firms to set up separate business units to offer non-audit activities. Instead, they will face new limits on non-audit work. Rotation has been blocked in the US and rejected by the UK [Competition Commission](#) ([GPW XVII-28, 30](#)).

Northern Front Large Canadian issuers may face majority voting for directors and mandatory say-on-pay ballots under a sweeping [consultation launched](#) December 11 by federal [Industry](#) minister James Moore. The inquiry asks about

amending the [Canada Business Corporations Act](#), which covers about half of the country's largest issuers. **The inquiry raises a host of other reforms, such as mandatory ESG reporting and board diversity requirements that could range from voluntary guidelines to quotas or mandatory policies.** Moore is careful to give no hint of what Ottawa might back. Expect the consultation to produce larger and quicker change than the government's drawn-out [plan](#) to create a national securities regulator (GPW [XVII-34](#)).

 **Talk To Me** Year-round dialogue among boards and shareowners is gaining traction. The latest sign: a [paper](#) endorsing the idea published December 10 by the [Global Network of Director Institutes](#). It even says issuers and investors gain when shareowners can "pool resources through collective engagement" and points to the UK stewardship [code](#) as a model. GNDI suggests it may be necessary to change legislation in some markets to facilitate dialogue, although the group opposes mandates requiring board-shareowner communication. **Still, a striking 60% of US issuers do not allow directors to talk directly to investors, according to an October [National Investor Relations Institute](#) survey.**

 **Report Card** The [Global Initiative for Sustainability Ratings](#) (GISR) Wednesday [released](#) final [principles](#) intended to bring rigor and comparability to the 100-plus entities around the world that offer corporate ESG ratings (GPW [XVII-09](#)). GISR now [plans](#) to define the issues raters should cover and the kinds of indicators they should use. It hopes to have complete ratings standards by 2015, when it will begin offering [accreditation](#) to ratings firms.

 **Objection** Six Danish pension funds [quit](#) the [UN Principles for Responsible Investment](#) Monday after objecting to its "undemocratic" [governance](#). The PRI [said](#) it had initiated a governance review at its annual event in Cape Town in October (GPW [XVII-27](#)). The Danish funds have complained about the issue since the PRI allowed asset managers into its governing bodies in 2011 but kept final decision-making in the hands of asset owners (GPW [XV-11](#)). Although the Danish funds are asset owners, their complaints have so far not gained support from other signatories.



Update

Draft legislation to require mandatory ESG reporting [passed](#) a key **European Parliament** [committee](#) vote

Tuesday, diluted by [amendments](#) that allow companies not to disclose anything they deem to "be seriously prejudicial to their commercial position" (GPW [XVII-42](#)). The bill now goes to the **European Union Council**. **Investors** and issuers alike do not support extra voting rights or other rewards for long-term share ownership, concludes a final [study](#) released yesterday from a research [project](#) on short-termism by [Mercer](#) and Canadian law firm [Stikeman Elliott](#) (GPW [XVII-24](#)).



Toolkit

The Value Driver Model aims to help companies measure the return on their sustainability strategies using standard metrics such as return on capital employed. The model, with an explanatory [paper](#) and case [studies](#), was published December 11 jointly by the [UN Global Compact](#) and the [PRI](#). The two hope companies will use it to hold [ESG Investor Briefings](#), a [program](#) they started last year patterned after earnings calls (GPW [XVI-27](#)).



Diary

The calendar for January 2014, Part 2. Click [here](#) to access the entire year's diary on **GPW's** website.

-  Jan. 17, **New York**. *Changes in Governance*, [Millstein Center for Global Markets and Corporate Ownership](#). [www.law.columbia.edu/](#).
-  Jan. 22, **Davos**. *Annual Meeting*, [World Economic Forum](#). [www.weforum.org/](#).
-  Jan. 22, **Calgary**. *Boardroom Financial Essentials*, [Institute of Corporate Directors](#). [www.icd.ca](#).
-  Jan. 24, **Toronto**. *Boardroom Financial Essentials*, [Institute of Corporate Directors](#). [www.icd.ca](#).
-  Jan. 26-28, **San Diego**. *Directors, Management & Shareholders in Dialogue*, [Directors Forum](#). [www.directorsforum.com](#).
-  Jan. 26-31, **Harrison Hot Springs, British Columbia**. *Pension Investment and Governance Courses*, [SHARE](#). [www.share.ca](#).
-  Jan. 28, **Geneva**. *Responsible Investment Summit*, [European Private Equity and Venture Capital Association](#). [www.evca.eu/](#).
-  Jan. 29, **Miami**. *Directors' Institute*, [Mutual Fund Directors Forum](#). [www.mfdf.org/](#).
-  Jan. 30, **Amsterdam**. *Shareholder Protection and Corporate Governance*, [American Conference Institute](#). [www.americanconference.com](#).
-  Jan. 30-31, **Ft. Lauderdale**. *Compensation Committee Boot Camp*, [Corporate Board Member](#). [www.boardmember.com/](#).