



## Arrest

Russian shareowner rights advocate [Alexey Navalny](#) was [arrested](#) Monday after speaking at a Moscow protest against corruption in parliamentary elections the day before. Navalny, who has exposed alleged embezzlement at major Russian firms, hit the political limelight in recent months after he labeled [Prime Minister](#) Vladimir Putin's [United Russia](#) the "party of crooks and thieves" ([GPW XV-03](#)).



## Briefings



***E-FASB*** An ambitious US effort to define ESG materiality standards is being formed under the moniker the [Sustainability Accounting Standards Board](#) (SASB). Sponsors [plan](#) to tap global experts to crowdsource key performance indicators (KPIs) for 68 industries and 10 economic sectors. The KPIs will be based on a "materiality map" that defines specific ESG standards for each industry. They will draw on [work](#) by the [Harvard Initiative for Responsible Investment](#), which will convene an SASB Standards Council. **The initial focus will be on the US, to help issuers there integrate extra-financial reporting into 10-K disclosures.** Modeled after the US [Financial Accounting Standards Board](#), SASB is chaired by [Harvard's Bob Eccles](#) and draws on [One Report](#), the book he co-authored last year urging integrated ESG reporting ([GPW XIV-11](#)). SASB plans to integrate its work into standards set by the [Global Reporting Initiative](#) and the [International Integrated Reporting Council](#). Expect a formal launch in February.



***Comply (or say we do)*** The rules-based approach advanced by [European Commission internal markets](#) chief [Michel Barnier](#)'s sweeping corporate governance [review](#) has provoked a


backlash from comply-or-explain advocates ([GPW XV-27](#)). But do issuers really give useful explanations when they deviate from governance codes? **Fully a quarter of Dutch firms depart from that country's most important [code](#) provisions finds a [study](#) by [Eumedion](#) managing director Rients Abma and [Maastricht University's Mieke Olaerts](#).** Further, 95% of those offer only boilerplate explanations or none at all. The result: "major bottlenecks" in the code's comply-or-explain system, say the authors. Still, they don't endorse [Barnier](#) ideas such as expanding regulatory oversight or requiring external auditors to certify issuer explanations. Instead, they suggest shareowner votes on governance statements and having the Dutch code [Monitoring Committee](#) name and shame firms with inadequate explanations. Expect an English version of the report in early 2012.



***Mood Change*** What to do when an issuer ignores a majority of their shareowners? One answer: file a binding bylaw amendment to legally obligate compliance. That's what the UK's [Hermes Equity Ownership Services](#) and the US [Laborers union](#) have done at [Moody's](#), which has not acted to split its chair and CEO posts despite a 56.6% [vote](#) in favor of a nonbinding resolution at last April's [AGM](#). "We consider the board's failure to implement last year's proposal as a clear example of why greater independence is needed," says the [resolution](#).



***WOB School*** A [group](#) of European business schools have [launched](#) an [initiative](#) to boost board diversity in response to a [call](#) to action earlier this year by [European Union Justice Minister Viviane Reding](#) ([GPW XV-27](#)). **Planned first steps include publication of lists of women the schools deem ready to join corporate boards.** That echoes the [CaIPERS-CalSTRS 3D](#) project ([GPW XV-35](#)). The schools also intend to create a database of relevant programs and start new ones of their own. One example: [Women Empowerment @ RSM](#) recently launched by the [Rotterdam School of Management](#) in the Netherlands.

 **Emptiness** Financial managers and shareowners have been split for years over “empty voting”, or the voting of shares whose economic interests have been decoupled through practices such as share lending. Find these divisions in responses to a [call](#) for evidence by the [European Securities and Markets Authority](#) (GPW XV-34). [JP Morgan](#), one of the largest global securities lenders, [says](#) the practice doesn’t even exist. But UK proxy advisor [Manifest](#) [argues](#) that it “occurs, in many different forms, at most meetings.” **Manifest points not just to lending but mis-registered shares; vote decisions delegated to non-owners; and uninstructed shares voted by brokers, custodians or at the discretion of a board.** Dutch fund association [Eumedion](#) also sees a problem and [backs](#) legislation on enhanced disclosure.

## Toolkit

A [sustainability index](#) was [launched](#) yesterday by stock exchange [Bolsa Mexicana de Valores](#) (GPW XIV-41). [Remuneration](#) and risk committees should be headed by independent directors, says revisions to [Borsa Italiana](#)’s corporate governance [code announced](#) Monday.



## Insights

**Only 17%** of the [ASX200](#) have policies to manage risks of labor and human rights abuse in their supply chains, vs. 35% of the 2,500 largest global firms, finds a [study released](#) yesterday by the [Australian Council of Superannuation Investors](#). It was done for ACSI by the [Harvard Pension Project](#). [Note: GPW editor Aaron Bernstein, a fellow at the project, co-authored the report.]

**Shareowners** backed *annual* votes on executive pay plans at 72% of the [Russell 3000](#) this year, even though 42% of firms recommended triennial votes, finds the third [report](#) on say-on-pay balloting by [GMI](#) (GPW XV-43).



## Update

**Former Olympus CEO** Michael Woodford’s campaign to regain his job got a lift from a damning [report](#) issued Tuesday by the outside panel [appointed](#) to investigate the accounting fraud charges he exposed (GPW XV-40). **In response, the board said it will step down next year.** Last week Woodford [launched](#) a campaign to kick out the board and resume control.

**Legislation** requiring investors to disclose ownership hidden through derivatives passed the Dutch [Senate](#) last week. Germany passed a similar bill in April and the **European Commission** [proposed](#) one in October (GPW XV-39). Expect the Dutch bill to take effect next month.

**Norway’s huge [Norges Bank Investment Management](#) has just opened a campaign promoting shareowner “access” at US companies.** It [filed](#) resolutions to let investors nominate directors at six firms (GPW XV-42). They set a low threshold of a 1% stake held for one year.



## Services

**The US Council of Institutional Investors** is taking action to help investors cope with mass ‘say-on-pay’ votes. **It will offer fund members a free service to evaluate executive compensation plans starting next month.** The Council has paid [Equilar](#), a US compensation analysis firm, for access to a new pay-for-performance product it will offer in 2012. The unusual deal comes after the CII stepped up efforts to coordinate fund engagements with issuers (GPW XV-43).

**The first master class in ESG Integration by the [ICGN](#), UN PRI and [EFFAS](#) will be held in London March 21-22** (GPW XV-38). Funded with EU seed money, the program is for early to mid-level governance professionals at investing bodies. Instructors include the ICGN’s Carl Rosen, [APG](#)’s Claudia Kruse, the [FRC](#)’s Peter Montagnon and Stephen Davis of [Yale](#)’s [Millstein](#) center (and [GPW](#) editor). Register via [gabrielle.osei@icgn.org](#).

**Australia’s [Responsible Investment Academy](#) will offer four new online courses in 2012** (GPW XV-35). New offerings include: “[RI for Dummies](#)”; an [advanced](#) course in ESG financials; [RI for wealth managers](#); and [RI for corporations](#).

**Broadridge** has signed an [agreement](#) with the [Singapore Exchange](#) to facilitate electronic proxy distribution and voting for listed issuers. **Firms that sign up will be able to confirm to shareowners that their votes were cast as directed.** That’s similar to a service Broadridge has been rolling out in Europe through [Euroclear](#) (GPW XV-37).



## Job Board

**Ethos** [seeks](#) a head of environmental and social sustainability, based in Geneva. The Swiss fund association also is looking to fill a three-month internship on its corporate governance team.