



Briefings

Caveat Emptor US IPO [plans](#) filed Monday by Chinese Internet firm [Alibaba](#) contain all the troublesome governance arrangements that prompted Hong Kong to reject it last year ([GPW XVIII-12](#)). A majority of directors will be nominated by founder [Jack Ma](#) and 28 other mostly unnamed directors and officers in the founding [Alibaba Partnership](#), even though Ma owns only 8.9% and executive vice-chair Joseph Tsai owns 3.6%. They also have guaranteed voting [support](#) from the largest shareowners, Japan's [SoftBank](#), which [owns](#) 34.4%, and [Yahoo](#), whose current 22.6% will drop to about 11% after the IPO. SoftBank will have the right to nominate one director, too, with voting support from the partnership and Yahoo. Such tight insider control is common among US IPOs, 20% of which had dual-class shares last year, vs. 8% of the [S&P 500](#), according to background data prepared for an [analysis released](#) Monday by [Ernst & Young](#). Similarly, Alibaba will have a staggered board, as did 75% of IPOs, vs. just 13% of the S&P 500, finds E&Y. Investors must decide if they trust Ma and friends.

Puddle to Pool Smaller pension funds typically lack economics of scale and would enjoy lower fees and overhead if they merged into larger ones. Their voting clout at portfolio companies would also grow if combined. But few want to surrender independence or power. Now the UK government has come up with an intriguing [plan announced](#) May 1 to create what it calls "common investment vehicles" (CIVs) for 89 local civil service pension plans that collectively manage some £178 billion in assets. **Perhaps even more radical, the proposal would require them to use passively managed CIVs and stop active stock picking, which now accounts for some £85 billion of assets.** Funds could continue alternative investments such as private

equity and hedge funds but only through a pooled CIV. Alternatives comprise less than 10% of assets but 40% of fees, according to a December background [report](#). Funds would retain decision-making over asset allocation under the plan, which the government proposed instead of mergers. Indeed, nothing ever came of an even less intrusive 2009 [law](#) by the Canadian province of Ontario [authorizing Ontario Teachers' Pension Plan and the Ontario Municipal Employees Retirement System](#) to manage investments for smaller pension funds ([GPW XIII-27](#)). Comment on the UK proposal by July 11.

Unlocked Proxy access is slowly unlocking the door to US boardrooms. The latest: a board-backed bylaw [passed](#) with 94% support at [Verizon's](#) May 1 [AGM](#) that allows shareholders holding at least 3% for three years to nominate up to 20% of directors on the corporate proxy. The board [agreed](#) to the idea after a company retiree [group submitted](#) a 2014 resolution calling for access. Its similar proposal last year [won](#) 52% backing ([GPW XVII-19](#)). The 3% threshold, seen as too steep by some access advocates, follows access [rules](#) set by the [Securities and Exchange Commission](#) before they were struck down in a 2011 court [ruling](#) ([GPW XVI-03](#)). The 3% level also was put in place last year by [Western Union](#) and [Hewlett-Packard](#), both of which acted after shareowner campaigns ([GPW XVII-12](#)). Last month [Nabors adopted](#) an even higher 5% in an attempt to ward off a 3% [resolution](#) at the June 3 [AGM](#) from the New York City [Comptroller](#).

Big Sum A new approach to harnessing consumer pressure for shareowner advocacy is being tested by [SumOfUs](#), a burgeoning nonprofit with four million-plus global members that bills itself as a "world-wide movement for a better global economy." The US-based group has mounted petition drives to support ESG resolutions at [Monsanto](#), [Abbott Labs](#), [PNC](#) and [Kellogg's](#) since former [AFSCME](#) corporate governance head [Lisa Lindsley](#) started the program in January ([GPW XVIII-02](#)). SumOfUs is also prodding mutual funds to support the resolutions. On April 29

the group [said](#) some 50,000 US members had signed a [petition](#) urging [Fidelity](#), [Vanguard](#) and [iShares](#) to vote [against](#) the say-on-pay resolution at [Domino's AGM](#) that day, when it passed with 24% [opposed](#). Expect to hear more from a two-year-old group whose membership has [quadrupled](#) in less than a year.



Pass

US governistas are buzzing about column by Alec MacGillis in the May 4 issue of *The New Republic*: "[Mary Jo White Doesn't Scare Anybody: Obama's SEC chief has whiffed on regulating corporations.](#)" An excerpt: "(O)ne year into (US [Securities and Exchange Commission](#) chair Mary Jo) White's tenure in one of the government's most important regulatory posts, many of those on Wall Street and in corporate corner offices are breathing a sigh of relief. It turns out that [being a tough enforcer of the rules](#) is different from being a hard-minded conceiver of the rules. At a time when the country could sorely use big-picture reforms in corporate law, White is largely taking a pass. The differences between being an aggressive prosecutor and being a vigilant watchdog are most conspicuously on display around the issue of political money. The Supreme Court itself has urged disclosure of the greater corporate spending it made possible in the 2010 *Citizens United v. Federal Election Commission* ruling. Who could assert the authority to ensure that disclosure happens? The SEC. But it turns out that a key obstacle in the way of greater transparency for political spending is SEC indifference. White has almost prided herself on her languor on this front, casting it as a noble refusal to allow herself to be cowed by those seeking "political change" via the SEC. The upshot is that one of our most important public actors, an agency that played a pivotal role in achieving reforms in an earlier dark-money era, has left the field of play."



Update

[ISS](#) has a new owner. Its [acquisition](#) by New York private equity firm [Vestar Capital Partners](#) was [completed](#) April 30 (GPW XVIII-12). No changes in management have been announced.

[The UN Global Compact](#) has opened a [comment](#) period for its [listed](#) participants on the [proposal](#) to require ESG disclosure by stock exchanges that was published in March by [Ceres' Investor Network on Climate Risk](#) (GPW XVIII-13). Respond by June 27.

[Carnstone Partners](#), a UK sustainability consultant, will [conduct](#) the outside governance [review](#) of the UN

[PRI](#) (GPW XVIII-14). Carnstone will deliver a paper and recommendations in time for the PRI's September 24 [AGM](#) in Montreal.



Funds

A [global](#) equities ESG [fund](#) was [launched](#) May 1 by UK asset manager [Hermes](#) with a goal of besting the [MSCI All Country World Index](#) by 3% a year on a three-year rolling average. The fund will tap the expertise of [Hermes Equity Ownership Services](#) and complements a screened ESG [fund](#) started in 2012.



People/Jobs

[Jay Chaudhuri](#) of the [North Carolina Retirement Systems](#) was [elected](#) chair of the [Council of Institutional Investors](#) board at yesterday's [meeting](#) in Washington, DC, succeeding outgoing [Anne Sheehan](#) of [CalSTRS](#) (GPW XVIII-19). Three new board members were elected as well: [General Mills](#) vice president [Trevor Gunderson](#); [Laborers'](#) union assistant director [Jennifer O'Dell](#); and [Public Employees Retirement Association of Colorado](#) executive director [Greg Smith](#), who rejoined after leaving last year due to term limits (GPW XVII-16).

[Rob Bauer](#) has been named executive director of the [University of Toronto's Rotman International Centre For Pension Management](#), succeeding [Keith Ambachtsheer](#), who was named director emeritus after leading the center since 2005. Bauer, who joined the center as associate director in 2011, is also on the [faculty](#) at [Maastricht University](#) in the Netherlands and a [fellow](#) at its [European Centre for Corporate Engagement](#) (GPW XV-07).

[Karina Litvack](#), former [F&C](#) corporate governance chief and global ESG innovator, was [elected](#) to the [board](#) of Italian energy giant [ENI](#) at yesterday's [AGM](#) (GPW XVIII-18).

[Jill Fisch](#) of the [University of Pennsylvania](#) and [Hideki Kanda](#) of the [University of Tokyo](#) were [elected](#) to the [European Corporate Governance Institute](#) board at its April 29 general assembly in Brussels.

[The UN](#) [seeks](#) an assistant [secretary-general](#) of investments, a new position overseeing the US\$52 billion [United Nations Joint Staff Pension Fund](#). The post will report directly to UN Secretary-General [Ban Ki-moon](#) and be his representative for investment policy at the fund, a [signatory](#) of the UN [Principles for Responsible Investment](#) initiative. Apply by May 30.

[Mercer](#) [seeks](#) a US-based ESG consultant for its responsible investment team.