



NewsWatch

▪ January 2019

WWW.AKTISINTEL.COM

The first and only Corporate Governance data provider for comprehensive benchmarking and comparative analysis. Improving governance decisions for compliance with best practice and meeting supervisory expectations.



ABOUT THE NEWSWATCH

Objective

We gather current corporate governance news to assist our clients in staying up to date on current topics and trends in the governance world. This is essential for the content of our database, reports and publications. We follow the companies in our database closely to keep informed about any corporate governance changes they may go through in order to give our clients the most relevant and useful information possible.

Area coverage

- Europe
- Oceania
- North America
- Central and South America
- Russia
- Japan
- China
- South East Asia
- India
- MENA
- Central and South Africa

Scope

- Our focus is on corporate governance news

□ Europe

The board of Banco Santander reverses its decision to hire Andrea Orcel as the group's new CEO

[Banco Santander Press Release, Banco Santander, January 15, 2019](#)

[Financial Times, David Crow, January 15, 2019](#)

[Financial Times, David Crow and Stephen Morris, January 16, 2019](#)

- The board of Banco Santander has decided not to proceed with the hiring of UBS banker Andrea Orcel as new group CEO, despite announcing his appointment to the position in September 2018.
- Santander stated that despite the terms of Orcel's annual remuneration as CEO had been already agreed at the time of the appointment, the amount that the bank had to pay to Orcel for the deferred bonuses earned during his seven-year tenure at UBS turned out to be "a sum significantly above the Board's original expectations at the time of the appointment."
- Santander was prepared to pay a part of Orcel's deferred awards on the basis that UBS would not claw back the entire amount and that Orcel would forfeit an additional portion.
- The amount faced by Santander to hire Orcel was as high as €50 million as a result of UBS's refusal to come to an agreement.
- Incumbent CEO José Antonio Álvarez will remain in his current role and will serve as Vice-Chairman of the board.

Telecom Italia's board has agreed to hold the company's AGM two weeks earlier than planned as its two major shareholders, Vivendi and Elliott, continue to battle for the company's control

[Financial Times, Rachel Sanderson, January 14, 2019](#)

- The board of Telecom Italia has announced that the AGM will be held two weeks earlier than initially planned.
- In addition to the approval of the annual accounts, Vivendi's call for the revocation of five board members will also be addressed.
- Back in December, Vivendi, who holds 24 percent of the company's shares, had called for the revocation of the board members appointed by the US activist investor Elliott at the 2018 AGM.

AMF published its 2018 report on corporate governance and executive compensation

[AMF France, AMF, January 23, 2019](#)

- The report shows that the level of detail provided by companies on the process used to draw up succession plans varies widely.
- Fewer than half of the sampled companies that have implemented a succession plan explain the process or the time line for the succession plan to their shareholders.
- Regarding new appointments, the AMF found that 11% of new corporate officers who had previously held a position in a company continued to hold an employment contract, showing a significant level of non-compliance with the code.

French watchdog fines Google for GDPR privacy violations

[Financial Times, Aliya Ram and Mehreen Khan, January 21, 2019](#)

- National Data Protection Commission (CNIL) has issued a €50m financial penalty against Google in connection to breaches in the data protection law in the EU.
- The tech company has failed to explicitly disclose how it handles personal data, especially in relation to the data consent policies for ad personalisation.
- This is the largest fine imposed by a GPDR regulator to date.

Investors not convinced by proposed reforms to executive pay in Germany

[Financial Times, Olaf Storbeck, January 20, 2019](#)

- The German corporate governance commission has proposed far reaching reforms to standardise executive pay and LTIPs across all listed German companies.
- The reforms aim to link bonus payments more closely to the company's medium / long term development.
- Investors believe that the proposed new pay structures are too inflexible and do not allow supervisory boards to take company and industry specific factors into consideration.
- The corporate governance commission said it will carefully consider the criticisms raised by investors before launching the country's new corporate governance code later this year.

Swiss legal reforms to protect whistle blowers are not far reaching enough

[Financial Times, Ralph Atkins, January 8, 2019](#)

- Critics argue that the changes in legislation proposed by the Swiss government to increase the protection of whistle blowers are insufficient.
- Even with the reforms, Switzerland's laws are behind international best practice, leaving whistle blowers at risk of losing their job or being criminally persecuted.
- 70% of big companies in Switzerland are already going beyond the legal requirements and have created their own measures to ensure that whistle blowers are adequately protected.

Mondelez and Zurich in legal battle over cyber-attack insurance

[Financial Times, Oliver Ralph and Robert Armstrong, January 10, 2019](#)

- Mondelez tried to recover the costs incurred from the NotPetya cyber-attack last year through its property insurance with Zurich.
- Zurich refused to pay for the damage caused as it defines the cyber-attack as "a hostile or warlike action" sponsored by the Russian government.
- Experts expect the case to lead to a benchmarking result for the insurance industry on how cybersecurity matters are covered under non-cyber insurance plans.

Cevian Capital representative joins Nordea's Nominations Board

[Nordea Press Release, Nordea, January 10, 2019](#)

- In December 2018, Cevian Capital acquired approximately 2.3 percent holding in Nordea Bank Abp.
- Cevian has therefore requested to have a representative from their company on Nordea's Nomination Board.
- This request has been approved, and Chister Gardell is now an additional member.

Danske bank possible violation of French anti- money laundering legislation

[Danske Bank Press Release, Danske Bank, January 11, 2019](#)

- In January 2019 Danske Bank received a formal letter from the French Tribunal de Grande Instance de Paris, stating that they believe Danske have been involved in money laundering of tax evasion proceeds.
- A formal investigation is therefore likely to follow.
- The case involves transactions of approximately €28 million between 2007 and 2014.



Bank of England to spur diversity in its most senior ranks

[Financial Times, Caroline Binham and Delphine Strauss, January 3, 2019](#)

- Colette Bowe and Jayne-Anne Gadhia will join one of BoE's main policymaking committees, The Financial Policy Committee.
- The BoE has come under scrutiny as it currently has not employed any female deputy governors.
- In 2018, 29% of senior management positions were filled by women.
- BoE has a target to increase these numbers to 35% by next year.

CIPD and High Pay Centre publishes report on the workings of remuneration committees

[High Pay Centre Report January 2019, CIPD and High Pay Centre, January 2019](#)

- The report reviewed the current operations of remuneration committees, covering the practices they undertake, the challenges they face, and the different stakeholder perspectives involved.
- Recommendations include the formation of a "people and culture" committee in place of their remuneration committee, and the removal of LTIP plans in place of a less complex system based on basic salary and restricted share awards.

▣ North America

Citigroup Inc. agrees to grant access to confidential information to activist investor ValueAct

[Financial Times, Robert Armstrong, January 11, 2019](#)

[Citigroup Press Release, Citigroup, January 12, 2019](#)

- Citigroup has entered into an Information Sharing and Engagement Agreement with San Francisco-based activist investor ValueAct.
- As part of the agreement, the bank will share confidential information with ValueAct, who in turn has promised its support for the bank's management and board until the end of the agreement in December 2019.
- ValueAct's investment in Citi confirms that large banks are not out of reach from activist investors.
- Other recent campaigns by activists in banks include Sherbone's investment in Barclays and Cevian Capital's campaign against Nordea.

Activist hedge funds Elliott Management and Starboard Value ask eBay to consider a spin-off of its online ticket platform, StubHub, and its classified advertainment business

[Wall Street Journal, Cara Lombardo and Laura Stevens, January 1, 2019](#)

[Financial Times, Lindsay Fortado and Shannon Bond](#)

- Activist hedge fund Elliot has announced a 4 percent stake in eBay while Starboard, another activist hedge fund, has also purchased a stake below 4 percent.
- The two activist investors would like the company to spin-off its online ticketing platform, StubHub, as well as its classified advertisement business as both would be worth more as standalone businesses.
- This is not the first time that eBay is targeted by activists. Back in 2015, the company spun-off PayPal following demands from activist investor Carl Icahn.

Oracle founder Larry Ellison has acquired a \$1 billion stake in Tesla

[Financial Times, Peter Wells, January 8, 2019](#)

- According to an SEC filing, Oracle founder Larry Ellison has acquired 3m shares in the electric-car company, Tesla.
- Ellison was appointed to the company's board in December 2018 as an independent director along with Kathleen Wilson-Thompson, Head of HR at Walgreens Boots Alliance.
- Back in September 2018, Tesla's founder, Elon Musk, agreed with the SEC to increase the independence of the board by appointing two independent directors and a new Chairman.
- The former COO of Telstra, Robyn Denholm, has been serving as the company's Chair since November.

Japan crafts governance reforms, with 2020 set as target year

[Nikkei Asian Review, Hiona Shiraiwa, January 17, 2019](#)

- A government panel released a package of corporate governance reform proposals on Wednesday.
- The government plans to submit relevant legislative revisions to the ordinary Diet session slated to convene soon, with 2020 set as the target year for implementation.
- The proposal includes requiring larger corporations both listed and unlisted to have outside directors, increased disclosure around executive compensation, limiting the amount of shareholder proposals at a general meeting to 10, and allow for shareholder meeting materials to be provided digitally.

Yes Bank's stock increases by 14% on the New York Stock Exchange

[ETMarkets, Saikat Das, January 2016, 2019](#)

- Shares of Yes Bank increased by 14% following the appointment of Ravneet Gill (CEO of Deutsche Bank's India operations) as the new CEO, effective as of March 1st, 2019.
- Despite the appointment of Ravneet Gil, there continues to be much uncertainties for investors, who are primarily concerned about Gill's proposals in the clean-up of the bank's corporate lending book.
- Non-performing loans divergence continues to be a problem for investors.



ABOUT AKTIS

Aktis is the first and only corporate governance data platform. The Aktis data universe provides accurate and trustworthy insight to levels previously unavailable for corporate governance. Aktis is rapidly expanding beyond the banking sector to bring high quality data and valuable insight to all businesses in all sectors.

GOVERNANCE MADE TRANSPARENT

 www.aktisintel.com
 info@aktisintel.com
 +44 20 37 510 513