



## News from the Region



### Lebanon: governance amplified

[Raed Charafeddine](#), First Vice Governor of Lebanon's Central Bank (Banque du Liban - BDL), [highlighted](#) the linkages between corporate governance and human capital at the American University of Beirut's [Rami Makhzoumi Corporate Governance Chair](#) keynote lecture held on November 2.

While Lebanon's Institute of Directors [launched](#) in 2011 has been inactive, corporate governance in Lebanon received a boost with the establishment of a Governance Chair in 2011 by the Makhzoumi family. The late [Rami Makhzoumi](#) was an advocate of good governance in his [businesses](#) and in the region.

The BDL also took a step forward, launching the [Institute for Finance and Governance](#) (IFG) at ESA Business School in July 2015 with the mission to promote good governance in the banking sector and beyond. Led by [Hadi El Assaad](#), the IFG has already launched training programmes for board members and executives of banks. The last seminar on risk management it held for board members of Lebanese banks was animated by [Anthony Wyand](#) on 24 October.

Expect further improvements to governance regulations in Lebanon. **The country still does not have a comprehensive governance code for listed companies.** The Beirut Stock Exchange has less than 10 listed companies and is slotted for a delayed privatisation, originally envisioned by the Lebanese [Capital Markets Law](#) drafted to shake up the capital market.

### 🕒 Hawkamah: birthday celebrations

[The Hawamah Institute](#), the first institute of directors in the MENA region set up at the Dubai International Financial Center by a long-time governance advocate [Nasser Saidi](#), celebrated its anniversary with its tenth annual conference held 8 November in Dubai. **This year's focus was on the governance culture, the importance of which was [stressed](#) by Hawkamah's**

Chairman and CEO of the Dubai Chamber, [Hamad Buamim](#) who recently also emphasized this in the a recent [op-ed](#).

[Mona Al Marri](#), Vice President of the UAE Gender Balance Council, [commented](#) that women already occupy 66% of public sector jobs in the country, 30% of them in decision-making roles, and said many are ready for board responsibilities. Yet, a poll conducted at the conference showed that **culture remains the foremost obstacle to women participation on boards.**



### Saudi engagement: a timid start

The Saudi Capital Market Authority took a step in addressing the responsibility of institutional investors in corporate governance, organizing a [workshop](#) on board member roles and responsibilities for the [General Organisation for Social Insurance](#) (GOSI), the government insurance company, on November 9. GOSI has a range of stakes in Saudi listed companies, some post-privatisations, others in private firms.

According to [GOVERN](#) analysis unveiled at the [Compliance and Anti-Money Laundering Seminar](#) held in May in Riyadh, GOSI is one of the largest investors in Tadawul and the second largest investor in MENA equity markets. Expect this to herald a **new effort by the CMA to support institutional investor engagement**, first discussed in Saudi Arabia at a joint OECD-GCC BDI [seminar](#) in 2011.



## Global Briefing

### 🇺🇸 United States: Elections Impact

Expect the November 8 election of Donald Trump as the US president to herald a **wholesale reversal of public policies addressing how corporations and investors tackle ESG rights and risks.** Even before he takes office, the Republican Party may try to push through legislative reforms to [regulate](#) proxy advisors or bar the Securities and Exchange Commission from issuing a final rule on universal proxies, [warned](#) the Council of Institutional Investors. Once Trump takes over, new appointments

will ensure that the SEC is run by a management-friendly Republican Party majority.

**One reform is almost certainly dead:** any SEC rule mandating corporate disclosure of political spending. The Republican-run Congress is likely to embrace bills to roll back parts of the landmark Dodd-Frank act, which includes say on pay requirements, pay ratio disclosures and other ESG mandates. Expect a similar welcome to [US Chamber of Commerce proposals](#) to downsize the SEC and water down financial regulation, together with measures to restrict shareholder rights to file resolutions at AGMs. Less clear is whether Trump will follow through on campaign rhetoric railing against inequality and entrenched corporate interests. He repeatedly [blasted](#) high CEO salaries as “a disgrace.”

## ✓ United States: Proxy Access

Proxy access has swept across US corporates faster than any governance idea in decades. But **no one actually has used investors’ newfound right to nominate directors** on the corporate proxy—until now. On November 9 [Mario Gabelli’s GAMCO Investors](#) hedge fund [nominated Lance Bakrow](#), co-founder of privately held [Greenwich Energy Solutions](#), to the board of [National Fuel Gas](#), which adopted an access [bylaw](#) in March. GAMCO owns 7.8% of National Fuel and has been [pushing](#) for a spinoff of some units. Expect business groups to cite the nomination as confirmation of arguments that access opens doors to shareowners with private agendas.

## ➤ Australia: Better Funds

Pension fund governance got an important boost November 3 when the [Australian Prudential Regulation Authority](#) [released](#) updated [standards](#) requiring funds to have a framework for effective governance practices, including the “nomination, appointment and removal of directors, board renewal, director tenure limits and board size.” The agency drew up the new rules in part to help ward off divisive legislation that would require one-third independent trustees.

## ☰ Singapore: Stewardship Boost

The [Singapore Stewardship Principles](#) for responsible investors were [launched](#) November 2 by [Stewardship Asia](#), an advocacy group started by Singapore sovereign wealth fund [Temasek](#). They call on investors to exercise proxy voting rights under clear policies, communicate stewardship activities with clients or beneficiaries and collaborate on collective engagements—similar to stewardship [codes](#) in other markets.

## ✍ Reformers

**Boards.** Issuers should either appoint employees as directors or set up employee advisory panels with strong communication channels to the board, recommends a [report published](#) November 7 by the UK think tank [Tomorrow’s Company](#). See the detailed paper as one of the first substantive analyses of Prime Minister Theresa May’s proposal for employee directors, [expected](#) to be released shortly in a package of corporate governance reforms. However, May is likely to water down plans to suggestions rather than mandates, news [reports](#) say.

**Women on Boards.** The [Future Boards Scheme](#) was [launched](#) November 7 by the UK [30% Club](#) with government [backing](#) to offer novel apprentice board seats to up-and-coming women executives. The creative program, which lets women shadow another company’s board for three years, takes forward the [campaign](#) headed by [GlaxoSmithKline](#) chair [Philip Hampton](#) to [lift](#) women on FTSE 350 boards to 33% by 2020.

**Workforce.** Companies should report publicly on workforce issues, says a letter [sent](#) November 7 to FTSE 350 board chairs by the UK [Pensions and Lifetime Savings Association](#). The request, joined by UK Pensions Minister [Richard Harrington](#), [Newton Investment Management](#) and [USS Investment Management](#), follows a [PLSA toolkit](#) outlining the utility of such data to investors.

## ✍ Insights

**Directors** appointed through Italy’s [voto di lista](#) shareholder nomination system are more likely to dissent, abstain or resign over board decisions, finds a [study](#) of publicly disclosed disputes between 2003 and 2016 [published](#) November 4 by [Piergaetano Marchetti](#) of [Bocconi University](#) and colleagues. Their findings reinforce the importance of courts and regulators applying the business judgment rule to board decisions, which can help to avoid “suboptimal risk aversion and unnecessary lack of harmony among directors.”

**Global** policy makers can address market imperfections that are impeding the efficient allocation of capital to private-sector investments in climate change business opportunities. So finds a [study published](#) November 7 by the [UNEP Finance Initiative](#) that examines 28 case studies of such investments.

**Large** global investors are “thinking about the impact of their investments on the world’s environmental, social, and financial systems and how, in turn, portfolio returns are affected by the health of those systems.” So finds an [analysis](#) of 28 asset owners and 22 asset managers [published](#) November 8 by [The Investment Integration Project](#) and the [Investor Responsibility Research Center Institute](#).