



## News from the Region

### Oman: Code Clarified

[The Capital Market Authority of Oman](#) has issued a formal [letter](#) to all listed companies December 1 with clarifications on the governance code published in July. The letter notes that since the code is part of the listing requirements, compliance with it is not on a comply-or-explain basis but in fact mandatory. According to the document, the code was further fine-tuned since its July release: an updated version is now available from the CMA website.

Surprisingly, the role of the Company Secretary has received significant attention in the update. The regulator deems that a Corporate Secretary must be appointed for each new term of the board. The Chair of the board is allowed to chair committees except the Audit Committee. On the other hand, the Chair of the Audit Committee may not be a member of any other committee. Other details are addressed Q&A style based on questions received from listed companies.

### Keep it in the Family

According to [MENA Family Business Survey](#) just released by the PWC, only 53% of surveyed family businesses in the region believe there is alignment between the family and the business, compared with 69% globally. Among the widest gaps highlighted by the survey: 25% of firms in the region have gender equality programmes in place, against 54% globally. Perhaps most worrisome is that 91% of family businesses in the region still have no succession plan. On the other hand, regulatory compliance ranked similarly for the region's family firms as for their global peers, despite the recent revision of company laws in the UAE, Saudi Arabia and other countries of the Middle East.

### UAE: Governance Excellence

[The Dubai Water and Electricity Authority](#) (DEWA) was awarded the [Golden Peacock Award](#) by India's

Institute of Directors on November 8 for excellence in corporate governance. On this occasion, DEWA's CEO, [Saeed Mohammed Al Tayer](#), [commented](#) that "in adherence to the government's policies to enhance Dubai's position as a global hub, DEWA conducts a periodic review of its corporate governance system to ensure its effectiveness." So far, little disclosure on the governance of the Authority is publicly available on the website of the entity.

## Company Dashboard

- [Charles Al Hage](#), an independent non-executive board member of Aramex since 2011 has [resigned](#) from his position effective end of November, according to the statement of the exchange.
- The Saudi CMA [ruled](#) November 6 to maintain the suspension on trading of [Tihama Advertising and Public Relations Company](#) shares due to lack of audit of its interim reporting until the company announces its preliminary financial statements for period ending 30 September.

## Global Briefing

### Integrated Reporting

*Insights from [meeting](#) held December 6-7 in London held by the [International Corporate Governance Network \(ICGN\)](#) and the [International Integrated Reporting Council \(IIRC\)](#):*

- [Integrated](#) reporting (IR) can drive a long-term perspective among corporates and investors alike, says a [statement](#) the two groups [published](#) jointly.
- [Only](#) 34% of companies currently plan more than three years out, finds a [survey](#) of 400 executives in 50 markets—although 60% of those executives say they would prefer longer-term planning.
- [IR](#) has spurred better reporting of value creation by two-thirds of the 41 members of the IIRC's business [network](#), which include firms like [HSBC](#) and [Pepsi](#) committed to adopting IR, the IIRC reported.
- [Mervyn King](#) was [awarded](#) the lifetime achiever award for his multiple contributions, including path-breaking King Report on Corporate Governance for South Africa in 1994 that led to the most recent [King IV](#) code.

## Better Boards

Executives should not sit on corporate boards—a sharp departure from the norm in most markets, say 2017 proxy voting [guidelines published](#) December 6 by Swiss fund group Ethos. The guidelines also reiterate Ethos’ demand for retrospective binding votes on executive pay held under the Minder [initiative](#), something just rejected as a mandate by the government. However, Ethos does specify that such votes should apply to annual bonuses rather than long-term variable pay.

## Climate: Change Agent

The [Trillion Dollar Transformation](#) initiative was [launched](#) December 6 by Mercer’s responsible investment [team](#) and the [Center for International Environmental Law](#) to help pension trustees deal with the financial and legal challenges presented by climate change. “A failure to properly consider climate change as a risk factor could result in lawsuits” warns a detailed [analysis](#) that elaborates on similar findings in [Fiduciary Duty in the 21<sup>st</sup> Century](#) from the UN PRI and others. A companion [guide](#) offers steps funds can take to integrate such risk into investment decisions.

## SOE Governance: Neutrality

Governments should “promote high standards of governance, disclosure, accountability and transparency” for state-owned enterprises (SOEs) to avoid abusive behavior, says [State-Owned Enterprises as Global Competitors: A Challenge or an Opportunity?](#), [published](#) December 8 by the OECD as part of an SOE [project](#) on achieving competitive [neutrality](#). A separate [report](#) recommending China, India and 9 other Asian countries “better separate the state’s roles as owner and regulator” was produced by the OECD’s Asia SOE [network](#), which [met](#) in Seoul December 7 and 8.

## Women on Boards: Search

- [Executive](#) search firms should educate corporate boards about diverse talent pools “rather than a narrower view defined only by traditional experiences,” say [principles](#) published December 2 by the [Association of Executive Search and Leadership Consultants](#) (AESC).
- A [template](#) to help boards comply with comply-or-explain board diversity disclosure [rules](#) adopted by 10 provinces was [published](#) November 30 by the [Institute of Canadian Directors](#).

## ESG: Policies and Horizons

- Nearly 300 regulations or market initiatives address corporate and investor ESG responsibilities in the 50

largest global markets, more than half of them created since 2013, finds a [Global Guide to Responsible Investment Regulation](#) [published](#) December 5 by the UN Principles for Responsible Investment.

- “Due to short investment horizons, most investors do not consider the majority of ESG issues financially material,” says a [summary](#) published December 6 by London-based Purpose of the Corporation Project of [responses](#) to the European Commission’s 2015 [consultation](#) on long-term investing.

## Netherlands: Governance Code

Corporate boards should focus on long-term value creation, which “forms the starting point for corporate governance,” say final [revisions](#) to the Dutch governance [code published](#) December 8 by the Dutch Corporate Governance Code Monitoring Committee. Changes also adapt the code to one-tier boards, which are increasingly common among Dutch issuers that also list on foreign exchanges. The committee dropped a proposal calling for supervisory directors to be paid in stock in recognition of the increasingly professional nature of the job, a move [applauded](#) by Eumedion, which had [objected](#) to the idea.

## United States: Forum News

News from the corporate governance [forum](#) in New York held December 7 by the [Millstein Center](#) in New York:

- A [study](#) finding that firms with long-term executive pay policies post higher long-term profits and stock returns [won](#) the annual investor research competition from the Investor Responsibility Research Center Institute. The winning practitioner research [paper](#) found that investors with a short-term focus tend to undervalue intangible assets. Five experts [won](#) the Rising Stars of Corporate Governance awards given to those under 40.

## Toolkit

Some 16% of the S&P Global 1200 include sustainability metrics in executive compensation plans, up from just 3% last year, finds a [summary](#) of an annual [study](#) on global ESG disclosures [published](#) December 2 by the US Conference Board.

A [guide](#) to help companies develop a code of ethics was [published](#) December 8 by the London-based Institute of Business Ethics that identifies 108 potential issues to be addressed. A companion report offers examples of how some have done it.