



News from the Region

Relating to Investors

The [Dubai Financial Market](#) was one of the first exchanges in the region to [launch](#) an [Investor Guide](#) on December 12. The Guide provides an overview of the market and instruments as well as investor rights and obligations. In parallel, an [IPO Guide](#) was also issued, partially to convince family businesses tap into the equity market, since they are now allowed to retain 70% control, up from 45% previously. The Guide reiterates the governance requirements for listed companies imposed by [ESCA](#), the federal securities regulator.

The [Egyptian Financial Services Authority](#) and the [Egyptian Exchange](#) are also planning to issue an Investor Guide in collaboration with GOVERN. Other markets in the region stand to benefit from similar efforts on the roadshows planned to convince institutional investors to make further allocations to the region.

In parallel, exchanges are also [urging](#) listed companies to adopt better investor relations standards, an effort bolstered by the [Middle East Investor Relations Association](#), which has been expanding its presence across the region, with [9 country offices](#) to date. Solid investor relations is crucial to attracting investment, affirmed [Abdulaziz El Emadi](#), Listing Director at Qatar Exchange, at the Investor Relations Conference held November 21 in Doha. Qatar accounts for only 0.8% of the passive funds tracking the [MSCI emerging market index](#).

Family sustainability

Governance of family businesses has been receiving much [attention](#) in the region and in particular in the GCC, from the angle of succession planning and introducing a divide between family and corporate governance. Rightly so: the Economist estimates that 80% of businesses in the Gulf producing 90% of non-oil wealth are family-controlled. [The Pearl Initiative](#), spearheaded by an Emirati businessman [Badr Jafar](#) is focusing on advancing the conversation on [family](#)

[governance issues](#) in the GCC. While family firms in the region are reluctant to list due to currently low valuations, governance appears to be climbing on the agenda of family offices, argues Anees Ahmed Moumina, CEO of the Saudi-based investment manager [SEDCO Holding](#) in his December 10 Saudi Gazette [op-ed](#).

Company Dashboard

[Endeavor Jordan's](#) board of directors has [elected](#) Walid Tahabsem, the CEO of Integrated Technology Group as its new Chairman, following an earlier decision to rotate the Chairman every 3 years.

The CEO of Omani [Raysut Cement](#) [resigned](#) on December 8 and a temporary CEO Mohammed Bin Ahmed Aided has been announced.

Global Briefing

New Shareholder Rights

➤ [Europe](#). The [Shareholder Rights Directive](#) was tentatively approved by European Union leaders December 9 after years of fierce debate. It would mandate AGM votes on related-party transactions as well as both prospective and retrospective votes on executive pay. Those would not be binding unless member states mandate it, but issuers would be required to include non-financial indicators in pay plans. Institutional investors and asset managers would be required to disclose an engagement policy and how it is carried out or explain why not. Proxy advisors would face transparency requirements and a code of conduct. A final Parliamentary vote is [due](#) in March.

Tell More

Fresh attempts to spur deeper reporting by issuers and investors:

➤ [Climate](#). Global debt and equity issuers should publish details in their public financial filings on how climate-change is reflected in their governance, strategy, risk management and metrics and targets. So recommend draft [guidelines published](#) December 14 by the [Financial Stability Board's Task Force on Climate-](#)

[related Financial Disclosures](#). See the ambitious effort as setting the first global reporting standards on climate change. Comment by February 12 [here](#).

➤ **ESG**. Guidelines to help member states and companies comply with the non-financial reporting [directive](#) kicking in next year have been delayed until early 2017 to allow time to integrate the Task Force standards, the European Commission [said](#) December 13.

➤ **UK**. The [Financial Reporting Council](#) is debating whether to standardize issuer reporting on corporate social responsibility, says a [consultation](#) opened December 9. Comment by March 30.

🚫 Divestment

Will robust climate change reporting spur the divestment movement? Maybe, but it is fraught territory for fiduciary investors motivated by financial risk and return rather than ethical values.

➤ **Carbon**. Commitments to divest from fossil fuels have been made by investors controlling more than US\$5 trillion, double what it was just 15 months, concludes a [report released](#) December 12 by [DivestInvest](#), a coalition of non-profits and philanthropies. The report asserts that the trend is even larger than the formal divestment pledges, citing the US\$40 billion [Bill & Melinda Gates Foundation](#), which has reduced its fossil fuel holdings by 85% since 2014 without [endorsing](#) divestment.

➤ **Tobacco**. CalPERS has lost more than US\$3.7 billion in [foregone](#) performance and transaction costs since it divested from tobacco in 2000, says a staff [report](#) prepared for a December 19 investment committee [meeting](#) that recommends repealing the divestment strategy. Meanwhile France's public pension fund Fonds de Réserve pour les Retraites [said](#) December 15 that it will divest from both tobacco and coal stocks.

👥 Women on Boards: Progress

➤ **Europe**. EU banks and investment firms still lag on diversity two years after a [Capital Requirements Directive](#) kicked in requiring them to set policies and targets for increasing the “underrepresented gender” among boards and executives. So concludes a [European Commission analysis published](#) December 8 that draws on a [European Banking Authority survey issued](#) in July. Only a third of firms had published a policy as of last year, when women comprised 19% of non-executive directors. Nearly 40% of firms had no women non-executive directors.

➤ **Germany**. Last year's [law](#) requiring 30% quotas for women on the supervisory boards of the 100 largest issuers seems to have had a spillover effect on smaller firms, according to December 8 [analysis](#) by Glass Lewis of this year's AGM season. Further gains may be slow in

light of the closed social pool from which non-executive directors are drawn. Some 62% of women who make it to that position at Germany's 30 largest firms have “prior and existing multiple ties” to other [DAX 30](#) directors, concludes a [study posted](#) December 14 by [Sonean](#).

➤ **UK**. Nearly half of FTSE 250 firms have not met the target [set](#) in February for 25% women directors and of those 39% have no plans to do so, says a December 12 [comment](#) by ICSA citing its latest [survey](#) of corporate secretaries. That augurs poorly for compliance with the 30%-by-2020 target set by the new Hampton Alexander [review](#).

📁 Services

An online tool was [launched](#) December 13 by ISS to help investors track their engagements with issuers and integrate outcomes into proxy voting through its [ProxyExchange](#) platform—similar to rival Glass Lewis's [Viewpoint](#) service. Investors also can use the new ISS system to allow issuers and proxy solicitors to make engagement requests online—a more limited version of GL's [Meety!](#) unit.

ESG Signals was [launched](#) December 14 by [Sustainalytics](#) to offer investor insights into ESG financial risk and opportunity based on its data and machine-learning analysis from bid-data firm [Advestis](#). A background [paper](#) explains how performance assessments detect interactions among 500-plus variables.

📅 Diary

- Jan. 6, **Dubai**. *Governance in SMEs Roundtable*. Pearl Initiative. <http://www.pearlinitiative.org>.
- Jan. 11, **Brussels**. *Aligning Corporate Governance and culture: What's in it for the board?*, ECODA/ACCA. www.ecoda.org/.
- Jan. 13-14, **Oxford**. *European Capital Markets Union Conference*, European Corporate Governance Institute. www.ecgi.org/.
- Jan. 17-19, **Palm Beach, Florida**. *Director's Institute*, Mutual Fund Directors Forum. www.mfdf.org/.
- Jan. 17-20, **Davos**. *Annual Meeting*, World Economic Forum. www.weforum.org/.
- Jan 23-24, **Dubai**. *Company Secretary Workshop*. Hawkamah Institute. www.hawkamah.org
- Jan. 25-16, **Dubai**. *Getting Best out of Board Committees*. GCC BDI. www.gccbdi.org
- Jan. 26, **London**. *Global Guide to Responsible Investment Regulation*, UNPRI. www.unpri.org.
- Jan. 26, **New York**. *Shareholder Activism 2*, Skytop Strategies. <http://skytopstrategies.com/>.