



ICGN

International Corporate Governance Network

ICGN Global Network of Investor Associations (GNIA)

Meeting Summary

held via video conference

28 September 2023

About: The ICGN established the GNIA in 2013 to enable national investor associations to share priorities around corporate governance, shareholder rights and responsibilities beyond local jurisdictions to an international audience thereby contributing to global reform efforts. The GNIA is co-chaired by the Council of Institutional Investors (CII) and ICGN.

Please find the members' updates below. Comments and views expressed are their own.

Australia – Australian Council of Superannuation Investors (ACSI)

1. Referendum

In October 2023, there will be a referendum to vote on changes to the Australian Constitution to reflect First Nations people and enshrine a 'Voice' to parliament. Whilst the 'Voice' is not a decision-making body, it would be able to make representations to the Australian Parliament and Executive Government on matters relating to Aboriginal and Torres Strait Islander peoples.

2. Proposal of mandatory climate reporting

The Australian Government is proposing to introduce [mandatory climate reporting](#). Under the current proposals, many investors would be required to report under the rules. While there are further consultations to come, it is proposed that the International Sustainability Standards Boards (ISSB) IFRS S2 would form the basis of the disclosure requirements.

3. Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations

The Australian Securities Exchange (ASX) Corporate Governance Council is preparing updates to the ASX Corporate Governance Principles and Recommendations, which would then be subject to public consultation.

Canada – Canadian Coalition for Good Governance (CCGG)

1. Canadian Securities Administrators (CSA) considers expanding diversity disclosures

On 29 September 2023, the Canadian Securities Administrators (CSA) closed their consultation on expanding diversity disclosures at Canadian public companies. Stakeholders

were requested to weigh in on two different proposed approaches: Form A, provides reporting companies with the option to identify (or not) characteristics of diversity relevant to them but does not require any disclosures except for the number and percentage of women on boards; and Form B, requires disclosure with respect to specific categories of diversity identified by Canadian human rights and employment equity legislation, which mostly also align with existing disclosures being made pursuant to certain corporate law requirements.

CCGG's response can be found [here](#). ICGN's response can be found [here](#).

Consultation documentation [here](#).

2. New draft by-law

Canadian law firm Norton Rose LLP has developed a new draft by-law intended to allow issuers to defend against "stealth" activist vote no campaigns. In CCGG's view, it would undermine the impact of majority voting rules recently implemented through legislation for public companies in Canada who are incorporated under the federal corporate law (Canadian companies can incorporate either under the federal law or the law in each jurisdiction).

The proposed by-law would automatically postpone any shareholder meeting for 45 days, when it appears that one or more director candidates in an uncontested election will not receive enough votes to be elected by a majority. The stated purpose of the extension is to give the company more time to communicate with the wider shareholder base or to rejig its director slate in the face of 'vote against' campaigns. The bylaw would not apply where a shareholder provides advance notice of a 'vote against' campaign (provided such notice complies with a highly prescriptive format) but would always apply in circumstances where a critical mass of shareholders vote against a director above a specified threshold. Importantly, it would apply where there is no 'vote against' campaign but where shareholders have simply exercised their rights to vote against director nominees in numbers that meet the specified threshold, which could be below 50%. The by-law empowers the board with discretion to waive this postponement.

CCGG strongly opposes this development and endeavours to raise the profile of shareholder concerns about it.

Article by Catherine McCall, CCGG CEO, on this topic [here](#).

France – Association Francaise de la Gestion Financiere (AFG)

1. New requirements: French Socially Responsible Investor (SRI) label

The new requirements are expected to be published soon. They will add extra demands for obtaining the label, including more exclusions and a commitment to engage on poor ESG-performers or in case of lack of a credible transition plan.

2. Say-on-climate votes

The French Parliament debated a proposal to make say-on-climate votes mandatory for French companies. French companies would need to have an annual ex-post vote and a triannual vote on the strategy. During the week of 9 October, the Parliament voted against the proposal.

3. SFDR Consultation Level 1

A public consultation for [SFDR – Level 1](#) is open until 15 December 2023.

AFG believes that the European Commission should build its work on the existing sustainable finance framework by maintaining the existing categories (i.e., Article 6, Article 8 and 9 products) whilst introducing minimum criteria requirements to restrict these categories to products with measurable and comparable objectives.

4. European Union (EU) Listing Act

The final vote on the draft EU Listing Act Report is expected on 24 October 2023.

The AFG will stress the importance of limiting the scope of the directive in line with national legislations and ensure proper safeguards for investors (especially sunset clause with limit of 5 years).

International Corporate Governance Network (ICGN)

1. ICGN Policy Forum 2023

[ICGN Policy Forum](#) took place in London, 20 September 2023, attended by ICGN global members, press, and leading industry experts. The five panels discussed the key topics that the ICGN Policy Committees are working on in 2023-2024, including stewardship in private equity, the governance of controlled companies, the assurance of sustainability reporting and workers' rights and inclusion in corporate decision-making.

2. Policy outputs

ICGN has submitted responses to several important public consultations. Together with its Policy Committees, the ICGN has been engaging with standard-setters on sustainability reporting and assurance, with a response to the [ISSB Agenda Priorities consultation](#), engagement with national regulators on the endorsement of the new ISSB Standards, welcoming the [Task-Force on Nature-related Financial Disclosures \(TNFD\) Recommendations](#). We are also preparing a response to the [International Auditing and Assurance Standards Board \(IAASB\) International Standards on Sustainability Assurance \(ISSA 5000\)](#) consultation.

ICGN has responded to consultations concerning the revision of global corporate governance frameworks including the [OECD Guidelines on Corporate Governance of State-Owned Enterprises](#), [UK Corporate Governance Code](#) and [Canadian Securities Administrators \(CSA\) Disclosure of Corporate Governance Practices](#).

Moreover, ICGN has actively engaged with Japanese authorities, notably the Japan Financial Services Agency (FSA), and hosted the [ICGN Annual Japan Forum](#) and [ICGN-NBIM Company and Investor Engagement Meeting](#). Throughout October 2023, Kerrie Waring is participating in several in-person meetings and roundtables across Asia and Australia, to discuss critical corporate governance and stewardship issues, such as corporate takeover rules and measures to facilitating collaborative engagement.

Italy – Italian Association of Asset Managers (Assogestioni)

1. Bill to strengthen the Italian capital market

The Italian Parliament is currently debating a bill aimed at strengthening the Italian capital market. In addition to the concerns previously expressed by Assogestioni – regarding the increase in the multiplier (from x3 up to x10) for dual-class shares and the stabilisation of the possibility to hold “closed door” AGMs – other amendments have recently been proposed related to the board slate.

Assogestioni find it to be of concern as they impose a burdensome regime and may have adverse consequences, hampering the possibility of boards to present their own slates and introducing unbalanced corporate governance effects. Amendments are still being tabled and discussions are ongoing within the VI Commission of the Senate. Assogestioni is closely monitoring the situation and advocating for the need to set up an institutional discussion table with all stakeholders involved to assess the impacts of the most problematic initiatives. This needs to consider the fairness of rights concerning the entire shareholder structure and the proper functioning of corporate governance processes.

[ICGN Letter: Proposed Italian Legislation on Interventions to Support the Competitiveness of Capital Markets | ICGN](#) - 06 June 2023

Council of Institutional Investors (CII) - United States of America (U.S)

1. U.S Securities and Exchange Commission (SEC) amends “Names Rule”

On 20 September 2023, SEC adopted amendments to the Investment Company Act’s [“Names Rule”](#) to help ensure that the way funds are labelled accurately reflects how the capital in those funds is invested—and, more specifically, to counter greenwashing. The Names Rule, adopted in 2021, has required registered investment companies (funds) with names that suggest a focus in a particular type of investment to adopt a policy to invest at least 80% of the value of their assets in those investments. Under the new amendments, the rule will apply to any fund name with terms suggesting that the fund focuses on investments with particular characteristics.

The primary types of names that the amended rule is anticipated to cover include fund names with terms such as “growth” or “value” or certain terms that reference a thematic investment focus, including those indicating that the fund’s investment decisions incorporate one or more ESG factors. The amendments become effective 60 days after publication in the Federal Register. Fund groups with net assets of \$1 billion or more will have 24 months to comply with

the amendments. Fund groups with net assets of less than \$1 billion will have 30 months to comply.

2. Council of Institutional Investors (CII)

The Council of Institutional Investors (CII) members have approved amending CII's [corporate governance policies](#) to further promote the ability of shareowners to make informed decisions on when to recall loaned shares. As amended, Section 4.3b encourages companies, where practicable, to disclose their proxy statements six or more days before the record date. U.S. public companies typically file their definitive proxy statements after the record date, resulting in shareowners making decisions with limited information about whether to recall their shares. Other sources of information about the meeting (e.g., preliminary proxy filings, exempt solicitations and no-action requests on pending shareholder resolutions) can improve recall decisions, but they are not always available. Even when available, they are imperfect substitutes for the completeness of a definitive proxy.

3. CII Policies Committee considering potential statement for index providers

CII's Policies Committee is considering a potential CII statement that encourages index providers to offer robust public consultations when they are contemplating significant methodological changes to major indexes. A draft that has been circulated to all members for comment stating that, at a minimum, providers should: (1) broadly disseminate the consultation, such as with a press release; (2) post each response letter in a timely manner, such as within one week of receipt--excepting responses with reasonable requests for confidentiality; and (3) discourage confidential submissions and make few exceptions to the public posting of comments.