Crowd Source

Nearly 1,000 participants gathered in Berlin this week for the annual UN PRI in Person, with 400-plus more tuned away due to lack of space. Highlights include:

- **Climate.** The PRI and four climate groups seek investors for an initiative announced Wednesday called *Climate Action 100+.* It will launch later this year to press the 100 largest global greenhouse gas emitters to cut emissions and report in line with the *Task Force on Climate-related Financial Disclosures* framework.

- **Managers**. The PRI could not find an effective way to include proxy voting in its proposed delisting standards, so instead it has been engaging US mutual funds and other asset manager signatories on the topic (*GPW XXI-23*). “Asset owners have asked us to provide more guidance on how to vote, especially on climate risk and executive pay,” PRI managing director Fiona Reynolds tells *GPW.* She says the PRI will publish new guidance on the topic in a few months because “we’re not seeing enough voting in line with responsible investment principles.”

- **Japan.** The Government Pension Investment Fund (GPIF) and Japan’s three largest pension funds wrote their asset managers saying they should disclose all proxy votes, said GPIF CIO and PRI board member Hiro Mizuno. Japan’s comply-or-explain stewardship code already calls for such disclosure but this “takes away the ‘explain’ option,” he said.

- **Long term.** Investors can help firms combat market short-termism by committing to long-term strategies, counsels a report released September 22 by the PRI and the UN *Global Compact.*

- **Board.** Eleven asset managers, including mainstream ones such as Credit Suisse, MFS and PIMCO, are vying for one seat reserved for managers coming open in January on the PRI’s board. Priya Mathur of CalPERS and Renosi Mokate of the Government Employees Pension Fund of South Africa are up for re-election while Marcus Madureira of Brazilian pension fund PREVI is running for the only other asset owner position coming open, due to the term ending of PREVI colleague Marcel Barros. Voting opens Oct 16 and closes Nov 28, with winners announced December 4.

- **Next.** PRI in Person next year will be in San Francisco September 12-14—at the same time as the recently scheduled *Climate Summit* led by California Governor Jerry Brown. The PRI will coordinate its event so signatories can participate in both.

**Briefings**

- **Faceoff** Facebook CEO Mark Zuckerberg last week scrapped plans to issue non-voting Class C shares on top of existing Class B ones carrying ten votes each that he uses to control the firm (*GPW XXI-23*). Likely reasons include a lawsuit, index providers’ decision to exclude non-voting shares from major stock indices and the political furor over Facebook’s hacking by Russia.

- **Guidance** A flurry of global advice on governance and sustainable investment:

  - **Stakeholders.** Boards should consider director expertise and training to ensure effective stakeholder engagement, recommends *The Stakeholder Voice in Board Decision Making,* published Tuesday by the UK Investment Association and ICSA: The Governance Institute. They plan an update if the *Financial Reporting Council* revises the UK corporate governance code to follow government reforms calling for boards to consider employee input (*GPW XXI-31*).

  - **Consultants.** Twelve UK investment consultants Monday pledged to advise client pension funds about ESG investment risk as urged by March guidance from *The Pensions Regulator* (*GPW XXI-13*). Signers include Aon Hewitt, Mercer and Willis Towers Watson.

  - **SDGs.** Investors and issuers can use detailed impact indicators to measure progress on the UN *Sustainable Development Goals* (SDGs), says a guide from a working group convened by Dutch central bank *DNB*.

  - **Integrated reporting** should be adopted by issuers to disclose short and long-term ESG risk, says a statement published Tuesday by global investors convened by the *International Integrated Reporting Council.*

- **WOB Stall** The share of women on ASX 200 boards has stalled at 25% so far this year, warns an *Australian Institute of Company Directors* report released Tuesday. That means the 30% target the AICD...
set for next year is unlikely—and virtually impossible to hit this year as demanded by the Australian Council of Superannuation Investors. Warning of clashes with investors, the AICD has joined with the 30% Club to engage the 11 firms with all-male boards and 64 more with one woman to “offer our assistance in helping them achieve their diversity goals.”

Action The University of Delaware’s Weinberg Center for Corporate Governance will serve as the secretariat for the Investor Stewardship Group (ISG), the two said Wednesday. The ISG, which now includes nearly 50 US and foreign funds, adopted corporate governance and investor stewardship principles that take effect in January (GPW XXI-16). See the partnership as evidence that the governance teams behind the ISG intend to apply the principles in their day-to-day work—a sharp contrast to the one-off Commonsense Principles led last year by JP Morgan CEO Jamie Dimon, which entail no follow-up process (GPW XX-29).

Open Book Here’s practice-what-you-preach transparency for you. Yesterday Catherine Howarth, CEO of grassroots UK fund activist ShareAction, was named chair of an independent shareholder committee at The People’s Trust, a fund started by former Investment Association CEO Daniel Godfrey after he was ousted for pushing fund openness (GPW XIX-36). Howarth’s committee will be consulted on the fund’s executive pay and board nominations.

Funds A Japanese engagement service was launched this week by Tokyo-based Governance for Owners Japan (GOJ) and Stockholm’s GES, which purchased the engagement arm of Governance for Owners in 2014 (GPW XXI-16). The new service is priced at about 20% of GO Japan’s premium engagement product to offer global funds access to Japanese boardrooms with a lighter touch than GOJ’s full-service model.

Toolkit The Reporting Exchange was launched Wednesday by the World Business Council for Sustainable Development to offer continuously updated data on global ESG reporting regulations, initiatives, standards and codes (GPW XIX-41). Surprisingly, most investors plan to analyze CEO/worker pay ratios required to be reported by US issuers next year, finds a summary of responses to ISS’s 2018 policy survey released Monday. More than 80% of UK investors assign ESG engagements to their portfolio managers rather than to specialists, says a survey of asset owner and managers published September 21 by the Pensions and Lifetime Savings Association (PLSA) and the Investment Association.

“This indicates that for the majority stewardship is part of, and well integrated into, the investment process,” the two conclude. A trustee effectiveness service was launched September 14 by the PLSA and KPMG to help UK pension fund boards review their internal governance.

Shareholders have become more critical of executive pay at German issuers, says a Georgeson proxy season review of major European markets released yesterday. Disclosure of political spending continues to gain ground among the S&P 500, finds an annual index published Tuesday by the US Center for Political Accountability.

People Marcel Jeucken will step down in November as head of responsible investment at PGGM to become an independent consultant. The 13-person unit he founded at the Dutch pension fund manager in 2006 has become a leader on ESG integration. His role will be filled by private markets CIO Frank Roeters van Lennep while a search for a successor takes place.

Laurence Hazell has retired as head of corporate governance at St&P, which he joined in 2003. An ESG ratings framework he has been working on is still in development (GPW XXI-17). Allison Bennington, the general counsel of private equity firm ValueAct, has joined the US SEC’s Investor Advisory Committee. The firm, a governance activist known for taking long-term positions, owns stakes in MSCI, Moody’s and Morgan Stanley. Michael Baldinger, head of sustainable investing at UBS, is expanding his team from 13 to 20-plus by next year. Six of the new posts are being filled by ESG research head Chris Greenwald, who joined from RobecoSAM in February (GPW XXI-06). Moody’s seeks an expert to develop a corporate governance framework for its credit analysis.

Diary The calendar for October, Part 2. Click here to access the entire 2017 diary on GPW’s website.


Break GPW is published 46 times a year and will take a break next week. The next issue will be October 13.