Governance *in Brief*

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SEC publishes new guidance on shareholder proposal exclusions

The U.S. Securities and Exchange Commission ("SEC") has published new guidance that will make it more difficult for companies to block ESG-related shareholder proposals from being included on proxy ballots. Under the previous guidance, corporations were able to exclude proposals that dealt with matters relating to the company's ordinary operations unless they raised significant social policy issues for the company. Additionally, proposals related to operations accounting for less than 5% of the company's assets and earnings were subject to exclusion. Under the revised guidance, the previous company-specific approach would be replaced by a broader societal impact analysis. Specifically, proposals that the SEC previously deemed excludable due to their lack of a significant company-level policy issue will no longer be viewed as such if they have a broad societal impact. Additionally, proposals related to operations not meeting the economic thresholds should not be excluded provided they raise issues of broad social concern related to the company's business. Moreover, companies will not be able to exclude climate-related resolutions if they require timeframes or targets "so long as the proposals afford discretion to management as to how to achieve such goals."

SEC | Morningstar | Nat'l Law Review

Novartis sells back Roche stake

Novartis has agreed to sell back to Roche its stake in the company, which currently accounts for roughly 33% of Roche's voting rights, in a USD 20.7 billion deal. The transaction comes amid growing competition between the two drug makers and record trading prices for Roche stock. While Roche said that the "disentanglement of the two competitors" will help it "regain full strategic flexibility," Novartis reported that the deal is consistent with its strategy as a focused medicines company. Roche plans to cancel the repurchased shares. Following the deal, which is pending Roche shareholders' approval, the wider Roche family will increase its voting power to 67.5% from current 45%.

FP | Roche | SwissInfo | Novartis

Rubix cancels IPO plans

Rubix Group Holdings ("Rubix"), a UK-based supplier of industrial products, has scrapped plans to go public on the London Stock Exchange "given the difficult ongoing conditions for IPOs." The decision follows similar ones recently announced by other companies, including France's Icade Santé and Switzerland's Cronext, on the background of increasing inflation and concerns related to the property market in China. Rubix announced plans to go public in October. At that time, it said it planned to raise USD 850 million by issuing new shares and potentially selling existing ones. The company targeted a free float of at least 25%.

LSE | Nasdaq | Icade | Watch Pro | Investegate

Volkswagen board committee to discuss CEO's position

Volkswagen's board-level mediation committee will reportedly discuss the future of CEO Herbert Diess, amid tensions between the company's management and the works councils. Diess has reportedly told a recent board meeting that 30,000 jobs would be at risk if the company were to slow in its transition to electric vehicles. The committee, which includes a works council member and the head of IG trade union, is expected to make a decision by the beginning of December. Diess, who took the CEO role at the carmaker in 2018, continues to have the support of Volkswagen's controlling shareholder, Porsche Automobil Holding SE.

Yahoo | Nasdaq | Electrive | Reuters