Governance *in Brief*

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FCA – PSA merger details revealed

Fiat Chrysler Automobiles N.V. ("FCA") and Peugeot S.A. ("PSA") unveiled the prospectus for their cross-border merger into Stellantis, a Dutch company to be listed in Paris, Milan and New York. PSA – the acquirer "for accounting purposes" – will hold six of the 11 seats on Stellantis' board headed by FCA Chairman John Elkann, with PSA CEO Carlos Tavares to serve as the firm's CEO. Following the merger, the holding company of Italy's Agnelli family is expected to be Stellantis' largest shareholder with a 14.4% stake, followed by the Peugeot family with a 7.2% stake, the French State with 6.2% and China's Dongfeng with 5.6%. The initial term of office for Stellantis' chairman, CEO, senior independent director and vice-chairman will be five years, four in the case of the other directors, with all board members to serve two-year terms thereafter. In addition to a 30% voting cap, Stellantis will implement a controversial loyalty voting structure whereby shareholders holding Stellantis stock for three years can receive one special voting share for each share held. Notably, a September 2020 Amsterdam court ruling called into question the acceptability of loyalty voting rights in a Dutch company. FCA and PSA shareholders will vote on the merger on January 4, 2021.

SEC | PSA | FCA | Reuters | Rechtspraak

Sasol faces shareholder backlash

Petrochemicals group Sasol faced a rare rebuke at its 2020 AGM, which saw a majority of votes (57%) cast against the remuneration report and 28% cast against the remuneration policy. The rejection of both non-binding advisory resolutions is perceived as a response to the severance paid to former co-CEO's Bongani Nqwababa and Stephen Cornell, who stepped down after a probe revealed shortcomings in the execution of the firm's mega-project LCCP. The backlash occurs after the South African firm - the country's second-largest greenhouse gas emitter - rejected a shareholder request to submit three climate-related resolutions for approval. Sasol shares have lost over 70% of their value over the past two years, as the pandemic and the decline in crude oil and chemical prices have taken their toll.

Vote Results | Bloomberg | SEC

Australia's IOOF Holdings holds stormy meeting

Wealth manager IOOF Holdings Ltd saw significant opposition at its 2020 AGM, as 27% of votes cast opposed the remuneration report, while 26% and 18% dissented on the election of directors Elizabeth Flynn and John Selak, respectively. The meeting occurred amidst shareholder criticism of the firm for allegedly overpaying for the acquisition of National Australia Bank Ltd's wealth management arm MLC Wealth, as well as for using a COVID-19 waiver to fund the deal. Australia implemented emergency capital raising measures in March 2020 to "support listed companies and investors during the COVID-19 pandemic", lifting the 15% limit on placements to 25%. These measures were amended in September 2020 to restrict their use to companies raising funds to address the impacts of COVID-19.

AFR | Motley Fool | ASX

FRC report highlights poor code explanations

The UK watchdog Financial Reporting Council ("FRC") released a report concluding that companies continue to treat the revised UK Corporate Governance Code as a box-ticking exercise. 58 of the 100 firms analyzed claimed full compliance with the Code's provisions, with an "unexpectedly high number of companies" failing to provide the proper evidence to support it. The regulator highlighted that companies should report non-compliance with the Code's provisions in a transparent manner and provide "a meaningful justification of the rationale." 16 sampled companies reported non-compliance with the Code's recommendation that the chair be independent on appointment and that the CEO/chairman roles be separate, while providing "boilerplate" explanations regarding the chairman's independence.

FRC | Reuters | Accountancy Daily