

April 1, 2021 Edited by: **Martin Wennerström**



UK Government floats bolstered auditing framework

The UK Government has launched a public consultation on proposed measures to improve the audit and governance regimes of public interest entities. The process was prompted by a spate of corporate failures such as those seen at Carillion and Thomas Cook. The proposals address audit purpose and scope, auditing market competitiveness, director accountability, and the creation of a new regulator with increased powers. In particular, auditors would be required to provide a formal opinion on the directors' attestation concerning the internal control system, while increased transparency would be required regarding the impact of dividend distributions on solvency. Audit firms would be required to separate their audit and non-audit functions to limit potential conflicts of interest. Further, the dominance of the "Big Four" accounting firms would be addressed by requiring that portions of the business be audited by smaller firms. It is also proposed that the audit scope cover non-financial information such as climate change. Finally, a new "Audit, Reporting and Governance Authority" will have increased powers to hold directors accountable, investigate reporting or audit issues, and prevent anti-competitive practices on the audit market.

[UK Gov't \(1\)](#) | [UK Gov't \(2\)](#) | [Lexology](#)

Despite opposition, LG AGM approves affiliate spin-off

A plan to spin off several of LG Corporation's affiliates was adopted by the company's March 26 AGM, having received 76.6% of votes. LG will therefore create a new holding company containing its non-core subsidiaries LG International, LG Hausys, LG MMA, Silicon Works and Pantos Logistics. The spin-off is ostensibly meant to allow management to focus on the company's core electronics, chemicals, and telecommunication businesses. US hedge fund Whitebox Advisors had campaigned against the proposal, citing a lack of synergies between the spun-off companies. Whitebox also argued that the spin-off was meant to address a succession crisis within the founding family, rather than increase shareholder value.

[Yahoo](#) | [Whitebox](#) | [Businesswire](#)

Toshiba shareholders support probe into AGM vote

58% of votes at Toshiba's March 18 EGM were cast in favor of a shareholder proposal calling for an independent investigation into the voting procedures at the company's July 2020 AGM. This outcome is a rare example of a successful activist campaign in the Japanese market. The proposal was made by Effissimo Capital Management, which owns 9.9% of Toshiba shares. It is alleged that Japanese government representatives pressured shareholders to vote in line with management, and that duly received voting forms had been disregarded. A previous external investigation contracted by Toshiba's audit committee had not identified any undue influence on the shareholder vote.

[Toshiba \(1\)](#) | [Toshiba \(2\)](#) | [Reuters](#)

Mastercard introduces ESG performance metrics

Mastercard CEO Michael Miebach has announced that the company will tie executive remuneration to ESG targets related to decreased use of carbon in its operations and supply chain, better financial inclusion, and gender pay parity. The decision will be applicable to top-level executives starting at the vice-presidential level and is intended to incentivize a wider focus not only on financial results but also on Mastercard's long-term sustainability strategy. As part of this strategy, the company has made several commitments this year, such as reaching net zero emissions by 2050 and including 1 billion people and 50 million small businesses in the digital economy.

[Reuters](#) | [Bloomberg](#) | [Mastercard](#)

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