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Hong Kong Stock Exchange plans CG code enhancements

The Hong Kong Stock Exchange has issued a consultation paper covering proposed amendments to its Corporate Governance Code and related listing rules. The changes concern board independence, corporate culture, gender diversity, and ESG disclosure. Under the planned changes, the reelection of an independent director who has served for more than nine years would be subject to independent shareholders' approval. In cases where all independent directors are long tenured, the company would be required to appoint a new independent director at the AGM. Additionally, it is proposed that listed issuers be required to set targets for both board and workforce gender diversity, while highlighting that single-gender boards would be given a three-year period to appoint at least one director of the absent gender. According to the planned changes, the listed issuers would be required to establish majority independent nomination committees chaired by independent directors. Moreover, companies would have to publish ESG reports at the same time as their annual reports. Comments on the proposed changes are due by June 18, 2021.

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Saudi Arabia in talks to sell Aramco stake

Crown Prince Mohammed bin Salman has announced that Saudi Arabia is holding talks to sell 1% of oil company Saudi Aramco to a "leading global energy company" within the next two years. Based on the company's current market capitalization, the stake is worth USD 19 billion. Additionally, talks are being held with other firms, while the Saudi government is also considering transferring Aramco shares to the country's sovereign wealth fund or listing more shares on the Saudi stock exchange. There are reports that Aramco has already held discussions with sovereign wealth fund China Investment Corporation and several Chinese national oil companies.

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Alphabet to link executive compensation to ESG goals

Alphabet Inc is planning, starting in 2022, to introduce a bonus program for members of Google's senior executive team that will be partly based on ESG goals. While the company has not disclosed precise metrics, it is noted that the ESG goals will be incorporated into individual performance reviews. Meanwhile, shareholders have submitted a proposal requesting that the company prepare a report on the feasibility of integrating environmental and social metrics into its compensation plans. The board has recommended that shareholders reject the resolution at the June 2 AGM. The same proposal was supported by 13% of votes in 2020.

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Wells Fargo shareholders revolt against executive compensation

Wells Fargo's compensation report for FY2020 was backed by only 57% of votes at the 2021 AGM, a significant drop from the 92% support at the previous AGM. Proxy advisor ISS had recommended a vote against the resolution, based on relatively high executive salaries, the compensation committee's discretionary powers, and a decrease in performance-based stock awards. In FY2020, the committee authorized the payment of annual cash bonuses, despite the targets not having been met. Additionally, going forward, the company does not plan to set threshold targets under its STI plan.

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