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Institutional investors call for corporate governance changes

Investors managing over USD 14 trillion of assets have released a set of expectations for companies through the Institutional Investors Group on Climate Change (“IIGCC”). These are set forth in a “position statement” calling for new corporate governance measures aimed at ensuring that companies can be held accountable for meeting their net zero emissions commitments. The coalition of investors has requested that listed companies deemed material to their portfolio disclose a Net Zero Transition Plan and provide shareholders with a routine advisory vote on the plan’s implementation. In jurisdictions where such votes are not possible, investors are encouraged to reflect their views on the plan’s implementation through votes on other relevant agenda items. Finally, the investors have urged companies to delegate the responsibility for the development and execution of the Net Zero Transition Plan to individual board members. Failure to meet with these measures may result in directors being voted out. The IIGCC noted that 10 companies - including Shell, Unilever, Nestle, Glencore, Iberdrola and Totalenergies - already adopted the measures highlighted in the statement following engagement with IIGCC members.

[IIGGCC \(1\)](#) | [IIGCC \(2\)](#) | [IPE](#)

Nelson Peltz to step down from P&G board

US consumer products giant Procter & Gamble Co (“P&G”) has announced that activist investor Nelson Peltz would step down from its board at the upcoming 2021 AGM. The founder and CEO of Trian Fund Management was appointed as director in 2017, following a months-long proxy fight labeled as the largest in history at the time. The contest saw the two sides collectively spend an estimated USD 125 million in proxy solicitation and related expenses, with Peltz named to the board despite narrowly failing to be elected by shareholders at the meeting. Now, Peltz has stated his confidence in “P&G’s continued success” and the upcoming leadership changes. P&G will separate the Chairman and CEO roles as of November 1, 2021, with COO Jon Moeller to take over as CEO and David Taylor to continue as Executive Chairman.

[P&G \(1\)](#) | [P&G \(2\)](#) | [Reuters](#)

Frasers Group founder to step down as CEO

Frasers Group PLC, formerly Sports Direct International, has announced that its board is “in discussions” to have controlling shareholder Mike Ashley pass on the CEO role to his future son-in-law, Michael Murray. The latter currently serves as “head of elevation” and would assume the new role in May 2022. Ashley, who founded the firm in 1982 and retains 63% of its equity, would remain on the board as executive director. Ashley’s tenure as CEO began in 2016 and was marked by a series of high-profile scandals which prompted scrutiny over the company’s corporate governance. Most notably, these included the 2016 UK Parliament investigation which found “appalling working practices” at Sports Direct and the abrupt resignation of the firm’s auditor in 2019.

[Frasers Group](#) | [Reuters](#) | [BBC](#) | [House of Commons Report](#)

EY charged with audit independence misconduct

Ernst and Young (“EY”) has agreed to pay USD 10 million to settle Securities and Exchange Commission charges alleging that it violated auditor independence in its pursuit to audit the FY2015 books of US packaging solutions company Sealed Air Corp. The regulator’s investigation found that, throughout 2014, three EY partners obtained “confidential competitive bids and audit committee materials” from Sealed Air Corp’s then-CAO in an effort to secure the audit contract. As a result, the SEC concluded that EY falsely certified that its FY2015 audit was conducted in accordance with accounting standards, “when in fact the firm lacked independence during that audit and professional engagement period”. EY did not admit nor deny the regulator’s findings.

[SEC \(1\)](#) | [SEC \(2\)](#) | [Accounting Today](#) | [Reuters](#) | [Sealed Air](#)

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