Governance *in Brief*

SUSTAINALYTICS
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Alibaba to cleave off business units

Chinese e-commerce group Alibaba has announced plans to split its operations into six separate business groups. The units are Cloud Intelligence Group, Taobao Tmall Commerce Group, Local Services Group, Cainiao Smart Logistics Group, Global Digital Commerce Group and Digital Media and Entertainment Group. Alibaba will likely seek to list the individual entities, except for Taobao Tmall Commerce Group, the company's largest source of revenue. Each of the units will be run independently, with its own board of directors and CEO. Alibaba would initially retain influence as a major shareholder in the new listings, although its long-term ownership interest remains unclear. Daniel Zhang will continue as CEO of Alibaba, while also serving as CEO of the cloud and artificial intelligence business. Zhang has stated that the reorganization is aimed at improving the efficiency of the company's operations and unlocking shareholder value. The restructuring is also expected to ease regulatory pressure over antitrust concerns.

Nikkei (1) | Nikkei (2) | Reuters | CNBC | Barrons

Saudi National Bank reshuffles board leadership

Ammar al-Khudairy has stepped down as Chairman of Saudi National Bank ("SNB"), Credit Suisse's largest shareholder. The resignation was allegedly prompted by al-Khudairy's statement that SNB would not increase its 9.9% stake in Credit Suisse should the lender require additional liquidity. The comments exacerbated investors' loss of confidence in the Swiss bank, leading to a selloff and a 24% fall in share price. SNB CEO Saeed Mohammed Al Ghamdi will assume the chairmanship, while his deputy Talal Ahmed Al Khereiji will take over the CEO role on an interim basis. SNB's initial USD 1.46 billion investment in Credit Suisse lost over USD 1 billion in value following the bank's failure.

Reuters | CNBC | Yahoo

India ends guaranteed board positions

India's securities and market regulator SEBI has approved a series of regulatory amendments aimed at strengthening corporate governance at listed entities. In particular, the reforms will end to the practice of permanent board positions, instead requiring shareholders to approve the appointment of each director at least every five years. Permanent board positions have been established at listed companies either through explicit clauses in their articles enabling such appointments, or through the appointment of directors not liable to retire by rotation, often with the aim of safeguarding promoter's board seats.

Economic Times | Business Today | Reuters |

AMP receives first strike on remuneration report

AMP has received its "first strike" under Australia's "two strike" rule for say-on-pay resolutions. 49.1% of votes were cast against the resolution at the wealth manager's 2023 AGM. Opposition of over 25% at the 2024 AGM would constitute a "second strike," paving the way for a shareholder vote to remove the board. This outcome was reportedly prompted by both pay quantum and bonus funding in the face of flagging performance. AMP has struggled to recover following a 2018 court ruling that overturned its vertically integrated business model, leading to a 75% share price decline over the past five years.

AMP | Guardian | SMH | TWA

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