

Corporate Governance Newsletter

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Hawkamah institute publishes this periodic Newsletter to promote good governance practices and to provide you with the latest governance updates regionally and globally. Our newsletter covers the most important news, reports, insights and events on corporate governance.

Global News



Improving the Ethnic Diversity of UK Business

The Parker Review 2024 Report

The Parker Review was first commissioned in 2015 and set its first targets in 2016, for FTSE 100 companies to have at least one ethnic minority director on the board by December 2021 and for FTSE 250 companies to meet the same target by December 2024.

Last year, the Review disclosed extending its scope to include senior management, urging the FTSE 350 to establish targets for 2027. Additionally, this scope was extended to encompass the top 50 private companies and partnerships, with details being published for the first time in this year's report.

Key findings in the 2024 Review include:

- In the FTSE 100 this year, 96 companies met the 2021 target of at least one ethnic minority director on the board, with ethnic minority directors holding 19% of all board positions. (2022: 96 companies, 18%).
- In respect of senior roles on the board, ethnic minority directors held 12 CEO positions and 7 Chair positions.
- In the FTSE 250 this year, 70% of companies met the 2024 target of at least one ethnic minority director on the board, with ethnic minority directors holding 13.5% of all board positions. (2022: 60% of companies, 11%).
- This was the first year in which the Review looked at the proportion of ethnic minorities in senior management positions, which stood at 13% for the FTSE 100 and 12% for the FTSE 250. Where companies reported to the Review that they had set 2027 targets for the proportion of ethnic minorities in senior management positions, these averaged out at 17% for the FTSE 100 and 15.5% for the FTSE 250. 44 companies out of the FTSE 100 and 50 companies out of the FTSE 250 shared these targets.
- In respect of the top 50 private companies and partnerships invited to participate in the Review, 61% of those that shared their data had already met the target of having at least one ethnic minority director on the board (the target the private companies have been asked to meet by December 2027). 36 out of the 50 companies that were approached submitted data to the Review.

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Global News



AI Development: German DPAs issue guidance on data protection compliance

The German data protection authorities (DPAs) released a comprehensive guidance paper on May 6, 2024, focusing on the GDPR-compliant utilization of artificial intelligence (AI) applications. This article distils the essential insights from the guidance, offering valuable guidance to businesses regarding the selection, implementation, and effective utilization of AI applications within their operations.

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IFRS, GRI seek full interoperability as global jurisdictions align with ISSB

The International Finance Reporting Standards Foundation, a global standard-setter for accounting and sustainability reporting, closed May with a trio of announcements that show its widening efforts to move the ESG reporting landscape forward.

IFRS runs the International Sustainability Standards Board and the International Accounting Standards Board. In the past few years, ISSB absorbed several ESG reporting organizations, including the Task Force for Climate-related Financial Disclosures.

They also announced that jurisdictions accounting for 55% of global GDP are aligning with its framework.

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Sustainability reporting developments

The International Sustainability Standards Board (ISSB) will prioritise research projects on the disclosure of risks and opportunities associated with biodiversity, ecosystems, and ecosystem services, and human capital over the next two years.

In China, large companies listed on the mainland stock exchanges will be required to disclose their

Scope 1 and Scope 2 emissions, and produce decarbonisation plans. The new requirements, which largely align with the ISSB standards, come into effect 1st May. Finally, the Hong Kong Stock

Exchange (HKX) announced that it will closely align its climate disclosure requirements for listed companies with the ISSB's standard for climate-related disclosures.

Global News



Corporate governance reform in China

China's State Council plans to reform its capital markets regulation. The Council will enforce stricter regulation on entry into the capital market through securities issuance and listing, tighten regulation for securities and fund management companies, ensure more rigorous oversight of listed companies, and clamp down on illegal shareholding reduction. A Bloomberg podcast discusses how the reform might revive the Chinese stock market.

The International Monetary Fund (IMF) published its annual Global Financial Stability report, which, for the first time, includes an assessment of cybersecurity risks.

- The Climate Governance Initiative issued a guide on transition planning for board directors

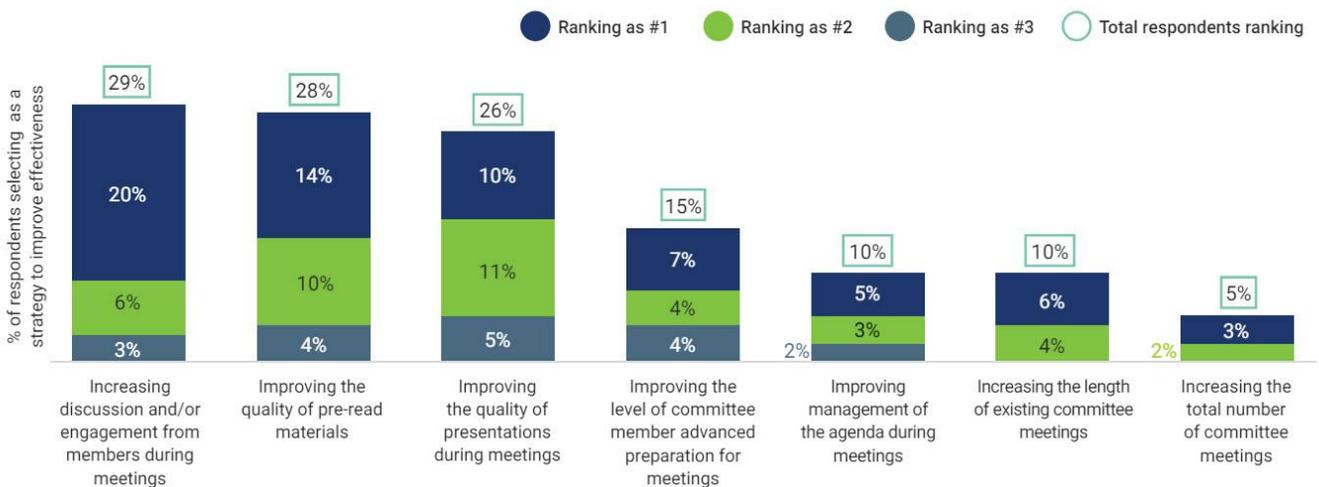


Audit Committee Practices Report: Common Threads Across Audit Committees - 3 Ways to improve Audit committee Effectiveness

The Wall Street Journal surveyed 266 audit committee members mostly from U.S. companies on their committee effectiveness.

Ranking of top strategies to enhance audit committee effectiveness

(n = 154), Note: Excludes respondents stating their committee was already at full effectiveness.



Hawkamah aids regional company boards and audit committees in enhancing their effectiveness through a two-step approach. This involves tailored workshops designed for audit committees and comprehensive board and committee assessments. For further information on these services, please feel free to reach out to us.

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HOW TO GUIDES

Hawkamah Guides

Hawkamah is pleased to unveil its latest initiative, the "How to Guide Series." These guides are meticulously crafted to assist board members and governance professionals throughout the MENA region and beyond in enhancing board governance and optimizing board meetings. Released on a monthly basis, these guides offer invaluable insights for Company Secretaries and board members.

[Explore the guides now](#)



Hamdan Bin Mohammed inaugurates Dubai AI Campus cluster at the DIFC Innovation Hub

His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, Chairman of The Executive Council of Dubai and Chairman of the Higher Committee for Future Technology and Digital Economy, inaugurated the Dubai AI Campus cluster at the Innovation Hub, Dubai International Financial Centre (DIFC) on 18th May 2024.

The move is part of phase one of the annual Dubai Universal Blueprint for Artificial Intelligence (DUB.AI), which was recently launched with the aim of accelerating AI adoption across all relevant sectors, thus creating the optimal nurturing ecosystem for AI businesses and talents to drive innovation in AI.

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Hawkamah Annual Conference " Future-ready boards - AI in the boardroom"

The corporate governance landscape is undergoing a notable evolution in an age marked by digital progress. There's a noticeable rise in the adoption of artificial intelligence (AI) within this changing landscape, with its effects extending into the boardroom. AI is fundamentally reshaping traditional boardroom dynamics, responding to increased regulatory pressures, rising cyber threats, and heightened stakeholder expectations. Utilizing AI is now seen as essential for improving the board's decision-making processes, fostering accountability, reducing bias, and driving operational efficiencies. This integration of AI signifies a crucial step towards a comprehensive evolution in the boardroom, promising enhanced transparency, accountability, and strategic alignment with stakeholders.

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Regional News



Global Cyber Alliance teams up with DIFC Academy to empower organizations with actionable tools and strategies to reduce cyber risks

DIFC Academy, the education platform of Dubai International Financial Centre (DIFC), a leading global financial hub in the Middle East, Africa and South Asia (MEASA) region, has announced a partnership with Global Cyber Alliance (GCA) to equip professionals and organisations with the tools and knowledge to address the most important cybersecurity challenges impacting small businesses. The collaboration will also empower small businesses with the actionable strategies to reduce cyber risks arising from conducting any aspect of their business via email or over the Internet.

With over 5,500 active registered companies and 41,500 professionals at DIFC, the collaboration between DIFC Academy and Global Cyber Alliance, a nonprofit organisation dedicated to making the Internet a safer place by reducing cyber risk, comes in the backdrop of studies that reveal the continued risks from cyber threats in the UAE. Research by the Middle East Institute reveals that the UAE deterred more than 71 million cyber attacks in the first three quarters of 2023. The joint initiative between DIFC Academy and GCA and will bring valuable and free cybersecurity resources to the region's small business and entrepreneur community.

Under the partnership, the GCA Cybersecurity Toolkit for Small Business, sponsored by Mastercard, will be available from the DIFC Academy's School of Future Skills. The DIFC Academy provides a comprehensive hub of knowledge, learning solutions, and excellence for the community, to not only develop today's professional workforce but also nurture tomorrow's talent.

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Bahrain's Environmental, Social and Governance Reporting Framework



In line with its commitment to transparency, strong corporate governance, and the pursuit of social and climate-related objectives, the Central Bank of Bahrain (CBB) had released the Environmental, Social, and Governance (ESG) requirements module earlier on 5th November 2023. This module is directed at all listed companies, banks, financing companies, insurance firms, and category 1 and 2 investment firms, providing them with guidelines on the reporting requirements for the environmental, social, and corporate governance factors.

The CBB recognizes that the ESG landscape is ever evolving, and this module represents a transformative step towards a more sustainable financial market. The issuance of this module underscores the CBB's dedication to both national and international social and climate-related objectives, while also reinforcing its overarching objective of upholding transparency in disclosures and promoting strong corporate governance standards. All listed companies, banks, financing companies, insurance firms, and category 1 and 2 investment firms shall start the reporting of these requirements from the financial year 2024.

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Upcoming Events & Workshops

Webinar

**In collaboration with Al Ramz Corporation PJSC on
"Thought Leadership - Governance of Liquidity"**

[Register](#) 

 5th Sep 2024

 09:00am - 12:00pm  Dubai

Workshop

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