

2017 BPP CONSULTATION: QUESTIONNAIRE

Best Practice Principles for Shareholder Voting Research "BPP"

Introduction

Thank you in advance for your valuable feedback on the [Best Practice Principles \(BPP\)](#). The closing date for comments is **15 December 2017**. There are two ways in which you can submit your views:

- By completing this online survey (15 minutes participation time); or
- By submitting comments in writing - please see all details on this webpage <https://bppgrp.info/2017-consultation/>.

All responses will be published on the website at the end of consultation period, unless respondents specifically request that they be treated as confidential.

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Information on Respondent

1. Name of Organisation

2. Type of organisation [select one]:

- Investor
- Company
- Governance advisory / voting research service (investor advisors)
- Company advisor
- Representative body
- Other (please specify)

3. Main country / region of operation

4. Are you currently a client of a voting research provider? [Yes/ No]

5. All responses will be posted on the Review website unless requested otherwise.
Please indicate below if you wish your comments to be treated as confidential.

- Please treat comments as confidential

6. If you would like to be informed of the outcome of this consultation please provide a contact email.

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General questions on the Principles

7. Were you previously aware of the Best Practice Principles? [Yes/No]

8. If yes, how would you rate the positive impact of the Principles since they were introduced in 2014? [Scale of 0-5 where 0 is no impact, 5 is very positive]

0 no impact

3

1

4

2

5 very positive

Please give a reason for your rating

9. If you are a user of voting research services, do you, or will you in future check whether a service provider had signed up to the Principles before appointing them?

[Yes/No]

10. Would it be beneficial to have a set of principles that are capable of being applied in all markets? [Yes/No]

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Scope and Structure of the Principles

11. At present the Principles address three areas: service quality (which includes duties to clients, research methodology and voting policy); managing conflicts of interest; and communications with issuers, the media and other stakeholders ([see the BPPG website here](#)). Are there other issues or activities that should also be covered by the Principles [tick each that applies]

- Intermediary vote processing and confirmation
- ESG advisory services and indices
- Governance engagement services
- Other (please specify)

12. Each Principle is accompanied by guidance which sets out practices to be followed and information to be disclosed, on a "comply and explain" basis. Is this structure clear and appropriate? [Yes/No]

13. If no, how might it be improved?

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The Content of the Principles (1: Service quality)

Principle 1: Service quality

14. If you are a client of one or more signatories, do you consider that this Principle deals adequately with the various service commitments that you expect? [Yes/No]

15. If no, how might it be improved?

16. Depending on the wishes of their individual clients, those signatories that make voting recommendations will follow either bespoke or house voting policies. How satisfied are you with the process used by signatories to develop their house voting policies? [Scale 0 to 5, where 0 is dissatisfied and 5 is very satisfied]

- 0 dissatisfied 3
 1 4
 2 5 very satisfied

17. How might the process be improved?

18. In addition to national law and listing rules, which, if any of these considerations should signatories take into account when deciding whether to adjust their house policies for different markets? [Tick all that apply]

- Standards in national corporate governance codes and equivalent
 Views and practices of local companies
 Views of local and international investors

Other (please specify)

19. How informative are signatories' descriptions of their research methodologies ([see BPPG website here](#)), including how they ensure that the research is reliable? [Scale 0 to 5, where 0 is uninformative and 5 is very informative]

- 0 uninformative 3
- 1 4
- 2 5 very informative

20. While recognising the need for signatories to protect their intellectual property, how might the statements be made more informative?

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The Content of the Principles (2: Conflicts)

Principle 2: Conflicts

21. The Principle does not attempt to eliminate potential conflicts, but to ensure that the signatories disclose the procedures by which they are managed. Is this an adequate approach? [Yes/No]

22. If no, how might it be strengthened?

23. The Principles include the following non-exhaustive list of potential sources of conflict:

- A signatory's ownership or shareholder base/structure, such as when a signatory is owned by an investor that owns shares in companies under coverage or when the investor is owned by an issuer under coverage;
- A signatory's employee activities, such as board memberships, stock ownership, etc;
- Investor-client influence on the signatories, such as when an investor who is a client of the service provider is a shareholder proponent or is a dissident shareholder in a proxy contest;
- Issuer-client influence on the signatories, such as when signatories provide consulting services to companies under coverage for research; and
- Influence of other investor clients.

Are there any others that should be included in this list?

24. If yes, please identify them.

25. If you are a client of a signatory, how satisfied are you with the information you receive on how potential conflicts are being managed? [Scale 0 to 5, where 0 is dissatisfied and 5 is very satisfied]

- 0 dissatisfied 3
 1 4
 2 5 very satisfied

26. How might procedures be improved?

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The Content of the Principles (3: Communications policy)

Principle 3: Communications policy

27. How satisfied are companies with their communication with signatories? [Scale 0 to 5, where 0 is completely dissatisfied, 5 is very satisfied]

- | | |
|---|--|
| <input type="radio"/> 0 completely dissatisfied | <input type="radio"/> 3 |
| <input type="radio"/> 1 | <input type="radio"/> 4 |
| <input type="radio"/> 2 | <input type="radio"/> 5 very satisfied |

28. How might communication be improved?

29. If you are a company, have you used the procedures set up by one or more signatories to make a complaint or provide feedback on their research on, or engagement with, your company?

30. If yes, how satisfied were you with how your complaint was handled? [Scale 0-5 where 0 is not at all satisfied, 5 is very satisfied]

0 not at all satisfied

3

1

4

2

5 very satisfied

Please give a reason for your rating

31. Many companies consider they should have the opportunity to comment on the analysis and recommendations in research reports before they are finalised. If you are an investor, which of these statements most closely reflects your view? [Tick one only]

- I find it helpful to know the company's views on the research report before deciding how to vote, ahead of the custodian cut-off
- I have no objection in principle to this practice, as long as it does not reduce the amount of time I have to make voting decisions or impact on costs
- Companies already have opportunities to explain their case in their annual reports, the papers for the general meeting and direct engagement with their shareholders; they do not need another one
- It is not appropriate for companies to have a right to review or comment on draft research reports of which they are the subject
- Other (please specify)

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Reporting on the Principles

32. At present, signatories are required to produce a public statement on how they have applied the Principles, which they update as necessary; some have chosen to update the statement every year. Signatories also produce a summary in a standard format for purposes of comparison ([see BPPG website here](#)).

Do the statements adequately cover all the matters that signatories are supposed to report on under the Principles? [Yes/No]

33. If no, please identify which matters are not adequately reported on

34. How informative and useful are the statements? [Scale 0-5 where 0 is uninformative, 5 is very informative]

- 0 uninformative
- 1
- 2
- 3
- 4
- 5 very informative

35. How might the statements be made more useful?

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Monitoring the Application of the Principles

36. As part of this review, the BPP Group intends to introduce an independent element into the monitoring arrangements. Which of the following features should be part of the arrangements for monitoring the implementation and impact of the Principles? [tick all that apply]

- Oversight body including members independent of the sector
- Surveys of market participants
- Third party certification of how the Principles have been implemented by signatories

Other (please specify)

37. If you have specific suggestions for how the Principles should be monitored, please provide details

38. Have you ever used the complaints procedure to complain about a breach of the Principles ([see BPPG website here](#)) [Yes/No]

39. If yes, how satisfied were you with how your complaint was handled? [Scale 0-5 where 0 is not at all satisfied, 5 is very satisfied]

0 not at all satisfied

3

1

4

2

5 very satisfied

Please give a reason for your rating

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Signing-Up Process

40. The process of signing up to the Principles is being looked at as part of this review. Other than a commitment to apply and report on the Principles and to be subject to the monitoring arrangements, are there other criteria that service providers should have to meet in order to be accepted as signatories? [Yes/No]

41. If yes, please specify

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Other comments

42. If there are any additional comments you would like to make as part of this consultation, please do so here:

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Thank you for completing the survey. Please click done to submit your responses.
