

2017 Best Practice Principles (“BPP”) Review: Launch of Consultation

Prepared by:
**Best Practice Principles Group for Shareholder Voting Research
 (“BPP Group”)**

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A consultation was launched today seeking views from investors and companies on whether the Best Practice Principles for Shareholder Voting Research and Analysis have been effective in ensuring the integrity and efficiency of the services provided by proxy advisors.

The Principles, first introduced in 2014, were developed by the industry as a voluntary standard. The aim was to promote a greater understanding of the role of shareholder voting research providers and provide more transparency about their activities.

The consultation is part of a wider review looking at the impact and implementation of the Principles, and considering whether changes are needed to the Principles themselves or to how they are reporting on and monitored.

The review will also consider what actions are needed to ensure the Principles are fully compatible with the mandatory requirements for proxy advisors operating in the European Union that are contained in the revised EU Shareholder Rights Directive, which takes effect in 2019.

Launching the consultation, Chris Hodge, independent chair of the Steering Group carrying out the review, commented:

“The role of proxy advisors is a subject that can often generate more heat than light. This review is an opportunity to shed more light on their activities, and to identify ways in which the standards in the Principles might be strengthened and reporting against them made more informative. We are particularly keen to get first hand evidence from investors who use the services of voting research providers and from companies who have had direct dealings with them”.

The consultation is open until 15 December 2017. Details of how to submit comments can be found at: <https://bppgrp.info/2017-consultation/>.

Note to Editors:

The Best Practice Principles for Shareholder Voting Research were launched in March 2014. The Principles are global in their scope and can be used by any organisation providing research services to inform institutional investors’ stewardship and voting decisions. The Principles can be found at: <https://bppgrp.info/the-principles/>

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The review is being carried out by a Steering Group chaired by Chris Hodge, formerly Director of Corporate Governance at the Financial Reporting Council in the UK, and representatives of the five current signatories: Glass, Lewis & Co; Institutional Shareholder Services Inc. (ISS); Manifest Information Services Ltd; PIRC Ltd and Proxinvest. The Steering Group is supported by an Advisory Panel whose members have broad experience and knowledge of investors, companies and different national markets.

The terms of reference for the review can be found at: <https://bppgrp.info/2017-review-terms-reference/>.

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