

#51

COMPLETE

**Collector:** 2017 BPP CONSU...QUESTIONNAIRE (Web Link)  
**Started:** Monday, October 23, 2017 2:57:19 PM  
**Last Modified:** Thursday, December 07, 2017 10:31:50 AM  
**Time Spent:** Over a month  
**IP Address:** 213.159.8.41

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Page 2: Information on Respondent

**Q1** Name of Organisation

NATIXIS

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**Q2** Type of organisation [select one]: **Company**

**Q3** Main country / region of operation

EMEA. In 36 countries.

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**Q4** Are you currently a client of a voting research provider? [Yes/ No] **No**

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**Q5** 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. **Respondent skipped this question**

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**Q6** If you would like to be informed of the outcome of this consultation please provide a contact email.

eugenie.mehler@natixis.com

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Page 3: General questions on the Principles

**Q7** Were you previously aware of the Best Practice Principles? [Yes/No] **Yes**

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**Q8** 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] **1,**  
Please give a reason for your rating:  
There has been a small improvement in availability of the guidelines from the proxy voting advisors. For the first time, in 2017, Glass Lewis decided to talk to the companies prior to issuing its report.

**Q9** 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]

Respondent skipped this question

**Q10** Would it be beneficial to have a set of principles that are capable of being applied in all markets? [Yes/No]

No

Page 4: Scope and Structure of the Principles

**Q11** 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):

The managing of conflicts of interest does not avoid conflicts of interest. Proxy advisors should not be allowed to offer ESG advisory services and indices and Governance rating services. For instance, ISS' teams ISS Corporate Solutions and ISS Research analysis are said to work behind a Chinese wall BUT the Quality Score given by ISS Corporate Solutions appears on the front page of the ISS Research Proxy analysis and benchmark policy voting recommendations report. All proxy advisors' activities should be reviewed according to the revised shareholder rights directive (2007/36/EC).

**Q12** 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]

No

**Q13** If no, how might it be improved?

More detailed explanations are needed. A market authority should verify the answers and compliance with the principles.

Page 5: The Content of the Principles (1: Service quality)

**Q14** 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]

Yes

**Q15** If no, how might it be improved?

Respondent skipped this question

**Q16** 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]

Respondent skipped this question

**Q17** How might the process be improved?

Respondent skipped this question

**Q18** 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):

Practices of national corporate governance should also be taken into account.

**Q19** 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

**Q20** While recognising the need for signatories to protect their intellectual property, how might the statements be made more informative?

The proxy advisors should respect their methodologies.

Page 6: The Content of the Principles (2: Conflicts)

**Q21** 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]

No

**Q22** If no, how might it be strengthened?

The principles should ban all conflicts of interest starting from the ownership of proxy advisors through the services provided. For example ISS' main shareholder is a Genstar Capital a firm specialized in LBO. This link with investors (active or institutional) creates a doubt on the independence of ISS. The existence in ISS of two activities which are said to be independent is a conflict of interest. ISS offers both governance advice and rating. In order to have access to the method used by The Pay for Performance screening a company has to pay for the service before its general meeting. Furthermore, no reference to the Quality Score given by ISS Corporate Solutions should appear on the ISS Research analysis since the two teams are said to work behind a Chinese wall. Issuers should have access to an independent board.

**Q23** 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?

Yes

**Q24** If yes, please identify them.

Proxy advisors, like ISS, should not be allowed to offer both voting and advisory services.

**Q25** 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]

Respondent skipped this question

**Q26** How might procedures be improved?

Respondent skipped this question

Page 7: The Content of the Principles (3: Communications policy)

**Q27** How satisfied are companies with their communication with signatories? [Scale 0 to 5, where 0 is completely dissatisfied, 5 is very satisfied]

1

**Q28** How might communication be improved?

For ISS and Proxinvest: respect of the Recommendation AMF n° 2011-06 and in particular the minimum of 24 hours for the company to comment on the draft of the research analysis (and not 2 hours only).

Futhermore, it should not be (as mentionned in the "BPP") for the signatories to choose whether or not to engage in dialogue and in what format.

**Q29** 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?

No

**Q30** 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]

Respondent skipped this question

**Q31** 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]

Respondent skipped this question

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Page 8: Reporting on the Principles

**Q32** 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]

No

**Q33** If no, please identify which matters are not adequately reported on

Managing conflicts of interest : ISS should not provide both advisory and research services.

Expertise and number of employees : not enough for ISS

Voting policies and methodologies : for ISS failure to take into account the company specificities.

Local market conditions : ISS does not take them into account

Engagement with issuers : for ISS and Proxinvest : lack of respect of the Recommendation AMF n° 2011-06 and in particular the minimum of 24 hours for the company to comment on the draft of the research analysis (and not 2 hours only).

**Q34** How informative and useful are the statements?  
[Scale 0-5 where 0 is uninformative, 5 is very informative]

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**Q35** How might the statements be made more useful?

By being sent to the issuers automatically.

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Page 9: Monitoring the Application of the Principles

**Q36** 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**

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**Surveys of market participants**

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**Third party certification of how the Principles have been implemented by signatories**

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Other (please specify):

An independant oversight body should also include issuers.

**Q37** If you have specific suggestions for how the Principles should be monitored, please provide details

They should be monitored by a Board with market regulators.

**Q38** Have you ever used the complaints procedure to complain about a breach of the Principles (see BPPG website here) [Yes/No]

**No**

**Q39** 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]

**Respondent skipped this question**

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## Page 10: Signing-Up Process

**Q40** 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]

**Yes**

**Q41** If yes, please specify

Their ownership should be independent not by investors (institutional and active) see answer to question 22.

Activities of research and advisory should be totally independent (which is not the case for ISS).

Enough staff and expertise.

More time for issuers to review the reports : respect of the Recommendation AMF n° 2011-06 and in particular the minimum of 24 the ISS research analysis (and not 2 hours only).

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## Page 11: Other comments

**Q42** If there are any additional comments you would like to make as part of this consultation, please do so here:

**Respondent skipped this question**