

## MEDIA RELEASE 1 NOVEMBER 2024

### BPPG SIGNATORIES CONTINUE TO IMPROVE BEST PRACTICE PRINCIPLE DISCLOSURES

All five signatories of the Best Practice Principles for Shareholder Voting Research (BPPG), continue to become more transparent about the way they operate, according to an analysis of their fourth year reporting of application of BPPG's Best Practice Principles from the Best Practice Principles Oversight Committee (BPP OC).

Two key takeaways for the 2023-2024 cycle are worth mentioning:

- **all Signatories continue to be compliant with all three Best Practice Principles.** Signatories' overall reporting continue to apply and explain how they address guidance on the three Principles in a way that is straightforward and easy to understand. The BPP OC has also found, in general, that notable improvements continue to be made to reporting in response to its feedback. The BPP OC annual report summarizes that it found material improvements in the way the firms describe their own quality assurance, diversity and staff qualifications, ESG methodology and complaints procedures, data the BPP OC called for last year. But the BPP OC has asked the five service providers to disclose more information on certain aspects of statistics tracking, impact of the BPP, conflicts of interest and BPP OC communication channel. The BPP OC has encouraged each industry member to expand sections on these topics in their 2024 statements.
- **BPP signatories demonstrated remarkable engagement** by multiplying their one-to-one meetings with the BPP OC Chair, discussing BPP OC recommendations for the 2024 reporting cycle, current regulatory trends as well as any additional recommendation that the BPP OC formulated under its 'advise and guide' mission. The BPP OC is particularly appreciative of the level of engagement by Signatories and aims to maintain this ongoing communication in the forthcoming cycle.

"In this highly politicized context, the BPP OC has both a responsibility and opportunity to continue to promote greater understanding of the corporate governance and proxy research and support services provided to professional investors by the shareholder voting research and voting advice industry. It is important to recognize the value of the services BPPG signatories provide to their clients, the providers of investment capital, and the respective roles and responsibilities of financial market participants in the process. The BPP OC can constructively contribute to communicating the facts and eliciting nuances relevant to policymakers and stakeholders globally," said Independent BPP OC Chair Konstantinos Sergakis, Professor of Capital Markets Law and Corporate Governance at the University of Glasgow. "The BPP OC welcomes the further advances in openness achieved over the past year from BPPG signatories. I am confident that the monitored self-regulation model, as operated by the BPPG and the BPP OC, will stand out as a credible and long-lasting testimony to soft law initiatives, and will inspire many similar ones in the future."

In addition to general findings in the annual report, the BPP OC provided detailed confidential assessments to each Signatory. BPP OC members plan to review the next cycle of compliance reports to determine if BPP OC recommendations were implemented and if not, why not.

On 7 November 2024, the BPP OC is to host its fourth Open Stakeholder Forum to hear diverse market perspectives on the shareholder voting research industry. BPPG signatories, regulators, investors and issuers are slated to participate. Find information and registration at <https://grow.glasslewis.com/bpp-oc-forum-2024>

The BPP OC's 2024 annual report includes details of its own governance, including steps to further safeguard its independence, together with a record of actions during its third year of operations as well as four key areas are likely to draw BPP OC attention and action over the coming year: regulatory trends, signatory compliance, stakeholder feedback and enforcement aspects. Find the BPP OC 2024 annual report at <https://bppgrp.info>.

## FURTHER INFORMATION

**The Best Practice Principles** for Providers of Shareholder Voting Research & Analysis were first developed and adopted voluntarily by the industry in 2014. The current version of the Principles was adopted in July 2019, with firms committing to first reports covering 2020. Under the Principles, Signatories are to disclose information in annual compliance reports in three main areas:

- Service Quality, including staff resources, research methodologies, and voting policies;
- Conflict of Interest Avoidance or Management; and
- Communications Policy, including descriptions of how they communicate with client investors as well as public companies and other stakeholders.

**The five BPPG signatories are EOS at Federated Hermes Limited, Glass Lewis, Institutional Shareholder Services (ISS), Minerva, and PIRC.** The five represent an industry that supplies institutional investors with corporate annual meeting voting research and analysis. Investors commonly use such information to help inform decisions on how to cast ballots at tens of thousands of shareholder meetings taking place each year for publicly-traded corporations worldwide. Each Signatory released reports showing how they comply with the latest industry Best Practice Principles, adopted in 2019. The compliance statements may be found here: <https://bppgrp.info/signatory-statements/>.

**The BPP Oversight Committee's** purpose is to provide independent assessments of BPPG compliance reports, invite market views on BPPG signatories' performance against the Principles, and produce an annual report on whether the Principles and independent oversight are advancing stakeholder confidence in the proxy voting and research advisory industry. The BPP OC was composed of the following members in 2023-2024:

- Mirte Bronsdijk, Global Responsible Investment and Governance, APG Asset Management (Netherlands)

- Fabio Bonomo, Head of Corporate Affairs, Enel (Italy)
- Glenn Davis, Deputy Director, Council of Institutional Investors (CII) (United States)
- Alia Fazal, Head of Corporate Governance, BP (United Kingdom)
- Evan Epstein, Professor, University of California College of the Law (United States)
- Michael Herskovich, Global Head of Stewardship, BNP Paribas Asset Management (France)
- Michael McCauley, Senior Officer – Investment Programs & Governance, SBA of Florida (United States)
- Hope Mehlman, Chief Legal Officer, General Counsel and Corporate Secretary, Discover Financial Services (United States)
- Massimo Menchini, Director of Institutional Relations and Corporate Governance, Assogestioni (Italy)
- Konstantinos Sergakis, Professor of Capital Markets Law and Corporate Governance, University of Glasgow (United Kingdom)
- Sachi Suzuki, Senior Manager, Investment Stewardship, HSBC Asset Management (United Kingdom)
- Anna Tilba, Professor in Strategy and Governance, Durham University Business School (United Kingdom)

The BPP OC would like to extend a special thanks to the former BPP OC members for their work and contribution to the BPP OC: Geof Stapledon (issuer representative) and Amy Borrus (institutional investor representative) who completed their mandate in December 2023 and June 2024, respectively.

The home page of the BPP OC may be found here: <https://bppgrp.info/best-practice-principles-bpp-oversight-committee/>.

**Contact** the BPP OC Chair at [oversightchair@bppgrp.info](mailto:oversightchair@bppgrp.info).

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