



ICGN

International Corporate Governance Network

Chris Hodge
Independent Chair
BPP Group Review Committee

By email: consultation@bppgrp.info

Re: 2017 BPP Consultation Questionnaire

14 December 2017

Dear Chris,

As you know, the International Corporate Governance Network (ICGN) is a global investor-led body based in London whose mission is to promote effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies world-wide.

ICGN was established in 1995, and today our network of governance professionals spans over 45 countries and includes investors representing assets under management in excess of US\$26 trillion. As such, ICGN offers an important investor perspective on corporate governance to help inform public policy development and the encouragement of good practices by capital market participants. For more information on the ICGN, please visit www.icgn.org.

Our policy positions are guided by the ICGN Global Governance Principles and Global Stewardship Principles, both of which have been developed in consultation with ICGN Members and as part of a wider peer review. One of ICGN's policy priorities relates to protecting minority shareholder rights, and ICGN has published Viewpoints and comment letters on many themes affecting shareholder rights, including voting rights and investor stewardship responsibilities as they relate to proxy voting.

We are pleased to respond to the BPP 2017 Consultation, and we recognise the important role played by shareholder voting research. In addition to our investor members, our membership also includes providers of shareholder voting research. Our perspective is shaped by its investor orientation, and many, if not most, of our investor members make use of some external voting research service.

We will send separately a response by electronic survey that may help with regard to your data collection. But we present our main feedback in the following overarching points:

- We are supportive of the Best Practice Principles (BPP), and think this is a good and proportionate way for the signatories to develop and maintain appropriate professional standards. The BPP serve as a healthy discipline and as a positive external signal to the financial community – including both investors and issuers—that shareholder voting research is conducted under agreed professional standards. It is also our general impression that the signatories of the BPP are managing their individual and collective responsibilities seriously and responsibly.
- We think the BPP in their current form are well crafted. We would caution against broadening the scope of the BPP to include different forms of organisation, as outlined in Question 11. The main focus should be on those organisations that provide shareholder voting research and advice or recommendations as part of their core business model.

- We believe it makes sense to focus on principles that are capable of being applied in all markets (Question 10), and that ICGN's Global Stewardship Principles and commentary on proxy voting can help to put these issues into a global context.
- We believe that conflicts of interest present themselves in many forms of human endeavour, including in the provision of shareholder research and voting services. Conflicts call for caution and awareness to ensure they are not being abused, but we also believe they can be managed and risks can be mitigated. We would support the principle in Question 21 that calls for signatories to disclose the process through which their conflicts are mitigated.
- As for question 31, we do not object in principle for companies to comment on or fact check recommendations, but in addition to not delaying decision time or adding undue cost, this would also have to avoid slipping into a stalling tactic or some form of censorship.
- As for question 40, we would not encourage the addition of new signatory criteria at this point. If anything, it would be positive to add to the current critical mass of signatories, and additional requirements could potentially discourage the addition of new signatories.

We hope our comments are useful for your deliberations. Should you wish to discuss this matter further, please contact me or George Dallas, ICGN's Policy Director, by email at george.dallas@icgn.org

Yours faithfully,



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