



***BEST PRACTICE PRINCIPLES FOR
PROVIDERS OF SHAREHOLDER VOTING
RESEARCH AND ANALYSIS***

PROXINVEST COMPLIANCE STATEMENT

*“Voting shares is a clear positive contribution to
wealth creation”*



About Proxinvest

Founded in 1995 by [Pierre-Henri Leroy](#), Proxinvest is a French independent proxy firm supporting the engagement and proxy analysis processes of investors.

Proxinvest mission is to analyse corporate governance practices and resolutions proposed at general meetings of listed firms.

Proxinvest has been a pioneer and champion of good corporate governance in France and has grown into a recognised expert in the field.

To provide its clients with the European coverage and local expertise required for engagement and proxy voting activities, Proxinvest founded [Expert Corporate Governance Service](#) (ECGS Ltd) with several country experts of shareholder general meetings. ECGS partners define and share common corporate governance principles adjusted for each country particularities. Every ECGS partner is independent, engaged, specialist of its home market and brings its local expertise and monitoring to the other partners and to clients. By doing so, Proxinvest and ECGS provide global investors with a unique service avoiding a standard global box-ticking approach while covering more than 85% of the free float-adjusted market capitalization across the European developed markets equity universe .

Proxinvest is independently-owned and works for investors only: Proxinvest does not provide consulting services to the companies it covers, mitigating related risks to its clients and ensuring the independence of analysis. As a result Proxinvest is able to take a robust, independent, engaged and unconflicted view of the companies in which our clients invest.

Proxinvest is also a founding member of the International Corporate Governance Network ([ICGN](#)), an organisation founded in 1995 that represents investors, companies, financial intermediaries, academics and others interested in the development of corporate governance practices worldwide.

To know more about Proxinvest, please refer to Proxinvest website.

Background: development and purpose of the best Practice Principles by the industry

Regulation of proxy advisers is a widely discussed subject matter worldwide. The European Securities and Markets Authority (ESMA), the regulator responsible for enforcing European securities regulation, declared in its [ESMA Final Report and Feedback Statement on the Consultation Regarding the Role of the Proxy Advisory Industry](#) in February 2013, to favor a self-regulatory approach over mandatory regulation of the industry. “In order to ensure a robust process in developing, maintaining, and updating the Code of Conduct,” ESMA set up a list of key governance for developing a Code of Conduct for the industry (see ESMA, Final Report, at p. 11). These included, inter alia, a transparent composition and the appointment of an independent Chair that possesses the relevant skills and experience. The Code of Conduct was required to “adequately address the needs and concerns of all relevant stakeholders (including proxy advisers themselves, institutional investors, and issuers).” ESMA’s Final Report offered guidance for the detailed elaboration of the Code of Conduct on certain subject matters. In particular, ESMA asked the industry to respond to concerns regarding conflicts of interests and communication with issuers.

Following ESMA’s initiative, a number of industry members formed a [committee](#) under the independent chairmanship of Professor Dr. Dirk Andreas Zetsche, LL.M. (Toronto) in April 2013, to develop an industry code of conduct for the proxy advisory industry. While the Chair fulfilled an advisory and coordinating function, he did not interfere with the fundamental decisions with regard to the Principles; these decisions were made exclusively by the industry members of the working group. The group published its [“Best Practice Principles for Providers of Shareholder Voting Research & Analysis”](#) in late April 2014.

The Best Practice Principles are designed to help clients and stakeholders understand:

- The nature and character of shareholder voting research and analysis services;
- The standards of conduct that underpin those services; and,
- How signatories to the Principles interact with other market participants.

The Principles operate on a “comply-or-explain” framework. They are intended to complement applicable legislation, regulation and other soft-law instruments. Industry members that recognize the guiding role of the Principles are requested to become Signatories of the Best Practice Principles and submit themselves to the checks and balances as detailed in the Principles.

Three Principles form the core of the industry’s commitment:

- First, on service quality, Signatories provide services that are delivered in accordance with agreed client specifications. Signatories should have and publicly disclose their research methodology and, if applicable, “house” voting policies.
- Second, on conflicts of interest management, Signatories should have and publicly disclose a conflicts-of-interest policy that details their procedures for addressing potential or actual conflicts-of-interest that may arise in connection with the provision of services.
- Third, on communication with issuers, shareholder proponents and others, Signatories should have and publicly disclose their policy (or policies) for communication with issuers, shareholder proponents, other stakeholders, media and the public.



Unless otherwise stated, all policies should be disclosed on the signatory's website or made available on request.

Each of the three Principles is supported by detailed Guidance that explains the background, relevance and application of the Principles. The comply-or-explain framework applies to both the Principles and the Guidance.

Accompanying the Principles, Prof. Zetsche in its function as chairman issued a [report](#) on the consideration of the industry committee. The report aims to enhance transparency and understanding on the functioning of proxy advisors and their role in corporate governance. The report discusses, inter alia,

- the scope of the Principles,
- the Committee's general approach,
- the delineation of responsibility between proxy advisors, institutional investors and issuers that forms the basis of the Principles,
- the attitude of the industry towards local governance standards, and
- how Signatories should deal with conflicts of interests.

A major section of the report is devoted to the communication between issuers and Providers of Shareholder Voting Research & Analysis. In particular the Chair explains why a mandatory distribution of research report to issuers would put the providers' commitment vis-à-vis their clients (the investors) at risk. The report concludes with details on the Principles' enforcement as well as the committee's next steps.

As permanent repository, a package including the Best Practice Principles, the Chairman's Report on the Principles, the consultation document and the feedback statement that summarizes the stakeholders' positions is available [here](#).

Principle One: Service Quality

Signatories provide services that are delivered in accordance with agreed client Specifications.

Signatories should have and publicly disclose their research methodology and, if applicable, “house” voting policies.

1. Introduction

As a provider of governance research, voting recommendations and voting services with close to 20 years of experience, Proxinvest provides services to its institutional investor clients that assist them in making more informed voting decisions, in helping for the complex operational process of voting their shares (proxy voting) and in tracking and reporting their voting activities as they may require.

Proxinvest objective is to serve our clients with their full trust and confidence.

In order to reach appropriate client satisfaction and to deliver high service quality, Proxinvest is organized as follows :

- Development of an **in-house research methodology and voting policy**,
- **Cooperation with local experts proving local insights in corporate governance** codes, company laws, general meetings or corporate governance practices,
- **No provision of consulting services to issuers** or their advisors in order to ensure that the research and analysis are independent and free from inappropriate bias or undue influence.

2. Responsibilities to Clients

Proxinvest primary responsibility is **to provide services to clients in accordance with agreed contracts, specifications and financial conditions**. Proxinvest services are private by nature. The analysis and opinions are ordered by Proxinvest clients and delivered exclusively to them. Clients are the ultimate and legitimate judges of the quality of shareholder voting research and analysis and other services they subscribe to. Clients are free not to renew any contract and the high renewal rate is a sign of client satisfaction regarding service quality. Proxinvest does not believe that any third-party like an issuer or a regulator is legitimate and experienced to judge the quality of its research methodology or the quality of a proxy report. Such interference of a third party into the services provided by a firm providing voting research could be detrimental to the service quality.

3. Professionalism, Expertise and Qualification

Proxinvest has **20 years of experience** in voting advices and active shareownership and can count on a **team of well-qualified and experienced analysts** (for instance, in December 2014, Proxinvest' CEO, Loïc Dessaint, was elected best analyst for Corporate Governance research in the IRRRI 2014 Survey). Proxinvest high level of financial expertise has been built through the hiring of graduated financial analysts. In addition Proxinvest team is also made of a diversified range of expertise. Each permanent analyst is graduated from a Master in Law, Business administration, Economics, Science or Finance.

Advices on proxy voting and corporate governance issues require a complete understanding of various matters, among them **finance, Law, local corporate governance codes, organisational issues or executive remuneration policies.**

On the one hand Proxinvest brings its expertise to **financial analysts** to open their knowledge on new financial matters like dilution, related-party transactions, EGM role in M&A, alignment of executive pay with long-term performance.

Proxinvest capacity and competency to adequately analyze proxy issues for its legal and financial expertise associated with a real independence has been long recognized. Indeed, proxy voting is not only a question of corporate governance but deals also with M&A issues. Some historical examples of Proxinvest freedom of mind and demonstrated expertise can be mentioned. Whereas most bankers and asset managers still supported Vivendi's former chairman-CEO Jean-Marie Messier, Proxinvest contested in December 2000 the conditions of the creation of Vivendi Universal (merger Vivendi, Canal +, Seagram). Similarly it opposed against the Thomson SA September 2005 special convertible bond issued for the fund Silver Lake for its poor strategic grounds, outrageous financial cost and unfair governance conditions. Also Proxinvest was quoted in the press for advising against the merger between Euronext and NYSE for insufficient strategic grounds and poor final governance.

A look at the [August 2006 Wall Street Journal](#) will remind that Proxinvest has been the **only research company in continental Europe** to recommend opposition to the merger between Alcatel and Lucent because of unjustified financial conditions and poor governance impact at the September 15th EGM.

On the other hand Proxinvest also supports **ESG analysts** or SRI investors to strengthen their knowledge of corporate governance practices and issues which are frequently very different from social or environmental issues.

Proxy voting and corporate governance issues are becoming so complex that **the expertise of local research providers is required** as far as possible. Indeed, not only proxy providers must know what the best corporate governance practices are in every country but also who are the people/directors involved. The use of a single global proxy advisor has become unrealistic and illusory for investors willing to address properly corporate governance issues and risks. That's why **Proxinvest has selected local experts within Europe and built ECGS as a unique tool to**

serve its clients in the most effective way. Proxinvest is proud to offer its clients access to the voting recommendations delivered by its ECGS partners and to provide international investors with voting advices at French general meetings.

4. Quality of research and Research Methodology

Proxinvest objective is to provide the highest quality of research and to distinguish from its key competitors. To do so:

- Proxinvest is engaged in public affairs and local debates. By defending minority shareholder rights in France and Europe, Proxinvest tries to be informed and aware as early as possible of any change in company laws, corporate governance codes, etc.
- In parallel, Proxinvest relies on local proxy firms to analyse non-French issuers;
- The collection of data is made by the analyst in charge of the report. Indeed, any lack of disclosure by an issuer will be easily highlighted in the report by the analyst and there is no problem of information transmission.
- All the report on French issuers are written from Paris. Understandings of both English and French languages are required. There is no outsourcing of data collection in a third country.
- Voting research reports and recommendations are prepared by appropriately trained analyst;
- Voting research reports and recommendations are reviewed by a second person; the latter being always a senior analyst.
- Proxinvest' CEO is directly involved in the production of a significant proportion of the reports
- Proxinvest believes that a high quality of research can be reached only by granting researchers enough time to analyse the proxy materials and to write their analysis. As a consequence the number of issuers to be covered by the analyst team is strictly limited in order to reach the best industry standards :

Key research statistics

(2014 – French market only, the other markets being covered by the other ECGS partners)

Number of companies covered : 338

Number of meetings covered : 369

Average number of meetings covered by analyst : 28.4

Sources of data used for the provision of services to clients are stored into a server. They are materials publicly available under the company's website or another website or granted to shareholders on request:

- Notice of meeting published into the official gazette (BALO);
- Proxy card and notice of meeting sent to any registered shareholder;
- Proxy materials made available under the issuer website (21 days before the general meeting as a minimum);
- Financial statements and annual results release;
- Auditors' reports;
- Articles of association

Proxinvest also uses its own database and its own knowledge of any Director's reputation.

When new material information becomes available after a Proxinvest report has been published, Proxinvest promptly issues an alert and an updated report to its clients. It is particularly the case when a new item is added to the agenda 15 days before the general meeting (legal deadline to add an agenda item in France).

Dialogue with investors, issuers, European experts and other stakeholders is conducted throughout the year and provides an in-depth knowledge of French and European companies.

5. Proxinvest Corporate Governance Principles and Voting Guidelines ("house" policy)

Shareholders may subscribe to shareholder voting research and analysis services based on a Proxinvest proprietary voting policy and subsequently decide on the extent to which they incorporate that research and analysis into their own assessment and decision-making process..

Proxinvest, a shareholder since 1995 of hundreds of listed companies, has been the pioneer in the development of investor voting policies in France. Proxinvest voting policy, established in the sole long term interest of all shareholders, is a reference in Europe for the French market and has led to major corporate governance improvements in France over the last twenty years.

Proxinvest voting guidelines reflects its own opinion, very demanding, which aims at strengthening corporate governance practices over the long term and at protecting shareholder rights and shareholder investment value.

Each year, in the fall, after an in-depth analysis of thousands of resolutions, after reading hundreds of annual reports and notices of meetings, after the collection and review of voting results, after discussions with its ECGS partners to identify the new best practices across Europe. Proxinvest voting policy is in line with the ECGS guidelines and can be considered as the guidelines of ECGS for the French market.

Proxinvest identifies new hot topics and discuss them with clients during one-to-one meetings and a two-day seminar in early October.

Any expected change in the voting policy is then presented to the Steering Committee . The mission of the Steering Committee is to provide every year a consultative advice on the Proxinvest corporate governance principles of governance and voting policy as well as on the strategic orientation of the company. [Proxinvest Steering committee](#) is composed of individuals with extensive experience in corporate governance and business, acting on personal behalf.

The new Corporate Governance Principles and Voting Policy of Proxinvest are finally subject to an approval by the [supervisory Board](#) of Proxinvest.

Once finalized, Proxinvest new voting policy is included within Proxinvest annual report on French general meetings and presented to clients. In early January, [the voting policy is made publicly available on Proxinvest website](#) and is presented to issuers.

Proxinvest voting policy is therefore publicly available with a high level of precision under each agenda item. Proxinvest decided not to disclose only its high level principles but also the very precise requirements at French general meetings from a long-term Equity investor point of view. The objective of this high level of transparency is to influence market practices: issuers, business organizations (AFG, AFEP-MEDEF, Middlednext ...) and also other providers of voting research firms and investors which could have not sufficient resources to be involved in the French debates and to become aware of the market specificities requirements.

6. Client custom policies

Beyond Proxinvest in-house voting policy, one of our main activity is to provide investors with support to define and update their own voting policy which can be very different from Proxinvest view on each type of voting items.

Many institutional investors apply their own unique set of voting guidelines in implementing their voting policy (“client custom policies”). For these clients, Proxinvest prepares voting recommendations based on the client custom policy and may assist clients in developing such custom policies as well. Effective organisation of proxy voting requires preparation. Proxinvest team helps investors to define and write its own voting guidelines based on the investor preference and distinct views of certain aspects of corporate governance.

Clients may opt for :

- “*Roland*”, a proprietary software predefining and applying the client voting criteria on each type of agenda items.

The various voting criteria and activation thresholds that the investor wishes to apply must be defined beforehand, in line with the investor objectives. To this end, Proxinvest has developed an analytical grid in which more than 400 criteria can be combined and applied to each proposed resolution (more than 100 types of agenda items have been identified). With this customised voting policy – documented, auditable and applied to each holding in the portfolio – the investor is assured of a rigorous proxy voting process compliant with its voting policy.

This software, Roland, currently manages 20 different custom policies for clients and can manage an infinite number of different custom policies. These customized voting policies reflect each investor's specific financial, legal and corporate governance philosophies and approaches. For example, Roland is able to compute the independence rate of any Board of Directors based on the client own definition of the potential conflicts of interests.

- A dedicated analyst

In that case, an analyst will be dedicated to the client custom policy. With an in-depth knowledge of client expectations and voting guidelines, the analyst will provide the client with a special report including extracts from the Client voting policy to justify any opposition or abstention.

As a result, the vote recommendations issued under these policies may well differ from those issued under Proxinvest own policy. Customized voting recommendations are provided under client website or email notifications.

Proxinvest can also assist clients in building investment portfolios which are compliant with their corporate governance principles.

7. Investor's responsibility to vote

Proxinvest and ECGS provide information, analysis and voting recommendations, not voting decisions. As a general matter, the ultimate voting decision for each resolution at a company meeting remains the responsibility of the client, as we believe it should. Many of our clients use our research as an input into their own deliberations, but may ultimately decide to vote differently, in line with their own investment and governance views and company engagement activities in any particular situation.

Proxinvest-ECGS clients use our research and voting recommendations in a variety of ways. Some of them use it as a screening tool to identify non-routine proposals ("red flag"), others as a support for dialogue or engagement with issuers, others within their stock selection process.

Investors that have no internal research teams are generally not interesting in purchasing Proxinvest research as our reports are written to be read by clients and to supplement their own work. Clients may subscribe to the service of Proxinvest only (for the French market) or also to the service of Expert Corporate Governance Service (ECGS) to get a support when voting out of France. A number Proxinvest believes that proxy reports must be read

Some clients use Proxinvest-ECGS research as a screening tool to identify non-routine meetings or proposals. Proxinvest-ECGS research and voting recommendations will often be one of many

resources that institutional investors use in arriving at their voting decisions. Actually many institutional investors have also internal research teams that conduct proprietary research and use Proxinvest-ECGS research to supplement their own work. As two heads are better than one, the use of multiple providers of shareholder voting research and analysis is encouraged. By doing so, investors may avoid the unfair criticism that they follow blindly the recommendations of a single provider of shareholder voting research.

8. Timeliness

Proxinvest and ECGS typically provide their reports two to three weeks before the general meeting.

While proxy forms have generally to be remitted one to three days before the general meetings in France, non-French shareholders generally have to vote on voting platform with a deadline around two weeks prior the general meeting. This spread between the legal deadline and the effective deadline illustrates the inefficiency of the cross-border voting chain. Voting platforms and financial intermediaries have failed to organize an efficient Straight-through processing for voting instructions and shareholding notifications. The other parties of the voting process (Issuers, shareholders and providers of shareholder voting research) are impaired by this inefficiency. Indeed the early voting deadlines impair the time available for the research and for the dialogue.

9. Complaints Handling and Feedback Management

Proxinvest can be reached by phone or by email and makes its best effort to answer. For any question related to a specific general meeting, the question is forwarded to the analyst in charge of the report. Remarks on the content of the voting guidelines are generally saved to be analysed prior to the revision of the guidelines.

Any feedback about this compliance statement can be sent to : BPPFeedback@proxinvest.com

10. Client and Supplier understanding

Proxinvest's client and supplier understanding protocols are described under contracts signed by Proxinvest and the clients. They are part of the ongoing discussions all over the year between both parties.

Principle Two: Conflicts-of-Interests Management

Signatories should have and publicly disclose a conflicts-of-interest policy that details their procedures for addressing potential or actual conflicts-of-interest that may arise in connection with the provision of services.

1. Introduction

Pillar of its freedom, reputation and quality, independence has always been the main cornerstone of Proxinvest since its creation in 1995.

Proxinvest was founded based on the conclusion of a lack of balance between the sell side and the buy side. Proxinvest mission is to shift the balance of power from the sell-side to a more demanding and better informed buy-side.

In Proxinvest view, the main conflict of interest for a proxy advisor would be to propose consulting services to issuers under coverage. Proxinvest does not believe in the efficiency of Chinese walls to manage such conflicts. Proxinvest does not enter into any business relationships that may conflict with its mission of serving institutional investors with completely objective advice and services.

As a result Proxinvest does not offer consulting services to public corporations to advise them on their governance structures or conduct. Proxinvest refuses to use its position as a trusted advisor to institutional investors to win consulting mandates with issuers.

Thanks to this strict independence policy, Proxinvest has built a strong reputation, a respected profile of leader on corporate governance and is one of the key independent shareholder voice within the capital markets, especially in France and Europe.

2. Conflicts-of-Interest Policy

- **2.1 How ownership structure does provide independence**

Proxinvest belongs for more than 50% to its founder, currently chairman of the company, and his family. Other shareholders are Ethos Services SA (19%), the management and the employees.

Its Swiss shareholder Ethos Services is entirely financed by investors.

Proxinvest is not owned by an issuer under coverage.

Proxinvest is not controlled by a private Equity fund which may have specific interests.

Proxinvest's ownership structure and business model mean that, in practice, the opportunities for conflicts of interest are substantially reduced.

- **2.2 Conflicts for consideration, conflict management & disclosure**

- **Conflict Disclosure**

Potential conflicts of interest are directly disclosed to clients within the proxy reports.

They are included at the front page of the report.

- **Board membership**

While none of Proxinvest employees seat on a Board of Directors of an issuer under coverage, this can happen for members of its supervisory Board or for members of its steering committee due to their extensive experience. When it happens, clients are informed within the proxy report. In any case, Proxinvest voting policy is applied.

- **Investor-client influence**

Proxinvest provides voting advices and equity ownership services to investors. Some rare clients of the company might be listed or belong to a listed company or group and indirectly these groups therefore finance the business of Proxinvest. The fiduciary duties of the asset management firms require managers to act in the interest of their clients and independently from their mother companies.

Whenever the issuer under coverage is a client (an insurer holding shares for example or a listed asset management firm), the business relationship will be disclosed within the proxy report. The same disclosure occurs whenever a client is a subsidiary of the issuer under coverage.

Proxinvest provides support to shareholders willing to engage with issuers. For example, Proxinvest is the exclusive technical advisor of the Proxy Active Investors fund managed by Phitrust Active Investors which is the main corporate governance engagement firm in France. Proxinvest helps Phitrust and other investors to engage with issuers. For example, during the proxy season 2015, Proxinvest helps investors to engage actively against the massive introduction of double voting rights in France or against the end of the Board neutrality principle in period of public offer. When Proxinvest has to provide an analysis of a shareholder proposal in which Proxinvest has been advising the proponent, it is brought to clients' attention within the proxy report. The analysis is made based on Proxinvest's voting policy.

- **Issuer-client influence**

No staff member and no entity owned by Proxinvest are allowed to work for an issuer or to provide consulting services: **Proxinvest does not consult for public companies.**

To protect the independence of the analyst team, draft reports are not remitted to the issuer. Once released to investors, Proxinvest's reports can be purchased online on shop.proxinvest.fr or



shop.ecgs.com. Issuers may purchase proxy reports online like any other parties, however they cannot influence any voting recommendation. An issuer cannot buy the Proxy Paper prior the publication of the report.

Proxinvest has also some publishing activities. Each year, Proxinvest publishes two reports: a report on the proxy season (voting results, governance issues) and a report on the remuneration of the executives at French listed firms. While issuers may purchase these reports, the reports are exclusively distributed by an independent library which is not allowed to provide the identity of the purchasers.

Principle Three: Communications Policy

Signatories should have and publicly disclose their policy (or policies) for communication with issuers, shareholder proponents, other stakeholders, media and the public.

1. Dialogue Policy

Proxinvest dialogue policy is based on the following principles:

Principle N°1: Proxinvest provides a private service and is committed by contracts to its clients. The latter subscribes to a service and control the quality of the service and the reports. Issuers should not interfere within this contractual relationship.

Principle N° 2: Proxinvest must analyse proxy materials made available to shareholders and must not be provided with any insider information which have not yet been made public. As a result, issuers are encouraged to disclose relevant and complete proxy materials online as early as possible.

Principle N° 3: Dialogue with issuers helps Proxinvest to improve its understanding and knowledge. Geographical proximity and dialogue with the relevant local stakeholders implied in proxy voting is a real difference with other proxy providers and contributes to the quality of service.

Principle N°4: Issuers should prioritize dialogue with their shareholders and not with the voting agency working for shareholders.

Principle N° 5: The biggest part of the dialogue is to present the voting policy and its changes, to debate with issuers about the content of the voting policy and to explain how the adoption of Proxinvest recommendations would enhance shareholder protection and value. Consequently dialogue must mainly occur before the proxy season, in general when Proxinvest voting policy is updated. Proxinvest cannot meet each of the 350 covered issuers by one-to-one meetings, so issuers are invited to collective sessions of presentation of the voting policy which take place in late December or Early January.

Principle N° 6: If a particular project or event, uncovered by Proxinvest guidelines, occurs or if a French issuer has no headquarter near Paris, Proxinvest accepts to give access to its researchers, for free, to discuss the issue.

Principle N° 7: During the proxy season period, Proxinvest analysts often contact the issuer when questions arise (information required, understanding of the context,...). Indeed, deadlines to analyse correctly the consequences of general meetings proposals are very short while issues may be very complex.

Principle N°8: Dialogue between the issuer and the voting agency must not be detrimental to clients in terms of delays and primacy of content.

However, French Financial Authority (AMF) recommended in 2011 " that the proxy advisor submit its draft report to the relevant company for review", that "the company shall be allowed at least 24 hours to submit any feedback or comments" and that "at the company's request, the proxy advisor shall include the company's comments on the voting recommendations in the analysis report that it submits to the investors". Proxinvest was from 1995 to 2013 one of the rare proxy firms to send draft of reports for discussions with the issuer. From 2014, after two years of feedback regarding the application of the AMF recommendations, Proxinvest decided to stop to submit its draft report to the issuer and, in accordance with the "comply or explain" approach provides explanations thereafter :

- The period of discussion between the issuer and the voting agency reduces the availability period of the proxy report for the ultimate client prior to its final voting decision and its capacity to enter into dialogue with the issuer. For many clients, priority is to receive the proxy report as soon as possible to get time to read it carefully, to develop its own thinking and enter into dialogue with the issuers. It must be kept in mind that investors face incredibly short voting deadlines to fill their votes on the electronic voting platforms made available for voting by their custodian (usually 2 weeks before the general meeting). As a result they have only few days to finalize their voting decisions.
- While Proxinvest proxy report is one among several tools used by investors to build their own voting decisions, some issuers rather focused too much on Proxinvest proxy report which had emphasized some corporate governance concerns and forgot to ensure a correct dialogue with their shareholders about how these issues may be solved.
- Besides, it has appeared that the comments included within Proxinvest proxy report upon request of the issuer were seen as worthless by the clients with an extensive abuse of copy-paste of already publicly available documents. Sometimes these comments were too much controversial or flawed and added extra-works for Proxinvest analysts to set the record straight, delaying the report availability for the clients.
- Finally most of the French issuers failed to comply with the following AMF recommendation: *"The AMF also advises issuers to keep the members of their Board or Directors or Supervisory Board informed of any discussions with proxy advisory firms and their recommendations"*. Despite Proxinvest explicit requests, proxy reports and voting recommendations were usually kept confidential by the management without the Non-Executive Directors being informed.

Principle N° 9: In order to limit excessive pressure from the issuer on the work of the researchers, some barriers must be implemented to protect their independence.



The first barrier is that no staff member or no entity owned by Proxinvest is allowed to work for an issuer to provide consulting services.

With respect to voting recommendations, an issuer cannot be objective, independent and free from any conflict of interest. As a result the second barrier is that issuers are not allowed to review the report or introduce comments before the proxy report be made available to clients. Furthermore the submission of the proxy report unfortunately encouraged a handful of discourteous issuers to threaten Proxinvest with potential lawsuits aiming at influencing the content of the analysis.

Consequently drafts of proxy reports have not been submitted to issuers anymore. However the issuer is still informed when the report is available to clients and of the voting recommendations.

Any issuer which does not understand the rationale of a voting recommendation in view of Proxinvest voting guidelines is invited to call the analyst to get explanation.

Principle N° 10: Board members are the direct representatives of the shareholders and are generally elected by them to monitor the company and to supervise the management. Therefore the Board of Directors must be organized to get access to Proxinvest voting guidelines, voting recommendations and any material supporting the changes for better corporate governance. The Board of Directors must be active in the dialogue with the shareholders and the proxy firms and should not outsource completely dialogue on corporate governance issues to the management or to the corporate secretary. Proxinvest is available for dialogue with Board members.

Principle N° 11: Whenever a proxy fight occurs, Proxinvest does its best efforts to dialogue with both parties to understand their respective rationale.

2. Communications with the Media and the Public

Proxinvest contributes to the Society debate on corporate governance, Equity investment, protection of minority shareholder rights and capital markets . It is part of Proxinvest engagement to help citizens, retail shareholders or media to be better informed and educated with respect to these issues.

Proxinvest's Chief Executive Officer and Chairman manage all dialogue with the media. Proxinvest's analysts are also allowed to communicate with the media about issues on a particular company if they are responsible of the coverage of that specific company. As a corporate governance expert Proxinvest regularly appears in the media.

Proxinvest representatives also participate to seminars, forum or other types of public speaking activity.

Proxinvest's Chief Executive Officer maintains the Proxinvest twitter account.



Proxinvest publishes press releases or news from time to time. From time to time, Proxinvest considers it is in its clients' interest to press release its voting recommendations. However no voting recommendation is distributed to the media prior to publication to clients.

3. Voting disclosure

In order to promote the best corporate governance practices, to help retail shareholders to vote and the media to better understand these issues, Proxinvest has implemented a new voting disclosure policy since early 2015. [Each voting recommendation made by Proxinvest is made publicly available](#) two days before the general meeting.

Proxinvest trusts that the above Statement complies with the spirit and the letter of the Best Practice Principles.

While it was completed on the 2nd of July 2015, this compliance statement is in accordance with Proxinvest practice over the proxy season 2014 and 2015 with the exception of § 3.3 here above (voting disclosure) which has been a new policy implemented from 2015. Dialogue and voting policies have been made available on Proxinvest website. It is Proxinvest expectation to maintain such policies in the future. Any changes to Proxinvest policies will be disclosed on its website on a timely basis.

For any comment about this compliance statement:

BPPFeedback@proxinvest.com

For further information, please contact:

Loïc Dessaint
Chief Executive Officer
PROXINVEST
Tel: +33 (0) 145515043