

**Amendment 11/rev****Tadeusz Zwiefka, Giovanni Toti, Axel Voss**

on behalf of the PPE Group

**Sajjad Karim**

on behalf of the ECR Group

**Cecilia Wikström**

on behalf of the ALDE Group

**Report****A8-0158/2015****Sergio Gaetano Cofferati**

Long-term shareholder engagement and corporate governance statement

COM(2014)0213 – C7-0147/2014 – 2014/0121(COD)

**Proposal for a directive****Article 1 – paragraph 1 – point 3**

Directive 2007/36/EC

Article 3g – paragraph 2

*Text proposed by the Commission**Amendment*

2. Where an asset manager invests on behalf of an institutional investor, either on a discretionary client-by-client basis or through a collective investment undertaking, the institutional investor shall **annually disclose to the public the main elements of the arrangement with the asset manager with regard to** the following issues:

- (a) whether and to what extent it incentivises the asset manager to align its investment strategy and decisions with the profile and duration of its liabilities;
- (b) whether and to what extent it incentivises the asset manager to make investment decisions based on medium to long-term **company performance, including non-financial performance, and to engage with companies as a means of improving company performance to deliver investment returns;**
- (c) **the method and time horizon of the evaluation of the asset manager's**

2. Where an asset manager invests on behalf of an institutional investor, either on a discretionary client-by-client basis or through a collective investment undertaking, the institutional investor shall **publicly disclose whether and if so how the agreement between the institutional investor and the asset manager addresses** the following issues:

- (a) whether and to what extent it incentivises the asset manager to align its investment strategy and decisions with the profile and duration of its liabilities;
- (b) whether and to what extent it incentivises the asset manager to make investment decisions based on medium to long-term **interests of the institutional investor;**

*performance, and in particular whether, and how this evaluation takes long-term absolute performance into account as opposed to performance relative to a benchmark index or other asset managers pursuing similar investment strategies;*

*(d) how the structure of the consideration for the asset management services contributes to the alignment of the investment decisions of the asset manager with the profile and duration of the liabilities of the institutional investor;*

*(e) the targeted portfolio turnover or turnover range, the method used for the turnover calculation, and whether any procedure is established when this is exceeded by the asset manager;*

(f) the duration of the arrangement with the asset manager.

Where the arrangement with the asset manager does not contain one or more of the elements referred to in points (a) to (f), the institutional investor shall give a clear and reasoned explanation as to why this is the case.

*(e) whether and to what extent portfolio turnover costs are monitored, and whether any procedure is established in relation to those costs;*

(f) the duration of the arrangement with the asset manager.

Where the arrangement with the asset manager does not ***provide for an investment strategy or the investment strategy does not*** contain one or more of the elements referred to in points (a) to (f), the institutional investor shall give a clear and reasoned explanation as to why this is the case.

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**Amendment 12/rev**

**Tadeusz Zwiefka, Giovanni Toti, Axel Voss**

on behalf of the PPE Group

**Sajjad Karim**

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**Report**

**A8-0158/2015**

**Sergio Gaetano Cofferati**

Long-term shareholder engagement and corporate governance statement

COM(2014)0213 – C7-0147/2014 – 2014/0121(COD)

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2007/36/EC

Article 3f – paragraphs 1, 2 and 3

*Text proposed by the Commission*

*Amendment*

1. Member States shall ensure that institutional investors and asset managers develop a policy on shareholder engagement (“engagement policy”) This engagement policy shall **determine** how institutional investors and asset managers conduct **all of** the following **actions**:

1. Member States shall ensure that institutional investors and asset managers develop a policy on shareholder engagement (“engagement policy”).

This engagement policy shall **explain** how institutional investors and asset managers **integrate shareholder engagement in their investment strategy and** conduct **engagement activities as set out in Article 2(h). The engagement policy shall, where appropriate and relevant, address at least** the following **activities**:

**(a) to integrate shareholder engagement in their investment strategy;**

**(b) to monitor** investee companies, including on their non-financial performance;

**(c) to conduct** dialogues with investee companies;

**(b) monitoring** investee companies, including on their non-financial performance;

**(c) conducting** dialogues with investee companies;

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(d) *to exercise* voting rights;

(e) *to use* services provided by proxy advisors;

(f) *to cooperate* with other shareholders.

2. Member States shall ensure that the engagement policy includes policies to manage actual or potential conflicts of interests with *regard to shareholder engagement. Such policies shall in particular be developed for all of the following situations:*

*(a) the institutional investor or the asset manager, or other companies affiliated to them, offer financial products to or have other commercial relationships with the investee company;*

*(b) a director of the institutional investor or the asset manager is also a director of the investee company;*

*(c) an asset manager managing the assets of an institution for occupational retirement provision invests in a company that contributes to that institution;*

*(d) the institutional investor or asset manager is affiliated with a company for whose shares a takeover bid has been launched.*

3. Member States shall ensure that institutional investors and asset managers publicly disclose on an annual basis their engagement policy, how it has been implemented and the results thereof. *The information referred to in the first sentence shall at least be available on the company's website. Institutional investors and asset managers shall, for each company in which they hold shares, disclose if and how they cast their votes in the general meetings of the companies*

(d) *exercising* voting rights, *for each company in which they hold at least 0,3% of the voting rights, either individually or in aggregate where voting rights are held in funds managed by the same asset manager or institutional investor;*

(e) *using* services provided by proxy advisors;

(f) *cooperation* with other shareholders.

2. Member States shall ensure that the engagement policy includes policies to manage actual or potential conflicts of interests with *respect to their engagements.*

3. Member States shall ensure that institutional investors and asset managers publicly disclose on an annual basis their engagement policy, how it has been implemented and the results thereof.

*concerned and provide an explanation for their voting behaviour. Where an asset manager casts votes on behalf of an institutional investor, the institutional investor shall make a reference as to where such voting information has been published by the asset manager.*

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