

Amendment 11**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

*Text proposed by the Commission**Amendment*

1. Member States shall ensure that institutional investors disclose to the public how their equity investment strategy (“investment strategy”) is aligned with the profile and duration of their liabilities and how it contributes to the medium to long-term performance of their assets. The information referred to in the first sentence shall at least be available on the company's website as long as it is applicable.

1. Member States shall ensure that institutional investors disclose to the public how their equity investment strategy (“investment strategy”) is aligned with the profile and duration of their liabilities and how it contributes to the medium to long-term performance of their assets. The information referred to in the first sentence shall at least be available on the company's website as long as it is applicable.

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:

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;

(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

(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 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.

investment decisions based on medium to long-term *interests of the institutional investor;*

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

(d) 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 (d), the institutional investor shall give a clear and reasoned explanation as to why this is the case.

Or. en

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A8-0158/12

Amendment 12

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

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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

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**:

(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;

Amendment

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:**

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

(c) to conduct 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) *the* exercise *of* 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) 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 *respect to their engagements.*

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

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.

Or. en

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A8-0158/13

Amendment 13

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

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Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2007/36/EC

Article 3d

Text proposed by the Commission

1. Member States **shall allow** intermediaries to charge **prices or fees** for the **service** to be provided under this chapter. Intermediaries shall publicly disclose prices, fees and any other charges **separately for each service** referred to in this chapter.

2. Member States shall ensure that any charges that may be levied by an intermediary on shareholders, companies and other intermediaries shall be non-discriminatory and **proportional**. Any differences in the charges levied between domestic and cross-border exercise of rights shall **be** duly justified.

Amendment

1. Member States **may permit** intermediaries to charge for the **services** to be provided under this chapter.

Where intermediaries **are permitted to levy a fee or charge in accordance with the above subparagraph, Member States** shall **ensure that intermediaries** publicly disclose, **separately for each service, the** prices, fees and any other charges **for such services** referred to in this chapter.

2. Member States shall ensure that any charges that may be levied by an intermediary on shareholders, companies and other intermediaries shall be non-discriminatory and **proportionate**. Any differences in the charges levied between domestic and cross-border exercise of rights shall **only be permitted where** duly justified

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A8-0158/14

Amendment 14

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

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Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2007/36/EC

Article 3a – paragraphs 1, 2 and 3

Text proposed by the Commission

Amendment

1. Member States shall ensure that *intermediaries offer to* companies *the possibility to have* their shareholders *identified*.

1. Member States shall ensure that *companies have the right to identify their shareholders. Member States may provide that* companies *having their registered office in* their *territory can only request identification with respect to* shareholders *holding more than 0,5% of shares*.

2. Member States shall ensure that, on the request of the company, the intermediary communicates without undue delay *to the company the name and contact details of the shareholders and, where the shareholders are legal persons, their unique identifier where available*. Where there is more than one intermediary in a holding chain, the request of the company *and the identity and contact details of the shareholders* shall be transmitted between intermediaries without undue delay.

2. Member States shall ensure that, on the request of the company, the intermediary communicates without undue delay *the information regarding shareholder identity*. Where there is more than one intermediary in a holding chain, the request of the company shall be transmitted between intermediaries without undue delay.

Member States may provide that CSDs are the intermediaries to be responsible for collecting the information regarding shareholder identity and for providing it directly to the company.

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3. Shareholders shall be duly informed by their intermediary that ***their name and contact details*** may be ***transmitted for the purpose of identification*** in accordance with this article. This information may only be used for the purpose of facilitation of ***the exercise of the rights of*** the shareholder. The company and the intermediary shall ensure that ***natural*** persons are able to rectify or erase any incomplete or inaccurate data ***and shall not conserve*** the information ***relating to the shareholder*** for longer than ***24 months*** after ***receiving it***.

3. Shareholders shall be duly informed by their intermediary that ***information regarding their identity*** may be ***processed*** in accordance with this article. This information may only be used for the purpose of facilitation of ***engagement and dialogue between the company and*** the shareholder ***on company-related matters***. The company and the intermediary shall ensure that persons are able to rectify or erase any incomplete or inaccurate data. ***Member States shall ensure that the companies and the intermediaries do not store*** the information ***regarding shareholder identity transmitted to them in accordance with this Article*** for longer than ***necessary and, in any case, for longer than two years*** after ***the company or the intermediaries have learnt that the person concerned has ceased to be a shareholder***.

Or. en

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A8-0158/15

Amendment 15

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

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Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2007/36/EC

Article 3i – paragraphs 1 and 2

Text proposed by the Commission

Amendment

1. Member States shall ensure that proxy advisors ***adopt and implement adequate measures to guarantee that their voting recommendations are accurate and reliable, based on a thorough analysis of all the information that is available to them.***

1. Member States shall ensure that proxy advisors ***publically disclose reference to a code of conduct which they apply and report on the application of this code of conduct. Where they depart from any of the recommendations of that code of conduct, they shall declare it, explain the reasons for doing so and indicate any alternative measures adopted.***

Where proxy advisors decide not to apply a code of conduct, they should explain their reasons for doing so.

This information, together with the reference to the code of conduct which they apply, shall be published on the proxy advisors' website.

2. Proxy advisors shall on an annual basis publicly disclose all of the following information in relation to the preparation of their voting recommendations:

2. ***Member States shall ensure that*** proxy advisors shall on an annual basis publicly disclose all of the following information in relation to the preparation of their voting recommendations:

(a) the essential features of the

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methodologies and models they apply;

(b) the main information sources they use;

(c) whether and, if so, how they take national market, legal and regulatory conditions into account;

(d) whether they have dialogues with the companies which are the object of their voting recommendations, and, if so, the extent and nature thereof;

(e) the total number of staff involved in the preparation of the voting recommendations;

(f) the total number of voting recommendations provided in the last year.

That information shall be published on their website and remain available for at least three years from the day of publication.

methodologies and models they apply;

(c) whether and, if so, how they take national market, legal and regulatory conditions into account;

(d) whether they have dialogues with the companies which are the object of their voting recommendations, and, if so, the extent and nature thereof;

That information shall be published on their website and remain available for at least three years from the day of publication. ***That information shall not be required to be disclosed under this paragraph where it is already disclosed under paragraph 1.***

Or. en

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A8-0158/16

Amendment 16

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

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Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2007/36/EC

Article 9a – paragraphs 1, 2 and 3

Text proposed by the Commission

Amendment

1. Member States shall ensure that ***shareholders have the right to vote on the remuneration policy as regards directors. Companies shall only pay remuneration to their directors in accordance with a remuneration policy that has been approved by shareholders. The policy shall be submitted for approval by the shareholders at least every three years.***

1. Member States shall ensure that ***companies establish a remuneration policy as regards directors and submit it to an advisory vote of the general meeting of shareholders.***

Where the general meeting votes against the remuneration policy, a revised policy is submitted to a further advisory vote at the next general meeting.

While reworking the draft the company may pay remuneration to its directors in accordance with the existing policy.

Companies may, in case of recruitment of new board members, decide to pay remuneration to an individual director outside the approved policy, ***where the remuneration package of the individual director has received prior approval by shareholders on the basis of information***

Companies may, in case of recruitment of new board members, decide to pay remuneration to an individual director outside the approved policy.

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on the matters referred to in paragraph 3. The remuneration may be awarded provisionally pending approval by the shareholders.

2. *Member States shall ensure that* the policy *is* clear, understandable, in line with the business strategy, objectives, values and long-term interests of the company and ***that it incorporates*** measures to avoid conflicts of interest.

3. The policy shall explain how it contributes to the long-term interests and sustainability of the company. It shall set clear criteria for the award of fixed and variable remuneration, including all benefits in whatever form.

The policy shall indicate the ***maximum amounts of total remuneration that can be awarded, and the corresponding relative proportion of the*** different components of fixed and variable remuneration. It shall explain how the pay and employment conditions of employees of the company were taken into account when setting the policy or directors' remuneration ***by explaining the ratio between the average remuneration of directors and the average remuneration of full time employees of the company other than directors and why this ratio is considered appropriate. The policy may exceptionally be without a ratio in case of exceptional circumstances. In that case, it shall explain why there is no ratio and which measures with the same effect have been taken.***

For variable remuneration, the policy ***shall*** indicate the financial and non-financial performance criteria to be used and explain how they contribute to the long-term interests and sustainability of the company, and the methods to be applied to determine to which extent the performance criteria have been fulfilled; it shall specify the deferral periods, vesting periods for share-based remuneration and retention of shares

2. The policy ***shall be*** clear, understandable, in line with the business strategy, objectives, values and long-term interests of the company and ***shall incorporate*** measures to avoid conflicts of interest.

3. The policy shall explain how it contributes to the long-term interests and sustainability of the company. It shall set clear criteria for the award of fixed and variable remuneration, including all benefits in whatever form.

The policy shall indicate the different components of fixed and variable remuneration. It shall explain how the pay and employment conditions of employees of the company were taken into account when setting the policy or directors' remuneration.

For variable remuneration, the policy ***may*** indicate the financial and non-financial performance criteria to be used and explain how they contribute to the long-term interests and sustainability of the company, and the methods to be applied to determine to which extent the performance criteria have been fulfilled; it shall specify the deferral periods, vesting periods for share-based remuneration and retention of shares

after vesting, and information on the possibility of the company to reclaim variable remuneration.

The policy shall indicate the main terms of the contracts of directors, including its duration and the applicable notice periods and payments linked to termination of contracts.

The policy shall explain the decision-making process leading to its determination. Where the policy is revised, it shall include an explanation of all significant changes and how it takes into account the views of shareholders on the policy and report in the previous years.

after vesting, and information on the possibility of the company to reclaim variable remuneration.

The policy shall indicate the main terms of the contracts of directors, including its duration and the applicable notice periods and payments linked to termination of contracts.

The policy shall explain the decision-making process leading to its determination. Where the policy is revised, it shall include an explanation of all significant changes and how it takes into account the views of shareholders on the policy and report in the previous years.

Or. en

3.6.2015

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Amendment 17

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

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A8-0158/2015

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2007/36/EC

Article 9b – paragraphs 1, 2 and 3

Text proposed by the Commission

Amendment

1. Member States shall ensure that the company draws up a clear and understandable remuneration report, providing a comprehensive overview of the remuneration, including all benefits in whatever form, granted to **individual** directors, including to newly recruited and former directors, in the last financial year. It shall, where applicable, contain all of the following elements:

(a) the total remuneration awarded or paid split out by component, the relative proportion of fixed and variable remuneration, an explanation how the total remuneration is linked to long-term performance and information on how the performance criteria were applied;

(b) the relative change of the remuneration of directors over the last three financial years, its relation to the development of the value of the company and to change in the average remuneration of full time employees of

1. Member States shall ensure that the company draws up a clear and understandable remuneration report, providing a comprehensive overview of the remuneration, including all benefits in whatever form, granted to directors, including to newly recruited and former directors, in the last financial year. It shall, where applicable, contain all of the following elements:

(a) the total remuneration awarded or paid split out by component, the relative proportion of fixed and variable remuneration, an explanation how the total remuneration is linked to long-term performance and information on how the performance criteria were applied;

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the company other than directors;

(c) any remuneration received *by* directors of the company from any undertaking belonging to the same group;

(d) the number of shares and share options granted or offered, and the main conditions for the exercise of the rights including the exercise price and date and any change thereof;

(e) information on the use of the possibility to reclaim variable remuneration;

(f) information on how the remuneration of directors was established, including on the role of the remuneration committee.

2. Member States shall ensure that the right to privacy of natural persons is protected in accordance with Directive 95/46/EC when personal data of the director are processed.

3. Member States shall ensure that shareholders have the right to vote on the remuneration report of the past financial year during the annual general meeting. Where the shareholders vote against the remuneration report the company shall ***explain in the next remuneration report whether or not and, if so, how***, the vote of the shareholders has been taken into account.

(c) any remuneration received *or due to* directors of the company from any undertaking belonging to the same group;

(d) the number of shares and share options granted or offered, and the main conditions for the exercise of the rights including the exercise price and date and any change thereof;

(e) information on the use of the possibility to reclaim variable remuneration;

(f) information on how the remuneration of directors was established, including on the role of the remuneration committee.

2. Member States shall ensure that the right to privacy of natural persons is protected in accordance with Directive 95/46/EC when personal data of the director are processed.

3. Member States shall ensure that shareholders have the right to ***hold an advisory*** vote on the remuneration report of the past financial year during the annual general meeting. Where the shareholders vote against the remuneration report the company shall, ***where necessary, enter into dialogue with the shareholders in order to identify the reasons for the rejection. The company shall explain in the next remuneration report how*** the vote of the shareholders has been taken into account.

Or. en