

The Voting Reporting Group
12 Endeavour Square
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Sent by email to VoteReportingGroup@fca.org.uk

01 September 2023

RE: FCA VOTE REPORTING GROUP CONSULTATION & DISCUSSION PAPER

Dear Vote Reporting Group,

The Stewardship Team at Sarasin & Partners LLP has reviewed the [consultation and discussion paper](#) recently published by the FCA which proposes a voluntary, standardised and comprehensive 'vote reporting template' for asset managers to communicate to clients on their voting activity.

Please see below our responses to the [selected questions where we have comments](#).

Q8: Do you have any comments on the proposed field 'resolution type'?

The list of indicative examples provided within column H is quite brief. It would be useful to include a guidance document, which provides examples of all possible types of resolutions allocated by each category.

This could be done as per Form N-PX, however there are certain categories that would also need to be added or amended. For example, a category to cover the approval of financial statements, which is not required in the US but is required in the UK and other jurisdictions – perhaps this could be included within the 'Audit related' category, or made a separate category altogether? In addition, the 'Investment company matters' and the 'Compensation' categories are also somewhat different in the UK than the US. The classification should be universally applicable.

We consider that the 'Diversity, equity and inclusion' category (DEI) does not warrant a separate category with regard to resolutions. This is because we view board diversity as a sub-set of the 'Director elections' category (as the only way to highlight this is by voting against specific committee chairs), and pay gap as a subset of the 'Human rights or human capital/workforce' category.

We do not envisage any other type of DEI resolutions.



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Q12: Do you agree with the proposed principles set out in 3.28 for when a vote rationale is required?

We would prefer to only provide rationales for the 'Vote against or abstain from a company resolution' category and the 'All shareholder resolutions category'.

No matter what the resolution is, if we support management it means that the materials they have provided are convincing. For shareholder resolutions, we would agree that the rationale needs to be provided in all cases.

Q14: Do you have any suggestions on what categories should be included in the field 'standardised rationale category'?

We suggest the following categories to be included in the field (to be ticked):

- Primary voting rationale
- Secondary voting rationale(s)

This should ensure proper prioritisation in the case of multiple rationales. It will also help ensure that accurate statistics are used. As there can be more than two rationales for a single vote, there can be more than one secondary rationale category. These can take equal priority, or be ranked further (#2, #3, etc.).

Q15: Do you have any comments on the proposed 'narrative rationale' field?

We suggest that the 'Narrative rationale' field includes the asset manager's custom policy language or, if there is no custom policy in this regard, the proxy voting service provider's benchmark recommended language. However, this language can be further customised during voting if the asset manager sees this as appropriate. It would be desirable to have an additional field with a box ticked if this has been the case. This would make it easier to see where manual inputs have been made.

Q17: Do you have any comments on the field 'what type of engagement with the issuer is linked to the vote decision'?

We view the levels of detail on engagements provided in the Standard data field for column O as unnecessary. Most asset managers have internal platforms where they keep records of their engagements, and the format of engagement (meeting vs letter, collaborative vs bilateral, with Chair or with IR, etc). These represent more systemised approaches for keeping record of engagements, than the inclusion of this information on the voting report. Connecting engagement data with voting data remains an issue, however we consider that it should be addressed via linking the platforms rather than duplicating information on the reports.

The question itself 'Is the vote decision linked to engagement with the issuer?' is very relevant though, and it is consistent with the idea of the 'Escalation' type of votes (see the response for Q18).



Q18: Do you have any further comments on the proposed fields for the vote reporting template?

Choosing categories for the rationale provided

We support an option to choose a category for the rationale provided. For example, when there is voting against a director or company accounts, or against remuneration, but related to climate concerns. There could also be a field allowing to tick certain votes as 'Escalation', for example when we are voting against a director or a resolution in escalation of concerns highlighted in previous engagement or voting.

Proxy voting service providers

We would be grateful if the FCA could provide feedback on whether proxy voting service providers (i.e., ISS, GL, PIRC, etc.) will (a) be adopting the same categorisation as the recommended one for resolutions and rationales, and (b) enabling the production of reports in the proposed template. This is a critical element of the feasibility of such enhanced voting reporting.

We would also like to understand whether there will be a chance to include certain additional information straight onto their platforms (i.e., ISS Proxy Exchange) rather than to a report when it is ready, especially with the information required for column O.

Additionally, we suggest that the vote reporting service, Insightia, should also adhere to the same reporting standards.

Q19: Do you agree the vote reporting template should adopt a quarterly vote reporting frequency?

Yes, we agree that the vote reporting template should adopt a quarterly vote reporting frequency.

Q23: Do you agree with the approach to pre-disclosed voting intentions?

Yes, we agree with the approach to not include an indicator as to whether the manager's voting intention had been pre-disclosed.

Q24: Do you have any further comments on the approach to pre-disclosed voting intentions?

On occasion we pre-disclose our voting intentions. It would be helpful if, albeit in the absence of the requirement to disclose pre-declared votes, this could be optionally reflected on the proxy voting platforms (i.e. ISS Proxy Exchange), at the time of voting; so that the pre-disclosure of certain votes can be included into the voting report.

Q26: Do you have any comments on how the oversight body could be established, the responsibilities of the body, and which organisations should be part of it?

We agree with the proposed approach. We suggest that proxy service providers should not only be at this body, but also agree to implement the oversight body's decisions on their platforms and in the voting reports. If this does not happen, it could be challenging to implement the template.



Q27: Do you think that the vote reporting template should be publicly accessible?

Yes, we believe that the vote reporting template should be publicly accessible. Furthermore, to reflect the evolving character of corporate disclosure and shareholder activism landscape, we believe that there should be consultations run from time to time (say every three years) whether further amendments are needed.

Yours sincerely,

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