

**EN
ANNEX II**

ANNEX II

**INSTRUCTIONS ON DISCLOSURE OF INVESTMENT POLICY BY INVESTMENT
FIRMS**

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PART I: GENERAL INSTRUCTIONS

1.1 Structure

This annex provides instructions for the disclosure templates and tables included in Annex I as regards:

- proportion of voting rights;
- voting behaviour;
- proxy advisor firms;
- voting guidelines.

1.2 Prudential consolidation

The scope of consolidation of an investment firms group is described in more detail in the draft RTS on prudential consolidation under Article 7(5) Regulation (EU) 2019/2023¹. Investment firm groups shall use this prudential scope to fulfil the disclosure requirements, and not the scope of accounting consolidation.

PART II: INSTRUCTIONS RELATED TO TEMPLATES AND TABLES

The requirement of investment policy disclosure shall be fulfilled using both templates and tables. Templates contain quantitative information while tables contain qualitative information.

1. IF IP1 – PROPORTION OF VOTING RIGHTS

1.1. General remarks

Article 52(1), point (a) Regulation (EU) 2019/2023 requires a disclosure of the proportion of voting rights attached to shares held directly or indirectly, broken down by Member State and sector, considering only relevant companies as set out in Article 52(2). In the related template, each company is linked to a relevant country and an economic sector according to the drop-down list provided in the template, where the proportion of voting rights that the investment firm directly or indirectly holds exceeds the threshold of 5 % of all voting rights attached to the shares issued by the company.

Investment firms shall disclose the proportion of voting rights attached to the shares held indirectly by their subsidiaries or other undertakings, where the investment firms exercise significant influence or control over the subsidiaries or other undertakings, or where close links exist.

1.2. Instructions concerning specific positions

Column	Legal references and instructions
a	<u>Country</u> Article 52(1), point (a) Regulation (EU) 2019/2023.

¹https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Draft%20Technical%20Standards/2020/RTS/961461/Final%20draft%20RTS%20on%20prudential%20requirements%20for%20Investment%20Firms%20%28EBA-RTS-2020-11%29.pdf

	Proportion of voting rights shall be broken down by Member State, based on the residence of the investee company.
b	<p><u>Economic sector</u></p> <p>Article 52(1), point (a) Regulation (EU) 2019/2023.</p> <p>Proportion of voting rights shall be broken down by sector. The list of economic sectors provided in the European Skills, Competences, Qualifications and Occupations framework (ESCO), which consists of 27 sectors, shall be used. These sectors are mapped to NACE codes, as presented in the table² on the European Commission website.</p>
c	<p><u>Company name</u></p> <p>Name of the company in which shares are held.</p>
d	<p><u>LEI</u></p> <p>Legal entity identifier (LEI) of the company in which shares are held.</p>
e	<p><u>Proportion of voting rights attached to shares held directly or indirectly as set out in Article 52(2)</u></p> <p>Article 52(2) Regulation (EU) 2019/2023.</p> <p>Percentage between 5 % (excluded) and 100 %.</p> <p>Relevant companies for the purpose of this template shall be those whose shares are admitted to trading on a regulated market. Only shares to which voting rights are attached shall be considered. The disclosure is required when the proportion of voting rights that the investment firm directly or indirectly holds exceeds the threshold of 5 % of all voting rights attached to the shares issued by the company. Voting rights shall be calculated on the basis of all shares to which voting rights are attached, even if the exercise of those voting rights is suspended. The shares in the scope of this disclosure may be held directly or indirectly. The ‘shares held directly’ are shares held on the investment firm’s own account that are part of its own funds. The ‘shares held indirectly’ are shares held by a subsidiary of the investment firm, or by any other undertaking over which the investment firm exercises a significant influence either by virtue of a formal agreement or any other business relation. They also include shares under the investment firm’s management on behalf of clients, unless voting rights are retained by shareholders by virtue of a contractual arrangement prohibiting the investment firm to vote on their behalf.</p>

² Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

2. IF IP2 – VOTING BEHAVIOUR

2.1. General remarks

Article 52(1), point (b) Regulation (EU) 2019/2023 requires a disclosure of three elements:

- a) a complete description of voting behaviour in the general meetings of companies the shares of which are held in accordance with Article 52(2);
- b) an explanation of the votes;
- c) the ratio of proposals which the investment firm has approved.

2.2. Instructions concerning specific positions

IF IP2.01 – TABLE ON THE DESCRIPTION OF VOTING BEHAVIOUR

Row	Legal references and instructions
1	<p><u>Number of relevant companies in the scope of disclosure</u></p> <p>Article 52(2) Regulation (EU) 2019/2023.</p> <p>Positive integer.</p> <p>Number of relevant companies in which shares are held (see column d in IF IP1).</p>
2	<p><u>Number of general meetings in the scope of disclosure during the past year</u></p> <p>Article 52(2) Regulation (EU) 2019/2023.</p> <p>Positive integer.</p> <p>Number of general meetings held during the past year for the companies in the scope of disclosure.</p>
3	<p><u>Number of general meetings in the scope of disclosure in which the firm has voted during the past year</u></p> <p>Article 52(2) Regulation (EU) 2019/2023.</p> <p>Positive integer, less than or equal to row 2.</p> <p>Number of general meetings held during the past year for the companies in the scope of disclosure, in which the investment firm has voted. This includes meetings where the firm expressed only abstention votes and meetings in which the firm voted by proxy.</p>
4	<p><u>Does the investment firm inform the company of negative votes prior to the general meeting?</u></p> <p>Yes or no question.</p> <p>Answer is yes if the investment firm has a policy of informing a company of negative votes prior to general meetings, or if the firm has done so in a majority of cases during the past year.</p>
5	<p><u>Proportion of in-person votes used by the firm</u></p> <p>Percentage.</p>

	Shall not include votes by proxy.
6	<u>Proportion of votes by mail or electronic voting used by the firm</u> Percentage. Includes votes by proxy.
7	<u>On a consolidated basis, does the investment firm group possess a policy regarding conflicts of interest between relevant entities of the group?</u> Yes or no question. Investment firm groups shall fill in this row, individual investment firms shall not. Relevant entities of the group shall be those included in the scope of prudential consolidation under Regulation (EU) 2019/2023.
8	<u>If yes, summary of this policy</u> Free text. If the answer in row 7 is yes, the firm shall include a short summary of the policy regarding conflicts of interest between relevant entities of the group.

IF IP2.02 – TEMPLATE ON VOTING BEHAVIOUR

Row	Legal references and instructions
1	<u>General meeting resolutions:</u> Title row.
2	<u>the firm has approved</u> Number and percentage of general meeting resolutions in the scope of disclosure that the investment firm has approved during the past year.
3	<u>the firm has opposed</u> Number and percentage of general meeting resolutions in the scope of disclosure that the investment firm has opposed during the past year.
4	<u>in which the firm has abstained</u> Number and percentage of general meeting resolutions in the scope of disclosure in which the investment firm has abstained during the past year.
5	<u>General meetings in which the firm has opposed at least one resolution</u> Number and percentage of general meetings in the scope of disclosure in which the investment firm has opposed at least one resolution during the past year.

IF IP2.03 – TABLE ON EXPLANATION OF THE VOTES

Row	Legal references and instructions
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1	<p><u>Departments or roles in the investment firm that take part in deciding a voting position</u></p> <p>Free text.</p> <p>List of the departments or roles that take part in deciding a voting position.</p>
2	<p><u>Description of the validation process for negative votes</u></p> <p>Free text.</p> <p>If applicable, description of the validation process for negative votes in the relevant general meetings.</p>
3	<p><u>Number of full-time equivalents used to analyse resolutions and examine voting records, excluding external resources such as proxy advisor firms</u></p> <p>Positive amount.</p> <p>Amount of full-time equivalents in the departments or roles used to analyse resolutions and examine voting records. This shall include only internal resources at the investment firm.</p>
4	<p><u>Explanation of any material change in the rate of approval</u></p> <p>Free text.</p> <p>A short explanation shall be provided if the rate of approval has materially increased or decreased relative to the last disclosure, for instance following a change in policy, strategy or outlook of the investment firm as a shareholder.</p>
5	<p><u>List of publicly available investment policy documents describing the investment firm's objectives</u></p> <p>Free text.</p> <p>List of documents, preferably as hypertext links, that describe the investment firm's objectives acting as a shareholder.</p>
6	<p><u>If relevant, certification of the firm's investment policy</u></p> <p>Free text.</p> <p>If the investment firm has obtained certification for its investment policy, name and date of award of this certification. There may be several such certifications.</p>

IF IP2.04 – TEMPLATE ON VOTING BEHAVIOUR IN RESOLUTIONS BY THEME

Row	Legal references and instructions
1	<p><u>Voted resolutions by theme during the past year:</u></p> <p>Positive integers.</p> <p>Number of resolutions voted by the firm or its proxies during the past year in the general meetings in the scope of disclosure. The total amount is broken down by approval status: approved, objected, abstained.</p>
2	<p><u>Board structure</u></p>

	<p>Positive integers.</p> <p>Number of resolutions about board structure, broken down by approval status.</p>
3	<p><u>Executive remuneration</u></p> <p>Positive integers.</p> <p>Number of resolutions about executive remuneration, broken down by approval status.</p>
4	<p><u>Auditors</u></p> <p>Positive integers.</p> <p>Number of resolutions about auditors (e.g. appointment, remuneration), broken down by approval status.</p>
5	<p><u>Environment, social, ethics</u></p> <p>Positive integers.</p> <p>Number of resolutions about environmental, social and ethical issues, broken down by approval status.</p>
6	<p><u>Capital transactions</u></p> <p>Positive integers.</p> <p>Number of resolutions about capital transactions (e.g. mergers, acquisitions), broken down by approval status.</p>
7	<p><u>External resolutions</u></p> <p>Positive integers.</p> <p>Number of resolutions about external resolutions, broken down by approval status. These external resolutions are proposed by a shareholder to the others, generally in order to convince them to vote against a proposal of the board.</p>
8	<p><u>Other</u></p> <p>Positive integers.</p> <p>Number of resolutions about topics other than the ones above, broken down by approval status.</p>

IF IP2.05 – TEMPLATE ON THE RATIO OF APPROVED PROPOSALS

Row	Legal references and instructions
1	<p><u>Percentage of resolutions put forward by the administrative or management body that are approved by the firm</u></p> <p>Article 52(1), point (b) Regulation (EU) 2019/2023.</p> <p>Percentage.</p>
2	<p><u>Percentage of resolutions put forward by shareholders that are approved by the firm</u></p> <p>Article 52(1), point (b) Regulation (EU) 2019/2023.</p>

	Percentage.
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3. IF IP3 – PROXY ADVISOR FIRMS

3.1. General remarks

Article 52(1), point (c) Regulation (EU) 2019/2023 requires a disclosure of an explanation of the use of proxy advisor firms. This template includes information on proxy advisor firms as defined in Article 2, point (g) of Directive (EU) 2017/828 (SRD II)³. These proxy advisor firms may provide research, advice or voting recommendations, or only execute voting instructions.

3.2. Instructions concerning specific positions

IF IP3.01 – TABLE ON THE LIST OF PROXY ADVISOR FIRMS

Column	Legal references and instructions
a	<p><u>Name of proxy advisor firm</u></p> <p>Proxy advisor firms as defined in Article 2, point (g) of the Directive on the exercise of certain rights of shareholders in listed companies⁴ as amended by Directive (EU) 2017/828.</p> <p>Free text.</p>
b	<p><u>Identifier of proxy advisor firm</u></p> <p>Identifier of the proxy advisor firm, a LEI where applicable.</p>
c	<p><u>Contract type</u></p> <p>This field is limited to two choices, between proxy advisor firms that give voting recommendations and firms that do not. In the latter case, the proxy advisor firms only execute votes on behalf of an investment firm.</p>
d	<p><u>Investments associated with the proxy advisor firm</u></p> <p>Free text.</p> <p>A list of the undertakings/investments that are related to the services of each proxy advisor firm.</p>
e	<p><u>Themes of resolutions in which the proxy advisor firm gave voting recommendations in the past year</u></p> <p>Free text, preferably using the categories given in IF IP2.04: board structure, executive remuneration, auditors, environment/social/ethics, capital transactions, external resolutions, or other themes to be specified.</p>

IF IP3.02 – TABLE ON THE LINKS WITH PROXY ADVISOR FIRMS

³ Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (OJ L 132, 20.5.2017, p. 1).

⁴ Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (OJ L 132, 20.5.2017, p. 1–25).

Column	Legal references and instructions
a	<u>Name of proxy advisor firm</u> Free text.
b	<u>Identifier of proxy advisor firm</u> Identifier of the proxy advisor firm, preferably a LEI.
c	<u>Relevant undertakings with which the proxy advisor firm has links</u> Relevant undertakings with which proxy advisor firms have links, with a description of these links. Relevant undertakings shall be publicly traded companies, investment firms and credit institutions.
d	<u>Type of link</u> Possible links as given in IAS 24.9. If several apply, the most significant shall be selected and specified in the accompanying narrative: <ul style="list-style-type: none"> • the same group; • associate or joint venture of the other entity; • associate or joint venture of a third entity; • a related person has control or joint control; • a related person has significant influence; • key management personnel.
e	<u>If relevant, policy regarding conflicts of interest with the proxy advisor firm</u> Free text. If applicable, a short description of the policy pursued by the investment firm to prevent conflicts of interest that may arise from links between proxy firms and undertakings or groups in which investment firms hold shares.

4. IF IP4 – VOTING GUIDELINES

4.1. General remarks

Article 52(1), point (d) Regulation (EU) 2019/2023 requires a disclosure of the voting guidelines regarding the companies the shares of which are held in accordance with Paragraph 2 of the same article. The related table is used to disclose all voting guidelines in the relevant scope, not only proxy voting guidelines. Voting guidelines can be extensive and may be decided upon on a case-by-case basis for certain items in a general meeting agenda. These guidelines may vary by geographical zone, economic sector or theme of resolutions.

4.2. Instructions concerning specific positions

Column	Legal references and instructions
a	<u>Voting guidelines regarding the companies the shares of which are held in accordance with Article 52(2)</u>

	<p>Article 52(1), point (d), Article 52(2) Regulation (EU) 2019/2023.</p> <p>Free text.</p> <p>Short general summary and, if available, links to non-confidential documents, preferably in the form of hypertext links.</p>
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