



Vote
Reporting
Group

Consultation Paper

Vote Reporting: A
consultation and
discussion paper from the
Vote Reporting Group

June 2023

Respond

We are asking for comments on this Consultation Paper (CP) by **21 September 2023**.

Or in writing to:

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Data handling

The proposals in this consultation are those of the Vote Reporting Group (the identities of the members of the Group and the Chair are available [here](#).) The FCA is the Secretariat of the Group and is hosting this consultation on its website. Therefore, responses will be sent to, and received and reviewed by, the FCA.

In responding to this consultation, you consent to the FCA processing and disclosing the contents of your response with the Chair. The FCA will share a summary of responses with the Vote Reporting Group. To comply with General Data Protection Regulation, all personal data will be removed from consultation responses when sharing with the Vote Reporting Group and the Chair.

The FCA makes all responses to formal consultation (including this consultation) available for public inspection unless the respondent requests otherwise. The FCA will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, the FCA may be asked to disclose a confidential response under the Freedom of Information Act 2000. The FCA may consult you if it receives such a request. Any decision the FCA makes not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.

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Chair's foreword

Voting matters. It provides important accountability mechanisms for investors to support and challenge the companies they invest in. It provides an important accountability mechanism in the relationship between asset owners and asset managers, enabling asset owners to choose asset managers whose stewardship beliefs align with their own. Voting becomes even more powerful when better transparency is provided around the reasons for vote decisions. Understanding the motivations for a voting decision can increase the impact of that decision and set standards in the wider marketplace. In my view, the full value of voting is not currently realised across the investment chain. This value can be unlocked through better disclosure by investors about how and why they vote.

Unlocking this full impact of voting is the reason I accepted the invitation from the Financial Conduct Authority to chair the Vote Reporting Group. I have been involved in voting since my first role in institutional investment in December 2000. As voting is a significant demonstration of stewardship, I believe that transparency in voting is an important act. By shining a light on voting rights, they can be used more purposefully, such as supporting credible shareholder proposals, registering dissatisfaction when other engagement may have failed or strengthening ongoing engagement.

Scanning the market today, the nature of vote reporting disclosure is sporadic. There are pockets of excellence and many more investors now make available some or all of their voting instructions. This is welcome. However, there is a lack of consistency on what data points are disclosed. Often voting records are difficult to access. This makes it challenging to aggregate voting data to understand how an investor is casting key votes on financial, environmental, social and governance issues as well as their reasons for doing so.

The provision of rationales for vote decisions can aid efficiencies in industry and would serve to address potential information asymmetry between asset owners and asset managers as their intermediaries. Even for asset owners who undertake their own vote decision-making, understanding how their intermediaries vote is a vital assessment mechanism. This can empower asset owners further in holding their asset managers to account on stewardship. For asset owners that do allow the asset manager the right to vote on their beneficiaries' behalf, that accountability mechanism becomes even more important.

The Vote Reporting Group was set up to enable industry to continue discussion about raising standards on voting disclosure. It is an industry group and its proposals aim to represent, first and foremost, an industry-led solution to standardised and comprehensive vote reporting, followed by the separate consideration of a possible public registry to host vote reporting. As the FCA is the Secretariat of the Vote Reporting Group, this consultation is hosted on their website. The proposals from the Vote Reporting Group are voluntary.

It is my hope that this consultation reinforces the importance of voting and, in time, considers the architecture to enhance transparency on the reasons for voting decisions. There is an opportunity for industry to coalesce around a solution that provides better and more timely information on voting decisions and the impact of those decisions across the investment chain. As stewardship resourcing comes further under the microscope through regulatory tools such as the UK Stewardship Code and industry initiatives, a focus

on voting, investment in the voting chain and the accountability mechanisms it provides could not be more timely. The use of voting to accelerate and support positive change will only become more important as we seek to drive sustainable, real-world outcomes across our economy through stewardship.

I would like to thank the members of the Vote Reporting Group for their support and contribution to this work, especially the sharing of insights, expertise and excellence in the development process. There have been a range of views expressed and we have aimed to gather as much industry feedback as possible to consider in the consultation. I am also grateful to the organisations who were observers to this work. Finally, but by no means least, I would like to thank colleagues at the FCA for the initial invitation to chair the Vote Reporting Group and for their support throughout.

The Vote Reporting Group looks forward to receiving responses to this consultation.

Deborah Gilshan

Chair of the Vote Reporting Group

Introduction

Stewardship can be a powerful vehicle if harnessed effectively, especially by the world-leading UK asset management industry. I spent ten great years as a Director of Stewardship and understand how important it is to underlying owners of capital. It is also highlighted as a crucial transmission mechanism in the UK Government's Green Finance Strategy and forms a key part of our ESG Strategy.

Voting is an essential part of effective stewardship, however there are barriers to unlocking its full potential, as highlighted in the Taskforce on Pension Scheme Voting Implementation's 2021 report. A lack of comparability and clarity in current vote reporting practices, coupled with the operational burden of ad-hoc requests, can mean that asset owners do not have a clear picture of how asset managers are exercising the critical right to vote on their behalf.

All parts of the investment chain need to be nudging and challenging each other, to ensure full accountability for claims made to deliver long-term, sustainable value. It is for this reason that we convened the Vote Reporting Group, with industry being best placed to solve and achieve consensus on the challenge of inconsistent and often inefficient vote reporting.

A voluntary, comprehensive and standardised vote reporting template, developed by and for industry, would allow asset owners and managers to set a higher standard for stewardship activity, better enabling them to create long term value for beneficiaries. We have a world-leading asset management industry, and this initiative can help keep it at the forefront of stewardship.

I would like to thank Deborah Gilshan for her excellent chairing, her knowledge and her collaborative energy in steering the Vote Reporting Group towards these important proposals.

Setting a high standard here is critical for the wider work we have in train at the FCA. These proposals would complement the Government's ambition for whole-of-economy Sustainability Disclosure Requirements and the work of the Transition Plan Taskforce. We stand ready to help the industry in this valuable voluntary initiative, and the FRC in its upcoming stewardship review, all of which can help ensure stewardship plays its key role in supporting the transition to a more sustainable future.

Sacha Sadan

Director of Environmental, Social and Governance

Financial Conduct Authority

Chapter 1

Summary

Why the Group is consulting

- 1.1 Shareholder voting is a key component of a comprehensive and effective stewardship strategy. Alongside capital allocation and engagement, voting can be a powerful tool for investors to support and challenge the companies they invest in.
- 1.2 The proposals in this consultation build upon the 2021 [Report](#) by the Taskforce on Pension Scheme Voting Implementation (TPSVI), in particular on improved vote reporting and monitoring.
- 1.3 An integrated stewardship and investment strategy can, in turn, help to secure better and more sustainable, long term financial returns for investors and support real economy outcomes. This is recognised in the [Financial Reporting Council's \(FRC\) Stewardship Code 2020](#) (the Code), which defines stewardship as "the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society."
- 1.4 The important role of shareholder voting as part of broader investor stewardship has been recognised in several recent legislative and regulatory initiatives. These include the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and Financial Conduct Authority (FCA) rules on shareholder engagement (Policy Statement (PS) 19/13). And Principle 12 of the [Code](#) emphasises the need for signatories to "actively exercise their rights and responsibilities".
- 1.5 Investor stewardship is increasingly seen as an important vehicle for the financial services sector to contribute to positive sustainable change. It is widely accepted that sustainability-related risks, opportunities and impacts – most notably those related to climate change – affect companies' prospects and their long-term value.
- 1.6 Stewardship activity is therefore often directed towards understanding and influencing listed companies' approaches to identifying, assessing, and responding to these risks, opportunities and impacts. In its [ESG Strategy](#), the FCA committed to taking further steps to enable effective stewardship with the aim to positively influence "companies' sustainability strategies, supporting a market-led transition to a more sustainable future."
- 1.7 An increasing number of companies are already putting their climate strategies to a shareholder vote. According to [Morningstar data](#), globally, the number of climate-related shareholder resolutions more than doubled, to 77, between 2021 and 2022. Management resolutions on climate change also doubled.
- 1.8 But, as the FCA observed in its [Feedback Statement on Building a Regulatory Framework for Effective Stewardship \(FS19/7\)](#) in 2019, there may today be barriers to fully realising the benefits of stewardship.

- 1.9** The FCA noted that improving the effectiveness of investor stewardship will, among other things, require more coordinated action across the institutional investment community – including between asset owners and asset managers – and more effective disclosure of stewardship activities.
- 1.10** The FCA called on the industry to address these barriers and committed to further “actions to promote arrangements between asset owners, asset managers and service providers that support [asset owners’] objectives” (FS19/7, paragraph 1.7). The proposals in this consultation from the Vote Reporting Group (the Group) flow from industry’s previous work and seek to reduce these barriers.
- 1.11** This work also follows other recent regulatory and industry-led work:
- The proposals address some of the key issues and recommendations that were highlighted in the 2021 Report by the Report by the Taskforce on Pension Scheme Voting Implementation (TPSVI). This Report identified barriers to effective voting of equity share by pension schemes. Several recommendations to Government, regulators and industry were targeted at improved vote reporting and monitoring.
 - The Investment Association (IA) and Pensions and Lifetime Savings Association’s (PLSA) 2022 report on Investment Relationships for Sustainable Value Creation acknowledges that “...[a]chieving better standardisation of vote disclosures would support pension funds and asset managers to meet their regulatory obligations and to make more meaningful comparisons and assessments of how voting is supporting sustainable value”. The IA-PLSA report emphasises that “a solution is clearly needed to enable efficient transmission of voting information throughout the intermediated investment chain” and called for an industry-led solution.
- 1.12** In establishing the Vote Reporting Group (the Group), the FCA listened to industry and key bodies, such as the IA and the PLSA, and recognised that asset owners and asset managers’ stewardship objectives and activities are not yet always aligned. The FCA also observed that asset owners do not have access to sufficiently comprehensive, consistent and comparable information on their asset managers’ voting activities, especially at the fund or mandate level, to be able to assess how well these are supporting their wider investment and stewardship objectives. In a letter to the Pensions Minister in October 2022, the FCA acknowledged that “more comprehensive vote reporting will help to address some of the core issues that encouraged the TPSVI’s review, and better equip asset owners to hold asset managers to account on their voting activity” whilst best utilising technology.
- 1.13** Convened with an independent chair, the Group brought together stakeholders from across the institutional investment community with the aim of building a consensus around: (i) how to enhance shareholder vote reporting; and (ii) how best to build on existing vote reporting foundations and industry practice to improve the transparency of stewardship activity across the UK community.
- 1.14** With better transparency of how asset managers are voting on their behalf, asset owners will be able to benchmark voting outcomes against their own stewardship and voting policies, helping them to make more informed decisions on matters such as strategic asset allocation and asset manager selection and engagement.

- 1.15** Reflecting these aims, this consultation proposes a voluntary, standardised and comprehensive 'vote reporting template' for asset managers to communicate to asset owner clients on their voting activity.
- 1.16** The template has been developed by the Group. It builds upon the United States (US) Securities and Exchange Commission's (SEC) 'Form NP-X' while also having regard to other widely used industry frameworks and templates. Form NP-X has been a required filing since 2003 for certain types of US funds and is familiar to many UK asset managers. It was used as a basis as it is currently the only mandated comprehensive vote reporting template and is referenced in TPSVI's report.
- 1.17** Although asset owners are likely to receive vote disclosures in some form, these often lack the detail they require and are difficult to compare across different managers. In contrast, these proposals should provide asset owners with more consistent, up-to-date and comparable data, allowing owners to make timely and accurate decisions while increasing reporting efficiency for managers.
- 1.18** The Group envisages that information using the template is provided directly to asset owners on a fund or mandate-level basis, ensuring consistency and comparability across the managers that an asset owner is engaged with and across the industry more broadly. In the future, depending on feedback received, fund-level vote reporting data could also feature on a public vote repository providing transparency for all investors, and the market more widely, and reducing the duplication for asset managers from direct client reporting.
- 1.19** Chapter 3 of this paper seeks feedback on the proposed vote reporting template and its components. The design of the template aims to provide asset owners with the information they need to monitor their asset managers' voting activity and benchmark voting outcomes against their own policies, while also ensuring practical feasibility for asset managers.
- 1.20** The Group invites comment on the design of 'standard fields', 'category fields' and 'rationale fields', seeking feedback on both the decision-usefulness of the information to asset owners, and the practicability of the template for asset managers. The standard fields provide essential data, the category fields provide high-level detail on the type of vote, and the rationale fields provide a high-level explanation behind the vote. The Group also invites feedback on how other stewardship-related reporting could potentially be streamlined if the industry began to disclose against the vote reporting template.
- 1.21** Chapter 4 of the consultation considers the storage, dissemination and ongoing maintenance of the template. It invites feedback on the case for reporting to a public registry of voting information and the potential ownership and funding models of a registry.

About the Vote Reporting Group

- 1.22** In November 2022, the FCA established the Group as an independent working group to build an industry consensus for a voluntary comprehensive vote reporting template for UK asset managers.
- 1.23** The FCA commissioned Deborah Gilshan, an advisor on investment stewardship, to chair the Group.
- 1.24** The Group has 31 members from across industry drawn from the key trade associations. These include investment managers, pension funds, insurers, companies, investment consultants, proxy advisers and non-governmental organisations. The Group's membership was selected to ensure participants from across the investment chain were given a sufficient voice and were able to provide input, such that a rounded view was reached.
- 1.25** The FCA provides the Secretariat for the Group. The FCA, FRC, the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR) act as observers to the Group.
- 1.26** The Group's objectives, set out in its Terms of Reference are to develop recommendations on:
- minimum vote reporting requirements for asset managers
 - ownership of the vote disclosure template, and
 - storage and dissemination of vote reporting data
- 1.27** The proposals in this consultation are those of the Group and not the FCA. The proposals in this consultation do not represent all the views of all Group members. Many of the proposals were widely supported, but in some areas the Group did not reach a consensus. In these areas the Group agreed that seeking the views from a wider audience would help reach an agreed way forward, hence this consultation.
- 1.28** Importantly, the aim of the consultation is to build industry consensus on how the institutional investment community can most effectively and efficiently meet asset owners' information needs through a voluntary reporting template. While the FCA has a close interest in its outcomes, the content of this consultation does not constitute a set of regulatory proposals.
- 1.29** The Group's important work and the outcomes of this consultation will also help to inform thinking around wider aspects of investment stewardship. The timing of this consultation, and alignment with the FRC acting as observer, will be helpful in informing the upcoming review of the regulatory template for effective investment stewardship, which is due to commence later in 2023. This review is from the FRC – working with the FCA, DWP and TPR.
- 1.30** The summaries from the Group's meetings are published [here](#).

Outcomes the Group aims to improve

- 1.31** The FCA's overarching aim when convening the Group was to build an industry-led consensus for a voluntary comprehensive vote reporting template for asset managers in the UK. Improved vote reporting as part of broader stewardship, would support the UK's position as a world-leading centre for asset management.
- 1.32** Current vote disclosure practices do not provide consistent, comprehensive and granular information on voting, especially at the fund or mandate level, to enable investors and broader market participants to hold asset managers to account on their voting practices.
- 1.33** This can lead to higher monitoring costs for asset owners in respect of their asset manager relationships, insufficient challenge to investee companies and lower long-term financial returns for investors.
- 1.34** The absence of an agreed, standardised vote reporting template also imposes costs on asset managers, who often have to respond to numerous disparate requests from asset owners and investment consultants on their vote activity, creating duplication.
- 1.35** With more comprehensive, consistent and comparable vote reporting, at fund and mandate level, asset owners will be better enabled to make more informed decisions regarding those asset managers that align with their own voting preferences – ensuring that they are allocating their assets in the most efficient and effective way. Greater transparency of voting activity should also help to align asset owners' and asset managers' stewardship objectives and activities, in turn helping to achieve better value for money for asset owners' beneficiaries.
- 1.36** If also made publicly available and combined with other stewardship disclosures, enhanced voting information would shine a spotlight on stewardship practices across the industry, with flow-on benefits to investee companies in the real economy. This would include higher quality engagement and market discipline. Companies will be able to better understand voting decisions in a timely manner, especially where there is no established relationship between company management and those casting votes.
- 1.37** More broadly, the effective exercise of voting rights enables capital providers to hold directors to account for the governance and stewardship of investee companies. Consideration of stewardship outcomes as a key performance indicator is becoming increasingly important, especially as asset owners seek to ensure that their strategies are aligned with the net zero transition.
- 1.38** The Group has considered these broader outcomes as it developed its proposals.
- 1.39** At the same time, the Group recognises that there are costs and practical challenges associated with vote reporting that need to be taken into account. The vote reporting template has been designed in a way that delivers the information that asset owners need, while remaining proportionate and leveraging existing reporting activities. The Group invites feedback on whether the right balance has been achieved in the proposals.
- 1.40** The Group also recognises that establishing and maintaining a public registry of voting information raises important ownership, architecture and funding considerations.

Accordingly, the Group has not included definitive proposals regarding a public registry, and will consider this in light of the feedback received.

Who this applies to

1.41 This consultation applies to:

- Asset managers

1.42 The following may also be interested in this consultation:

- Asset owners
- Public companies
- Consumers and their representative bodies
- Industry groups and trade bodies
- Investment consultants
- Non-governmental organisations
- Other service providers e.g. vote data
- Proxy advisers
- Regulatory bodies and policy makers

Equality and diversity considerations

1.43 The Group has considered the equality and diversity issues that may arise from its proposals in this consultation.

1.44 Overall, the Group does not consider that the proposals materially impact any of the groups with protected characteristics under the Equality Act 2010. It will continue to consider the equality and diversity implications of the proposals and it welcomes your input to this consultation on this.

Next steps

1.45 The Group welcomes your feedback on the proposals. A full list of the questions on which the Group is seeking feedback is available in Annex 1. Please reply in writing by 20 September 2023.

1.46 The feedback received will be considered by the Group who will determine the next steps. The Group will then publish a Feedback Statement.

Acknowledgements

- 1.47** The Vote Reporting Group Chair and Secretariat would like to thank all members of the Group for their time, expertise and dedication to developing the vote reporting template proposals.
- 1.48** The Chair and Secretariat would also like to thank:
- The Department for Work and Pensions, Financial Reporting Council and The Pensions Regulator for acting as observers to the Group
 - The firms, groups and associations who provided feedback on the high-level shape of the proposals ahead of this consultation

Chapter 2

Vote reporting: the wider context

- 2.1** This chapter sets out the background and wider context to the Group's proposals for a standardised vote reporting template.

The role of vote reporting in an integrated investment and stewardship strategy

- 2.2** Stewardship by asset owners and asset managers involves active oversight of assets in which they invest and where they choose to invest. These activities support the functioning of the UK's financial markets by enhancing their quality and integrity. They contribute to sustainable, long-term value creation for beneficiaries.
- 2.3** By assessing the incorporation of stewardship in the whole investment process across different asset classes and aligning these with investment strategies, effective stewardship is expected to have wider economic and societal benefits. Good voting practices, greater transparency and more comprehensive vote disclosures are part of such effectiveness in stewardship.
- 2.4** In 2019 the FRC's UK Stewardship Code was substantially revised, making stewardship expectations clearer, applying the Code to a wide range of asset classes, and placing a greater focus on stewardship activities and outcomes. The 2020 Code also elevates the profile of stewardship in respect of environmental, social and governance factors, including climate change.
- 2.5** In July 2022 the FRC published a report on the impact of the 2020 Code, highlighting that signatories had increased resourcing, updated governance arrangements, and upgraded their reporting. The report also recognised the existence of several templates and the intention of regulators and standard-setters to align reporting as far as possible.
- 2.6** Principle 4 of The Code refers to climate change as a market wide and systemic risk. Consideration of stewardship outcomes is therefore becoming increasingly important as asset owners and asset managers seek to ensure that their strategies are aligned with the climate transition.
- 2.7** Investor stewardship also features as a key tool in the Institutional Investors Group on Climate Change Net Zero Investment Framework, as a means by which to influence investee companies to achieve net zero emissions by 2050 or sooner. The Net Zero Asset Manager's initiative similarly requires signatories to implement a stewardship and engagement strategy, with a clear escalation and voting policy, that aims to achieve net zero emissions by 2050 or sooner.
- 2.8** In addition to climate transition, the template proposed in this consultation can help to support wider regulatory developments in this area, such as the Government's ambition for whole-of-economy Sustainability Disclosure Requirements (SDR) and the work of the

Transition Plan Taskforce (TPT) and could inform a planned review of the overall UK legal and regulatory framework relating to investment stewardship.

- 2.9** For instance, the TPT's disclosure framework recognizes stewardship as an integral part of an overall investment strategy and an important tool for an asset manager or asset owner in investing in a way that aligns with a sustainability-related or net zero objective rather than divesting. The proposed template by the Group would help asset managers and asset owners further identify the transition plans of their investee companies and shape their engagement strategies to monitor and even accelerate along that path. It would also accommodate the increase in management and shareholder resolutions on climate.
- 2.10** Improved asset manager voting transparency is a key supporting foundation to achieve effective exercise of stewardship for asset owners. Providing voting disclosures will enhance the usefulness, quality and comparability of information provided by asset managers on their voting choices, which will enable asset owners to make better and more informed decisions.

The vote reporting landscape

- 2.11** This section discusses key existing vote reporting templates, while also elaborating views from recent industry initiatives that explore the benefits of standardised reporting that the Group's proposals aim to achieve.

Existing approaches

- 2.12** There are several existing vote reporting templates. The FRC's UK Stewardship Code's Principle 12, "signatories actively exercise their rights and responsibilities", states that for listed equities, signatories should disclose the proportion of shares voted, provide a link to their voting records, and explain their rationale for some or all voting decisions.
- 2.13** Similarly, the FCA's rule in the Conduct of Business Source Book (COBS) 2.2B requires firms providing portfolio or fund management services to provide on an annual basis, and in the form of an engagement policy, "*a general description of voting behaviour, an explanation of the most significant votes and reporting on the use of the services of proxy advisors*" or where this is not provided, an explanation as to why the manager has chosen not to disclose.
- 2.14** While these disclosure provisions highlight the important disclosures to be made at a high-level, neither suggest a standardised, consistent, and comprehensive vote reporting template for asset managers to use, such that these disclosures are sufficiently clear and comparable to satisfy the needs of asset owners.
- 2.15** The PLSA has developed a template for the disclosure of voting information by asset managers and is also used by some asset owners. The template was developed to meet the information needs of asset owners subject to Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

- 2.16** The DWP requires the trustees of asset owners, more specifically occupational pension schemes, to prepare a Statement of Investment Principles (SIP), publicly stating their voting and engagement policies. More than 99% of savers are in pension schemes that are subject to this requirement. Trustees must include a description of the extent to which they have followed their voting and engagement policies as part of publishing annual Implementation Statements.
- 2.17** In the US, the SEC requires asset managers to submit an annual disclosure on all votes cast for mutual and exchange traded funds. This information is publicly disclosed on the SEC's website. This regulatory disclosure is made using 'Form N-PX', a standardised voting disclosure template. Many UK asset managers with US activities are familiar with this and will have built the necessary reporting capabilities. The SEC has recently introduced amendments to Form N-PX, including standardised vote categories as noted in the table below.
- 2.18** The Group has also sought feedback from widely used commercial services with regard to key fields that appear consistently in public vote reporting such as alignment with management, meeting type, country, as well as the use of vote categories and vote rationales.
- 2.19** Under its rules in the Conduct of Business Sourcebook (COBS)2.2B, the FCA requires asset managers to provide, at the firm level, 'a general description of voting behaviour, an explanation of the most significant votes and reporting on the use of the services of proxy advisors' or where this is not provided, an explanation as to why the manager has chosen not to disclose.
- 2.20** Figure 1 shows the key features of the existing templates and frameworks (SEC Form NP-X and PLSA), guiding principles (FRC Stewardship Code), regulation (FCA COBS) and the proposed vote reporting template. It is important to note the PLSA's template articulates a more specific view on defining most significant votes.

Figure 1

	Vote Reporting Templates			Vote Disclosure Provisions	
	Vote Reporting Group	SEC Form N-PX	PLSA	FRC'S UK Stewardship Code, Prin. 12	FCA COBS
Voluntary/Required	Voluntary	Mandatory	Voluntary	Voluntary	Comply or Explain
Reporting Level	Fund/mandate or entity	Fund	Fund/mandate or entity	Entity	Entity
Votes Reported with Detail	All votes cast	All votes cast	Most significant only	N/A	N/A

	Vote Reporting Templates			Vote Disclosure Provisions	
Frequency	Quarterly	Annual	Annual	Annual	Annual
Public Disclosure of Votes	Consulting On	Yes	No	N/A	Most significant only
Vote Category Disclosure	Yes	Incoming	Most significant only	N/A	N/A
Standardised Category Fields	Proposed	Incoming	No	N/A	N/A
Vote Rationale Disclosure	For certain scenarios (incl. most significant votes)	No	Most significant only	N/A	N/A
Standardised Rationale Fields	Proposed	No	No	N/A	N/A

Government and industry initiatives

- 2.21** In 2021, the TPSVI, commissioned by DWP, carried out a Review driven by increased demand and focus on pension scheme voting. The Review focused on votes on the outcomes of stewardship and voting and on reporting, particularly in relation to ESG issues. The Review found that there was pressure on the current system of delegation of stewardship and voting by schemes to asset managers. Pension schemes believed they were being called on to do more in relation to stewardship but were not supported by their asset managers.
- 2.22** The TPSVI identified shortcomings in current vote reporting under The Pensions Act and the FCA's rules that implement the revised Shareholder Rights Directive, noting that they do not provide asset owners with the information they need to discharge their own duties. Under the FCA's rules, annual voting disclosures must include a general description of voting behaviour, an explanation of the most significant votes and reporting on the use of proxy advisor services.
- 2.23** The TPSVI made recommendations encouraging more comprehensive vote reporting at fund or mandate level, reporting of vote rationales and the disclosure of minimum aggregate voting data.
- 2.24** In its letter in response to the TPSVI Report the FCA agreed that these matters might best be addressed through a more comprehensive and standardised vote disclosure regime. This would be designed to deliver more timely and complete vote reporting, disclosure at fund and mandate level and explanations/rationales for all votes cast. To encourage a fair, proportionate and practicable approach to vote reporting, that reflected an industry-wide consensus, the FCA announced that it was convening the Group.

- 2.25** The IA and PLSA report on Investment Relationships for Sustainable Value Creation, as discussed in Chapter 1, articulates concerns that the relationship between asset managers and asset owners is not working as effectively as it could. To remedy this, the report highlights, among other areas, agreeing an oversight framework which *“should include both quantitative and qualitative reporting items which enable a holistic view of the role of how stewardship supports the investment objectives, throughout the investment process and across different asset classes, and how stewardship activities have contributed to stewardship outcomes.”*

Chapter 3

The proposals for a vote reporting template

- 3.1** This chapter sets out the Group's proposals for a vote reporting template. The template captures key information from asset managers on voting including essential information, categorisation and reasoning behind a vote through fifteen proposed data fields.
- 3.2** The template is voluntary. It has been developed by the Group to provide a solution to standardised and comprehensive vote reporting. This approach aims to aid flexibility of the design and keep costs of its development down.
- 3.3** The scope of the vote reporting template is intended to cover UK asset managers but with a view to supporting the needs of UK asset owners and beyond.
- 3.4** The Group envisages the template will capture fund or mandate level votes.
- 3.5** The proposed template also incorporates wider industry feedback on the proposals. The Chair has met with groups representing asset managers, asset owners and investment consultants and their constructive feedback helped shape the proposals. The key points included: the frequency of reporting and time-lag for reporting, voting rationale categories and linking engagement with voting.
- 3.6** In line with the Terms of Reference for the Group, enabling widespread adoption has been a critical consideration in developing these proposals. Throughout deliberations, the capability and capacity of different sizes of asset manager have been taken into account to ensure a proportionate approach to reporting.
- 3.7** Views on the treatment of these issues in the template differed between firms, so the Group is inviting further feedback through this consultation.

Vote Reporting Template

- 3.8** The objective of the vote reporting template is to ensure data can be easily and consistently aggregated and make reporting and searching more reliable.
- 3.9** The template records three main areas of vote reporting data: standard data, vote categories and vote rationales.
- 3.10** The Group will consider the feedback on the proposed template and use this to develop the template. As such, the fields presented below are not final. Once the template has been agreed, the Group will develop guidance to support users completing the template.

Proposed fields for the Vote Reporting Template

	Standard Fields							Vote Category Fields					Vote Rationale Fields			
Column	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
Field Name	Name of the issuer	Meeting date	Meeting type	Country	Reporting identifier	Resolution identifier	Resolution title	Resolution category	Proponent	Company recommendation	Vote instruction	Standardised rationale category	Narrative rationale	Is vote decision in line with the asset manager's voting policy?	Is the vote decision linked to engagement with the issuer?	
Guidance								Single tier and high-level categories				Required only when rationale provided (see 3.28 for the proposed principles)				
												For example, where a manager might vote against the re-election of a Chair due to their weak performance on environmental issues, they would select 'Environment or climate'			Select all that apply	
Field data	Free text	UK date format (DD/MM/YYYY)	Standard data <ul style="list-style-type: none"> Annual General Meeting (AGM) Extraordinary General Meeting (EGM) Special Court 	Standard data	Free text for an alpha numeric code	Drop down numbering with free text option	Free text	Standard data <p>Indicative examples (From N-PX baseline):</p> <ul style="list-style-type: none"> Director elections Audit-related Investment company matters Shareholder rights and defences Extraordinary transactions Capital structure Compensation Corporate Governance Environment or climate Human rights or human capital/workforce Diversity, equity, and inclusion Other social issues Other 	Standard data <ul style="list-style-type: none"> Company Shareholder 	Standard data <ul style="list-style-type: none"> For Against No recommendation 	Standard data <ul style="list-style-type: none"> For Against Abstain Withheld 	Standard data <p>Indicative examples:</p> <ul style="list-style-type: none"> Compensation Corporate Governance Environment or climate Human rights or human capital/workforce Diversity, equity, and inclusion Other social issues Other 	Free text	Standard data and free text <ul style="list-style-type: none"> Yes No Free text 	Standard data <ul style="list-style-type: none"> Collaborative engagement Letter (bespoke) Letter (campaign) Meeting with Chair and/or Board Meeting with company advisors Meeting with investor relations team Meeting with management None Other Site visit 	

Standard Fields

- 3.11** The proposed standard fields of the vote reporting template provide essential data behind the vote, including the name of the issuer and date the meeting was held. The data would be easily searchable and capable of being aggregated.

Vote Category Fields

- 3.12** Some vote reporting services categorise votes according to the issues they relate to. Typical voting categories observed today distinguish between votes on matters such as director elections, remuneration policy or management proposals on corporate strategy.
- 3.13** The Group proposes that votes be categorised at a high level, with only a single-tier categorisation of each vote.
- 3.14** While asset owners typically see value in more granularity – e.g., the inclusion of sub-categories – asset managers and others note the higher reporting burden associated with the inclusion of sub-categories. They argue that this would most likely outweigh the benefit for users. They also point out that it would be easier to future proof the template if votes were categorised at a high level.
- 3.15** The categories need to have sufficient detail to allow for general aggregation and effective filtering, but not be overly burdensome. There is a balance to be struck between usefulness for end-users, burden on reporting firms and future proofing (i.e., avoiding the need to consistently add/remove categories over time).
- 3.16** The Group considered these mixed views in reaching the decision to propose only high-level categories. The proposed approach also mirrors the single-tier categorisation of votes in the SEC’s regime. The SEC had proposed a two-tier categorisation, but reconsidered this approach in response to stakeholders’ views that: a two-tiered categorisation would entail a higher reporting burden; the additional information would not be decision-useful; reporting firms would need to exercise considerable judgement (which would lead to inconsistency in reporting); and the second tier of vote types would be unlikely to be representative of how voting matters may evolve in future years.

Vote Rationale Fields

- 3.17** The vote rationale fields help to convey the reasoning behind a vote decision, adding important context. Information on voting rationales can also help to connect information on voting and engagement, identifying for instance where an asset manager’s vote decision reflects an escalation strategy. Under Principle 12 of the FRC’s UK Stewardship Code, signatories are expected to *‘explain their rationale for some or all voting decisions’*, with the Code providing scenarios where a rationale would be expected.
- 3.18** The TPSVI Review found that asset owners were not currently receiving sufficient information regarding the reason that asset managers had cast votes a particular way. The Review noted that clients may not be getting the “full story” behind voting. The Group has also observed a demand from asset owners for information on voting rationales to help them assess whether the asset manager’s voting activity meets the needs and preferences of their beneficiaries.

- 3.19** Vote rationales could become increasingly useful to asset owners, in particular as consumer and societal expectations on sustainability-related issues and associated investment strategies increase.
- 3.20** Many existing commercial vote reporting platforms allow for the addition of voting rationale fields. However, these fields do not appear to be populated by many asset managers. Those that do provide rationales often do not provide them on a systematic or consistent basis.
- 3.21** The Group considered carefully the level of granularity of the standard rationale categories, balancing decision-usefulness, feasibility of aggregation, and reporting burden. The intention of these categories is to report standard rationale categories at a higher level – e.g., capturing the high-level driver of the voting decision, perhaps using umbrella terms such as ‘environment’ or ‘social’ – may be both operationally easier and better facilitate aggregation. Reporting at a more granular level – e.g., using disaggregated terms, such as ‘biodiversity’ or ‘workforce’ – may be more informative, but less capable of aggregation and more burdensome for the reporting entity.
- 3.22** Legal and compliance sign-off of voting rationales was a frequent area of feedback on in Group discussions. As rationales would be shared externally on a more consistent basis, obstacles around approving rationale language and gaining comfort with their wider dissemination were often cited. Therefore, consideration was given to the resources needed to seek internal clearances and balancing these with the benefits it brings.
- 3.23** There are three main options for how many categories can be selected. One primary category, a primary category with a supplementary lower weighted category or selecting two categories with equal weight.
- 3.24** The Group is proposing free-form narrative rationales. The narrative rationale field provides space for a bespoke explanation behind the vote. This can bring important benefits such as reducing misinterpretation of the decision behind the vote.
- 3.25** The Group is proposing to include engagement activity categories in the template which will help to provide context to the vote. It also demonstrates engagement is a key part of the voting chain and underscores that voting is just one element of a comprehensive stewardship strategy.
- 3.26** The Group proposes a proportionate approach to providing a rationale, acknowledging that it would be disproportionate for an asset manager to provide a rationale for every vote cast. To do so would be burdensome for (especially smaller) asset managers, without obviously providing a commensurate benefit to asset owners.
- 3.27** Accordingly, the Group proposes a set of principles to provide guidance on when a rationale would be most useful and therefore to determine whether a rationale is needed.
- 3.28** It is proposed that a rationale should be used when a vote falls into one of the following categories:
- Vote against or abstain from a company resolution
 - All shareholder resolutions

- Change of company strategy
- Mergers and acquisitions transactions
- Pre-emptive offers or other special business
- Company resolutions on environment and social issues

Proposed fields for the vote reporting template

- 3.29** The purpose of this section is to gather more granular information and feedback on the individual fields of the vote reporting template. As noted above, fields are split into three main areas of vote reporting data: standard data to capture the essential information, vote categories to provide a high-level category and vote rationales to provide an explanation behind the vote.
- 3.30** Each field has an associated set of questions which you are invited to respond to. Please consider the decision-usefulness of the field data in your response. The questions can be found in Annex 1.

Standard Field Proposals

3.31 Field name: Name of the issuer

Field data: free text

Purpose: to identify the name of the issuing company

Q1: Do you have any comments on the proposed field 'name of the issuer'?

3.32 Field name: Meeting date

Field data: UK date formatting

Purpose: to identify the date the meeting the vote decision occurred

Q2: Do you have any comments on the proposed field 'meeting date'?

3.33 Field Name Meeting Type

Field data: standard data

- Annual General Meeting (AGM)
- Extraordinary General Meeting (EGM)
- Special
- Court

Purpose: to identify the meeting type the vote was decided in

Q3: Do you have any comments on the proposed field 'meeting type'?

3.34 Field name: Country

Field data: standard data of countries

Purpose: to identify the country of the issuer

Q4: Do you have any further comments on the proposed field 'country'?

3.35 Field name: Reporting identifier

Field data: free text to input a unique reporting identifier such as

the International Securities Identification Numbering system (ISIN) or Legal Entity Identifier (LEI) (or other)

Purpose: The ISIN is a unique code that uniquely identifies a security globally for the purposes of facilitating clearing, reporting and settlement of trades. The LEI is a unique global identifier for legal entities participating in financial transactions.

Q5: Do you have any comments on which reporting identifier should be used in the vote reporting template?

3.36 Field name: Resolution identifier

Field data: drop down alpha-numeric code with free text option

Purpose: To identify the specific proposal from a list of several vote proposals at a company meeting

Q6: Do you have any suggestions on a suitable resolution identifier?

3.37 Field name: Resolution title

Field data: free text

Purpose: To identify the proposal on a meeting agenda against which a vote may be cast

Discussion: This refers to the title of the given proposal that has been voted on. This will help to further identify the proposal to which an entry relates. For example, *'To re-elect as a Director, XX'* or *'Accept financial statements and statutory reports'*.

Q7: Do you have any comments on the proposed field 'resolution title'?

Vote Category Fields

3.38 Field name: Resolution category

Field data: standard data e.g. 'Audit-related', 'Director elections'

Purpose: to identify the type of issue the vote is concerned with

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

3.39 Field name: Proponent

Field data: standard data

- Company
- Shareholder

Purpose: to identify whether the vote proposal is put forward by the company of the issuer or a shareholder(s)

Q9: Do you have any comments on the proposed field 'proponent' and the two field data options?

3.40 Field name: Company recommendation

Field data: standard data

- For
- Against
- No recommendation

Purpose: to identify the voting recommendation of the company of the issuer

Q10: Do you have any comments on the proposed field 'company recommendation'?

3.41 Field name: Vote instruction

Field data: standard data

- For
- Against
- Abstain
- Withheld

Purpose: to identify the asset manager voting instruction

Q11: Do you have any comments on the proposed field ‘asset manager instruction’?

Vote Rationale Fields

3.42 Field name: Standardised rationale category (only required if the vote meets the rationale principles)

Field data: standard data, e.g. ‘Environment’, ‘Respect for human rights’

Purpose: to identify, in a standardised fashion, the high-level rationale for a particular vote. For example, where a manager might vote against the re-election of a Chair due to their weak performance on environmental issues, they would select ‘Environment’

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

Q13: What is your preference for the level of disclosure in the field ‘standardised rationale category’?

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

3.43 Field name: Narrative rationale (only required if the vote meets the rationale principles)

Field data: free text

Purpose: to provide a bespoke rationale narrative behind the vote decision

Discussion: Guidance could be provided to support high quality and decision useful narrative information, for example indicating what information to include.

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

3.44 Field name: Is the vote decision in line with the asset manager’s voting policy? (Only required when a rationale has been provided)

Field data: standard data ‘yes’ ‘no’ and free text

Purpose: to identify whether the vote decision was in line with the manager voting policy.

Discussion: Including standard data allows for data aggregation and a free text box allows users to explain the nuance behind a decision and avoid misinterpretation or misunderstanding

Q16: Do you agree with the approach of including standard data and free text box fields for the field 'is the vote decision in line with voting policy'?

3.45 Field name: What type of engagement with the issuer is linked to the vote decision?
(Only required when a rationale has been provided)

Field data: standard data, select all that apply

- Collaborative engagement
- Letter (bespoke)
- Letter (campaign)
- Meeting with Chair and/or Board
- Meeting with company advisors
- Meeting with investor relations team
- Meeting with management
- None
- Other
- Site visit

Purpose: to identify the type(s) of engagement the voter had with the issuer before casting their vote.

Discussion: Feedback indicated standard data with the type of engagement to be most suitable for this field. Providing context for the vote by identifying the link to the asset manager's engagement activity acknowledges that voting is just one part of a comprehensive stewardship strategy. There was also feedback on expanding the scope of this question to include engagement after the vote.

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

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

Wider aspects of the vote reporting template

Frequency of reporting

3.46 The Group proposes the template adopts at least a quarterly vote reporting frequency. This frequency is expected to be achievable for asset managers and would be beneficial to asset owners and also acknowledges pension funds must report at set frequencies. It is important to ensure the template works for asset managers, while being decision-useful for asset owners and their beneficiaries.

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

Q20: Do you have any further comments on the frequency of vote reporting for the vote reporting template?

Client-led voting (or split voting) and assets under management of asset manager-directed voting

- 3.47** The template is intended to provide disclosure on the voting decisions that are within the asset manager's control. However, as client-led voting uptake expands, the (assets under management) AUM that asset managers can direct will likely fall – meaning that vote reporting will not necessarily relate to all of the AUM within a given fund.
- 3.48** There may be a case to include in the template an indication as to whether the vote in question was directed by the client. The Group is not proposing this but welcomes feedback from respondents on whether this should be considered at a later stage. The introduction of an additional field, stating the percentage of AUM that a particular vote relates to, is one way to clarify the AUM that a manager can directly vote on, and therefore not subject to split voting.
- 3.49** The Group also considered whether the template should ask for an indication of the percentage of AUM that the vote represented. Company representatives also indicated that this information would be helpful for investee companies to better understand.
- 3.50** The Occupational Pensions Stewardship Council's (OPSC) recent report, *Driving change through the voting chain*, noted that out of the 37 managers surveyed, 9 (24%) asset managers were actively looking into the provision of client-led voting. A further 11 (30%) were considering it and indicated that they would let client demand and industry developments steer how they approach the provision of this service in the future. The OPSC's findings make it clear that the expansion of client-led voting is the likely direction the market seems to be taking.

Q21: Do you have any comments on how client-led voting should be reflected in the vote reporting template?

Q22: Do you have other views on how the Group seek to address the development of client-led voting?

Pre-disclosure of voting intentions

- 3.51** Pre-disclosure of voting intentions is an evolving area and demonstrates the potential power of voting. There was consideration of whether the proposed vote reporting template should include an indicator as to whether the vote in question was a vote where the investor had pre-disclosed their voting intentions. The Group acknowledged developments in this area but considered pre-disclosure of votes to be outside the scope of its work. Accordingly, the Group is not proposing to include an indicator as to whether the manager's voting intention had been pre-disclosed.

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

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

Most significant votes

- 3.52** A 'most significant' vote does not have a standardised definition, therefore the interpretation can differ between asset managers and asset owners. The selection of most significant votes relies on the asset owner's interpretation which can be different from the asset manager's perspective. This can result in asset owners' not receiving the information they need. With comprehensive vote reporting, the asset owner has information on all votes and can exercise their own judgement as to what votes they deem more significant.
- 3.53** The consensus from the Group was that the lack of a standardised and uniform definition of what constitutes a 'most significant' vote is a barrier to current vote reporting regimes. A comprehensive and standardised vote reporting template will streamline existing reporting requirements. There was consensus that it would be helpful for all investors to have clearer guidance around what constitutes a significant vote and recognising that setting such a definition was outside the scope of the Group's work.

Ownership of the vote reporting template

- 3.54** An objective of the Group was to consider options on the ownership of the vote reporting template. This section seeks to continue the early discussions of these high-level options and the oversight of the development and implementation of the template.
- 3.55** Under these proposals, three separate ownership bodies would be created: one for the template, one for the public registry (Chapter 4) and one to oversee the development of the template and public registry.

Ownership of the template

- 3.56** The ownership model of the template is key to ensuring successful implementation and long-standing delivery.
- 3.57** The Group proposes the template would be most effective if it was owned by industry. By adopting this model, the template would benefit from wide-ranging expertise and remain industry led. It would also keep costs down.
- 3.58** Industry ownership could consist of multiple firms and/or associations representing asset managers and asset owners with responsibility for developing and implementing the vote reporting template.
- 3.59** The Group acknowledged that the format and the relationship of the industry and regulatory bodies would be closely linked and required careful consideration.

Q25: Do you have any comments on the ownership of the vote reporting template?

Oversight of implementation and future development

- 3.60** The Group proposes an independent oversight body is established to ensure successful implementation of the vote reporting template. The body's responsibilities will need to be carefully considered.
- 3.61** This body would oversee any future changes and ensure they are appropriate and in line with the objectives of the template and the terms and conditions of the contract. The body would oversee actions taken by the ownership bodies of the template and of the hosting technology. Potential conflicts of interest would need to be mitigated, considered and managed.
- 3.62** The body could consist of industry representatives such as asset owners, asset managers, service providers, academic members and independent members.

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?

Chapter 4

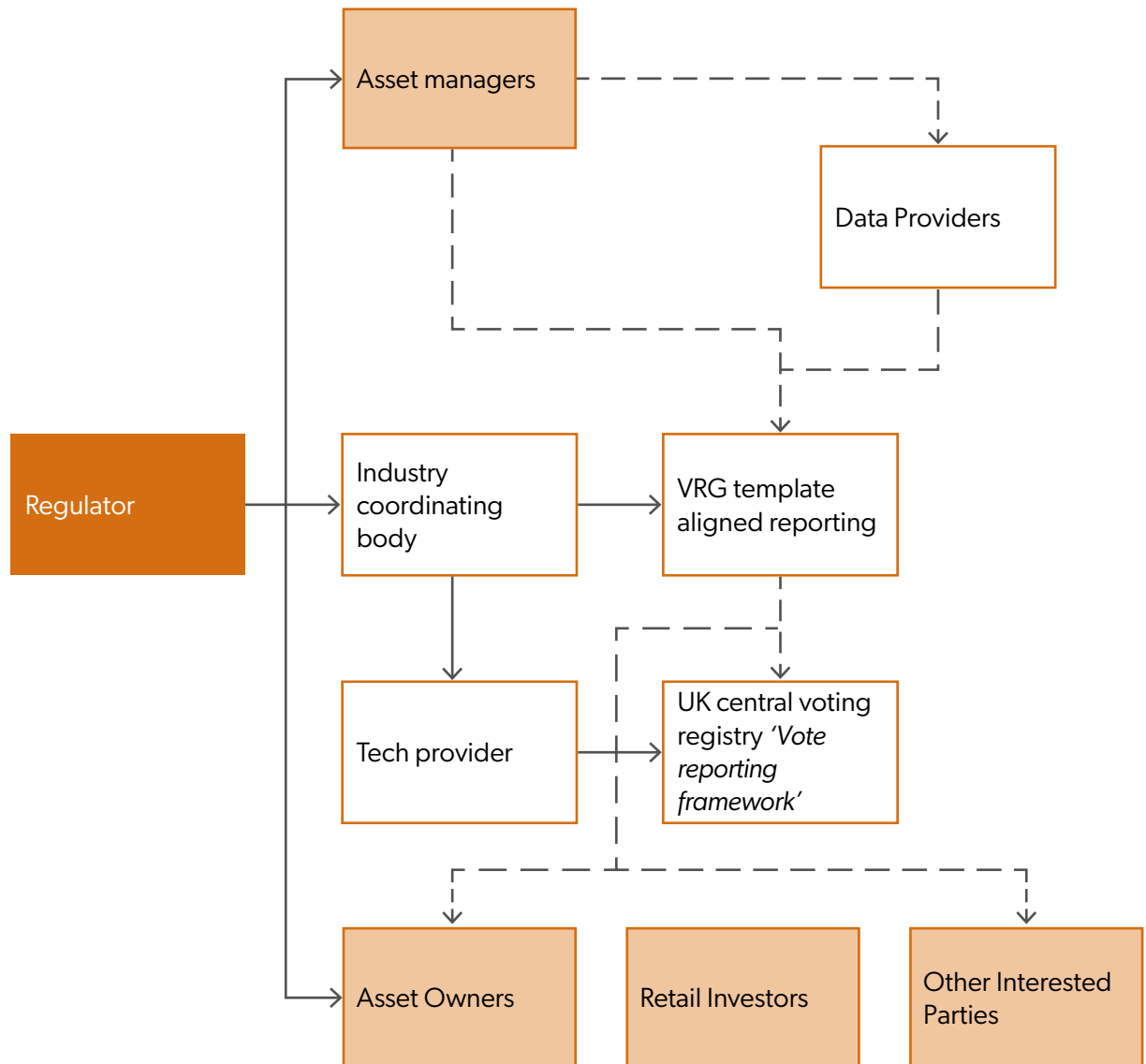
Proposals for storage and dissemination of voting information

- 4.1 This chapter explores the case for the vote reporting template being a public registry. It continues the discussion from the Group and seeks comments on and what the associated ownership and funding arrangements could be.
- 4.2 Vote reporting by asset managers in line with the template can occur independently of a central public registry as the information should be provided directly to asset owners in the first instance.
- 4.3 The template provides asset managers with guidelines to record their votes, with the information provided being decision-useful for asset owners.
- 4.4 To aid transparency, and to benefit the consumer, the template could become a public registry. Hosting the template on a digital platform would require a larger upfront investment and decisions would need to be taken on ownership and funding models, separate to the template. The Group sees the funding being picked up by industry.
- 4.5 The two options have separate considerations around content and the storage and dissemination of data given the private vs public nature.
- 4.6 **Figure 2** sets out the structure of vote reporting under the current proposals. Asset managers opting to provide template-aligned reporting will do so either directly or through a third-party data provider, and asset owners will be able to access the standardised voting data either directly or through a central voting registry.

Figure 2**Legend**

Data flows - - - - ->

Oversight ———>

**Public registry**

- 4.7** An objective of the Group was to consider the storage and dissemination of the vote reporting data and the funding structures.
- 4.8** Some Group members supported the template being an online central public registry of UK asset manager's votes.

- 4.9** This was strongly supported by asset owners who saw efficiency in having vote reporting take place in a central registry rather than information being provided through a network of bilateral exchanges.
- 4.10** For this information to be useful, asset owners, their agents, and other stakeholders, will need to be able to access the data submitted by asset managers. This will allow them to compare records between funds and managers and to support their decision-making and aggregate the information for their own reporting to their members / beneficiaries, their boards and the regulators.
- 4.11** Some members considered publicly accessible vote disclosures may add to the costs for asset managers due to internal compliance considerations.
- 4.12** Some members had concerns with publicly revealing their portfolios. Current reporting rules requires UK managers to disclose their portfolios on a half-yearly basis (in line with the Investment Management Association’s Statement of Recommended Practice). Depending on the frequency of reporting under the template, this style of reporting may become more frequent.

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

Q28: Do you have any comments on whether the template should or should not be publicly accessible?

Ownership and funding of the public registry

- 4.13** This section discusses the ownership of a public registry and the associated funding models. As these proposals represent a voluntary industry framework, this paper does not provide a full cost-benefit analysis, however, considering the costs and benefits of the proposals has been a key consideration for the Group.
- 4.14** The oversight arrangements of the template discussed in Chapter 3 would be applicable to a public registry.

Ownership of the public registry

- 4.15** Ownership of a public registry would include the digital platform the template is hosted on. It would be separate to the ownership of the template.
- 4.16** The ownership body would be responsible for the design, development and implementation of a public registry. It would also be responsible for its maintenance and updates. Detail of the body’s constitution would need to be carefully considered.
- 4.17** The responsibilities of the ownership body could include:
- Tendering for and commissioning the development of a public registry (possibly with technical support)

- Reviewing and reporting on the quality of information submitted to the registry. For example, completeness of voting records and quality of rationale disclosure
- Decision-usefulness of reporting and future development of the information disclosed

Q29: Do you have any comments on the ownership of the public registry?

Funding of the public registry

- 4.18** The Group had early discussions about the funding aspects of a registry, noting its development is forecast to include initial upfront investment and ongoing development and maintenance costs. The Group had a range of different views on the funding. The Group does not yet have an estimation of costs for the development and running of a public registry but recognises these will require careful consideration.
- 4.19** The initial costs would need to cover the building of the vote reporting template on a digital platform. Ongoing costs would need to cover the maintenance and storage of the data on a digital platform.
- 4.20** It is likely that setting up internal voting mechanisms to align with the Group's template could result in a significant one-off upfront cost for asset managers. However, this cost will depend on the current vote reporting capabilities of the manager, their relative size and their use of third-party vote reporting services. The Group sees that this upfront cost could be recuperated over the long term through a lower need for ad-hoc client reporting.
- 4.21** Some costs are likely to be borne by third party voting service providers. This may come in the form of setting up vote reporting mechanisms to align with the template as well as specific aspects such as mapping to the prescribed vote categories.

The inclusion of voting rationales may add additional costs to managers through the need for greater legal and compliance review and sign-off. Again, it may be that this is a greater upfront cost which decreases over time as the template embeds.

Q30: Do you have any comments on the funding of the public registry?

Q31: Do you have any further comments on the proposals laid out in this consultation?

Annex 1

Questions in this paper

Standard Field Proposals

- Q1:** Do you have any comments on the proposed field 'name of the issuer'?
- Q2:** Do you have any comments on the proposed field 'meeting date'?
- Q3:** Do you have any comments on the proposed field 'meeting date'?
- Q4:** Do you have any further comments on the proposed field 'country'?
- Q5:** Do you have any comments on which reporting identifier should be used in the vote reporting template?
- Q6:** Do you have any suggestions on a suitable resolution identifier?
- Q7:** Do you have any comments on the proposed field 'resolution title'?

Vote Category Fields

- Q8:** Do you have any comments on the proposed field 'resolution type'?
- Q9:** Do you have any comments on the proposed field 'proponent' and the two field data options?
- Q10:** Do you have any comments on the proposed field 'company recommendation'?
- Q11:** Do you have any comments on the proposed field 'asset manager instruction'?

Vote Rationale Fields

- Q12:** Do you agree with the proposed principles set out in 3.16 for when a vote rationale is required?
- Q13:** What is your preference for the level of disclosure in the field 'standardised rationale category'?
- Q14:** Do you have any suggestions on what categories should be included in the field 'standardised rationale category'?
- Q15:** Do you have any comments on the proposed 'narrative rationale' field?
- Q16:** Do you agree with the approach of including standard data and free text box fields for the field 'is the vote decision in line with voting policy'?
- Q17:** Do you have any comments on the field 'what type of engagement with the issuer is linked to the vote decision'?
- Q18:** Do you have any further comments on the proposed fields for the vote reporting template?

Frequency of Reporting

- Q19:** Do you agree the vote reporting template should adopt a quarterly vote reporting frequency?
- Q20:** Do you have any further comments on the frequency of vote reporting for the vote reporting template?

Client-led Voting

- Q21:** Do you have any comments on how client-led voting should be reflected in the vote reporting template?
- Q22:** Do you have other views on how the Group seek to address the development of client-led voting?

Pre-disclosure of Voting Intentions

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

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

Ownership of the Template

Q25: Do you have any comments on the ownership of the vote reporting template?

Oversight of Implementation and Future Development

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?

Public Registry

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

Q28: Do you have any comments on whether the template should or should not be publicly accessible?

Q29: Do you have any comments on the ownership of the public registry?

Q30: Do you have any comments on the funding of the public registry?

Further Comments

Q31: Do you have any further comments on the proposals laid out in this consultation?

Annex 2

List of Vote Reporting Group Members

Vote Reporting Group members

Association of Member Nominated Trustees

BlackRock

Border to Coast Pensions Partnership

GC100

Independent Advisor

Institutional Shareholders Services

Investment Association

Investor Forum

JP Morgan Asset Management

Lane Clarke Peacock

Legal and General Investment Management

Local Authority Pension Fund Forum

Local Pensions Partnership Investments

Minerva Analytics

NEST Pensions

Newton Investment Management

Pension Protection Fund

Pensions & Investment Research Consultants Ltd

Pensions and Lifetime Savings Association

Phoenix Group

Principles for Responsible Investment

RailPen

Royal London Asset Management

Scottish Widows

ShareAction

State Street

The Chartered Governance Institute

The Chartered Governance Institute Registrars' Group

The People's Partnership

Tumelo

UK Sustainable Investment and Finance Association

Observers

Department for Work and Pensions

Financial Conduct Authority

Financial Reporting Council

The Pensions Regulator

Annex 3

Abbreviations in this document

Acronym	Description
AGM	Annual General Meeting
AUM	Assets Under Management
COBS	Conduct of Business Sourcebook
DWP	Department for Work and Pensions
EGM	Extraordinary General Meeting
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
ISIN	International Securities Identification Numbering
LEI	Legal Entity Identifier
OPSC	Occupational Pensions Stewardship Council
PLSA	Pensions and Life Savings Association
SDR	Sustainability Disclosure Requirements
SEC	Securities and Exchange Commission
SIP	Statement of Investment Principles
TPR	The Pensions Regulator
TPSVI	Taskforce on Pension Scheme Voting Implementation
TPT	Transition Plan Taskforce
VRG	Vote Reporting Group

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