NATIXIS ASSET MANAGEMENT

mirova Responsible Investing

Public Consultation on Best Practice Principles for Governance Research Providers

Submitted by email to: consultation@bppgrp.info

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About Natixis Asset Management and Mirova

With assets under management of €289.2 billion and 682 employees[(1)], **Natixis Asset Management** ranks among the leading European asset managers.

Natixis Asset Management offers its clients (institutional investors, companies, private banks, retail banks and other distribution networks) tailored, innovative and efficient solutions organised into 6 investment divisions: Fixed income, European equities, Investment and client solutions, Structured and volatility (developed by Seeyond[(2)]), Global emerging, and Responsible investing (developed by Mirova[(2)]).

Mirova, the Responsible investment division of Natixis Asset Management, develops an engaged approach aiming to combine value creation and sustainable development.

Mirova's philosophy is based on the conviction that integrating sustainable development themes in investment approaches can generate solutions that create value for investors over the long term.

This philosophy revolves around three strategies: connecting finance and the real economy by investing in companies with innovative business models that will shape our future, create sustainable value by identifying sustainable assets that are likely to generate long term performance, and lastly supporting 'responsibility' and 'engagement' by becoming actively involved in improving company, industry and financial practices.

The second-largest European manager of open-ended SRI funds[(3)] and N°1 in Impact investing in France[(4)] and in Europe[(3)], Mirova has €3.9bn in equity in terms of AuM, a total commitment of €360 M in infrastructure projects[(5)], €6.6bn in advising on SRI (excluding equities) and €23.6bn in voting and engagement as of 30/06/2013.

Response to the consultation

We welcome the initiative of the European Securities and Market Authority (ESMA) to develop guidelines aimed at increasing transparency and facilitating communication between proxy advisors and the various stakeholders, and we are glad to share our view on the subject.

We find that the principles developed exhaustively address the objectives detailed on top of the consultation document. However, we believe it is important to pre-emptively define the role of proxy advisers versus the investment community and outline their respective responsibilities; in our view, investors are responsible for voting at companies annual and extraordinary general meetings. In this context, proxy advisors have the role of supporting investors by providing an objective analysis of resolutions which encompasses the companies' operating context and any additional relevant information obtained through dialogue with the issuers. Proxy advisers should also, eventually, provide voting recommendations on the basis of investors' voting policy and materially execute votes. They should not be allowed to provide voting recommendations following their own voting policy, as this dissuades investors from exercising their role as responsible asset managers or asset owners and also increases the influence of proxy advisors at the companies' general meetings.

Investors, on the other hand, have the responsibility to make the final decision on the vote and also carry out engagement activities with the issuers according to their fiduciary responsibility. They should therefore develop their own voting policies, so has to increase their accountability as responsible investors.

Given the increasing importance of engagement activities with issuer companies, we are concerned that such activities do not fall into the scope of this consultation; it is our view that proxy advisors should just facilitate investors' engagement activities by providing objective, high quality analysis of the issuers. They should not be involved in conducting engagement activities due to potential conflict of interests with the issuers, which may impair the objectivity of their analysis. Engagement activities conducted by proxy advisors would ultimately also increase their influence towards the companies and reduce companies' accountability towards their shareholders.

Finally, given that a significant number of investors have not developed their own voting policy guidelines, it is imperative that proxy advisors improve transparency about their influence at the companies' general meetings. They should thus disclose the number of proposals that were voted according to their policy guidelines during the meetings, as opposed to the proposals voted according to their investor clients' policies.

We hope that these comments are helpful and should you wish to discuss any of the above points in more detail, please do not hesitate in contacting Zineb Bennani, Head of Governance Research and Engagement by e-mail at zineb.bennani@am.natixis.com.

Yours sincerely,

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