

## EFAMA PUBLISHES CODE FOR EXTERNAL GOVERNANCE AND REPORT ON RESPONSIBLE INVESTMENT

**Brussels, 9<sup>th</sup> May 2011.** The European Fund and Asset Management Association (EFAMA) has today published two own-initiative reports: the EFAMA Code for External Governance and the EFAMA Report on Responsible Investment.

EFAMA believes that good standards of governance are critical to ensuring confidence in the European capital markets. The purpose of **the EFAMA Code for External Governance** is to provide a framework of high-level principles and best practice recommendations which will act as a catalyst for engagement between investment management companies and the companies in which they invest. Adherence to this code will support interaction between investment managers and investee companies and ensure a strong link between governance and the investment process.

The principles of the EFAMA code set out the best practice for investment management companies when they engage with the companies in which they invest. The principles are designed to enhance the quality of the communication with investee companies and to foster creation of value to investors by dealing effectively with concerns over the companies' performance.

**Responsible Investment (RI)** is an important feature of the investment management industry with an increasing investor demand in many markets. Having analysed the developments in Member States, EFAMA concluded that there are a variety of approaches to RI not least because even individual investors' perceptions differ as to what can be described as responsible. Therefore the concept cannot be captured by a single regime but a variety of approaches must be allowed.

Of key importance in EFAMA's view is that when an investment management company provides RI products, it should commit to an adequate amount of transparency regarding its processes so that investors are able to evaluate and compare how the product meets the RI requirements. Increased transparency of client reporting, communication of investment approaches and selection methods would help investors distinguish between different RI offerings and allow them to make more informed decisions. This would be facilitated by European industry guidance on transparency, to the creation of which EFAMA is strongly committed to contribute.

Commenting on the publication of these reports Peter De Proft, Director General of EFAMA, said:

*"EFAMA fully recognises that corporate governance and responsible investment are both issues which are high at the European Commission's agenda. I believe that the publication of the EFAMA Code for External Governance and the Report on Responsible Investment strongly illustrates the commitment of the investment management industry to play its constructive part in these important issues."*

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This is the link to the Corporate Governance Report:

[http://www.efama.org/index.php?option=com\\_docman&task=cat\\_view&gid=53&Itemid=-99](http://www.efama.org/index.php?option=com_docman&task=cat_view&gid=53&Itemid=-99)

This is the link to the Responsible Investment Report:

[http://www.efama.org/index.php?option=com\\_docman&task=cat\\_view&gid=493&Itemid=-99](http://www.efama.org/index.php?option=com_docman&task=cat_view&gid=493&Itemid=-99)

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**Notes to editors**

- **EFAMA** is the representative association for the European investment management industry. EFAMA represents through its 27 member associations and 55 corporate members approximately EUR 14 trillion in assets under management of which EUR 8 trillion was managed by approximately 53,000 funds at the end of 2010. For more information about EFAMA, please visit [www.efama.org](http://www.efama.org).