

Support SB 2337

Provide transparency and protection for Texas shareholders and corporations!

- **SB 2337 requires disclosure** by proxy advisory firms when their proxy advisory services are based on non-financial factors
 - *WHY: Shareholders and companies should be informed and understand the basis and reasoning related to proxy advisor recommendations.*
- **SB 2337 requires disclosure** by proxy advisory firms when they provide conflicting proxy advisory services relating to the same company or shareholder proposal
 - *WHY: Shareholders & companies should be informed when a proxy advisory firm is providing conflicting advice related to the same company or shareholder proposal.*
- **SB 2337 does not prohibit proxy advisory services** from using non-financial factors to evaluate a corporation or a shareholder proposal, nor does it prevent proxy advisory services from giving conflicting recommendations related to the same company or shareholder proposal, ***it simply requires disclosure and transparency of these actions to inform and protect the investor.***

Protecting the Texas Shareholder

- Financial funds and corporations have a ***fiduciary duty*** to investors/shareholders. Their ***fiduciary duty*** can be summarized in several categories:
 1. **Duty of Candor** - disclosing all necessary information to be open and honest
 2. **Duty of Loyalty** - acting in client's best interests, avoiding conflicts of interest.
 3. **Duty of Care** - evaluating decisions' potential outcomes before acting-no autopilot.
- **Proxy advisors do not have a fiduciary duty to shareholders**, nevertheless they play a very significant part in making voting decisions on behalf of shareholders.

Proxy advisory firms should provide the needed transparency & disclosure required by SB 2337 to ensure financial funds & corporations relying on these firms have all the information needed to make decisions in the best interest of & in fulfilling their fiduciary duties to their shareholders. **Please support SB 2337.**

