

Corporate governance, corporate responsibility and the fund manager

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Henderson Global Investors

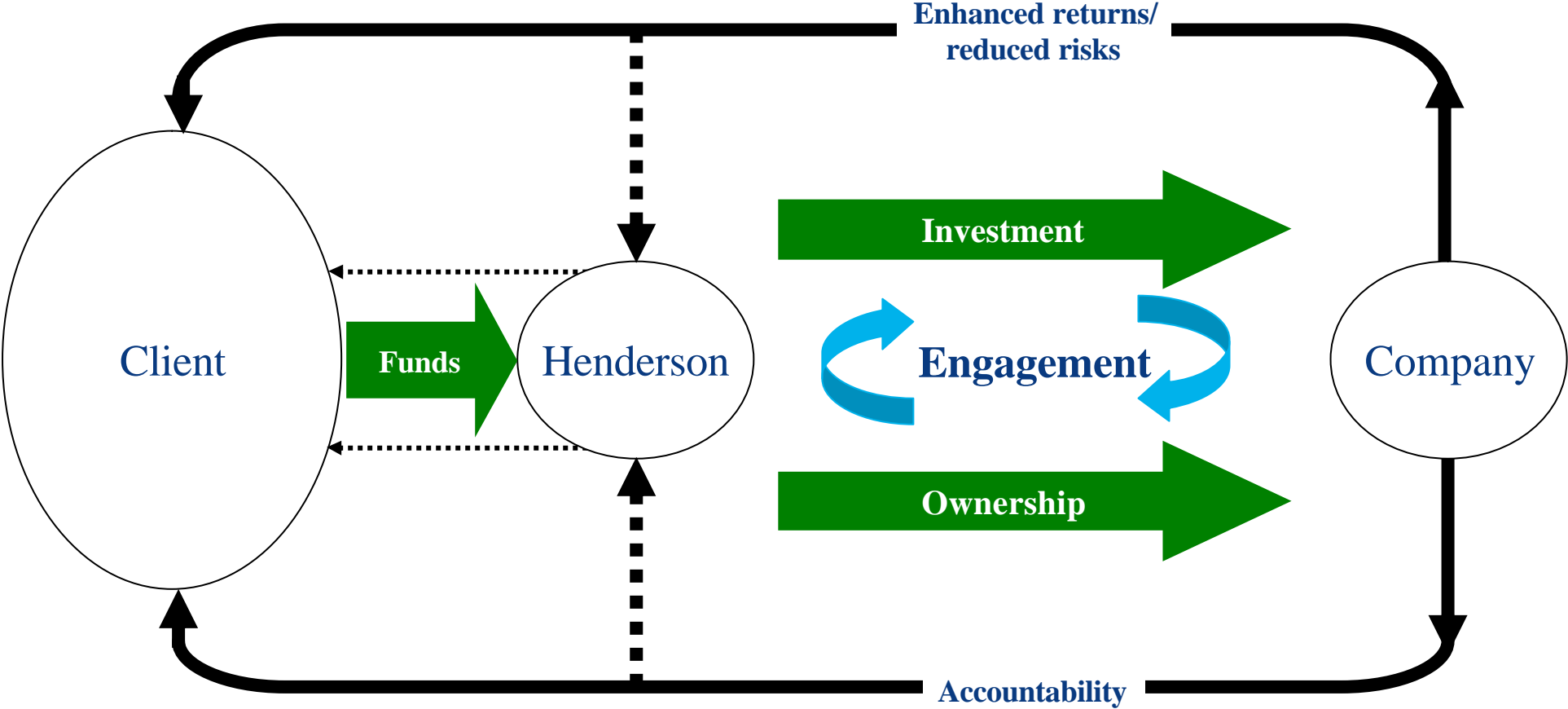
- ✍ 155.4 € billion under management worldwide*
- ✍ 1.63 € billion of socially responsible investment funds - individuals, local government pensions, charities*
 - Horizon SRI fund available in France
- ✍ Owned by AMP - Australian financial services company

** as at 30 June 2002*

Overview - global trends in governance

- ✍ Worldwide corporate collapses placed clear focus on corporate structures and shareholder accountability
- ✍ Growing evidence of business relevance of sustainability issues
- ✍ Increasing awareness of the importance of good governance to minimise risk
- ✍ A need for investors to be active in their role as share owners

Governance and Engagement



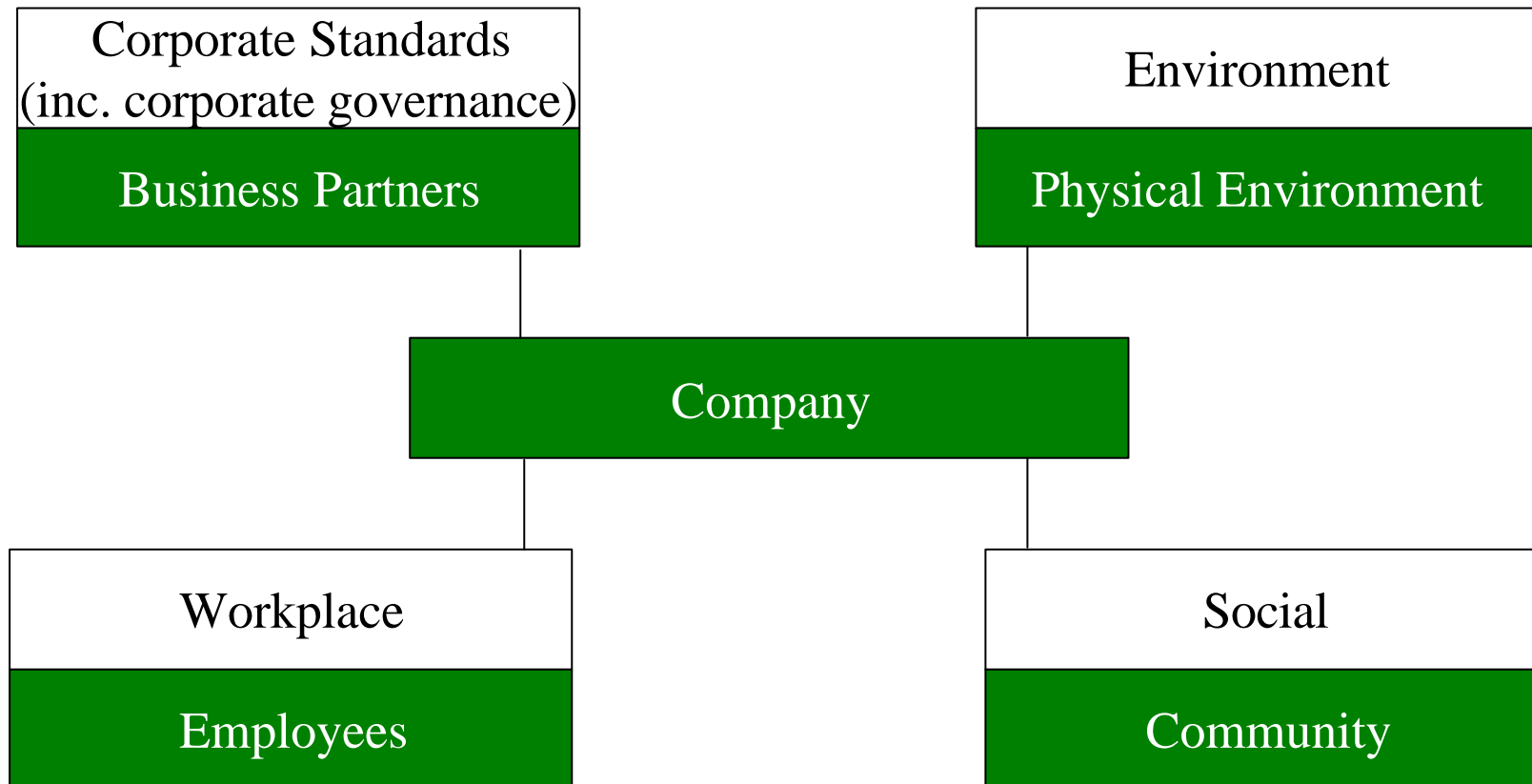
Traditional corporate governance – core principles

- ✍ Ensure accountability
- ✍ Structures and people
- ✍ Non-executive and independent directors – advise and challenge executives
- ✍ Properly constituted audit, remuneration and nomination committees
- ✍ Remuneration linked to challenging performance targets
- ✍ Transparency

The importance of sustainability for business

- ✍ Environmental and social issues are becoming mainstream in business
- ✍ Climate change, child labour, GMOs ...
- ✍ Campaigners, media, government, regulators
- ✍ Higher costs, lost markets, bruised reputations, demotivated employees ...

Assessing Corporate Responsibility



Key
Area ■ Main Stakeholder

What Do We Look For?

- ✍ Governance
- ✍ Vision, strategy and policy
- ✍ Systems and accountabilities
- ✍ Reporting
- ✍ Stakeholder relations
- ✍ Performance

Henderson - recent initiatives

- ✍ Climate Change position paper
- ✍ Human Rights position paper
- ✍ Global review of pharmaceuticals sector
- ✍ Review of oil and gas sector
- ✍ Review of European retailers and labour standards
- ✍ Discussions with UK defence and engineering companies

Capital market trends (1)

- ✍ Legislation requires disclosure of investors' approach to social, environmental and ethical issues (UK, D, B, F, I, AUS); state pension schemes - Sweden, NZ
- ✍ Discussion of changes to Listing Rules and Company Law (UK) - reporting on environmental and social policies and performance
- ✍ Sarbanes-Oxley and NYSE rules - e.g. code of ethics
- ✍ Integration of sustainability factors into mainstream analysis and governance
 - * Henderson CG policy: environment, human rights, employees, community

Capital market trends (2)

- ✍ Pension reform will increase equity investment (new incentives for private saving)
- ✍ 'Outside' investors will grow in importance for continental European and Asian companies

Therefore investors will ...

- ✍ expect greater transparency on sustainability and governance
 - * e.g. policies, systems, performance, board skills on sustainability, remuneration, audit, etc.
- ✍ exercise 'informal' influence through dialogue
- ✍ exercise formal influence through shareholder rights

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