



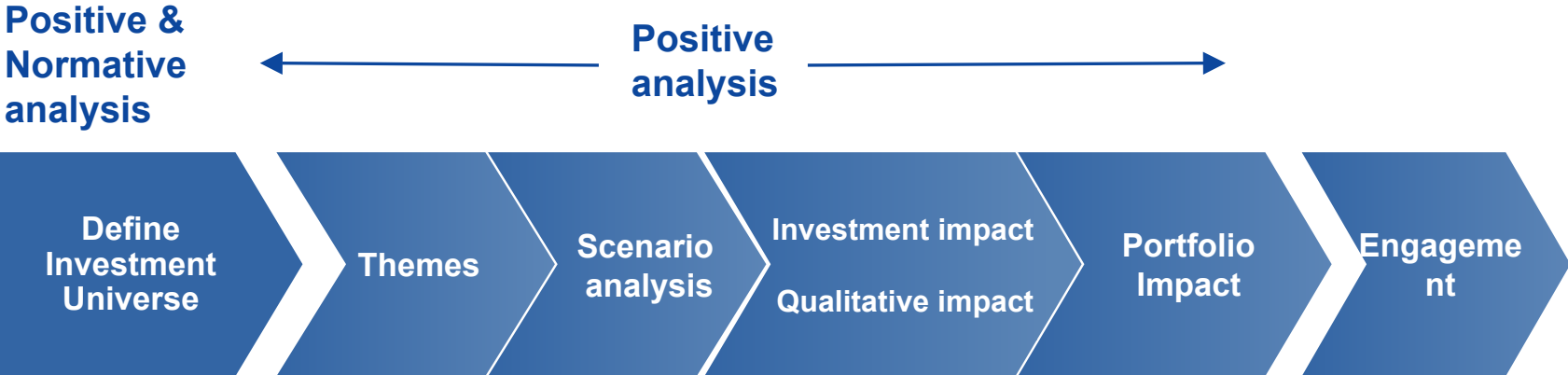
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## SRI Engagement

Luigi Minerva

16 June 2004

# Our Research Process



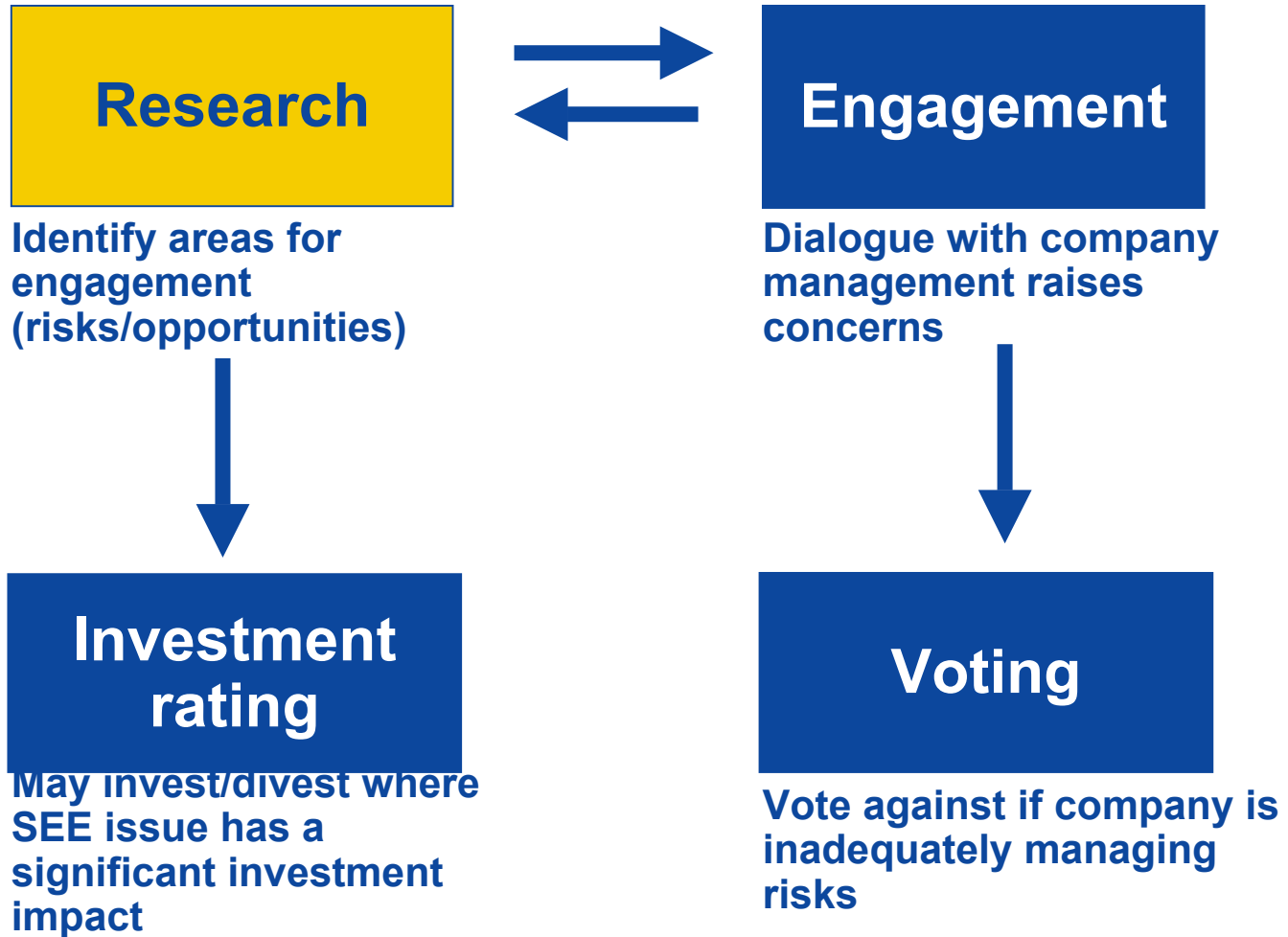
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- Non-consensus ideas** → Valuation advantage
- Investment impact** → Engagement advantage
- Positive analysis** → Client advantage



This document is intended for institutional or professional investors and experienced advisers only. Private investors and scheme members should seek professional advice before making an investment decision.

# Engagement Process



**Engagement and research are interdependent**

# Engagement themes

## Transparency

- Improving governance and disclosure
- Tackling corruption

## Climate Change

- Legislative responses (emissions trading)
- Scenario planning

## Human Rights

- Highlighting political risk (Burma)
- Managing employee issues

## Health and Safety

- Product safety (e.g. asbestos, toxic chemicals)
- Occupational health and safety

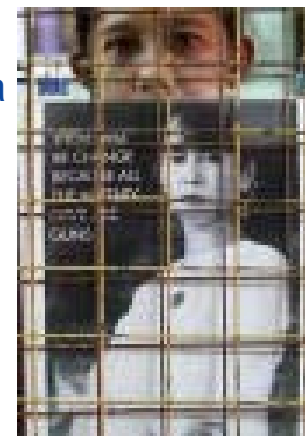


# Engagement theme: Human Rights

## Case study - Burma

Investor statement raising concerns over business risks of operating in Burma

- Collective project - Group representing over £400Bn
- Highlighting potential risks - loss of shareholder confidence, negative press and publicity campaigns, safety risks and corruption issues
- Wrote to over 70 companies with operations in Burma.
- Ongoing meetings with a number of companies
- Various companies 'pull out' - BAT, Premier, Standard Chartered
- TotalFinaElf publishes detailed social impact assessment of pipeline area



# Engagement Theme: Transparency

Good information is key to assessing a company's management quality and business strategy.

## Corporate Governance

- Experienced and long standing Corporate Governance team
- Corporate Governance voting policy aligned with Combined Code
- Vote at all UK company AGMs
- Corporate Governance is incorporated into the sustainability rating
- Research linking corporate governance and equity prices

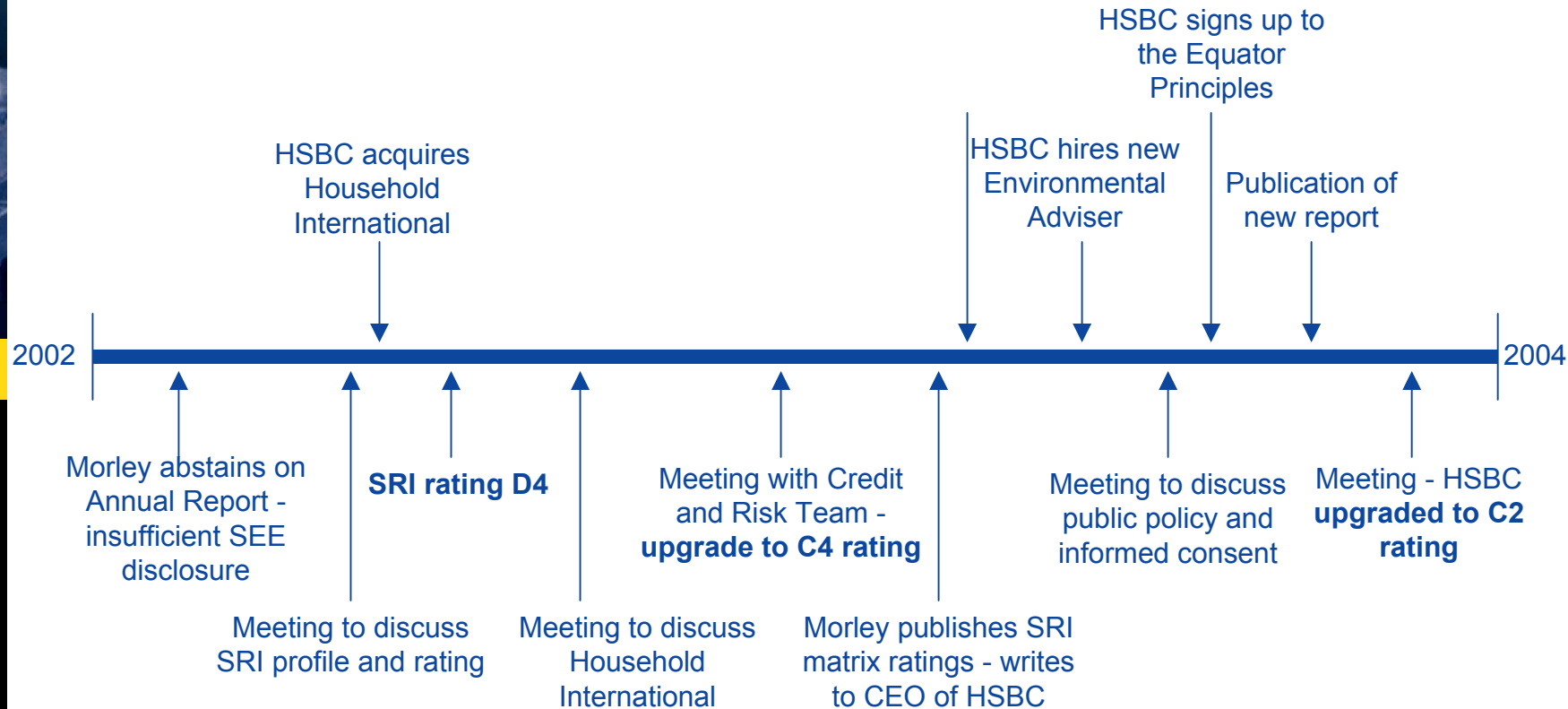


## Social, Environmental and Ethical disclosure

- Policy on environmental reporting since 2000
- Extending to Corporate Responsibility reporting in 2005

# Evolution of engagement

## Case study: HSBC



**Engagement is a two way relationship**

# SRI Engagement - Summary

- **Integrated into the research process**
- **Prioritised by financial impact**
- **Based on a two-way relationship with companies**

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# Thank you

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