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Engagement requires investors to play a full part in holding companies accountable for compliance with commonly held sets of ethical principles. The increasing ability and willingness of investors to play these roles, coupled with their global reach, means that there is now a genuine opportunity for investors to make a worthwhile contribution in this area. This is achieved by the following:

### **Dialogue**

Regular discussions take place with board directors and other executives of the company, both of a general nature and with regard to specific issues of concern.

### **Voting**

Shareholdings are voted on behalf of clients in line with the provisions of the investment mandate. In exceptional circumstances the manager will take further steps such as requisitioning meetings and proposing resolutions.

### **Policy research**

Bespoke research may be commissioned on a range of governance and corporate responsibility policy issues in order to achieve greater understanding of the current shape and future direction of practice.

### **Public statements**

Publishing papers on important issues of corporate governance and responsibility, both with regard to specific companies and in general.

### **Sponsoring debate**

Sponsoring discussion between interested parties in order to seek clarity on principles of good practice.

### **Working with others**

Institutional investor collaboration.

The proof of the pudding is in the eating, and to this end a clear audit trail is necessary to demonstrate effective engagement. This typically takes the form of:

- Published policy statements
- Transparency where this does not prejudice the relationship with the investee company
- Evaluation of the effectiveness of engagement activity
- Full audit trail
- Regular engagement reports