

Engaging the Mainstream with Sustainability

A Survey of Investor Engagement on
Corporate Social, Environmental and Ethical Performance

by Forum for the Future's
Centre for Sustainable Investment
and
The Finance Institute for Global Sustainability

Sponsored by
Royal & SunAlliance



Report available from www.forumforthefuture.org.uk

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August 2002

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A survey of investor engagement on corporate social, environmental and ethical (SEE) performance

1. Executive summary

Based on a total of 32 interviews, held during the months of June and July, we found that the subject of corporate Social, Environmental and Ethical (SEE) performance appears to be of growing interest on both sides of the Atlantic, while also becoming more of a mainstream activity with large investors and their advisors.

Traditionally, boutique investment houses and advisors have been the sole participants when it comes to substantial engagement on corporate SEE performance. As these issues have become more associated with financial performance and good corporate governance, the number of large institutional investors and fund managers engaging on these issues has grown substantially.

While we have intentionally avoided benchmarking or making judgements about the success or otherwise of the varying approaches to engagement by fund managers, a number of interesting patterns can be identified:

On the strategy and drivers for investor engagement

- The majority of fund managers, and all of the non-specialists, now see SEE performance as part of the 'non-financial' risks facing their investments and are integrating engagement with companies on these issues into their mainstream corporate governance process;
- It is largely the specialists, with significant retail SRI fund operations, that take a separate issues-based approach;
- The growth of indexed funds and the increasing size of many mainstream actively managed funds means that the sale of equity in a company, as an alternative to engagement, in order to reduce risk from SEE issues is no longer an option for many fund managers;
- The majority (15/25) aim to improve information disclosure rather than directly tackling corporate performance, and virtually all (24/25) seek to protect shareholder value rather than achieve only non-financial objectives;
- In the UK there has been surprisingly little demand for fund managers to engage on SEE issues on behalf of their pension fund clients, despite the pension fund disclosure regulations;

On the tactics and tools of investor engagement

- Informal dialogue is the principal tool of engagement on these issues, particularly in the UK where company law makes it easier for investors to engage at a senior level;
- Collaboration with other investors is widely seen as the future for investor engagement on these issues, as in practice this has proved far more effective than engagement by individual fund managers;
- Few in the UK (3/16) actively participate in shareholder resolutions on SEE issues. In the US, because company law puts the investor in a weaker position, resolutions, or the threat of them, have traditionally been the way of starting a dialogue with the company, but this is becoming less so. Many expressed their doubts about the effectiveness of this option and concern that, in the UK, they would lose influence with senior management;
- Public campaigns are avoided by all, except one fund manager in the UK and the social investors in the US. Behind-the-scenes dialogue is perceived as the most effective option;
- The relational investing model, involving the long-term purchase of shares in order to increase influence and used by several investors on corporate governance issues, is perhaps surprisingly not seen as one of the important tools for engaging on SEE performance.

In summary, investor engagement on corporate SEE performance appears to be becoming much more widespread in the UK, following its origination with social investors in the USA. However, the focus in the UK is very much on protecting shareholder value by integrating engagement on these issues with the mainstream corporate governance process, and the tactics concentrate on informal dialogue and collaboration. This new focus follows the increasing perception that SEE issues can often be material risks to financial performance.

2. Methodology

This note reports on a study, sponsored by Royal & SunAlliance, which examined the way in which investors¹, in both the UK and US markets, are engaging with companies about their social, environmental and ethical (SEE) performance.

Forum for the Future's Centre for Sustainable Investment interviewed 16 fund-managers in the UK. In addition, nine non-UK fund-managers were interviewed by the USA-based Finance Institute for Global Sustainability, while an additional seven industry experts were interviewed in the USA, bringing the total number of interviews to 32. A complete list of the institutions interviewed is included as Appendix 1.

3. The strategy and drivers for investor engagement (see Appendix 3 for details)

Approach to SEE issues

- Four of the 5 UK fund managers with significant retail socially responsible investment (SRI) funds take an issues-based approach, suited to their mandate to seek environmental and social benefits in addition to financial returns. In order to do this they have invested in large (5-10 person) SRI teams.
- Out of the remaining 12 UK fund managers interviewed, 9 integrate engagement on SEE issues within their corporate governance process and team. This is consistent with the emerging view that major environmental and social issues present similar 'non-financial' risks to shareholder value as corporate governance concerns.
- The remaining 3 funds take a pragmatic, company-focused, approach looking at the key SEE risks facing their top-50 or so holdings. It is possible that this approach will, in time, become integrated with corporate governance.
- Non-UK fund managers identify SEE issues in a variety of ways: 1) analysts may identify issues, 2) clients/investors may select issues, 3) issues may be driven by senior management/ board of directors, and/or 4) market conditions may drive the issues.

Objective(s) and rationale of investor engagement

- The majority (15/25), aim to improve information disclosure or to raise company awareness of key SEE issues. Only 6 fund managers actively seek to improve governance structures related to SEE issues or SEE performance. Not surprisingly these are those fund managers that specialise in SRI or are very active in promoting good corporate governance.
- Virtually all fund managers are engaging with companies on SEE issues to protect shareholder value (24/25). A few of those think it possible to uplift shareholder value. One also has a mandate to promote corporate responsibility. The remaining fund manager, a traditional retail SRI fund manager, has a mandate to engage on the sole basis of promoting ethical corporate behaviour.
- Many of the traditional SRI fund managers in the USA have a much heavier focus on improving SEE performance than do their mainstream counterparts, and may be willing to sacrifice some financial performance in their pursuit of a higher level of SEE performance.

Requests from UK pension fund trustees

- The UK pensions disclosure legislation often marked the start of fund manager engagement on SEE issues but, interestingly, most had not received significant requests from pension fund clients to do so. It seems many fund managers see these issues as emerging 'non-financial' risks to all their assets under management. Public sector pension funds have been the most active in requesting engagement, but these requests are usually not specific as to the issue. The perception is that most trustees doubt the materiality of SEE issues.

4. The tactics and tools of investor engagement (see Appendix 4 for details)

Informal dialogue

- Informal dialogue is the principal tool of investor engagement in the UK and the US, though differences in company law make access to senior management easier in the UK. This does shape engagement tactics in a different way, leading to greater use or threat of shareholder resolutions to facilitate dialogue in the US.

¹ All fund managers were interviewed on the basis that the details of their engagement process, and the motivating factors behind it, would not be attributed to them. Nor would this note attempt to benchmark or rate the different approaches. Rather the purpose is to report on the variety of approaches and draw out some of the drivers behind those different choices.

- The form of this dialogue does differ between institutions, from an intensive questioning and debate with corporate specialists on SEE issues, to meeting the company secretary by those with a corporate governance approach. The latter approach is particularly effective when considering risks to the company since the company secretary is best placed to know the company well, and is required to circulate meeting details to all members of the board.

Collaboration

- Collaboration with other investors is widely seen as the future for investor engagement on these issues and is increasingly practised, as in practice this has proved far more effective than engagement by individual fund managers.
- There are concerns about ‘concert party’ law in the UK which has limited collaboration to date to information sharing. The Takeover Panel is considering the situation, but several fund managers expressed the view that there would be no conflict if the engagement was in the interests of all shareholders.
- Fund managers with significant retail SRI products express some concern about losing competitive advantage should their own propriety engagement services be replaced by collaborative engagement.
- In the US all the social investors collaborate regularly. While most of the mainstream fund managers coordinate with other investors occasionally.

Voting shares

- All fund managers vote shares in their domestic markets. Many UK investors do in the US but some do not because of cost and in Europe there are practical difficulties preventing easy use of this investor right. Non-UK fund managers appear to vote their shares everywhere.

Shareholder resolutions

- Few in the UK actively participate in shareholder resolutions (3/16). Outside the UK all 5 social investors file shareholder resolutions on SEE issues. The four mainstream fund managers do not. Everyone agrees that the last resort is to bring these resolutions to vote. In the US the filing of shareholder resolutions (which the company can, in most instances, ignore even if voted for by a majority) has traditionally been a way of starting dialogue with the company on SEE issues. Those engaging on the basis of protecting shareholder value find this less of a barrier to dialogue.
- Many expressed their doubts about the effectiveness of this option in the UK (since access to senior management is relatively easy), and also concerns that they would lose influence with company management if too closely linked with single issue pressure groups.

Public campaigns

- Only one fund manager in the UK would consider a public campaign as a tool of investor engagement, and would not do this for a single company but only for publishing market-wide comparisons or voting policy changes.
- Many of the non-UK social investors use or threaten public campaigns as a key engagement tool. One second-hand account suggested that a major indexed fund uses publicity in order to generate ‘spillover’ effects, improving SEE performance of companies it had not been able to actively engage with.

Buying shares to increase influence

- The relational or active value investing style is an interesting model for those engaging on SEE issues, issues which do require a close relationship and knowledge of the company for engagement to be effective.
- To date this style has been used successfully on corporate governance issues by 2 of the UK fund managers interviewed. One fund manager has used this on an SEE issue, while several of the large fund managers find themselves long-term relational investors by virtue of the size of their holdings, particularly with the smaller companies.
- While this model seems superficially promising most UK fund managers did not see it as an appropriate tool.

5. Other sources of information

In addition to the 32 interviews held, an extensive search was made of what is available on this subject via the internet, which resulted in a review of over 50 documents, with 25 of them being identified by the authors as being of value. The relevant web-sites and documents are identified in appendix 5 and 6 respectively.

Appendix 1: Representatives from the following funds took part in the survey

UK fund managers (16)	Non-UK fund managers (9)
AEGON	Calvert (USA)
Barclays	Citigroup (USA)
Baillie Gifford	City of New York Pension Fund (USA)
CIS	Dreyfus (USA)
Dresdner RCM	Merita Jantzi Social Index Fund (Canada)
Friends, Ivory & Sime	SNS Bank (Netherlands)
Gartmore	Trillium (USA)
Hermes	Walden (USA)
Henderson Global Investors	Winslow (USA)
Jupiter	
JP Morgan Fleming	
Legal & General	
Morley	
Newton	
Schroders	
Standard Life	

In addition, seven industry experts were interviewed bringing the total number of interviews to 32.

The industry experts, all based in the USA, were from:

- Ecos Consulting,
- Marsh
- Friends of the Earth,
- National Wildlife Federation,
- Innovest Strategic Advisors,
- Recently retired staff from the Jessie Smith Noyes Foundation, and
- Recently retired staff from Calvert Investment.

Appendix 2: Questions asked of each interviewee

1. Overall asset management characteristics
 - 1.1. What is the approximate size of assets under management?
 - 1.2. Are you primarily an indexed or active fund manager?
 - 1.3. What drives your investment process: growth, value?
 - 1.4. Do you manage assets at home and abroad?
 - 1.5. Can your relationship with investee companies be described as relational or hands-off?
2. What type of discussions do you have with companies on:
 - 2.1. Its environmental programmes and policies
 - 2.2. Its social programmes and policies
3. Do you try to get companies to change their programmes and policies? If so, what is the basis for your proposed changes
4. Do you ever consciously buy stock with the primary purpose of affecting their environmental or social policies? If so what proportion of your buy decisions are driven by this approach?
5. How do you approach the engagement process: Informal dialogue, collaboration with others, voting of shares, use or threat of shareholder resolutions, public campaigns or some other approach?
 - 5.1. Would you use one approach in preference to another?
 - 5.2. If one approach fails, under what circumstances would you try another?
6. Would you suggest any documents be included in our report?

Appendix 3: The strategy and drivers for investor engagement

	Basic management characteristics	Approach to SEE issues	Objective(s) of investor engagement	Rationale for investor engagement	Requests from UK pension fund clients
UK fund managers					
- A	£100-200bn funds managed. Active manager but large stakes mean long-term investor. Pragmatic investment style.	Examine top holdings for SEE issues presenting material risks to shareholder value. Small SRI team.	Primarily information disclosure.	Protect shareholder value.	Driven by requests from LA clients.
- B	£50-100bn funds managed. Indexed but with active fund to promote change. Long-term relational investing style.	Integrated into corporate governance where material risk to shareholder value. Large governance team of specialists.	Improved governance structures.	Preservation of long-term shareholder value. Possibilities of uplifting value.	LA clients very keen. Also union representatives on corporate fund trustee committees asking SEE questions.
- C	£100-200bn funds managed. Majority indexed.	Pragmatic approach to issues using ABI guideline service. Small governance team.	Primarily information disclosure.	Protect shareholder value.	Trustees leaving decisions to fund manager.
- D	£100-200bn funds managed. Active global thematic style. Half retail, half institutional.	Risk-based approach to major shareholdings. Small governance team.	Primarily information disclosure.	Protect shareholder value.	Trustees just taken corporate governance on board. Very little understanding of relevance of SEE issues.
- E	£50-100bn funds managed. Active manager. Pragmatic investment style.	Integrated into corporate governance. Company not issue-based approach. Assess management quality as well as risks. Small governance team.	Primarily information disclosure.	Protect shareholder value.	Most requests from LAs, charities and university pension funds.
- F	£200-600bn funds managed. Some retail ethical funds. Active manager. Growth style.	Risk-based pragmatic approach. Small SRI team.	Primarily information disclosure.	Protect shareholder value.	Pension fund trustees requesting engagement on SEE issues, but are not specific about which.
- G	£0-50bn funds managed. Some retail ethical funds. Active manager. Pragmatic investment style.	Pragmatic, company not issue-based. Small SRI team.	Raise concerns with company.	Shareholder responsibility/ business ethics.	Very few instances of pension fund trustees or retail clients asking about SEE issues.
- H	£100-200bn funds managed. Mixture of indexed and active manager. Top-down investment style adapts to business cycle.	Integrated into corporate governance. Product sustainability/ management quality framework. Large SRI and governance team.	Improved governance structures and performance.	Shareholder value. Concern with sustainability issues but see need to make the 'business case'.	No example of Defined Benefit corporate pension scheme doing SRI. LAs most active.
- I	£50-100bn funds managed. Active manager. 'Growth at a reasonable price' investment style.	Elements of environmental and social issues integrated within corporate governance. Small corporate governance team.	Primarily information disclosure.	Protect shareholder value.	Pension fund trustees ask what is being done on SRI but few specific questions or requests. Corporates do not think issues are material.
- J	£0-50bn funds managed. Active manager. Some retail and institutional SRI funds. Largely growth-focused investment style.	Mostly issue-based around sustainability or responsibility. Separated from corporate governance.	Aiming to improve disclosure and governance structures.	Protect shareholder value and shareholder responsibility. Screened funds give mandate to engage on business ethics.	Pension fund trustees are not making many requests for action in these areas.
- K	£100-200bn funds managed. Mostly active manager. Some retail and	Mostly theme-based engagement. Product sustainability/ management	Improved information disclosure and governance structures.	Risk to shareholder value approach.	Public sector pension funds most active on SEE issues.

	institutional SRI funds. 'Growth at the right price' investment style.	quality framework. Large SRI and governance team.			
- L	£50-100bn funds managed. Active manager. Some retail and institutional SRI funds. 'Growth with momentum' investment style.	SEE issue-based approach. Also examine major risks to top 50 holdings. Large SRI team.	Improved information disclosure and governance structures.	Protect or enhance shareholder value.	Pension fund clients very interested in these issues. Substantial dialogue with them. Mostly LAs.
- M	£200-600bn funds managed. Mostly indexed but also active fund. Quantitative investment style for active fund.	Starting to incorporate SEE issues, starting with environmental policy, into corporate governance. ABI guidelines incorporated into reports. Small corporate governance team.	Primarily information disclosure.	Protecting against risk to shareholder assets. No client mandate for any other objective	Some LA pension funds keen. Also two FTSE100 corporate pension funds becoming active.
- N	£0-50bn funds managed. Mostly active manager. Retail ethical fund. Mostly value-based but range of investment styles.	Combination of sector analysis and key risks to individual companies. Issues-based in reaction to events. Large SRI team.	Improved information disclosure and governance structures.	Protect shareholder value and shareholder responsibility. Mandate to pursue social responsibility.	N/a.
- O	£200-600bn funds managed. Mostly active manager but size of funds mean often own 5-10%. Value-based investment style.	Company-based approach using EIRIS template to identify key issues for company. Small corporate governance team.	Primarily to get information disclosure and raise awareness of issue with company.	Protecting shareholder value.	LA pension funds request engagement on these issues.
- P	£0-50bn funds managed. Active manager. 'Unexpected growth' investment style.	Company-based approach using EIRIS template to identify key issues for company. Small corporate governance team.	Primarily information disclosure.	Protecting shareholder value.	Pension fund trustees not driving this process, but some interest from public sector funds.
Non-UK fund managers					
- Q	Active manager.	Either issued-based approach or risks facing particular company, if significant holding.	Improved social performance.	Promoting shareholder value and responsibility.	N/a.
- R	Indexed fund manager. Social investor	Major research function so issue-based approach. Allowed detailed discussions with companies on issues.	Improved social performance.	Promoting responsibility.	N/a.
- S	Active manager.	Risk-based approach to issues with a view to assessing the capabilities of management.	Information disclosure. Do not ask company to change.	Protecting shareholder value.	N/a.
- T	Active manager.	Focus on corporate environmental impacts.	Information disclosure. Small companies lack resources to deal with these issues.	Protecting shareholder value.	N/a.
- U	\$0-50bn funds managed. Social investor	Client selected SEE issues. Focus on corporate environmental and social impacts.	Improved social performance.	Promoting responsibility.	N/a.
- V	Active manager. Quantitative investment style.	Use questionnaires to get detailed picture of corporate policies and performance on SEE issues.	Primarily information disclosure.	Protecting shareholder value.	N/a.
- W	Mostly indexed.	Focus on corporate social	Improved information disclosure and	Protecting shareholder value.	N/a.

		responsibility and governance issues.	governance structures.		
- X	Active manager. Social investor.	Issue-based approach.	Primarily information disclosure.	Protecting shareholder value.	N/a.
- Y	Indexed and active funds. Mainly growth-focused investment style.	Combination of issue-based and company specific risks approaches.	Improved social performance.	Promoting responsibility.	N/a.

Appendix 4: The tactics and tools of the investor engagement process

	Informal dialogue	Collaboration with other investors	Voting shares	Participating in shareholder resolutions	Public campaigns	Buying shares in order to increase influence
UK fund managers						
- A	Principal tool of engagement. Access to senior management due to size of holding.	Exploring this option and open to information sharing with other investors.	Have voted against management in US on SRI issue. Not in UK. Looking for movement by management on issue.	Rarely. Wary of losing influence if associated with NGOs.	No.	No.
- B	Start with company secretary. If issue not addressed call meeting with executive team.	Actively co-operate with other investors. Particularly overseas so as not to impose a UK-centred view. Concert party law not seen as problem in practice.	Vote shares. Keen to ensure shareholders maintain rights.	Have signed EGM resolutions to remove member of board. Slow to do so. Not seen as necessary on SEE issues.	No need in UK as good access to senior management. If seen as going behind back of management, by briefing press, would destroy relationship.	Yes, but to date only on corporate governance issues.
- C	Principal tool of engagement. Access to senior management due to size of holding.	Meet other investors to share information.	Vote shares on client instruction.	Only if instructed to by client. Some LA pension funds have done so.	No.	No.
- D	Principal tool of engagement. Access to senior management due to size of holding.	Will meet other investors to share information.	Vote all shares, except where practical difficulties e.g. France.	Only as very last resort.	No. Again because of concerns that relationship with management would be damaged.	Only if also clearly undervalued.
- E	Principal tool of engagement. Information derived from calls and meetings also input into investment process.	Actively share information with other investors. If improving value for all shareholders no problem with concert party law.	Vote all shares, but practical problems in some overseas markets.	Important option but last resort move.	An option but unlikely to be taken because UK company law allows access to management.	No. Unlike strategic or corporate governance issue not proven that SEE issues create value.
- F	Principal tool of engagement.	Will collaborate on information disclosure projects.	Corporate governance team vote shares.	No.	No.	No.
- G	Exchange of letters having met with senior management.	Collaboration seen as increasing trend. Clients sceptical of claims by individual fund managers.	Vote all shares.	Do participate in shareholder resolutions. Expect to be increasing feature.	No.	No.
- H	SRI team meet with senior management in separate meetings than those discussing financials.	An increasing feature. However, competitive issue – need to be seen engaging for retail SRI clients.	Vote all shares in UK. But many UK clients do not vote outside due to cost and practical difficulties.	Do vote on shareholder resolutions in UK. No resources to participate in US.	No. Easier for pension fund than commercial fund manager with corporate clients.	No. Implicitly a relational investor with small companies where large shareholder.
- I	Separate meeting on SEE issues with senior management and person with responsibility for issue.	Prefer collaboration with one other sizeable investor.	Vote shares on corporate governance issues. Few opportunities on SEE issues.	Would consider but last resort for corporate governance, and have not seen need on SEE issues.	No.	No.
- J	Separate meetings on SEE issues with senior management	Collaboration is essential. Impact of single fund manager	Vote shares in UK.	Last resort option.	No. Commercial fund manager does not have the	Occasionally take active shareholding to improve SEE

	and person with responsibility for issue.	is negligible. Growing number of collaborations.			mandate to be a campaigner.	performance. Limited to less than 5% funds.
- K	Fund managers meet with top management. Then SRI team engage with specialists on SEE issues using matrix of ratings, profiles, and sector studies of best practice.	Interaction between investors happens all the time. Exchange information but do not agree to vote in concert.	Vote shares.	Last resort option. Doubts about their effectiveness and prefer to leave this sort of action to the pressure groups.	Yes but not for individual companies. Have gone public with FTSE100 ratings and environmental reporting requirement.	Not for SEE issues. Have been occasions where weighting in a stock increased in order to improve on corporate governance.
- L	Regular meetings with management and non-executive directors. Dialogue on issues begins with sending a letter.	Lots of collaboration and keen to do more. Often makes sense for the company to deal with a group of concerned investors.	Seek to vote all shares worldwide on all issues.	Consider using shareholder resolutions, and will support if in interests of shareholders. Have co-filed on SEE issue. In US resolutions way of opening dialogue.	No. Unlike experience in US, easier in UK to work behind the scenes.	No.
- M	Dialogue with company secretary vital as has best overview of company and is required to circulate discussions to whole board.	Participate in exchanges of information. Never agree to take joint action.	Vote all shares.	No.	No.	No.
- N	Responsible shareholding unit has regular contact with management on specific SEE issues.	Often collaborate and see this as an increasing feature of investor engagement on these issues.	Vote every share in UK and US.	Do not participate in resolutions but do engage on basis of them. Might consider co-filing but wish to avoid campaigning.	No.	No.
- O	Principal tool of engagement.	Involved in information sharing networks. Concerns about concert party law.	Vote all shares.	Do not participate in resolutions. See risk of weakening relationship with company if associated with campaigning groups.	No. US adversarial model does not work in the UK.	No.
- P	Dialogue with specialists in larger companies. Often group meetings with non-executive directors and company secretaries.	Collaborated with other investors to set down engagement guidelines. Involved with information sharing networks.	Vote all UK and US shares. Elsewhere overseas more limited voting.	Take shareholder resolutions seriously. Not convinced of productiveness. Often aimed at better performers that are open to dialogue.	No.	No. Looking to invest in well-managed companies, not to transform poor performers.
US fund managers						
- Q	Start with letter on issue setting out the facts.	Sometimes collaborate with pressure groups.	Vote all US shares.	Yes. Often file shareholder resolutions on SEE issue to open dialogue with management.	Sometimes collaborate with pressure groups.	Sometimes.
- R	Dialogue becoming more common in Canada following 1997 legislation.	Some information sharing.	Vote all shares.	Active involvement in shareholder voting of resolutions, usually led by church groups.	Not usually.	No.
- S	Extensive dialogue to	Some information sharing and	Vote all shares.	No.	No.	No.

	understand risk, drivers and corporate culture.	coordination with social investors.				
- T	Engage with board on SEE issues.	Some information sharing.	Vote all shares.	No.	Sometimes.	No.
- U	Active dialogue on SEE issues.	Coordinate engagement with NGOs, religious-based firms, and other investors on specific issues.	Vote all shares.	Yes. Often file shareholder resolutions on SEE issues to open dialogue with management.	Yes. Press releases, articles in papers, consumer campaigns.	No.
- V	Positive dialogue with companies on these issues.	Some information sharing.	Vote all shares.	No.	No.	Yes, usually as a result of a trade union mandate.
- W	Active dialogue with senior management.	Some information sharing and collaboration with other investors, in co-filing resolutions.	Vote all shares.	No.	No.	No.
- X	Active dialogue with management, initially through letters and phone calls.	Some information sharing.	Vote all shares.	No.	No. Sell stock if no response.	No.
- Y	Very active dialogue at senior management level and specialists.	Occasionally coordinate with other fund managers.	Vote all shares.	Yes. Lead and cosponsor resolutions.	Not usually.	No.

Appendix 5: Website review

#	Name	Website	Relevant Data	Why Relevant
1	British Petroleum	www.bp.com	Yes	Engagement mission statement from a corporation
2	Business for Social Responsibility	www.BSR.org	Yes	Extensive section on shareholder engagement
3	Business in the Environment	www.business-in-environment.org.uk	Yes	Description of shareholder engagement
4	Domini	www.domini.com	Yes	Criteria for engagement by a leader in this field
5	DuPont	www.dupont.com	Yes	Engagement mission statement from a corporation
6	EIRIS	www.eiris.org	Yes	Comprehensive guide on shareholder engagement with resources and tools
7	Friends Ivory&Sime	www.friendsis.com	Yes	Description of shareholder engagement
8	Friends of the Earth	www.foe.org	Yes	Listings of shareholder resolutions
9	Hermes	www.hfame.com	Yes	Shareholder engagement philosophy
10	IRRC	www.irrc.org	Yes	Description of a news service for following shareholder resolutions
11	Just Pensions	www.justpensions.org	Yes	Step-by-step guide on engagement as institutional investors
12	National Wildlife Federation	www.nwf.org	Yes	Description of shareholder engagement
13	Real Assets	www.realassets.org	Yes	Criteria for engagement with companies
14	Social Funds.com	www.socialfunds.com	Yes	Listings of shareholder resolutions
15	Standard Life	www.standardlife.co.uk	Yes	Corporate governance section that includes a piece on engagement
16	Trillium	www.trilliuminvest.com	Yes	Comprehensive descriptions of shareholder engagement and criteria used by Trillium
17	Walden Asset Management	www.waldenassetgmt.com	Yes	Criteria used by Walden to engage with corporations
18	Accountability	www.accountability.org.uk	No	No relevant info on topic
19	AFL-CIO	www.afl-cio.org	No	No relevant info on topic
20	CALpers	www.calpers.ca.gov	No	No relevant info on topic
21	City of NY Pension Fund	www.osc.state.ny.us/pension/	No	No relevant info on topic
22	Dreyfus	www.dreyfus.com	No	No relevant info on topic
23	Ethical Performance	www.ethicalperformance.com	No	No relevant info on topic
24	ICCR	www.iccr.org	No	No relevant info on topic
25	SSB	www.ssb.com	No	No relevant info on topic
26	TIAA-CREF	www.tiaacref.com	No	No relevant info on topic
27	Winslow	www.winslowgreen.com	No	No relevant info on topic

Appendix 6: Literature review

#	Document Name	Availability	Source	Date	Abstract
1	HFAME Shareholder Engagement	www.hfame.com/shareholder.htm	Hermes	NA	Herme's shareholder engagement philosophy. An outline of Herme's approach to relationship building with corporations and the various steps taken in different engagement scenarios.
2	2002 Environmental Shareholder Resolutions	www.foe.org/greenresolutions/	Friends of the Earth	2002	A complete listing of the Environmental Resolutions sponsored by: Citizen's Environmental Coalition, Friends of the Earth, Nautilus Institute, Public Citizen, and U.S. Public Interest Research Group. Detailed resolutions for specific companies are given on the following topics: Global Warming, Genetically Engineered Food, Environmentally Sensitive Areas, Recycling, Environmental Governance, and Energy Issues.
3	Corporate Accountability, Wall Street, and the Environment	www.foe.org/international/corp_acc/faq.html	Friends of the Earth	2002	Frequently asked questions are covered on the topic of FoE's Shareholder Activism. Topics covered include a definition of shareholder activism, FoE's method for sponsoring resolutions, a time table for filing and negotiations, and membership in FoE's shareholder activism program.
4	Getting Engaged: A Toolkit for Trustees	www.justpensions.org/jph-4.shtml	Justpensions.org	NA	Steps to take for shareholder engagement (especially pension funds) from raising questions to issuing press briefings. Benefits and consequences of engagement are listed and examples of pension fund SRI policies and Fund Manager Engagement examples are given.
5	Examples of Pension Fund SRI Policies	www.justpensions.org/jph-4-ex.shtml	Justpensions.org	NA	Examples of Pension Fund SRI policies are given for USS and TIAA-CREFF. Also, examples of Fund Manager Engagement are given for Peacock's, Hong Kong and Shanghai Hotels, and Tandem on the topics of supply chain management, environment, and labour standards, respectively.
6	2002 IRRC Proxy Voting Checklist	www.socialfunds.com/sa/status.cgi	SocialFunds.com	2002	A complete listing of all of the IRRC sponsored proxy voting resolutions for the year 2002. For each company, a detailed listing of the contested issue is given as well as a status update and whether or not it has been challenged by the SEC.
7	Shareowner Action	www.socialfunds.com/page.cgi/article4.html	SocialFunds.com	2002	A detailed overview of the concept of Shareowner Action. Current trends are explored and the basic four levels of shareowner activism (voting your proxies, initiating dialogue, sponsoring resolutions, and divestment) are explained with an emphasis placed on environmental shareholder engagement.
8	SRI Consultation	www.bp.com/environ_social/social_respon/stakeholder_eng/supp_2.asp	BP - Environment/Social	NA	An affirmation of BP's commitment to SRI consultation and shareholder engagement. Examples of BP's engagements with various groups are given.
9	Shareholder Proposals & Dialogues	www.domini.com/shareholder-advocacy/Shareholder-Proposals---Dialogues/environment.doc_cvt.htm	Domini	2002	An update on the many shareholder proposals and dialogues Domini has initiated. Detailed descriptions are given on Domini's engagement with Merrill Lynch, Proctor & Gamble, Coca-Cola, and Pepsi.
10	Business in the Environment	www.business-in-environment.org.uk	Business in the Environment	NA	Business in the Environment's corporate mission. Through their Index of Corporate Environmental Engagement, BiE works with companies on

					engagement issues on the environment.
11	Corporate Engagement	www.realassets.org/products/corpdial.html	Real Assets	NA	Real Assets' approach to corporate engagement. Through: Proxy Voting, Direct Dialogue, and Shareholder Resolutions, Real Assets stresses adherence to the CERES Principles of corporate governance.
12	Engagement	www.trilliuminvest.com/pages/activism/activism_engagement.asp	Trillium Asset Management	NA	Trillium's approach to shareholder engagement are described. These methods include: Direct Dialogue with Corporate Managers, Shareholder Resolutions, Public Policy Initiatives, and Proxy Voting.
13	Proxy Voting Guidelines	www.trilliuminvest.com/pages/activism/activism_voting_social.asp	Trillium Asset Management	NA	Trillium's outline of stances on various issues facing shareholder engagement. These issues include: Democracy and Human Rights, Diversity, Environment, Global Finance, Labour Rights, Militarism and Violence, Political Contributions, Pornography, and Animal Rights. On the topic of the Environment, Trillium is actively engaged in: the Arctic National Wildlife Refuge, CERES Principals and Environmental Exposure, Chlorine Compounds, Climate Change, Environmental Liabilities, Genetically Modified Foods and Agricultural Products, Nuclear Power, Recycling, and Reduction of Cleanup of Toxics.
14	What is Shareholder Resolution?	www.nwf.org/finance/sampleproxycard.html	National Wildlife Federation	NA	A brief description of shareholder resolutions and the process of utilizing proxy ballots. Also, a diagram of a real proxy ballot is displayed with NWF's recommendation for voting.
15	Ethical Share Ownership	pdf	EIRIS	NA	EIRIS describes the many ways shareholders can exert influence over companies. Examples of shareholder engagement with companies are given as well as brief instructions on how the process works. Indirect shareholder action is also covered through pensions, ethical funds and institutional investors. A list of organizations participating in shareholder activism is given.
16	Social Commitment	www.dupont.com/corp/social/SHE/usa/us4.html	Dupont.com	NA	A report/update on DuPont's social commitment through: Sustainable Growth Strategies, Productivity, Knowledge Intensity, Integrated Science, Stakeholder Engagement, and Footprint Reduction. On the topic of shareholder engagement, DuPont gives examples of current initiatives and discusses their new Responsible Care code of conduct.
17	Shareholder Advocacy	www.waldenassetmgt.com/social/shareholder.html	Walden Asset Management	NA	A brief description of the many services Walden Asset Management offers in terms of shareholder advocacy. These services include: Proxy Voting, Dialogue with Companies, Shareholder Resolutions, Technical Assistance/Expert Testimony, and Community Development Investment.
18	Social Issues Service	www.irrc.org/products/sis/sispv.html	IRRC	NA	An advertisement for IRRC's Social Issues Service. This service is a comprehensive guide on all of the season's upcoming shareholder proposals on social issues at U.S. companies as well as updates on proposal status.
19	Research in Stakeholder Theory, 1997-1998: The Sloan Foundation Minigrant Project	NA		NA	An introduction to a series of nine minigrant research projects on the topic stakeholder theory. The framework of the reports centred around: context and governance, management processes, and performance outcomes and evaluation.

20	Social Investments in the United States	<a href="http://www.mjra-
jsi.com/whatis_sri.asp
?section=5&level_2=1
6&level_3=0">www.mjra- jsi.com/whatis_sri.asp ?section=5&level_2=1 6&level_3=0	Jantzi Research Associates	NA	Overview of the growth of SRI and SRI funds in the United States. A graph depicting US SRI assets is given.
21	A Survey of Shareholder Activism: Motivation and Empirical Evidence	pdf		Oct-98	An overview of shareholder activism. Topics discussed include: What is Shareholder Activism?, History of Shareholder Activism, Shareholder Activism by Institutional Investors, Recent Developments, Motivation for Shareholder Activism, Impact of a Large Shareholder, Monitoring and Liquidity Effects, Activism through the Proxy Process, Who Gets Targeted?, Does Shareholder Activism Work?, Voting Outcomes on Shareholder Proposals, Long-term Performance after the Shareholder Activism, Changes in Other Aspects of the Target Firm, and Conclusions.
22	Shareholder Engagement	www.bsr.org/BSRlibrary/TODetail.cfm?DocumentID=256	Business for Social Responsibility	NA	A detailed description of shareholder engagement and the many facets which comprise a general picture of this concept. Further consideration is given to its: business importance, recent developments, external standards. Implementation steps, leadership examples, sample policies, awards and links to helping resources.
23	A Socially Responsible Engagement Policy for Christ's College Investments - Briefing and Proposal for Investigation	pdf		2001	A proposal for Christ College, of Cambridge University, to begin screening their investments and begin active corporate engagement. An overview of SRI and the mechanics of engagement are given along with a case study on engagement with human rights.
24	UK Corporate Governance Guidelines	pdf	Standard Life	NA	A presentation on Standard Life's governing principles for conducting business. Brief descriptions are given on their: Corporate Governance Principles, the Board of Directors, Directors' Remuneration, Accountability and Audit, Investment Trusts, Standard Life as Shareholders, and Standard Life's Voting Guidelines. Under the "shareholder" category, Standard Life reaffirms its commitment to being active in engaging with companies in which it owns shares.
25	Confronting Companies Using Shareholder Power: A Handbook on Socially-Oriented Shareholder Activism	www.foe.org/international/shareholder	Friends of the Earth	NA	A comprehensive guide on the principles of shareholder activism for "socially-conscious or mission-based investors who recognize their obligation to exercise ownership responsibility in the companies they hold." In-depth descriptions are given on: an Introduction to Shareholder Activism, Shareholder Activism in a Campaign Context, Shareholder Dialogues, How to Draft & Defend Shareholder Resolutions, Proxy Solicitation, Presenting the Resolution & Annual Meetings, and Resources & Links.