

# Investors Engagement: Dialogue and Voting

Bettina Reinboth, 2 July 2018 Milan



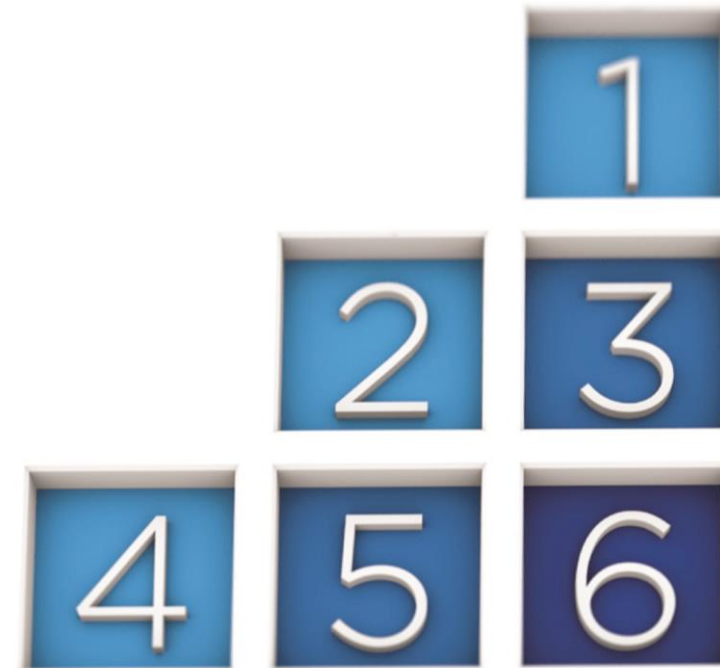
## THE MISSION

"We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation."

# THE SIX PRINCIPLES

- 1** We will **incorporate ESG issues** into investment analysis and decision-making processes.
- 2** We will **be active owners** and incorporate ESG issues into our ownership policies and practices.
- 3** We will **seek appropriate disclosure** on ESG issues by the entities in which we invest.
- 4** We will **promote acceptance and implementation** of the Principles within the investment industry.
- 5** We will **work together** to enhance our effectiveness in implementing the Principles.
- 6** We will each **report** on our activities and progress towards implementing the Principles.



# PRI AT A GLANCE

Launched in April 2006 at the NYSE, the Principles for Responsible Investment has:

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## UN PARTNERS:

UNEP FINANCE INITIATIVE  
UN GLOBAL COMPACT



2000

## SIGNATORIES:

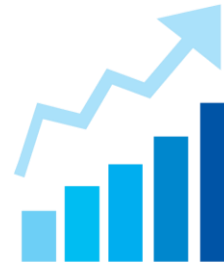
ASSET OWNERS,  
INVESTMENT  
MANAGERS  
AND SERVICE  
PROVIDERS



80

## US\$ TRILLION:

ASSETS UNDER  
MANAGEMENT



6

## PRINCIPLES:

RECOGNISING THE  
MATERIALITY OF  
ENVIRONMENTAL,  
SOCIAL AND  
CORPORATE  
GOVERNANCE ISSUES



# HOW ESG ISSUES CAN AFFECT INVESTMENTS

Valuation and investment decision making: Understanding how analysts are integrating ESG considerations into valuation



# RESPONSIBLE INVESTMENT IN LISTED EQUITIES

Types of approaches include:

## ESG INCORPORATION:

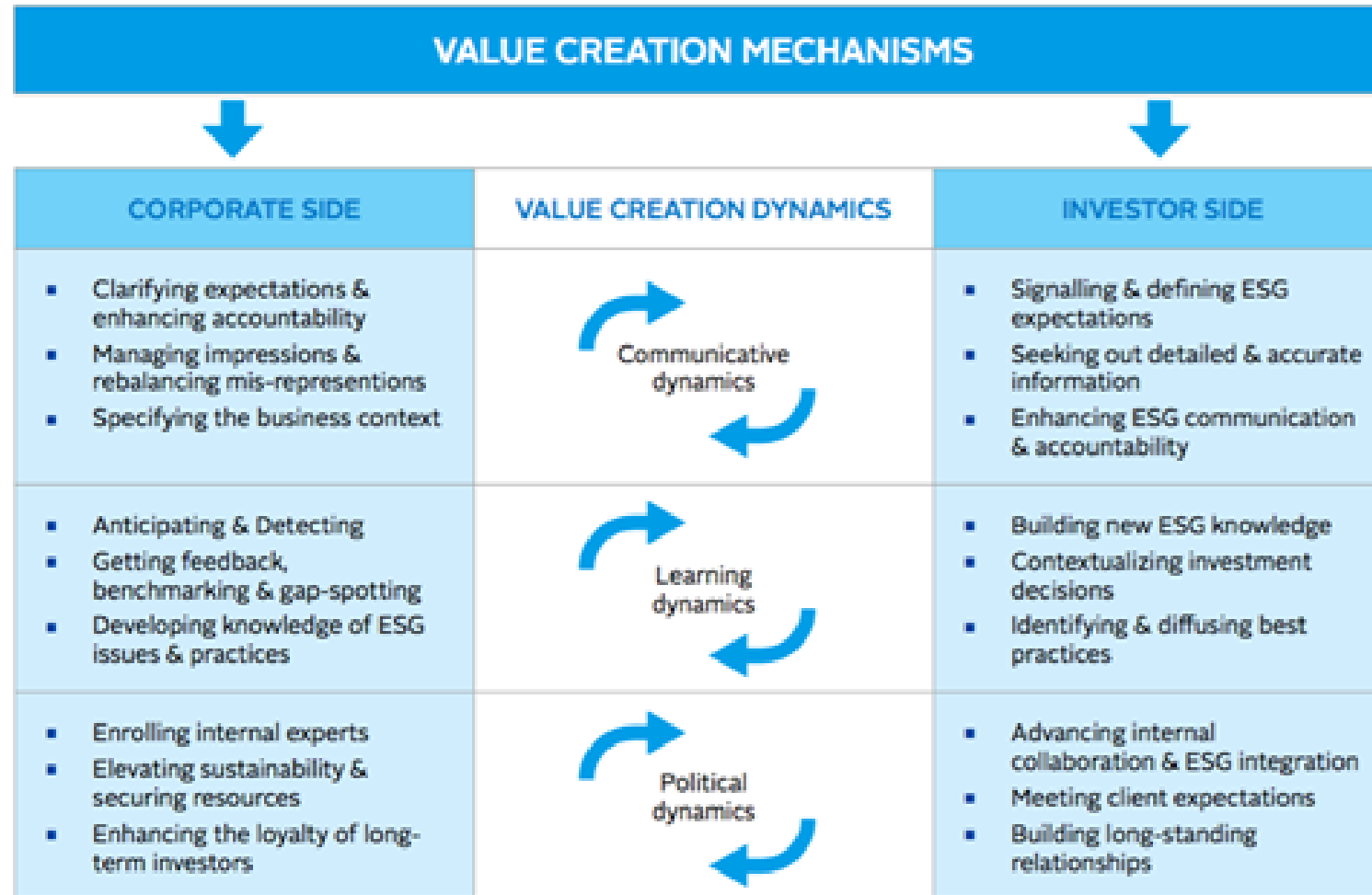
- Screening
- Sustainability themed investing
- Integration of ESG issues

## ACTIVE OWNERSHIP:

- Proxy voting
- Engagements



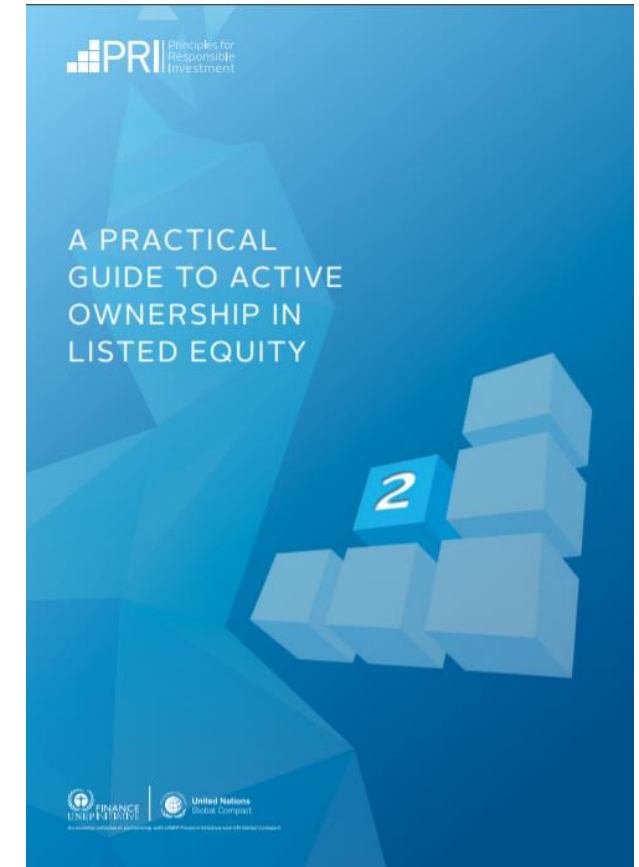
# IS SHAREHOLDER ENGAGEMENT ADDING VALUE?



# A PRACTICAL GUIDE TO ACTIVE OWNERSHIP IN LISTED EQUITY

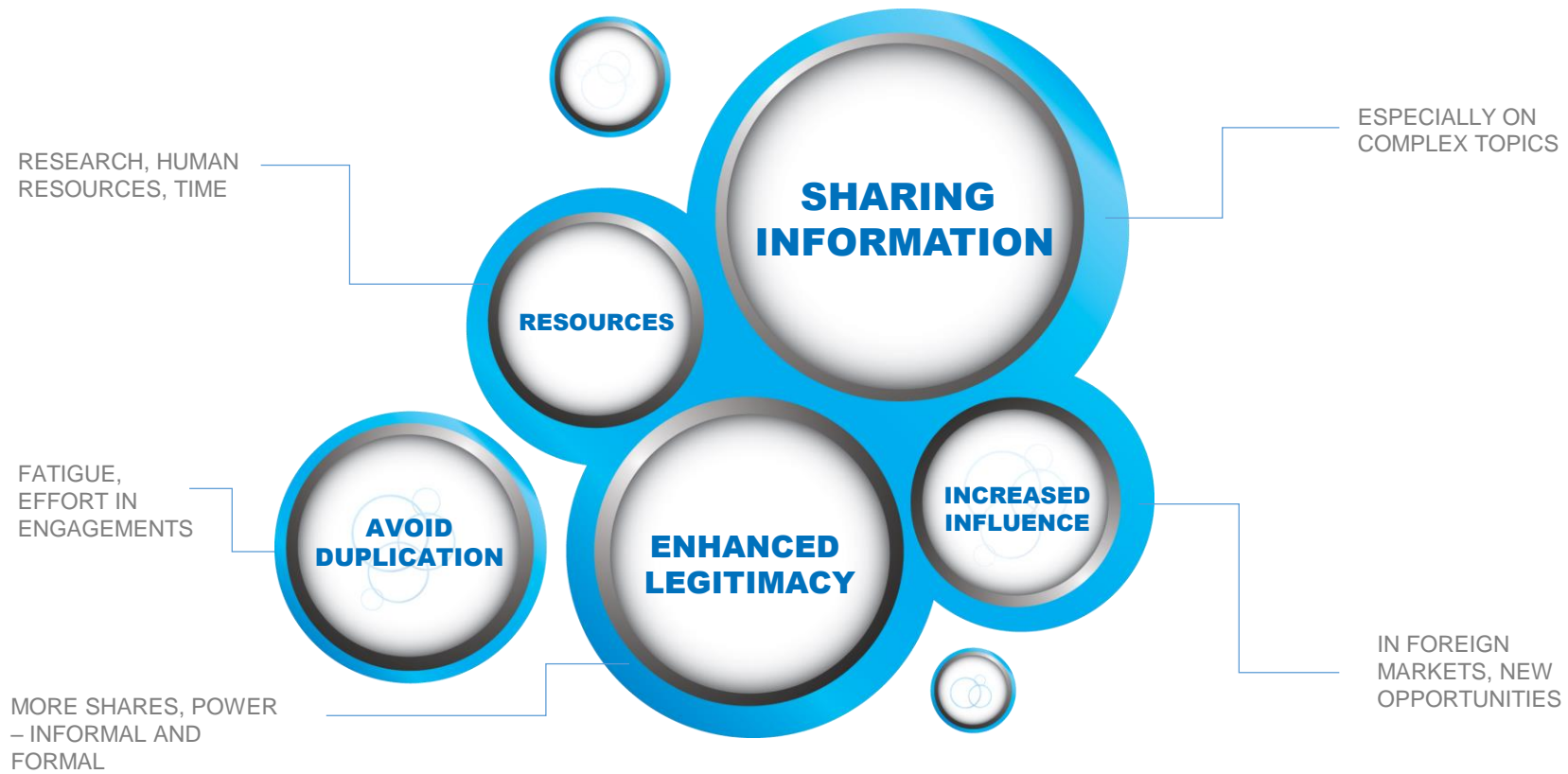
The report provides detailed guidance and multiple case study examples on how to:

- Develop a sound active ownership policy aligned with an organisation's investment strategy, and set clear expectations
- Execute engagement and proxy voting practices internally and/or outsource practices to investment managers and service providers
- Relate active ownership to investment decisions
- Be transparent on results achieved, including best practice reporting on engagement and voting activities





# WHY COLLABORATE?



# HOW CAN INVESTORS COLLABORATE?



# WHAT'S HIDDEN IN YOUR PORTFOLIO?

Investor interest on social issues



# ENGAGING ON MODERN SLAVERY

## WHAT CAN INVESTORS DO?

- Assess the Modern Slavery Statement
- Exercise your voting power to influence positive corporate behaviour
- Seek board level access to ensure board oversight on Modern Slavery
- Understand how Modern Slavery fits into the wider Human Rights strategy
- Collaborate through the PRI with like-minded institutions to increase influence

# **PRI collaborative engagement - human rights in the extractive sector**



# HUMAN RIGHTS IN THE EXTRACTIVE SECTOR

## OVERVIEW OF COLLABORATIVE ENGAGEMENT 2015-2017

- Initiated in 2015, running for two years
- One of PRI's largest collaborative engagements with 51 signatories representing \$7.3 trillion AUM

### Focus on two overarching objectives:

**PRACTICES:** Enhance implementation of the UN Guiding Principles on Business and Human Rights

**DISCLOSURE:** Enhance the level of disclosure and address the lack of consistent disclosure with regards to human rights

**51**  
**signatories**

**\$7.3 trillion**  
**AUM**

**32**  
**companies**



# HUMAN RIGHTS IN THE EXTRACTIVE SECTOR

## OVERVIEW OF COLLABORATIVE ENGAGEMENT 2015-2017

### CORE AREAS FOR ENGAGEMENT:

- Response to human rights incidents or allegations (acknowledgment, remediation and lessons learnt)
- Human rights commitment
- Governance and embedding respect for human rights into corporate practice
- Human right risk assessment
- Stakeholder engagement and grievance mechanisms
- Business relationships

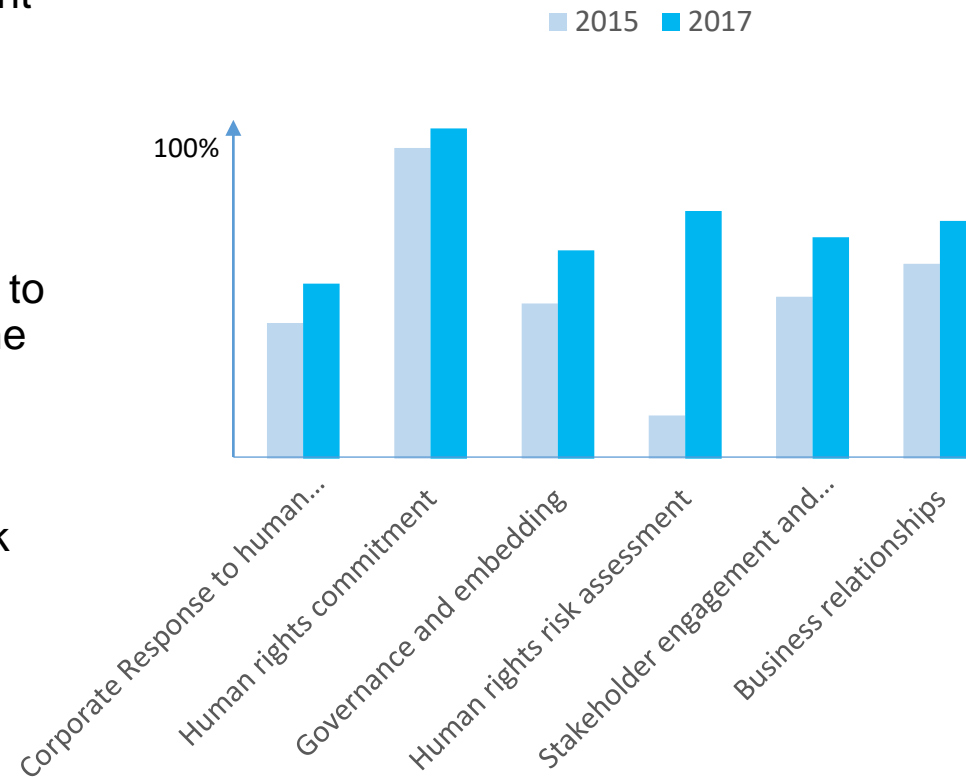
### COMPANIES by geography

UK COMPANIES	3
US COMPANIES	9
CANADIAN COMPANIES	5
CHINESE COMPANIES	3
OTHER - developed markets (NL, Switzerland, France, Italy, Japan, Luxembourg)	7
Other - developing markets (Brazil, Mexico, Russia, South Africa, South Korea)	5



## OVERALL 3 KEY FINDINGS

- All companies publicly showcase their commitment to human rights and most now also inscribe this commitment within their internal policies and management processes
- Disclosure in human rights risk assessment used to be the exception in 2015 and has now become the norm
- Most companies still struggle to monitor and track the effectiveness of the policies and mechanisms they have put in place





# THANK YOU

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**United Nations**  
Global Compact