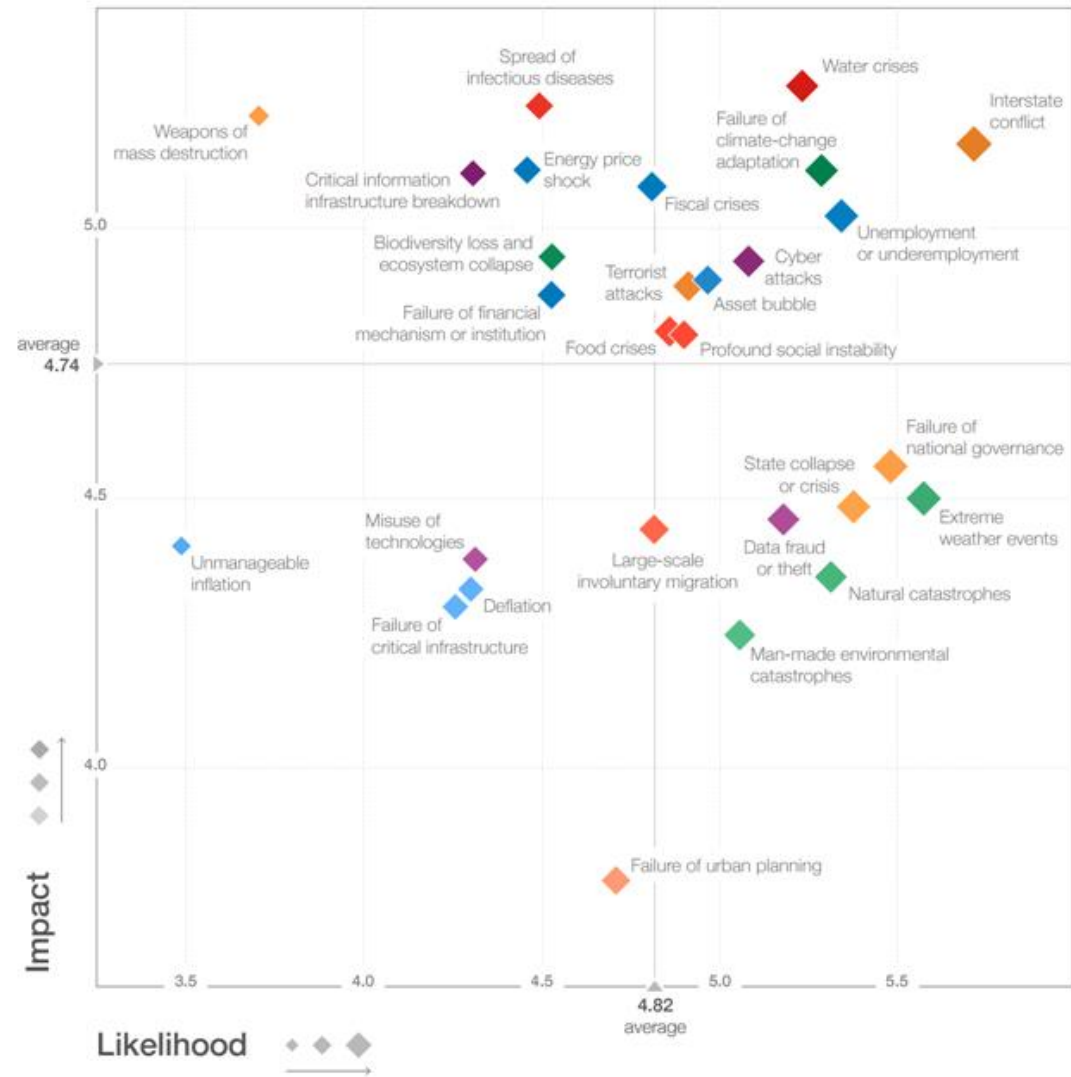


# COLLABORATIVE ENGAGEMENT

PAUL CHANDLER, INVESTOR ENGAGEMENTS MANAGER, ENVIRONMENTAL ISSUES



# WORLD ECONOMIC FORUM 2015 GLOBAL RISKS REPORT



# AT A GLANCE

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

**2**

**UN PARTNERS:**

UNEP FINANCE INITIATIVE  
UN GLOBAL COMPACT



**1380**

**SIGNATORIES:**

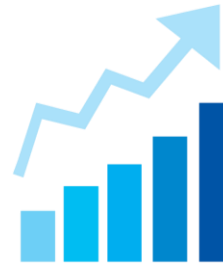
ASSET OWNERS,  
INVESTMENT  
MANAGERS  
AND SERVICE  
PROVIDERS



**59**

**US\$ TRILLION:**

ASSETS UNDER  
MANAGEMENT



**6**

**PRINCIPLES:**

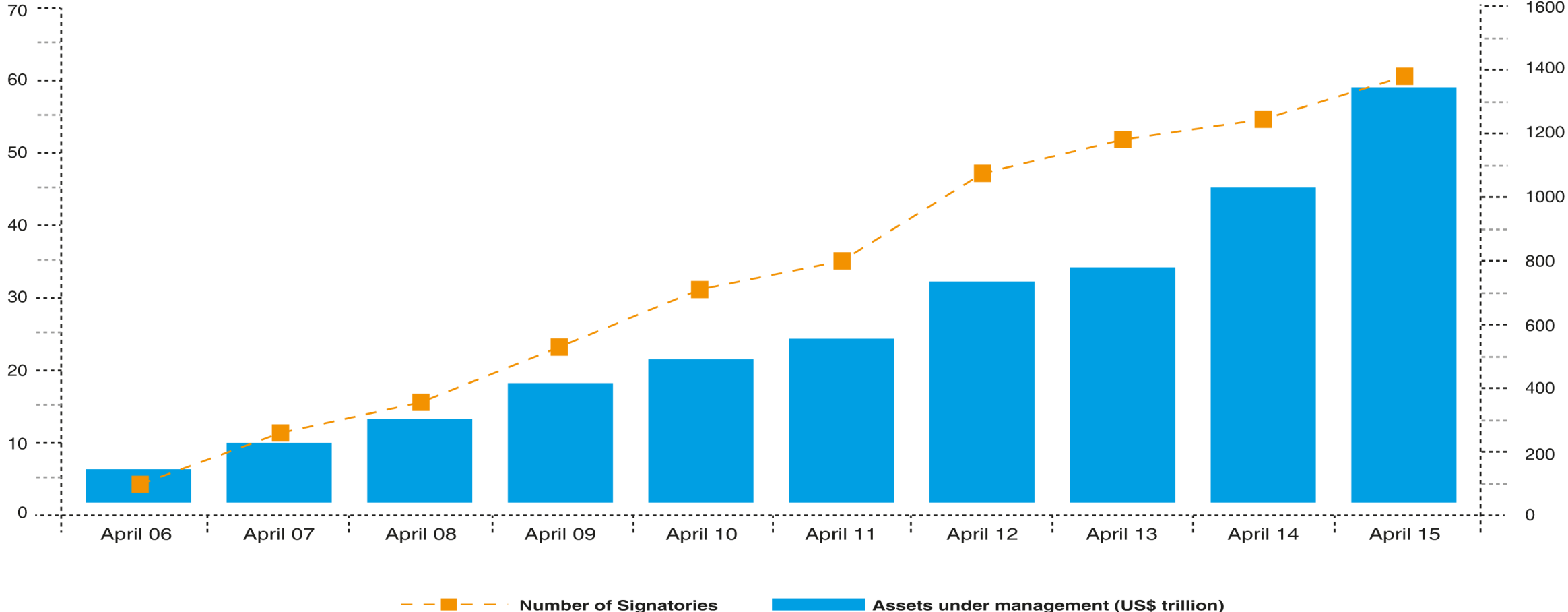
RECOGNISING THE  
MATERIALITY OF  
ENVIRONMENTAL,  
SOCIAL AND  
CORPORATE  
GOVERNANCE ISSUES



# AN INEVITABLE AGENDA GATHERING MOMENTUM

Assets under management (US\$ trillion)

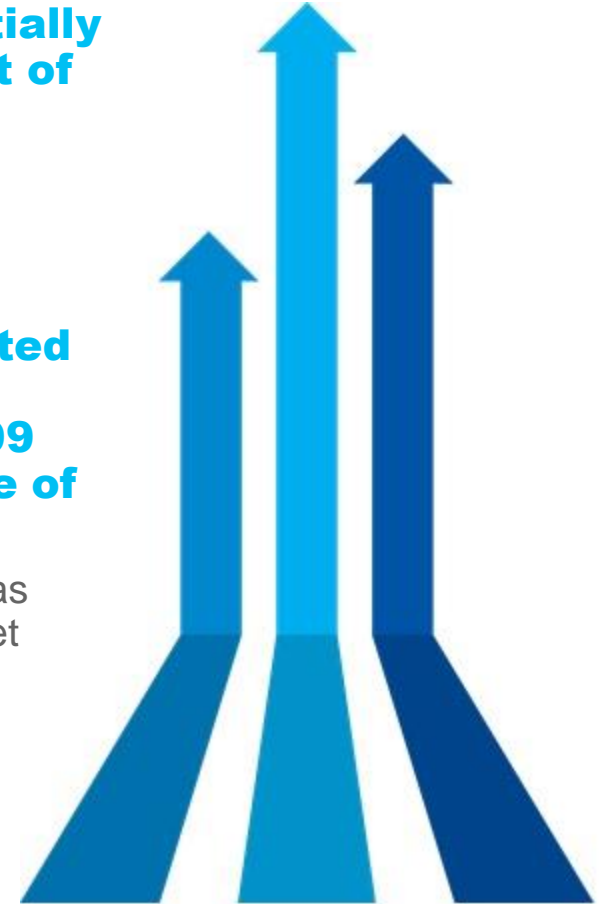
N° Signatories



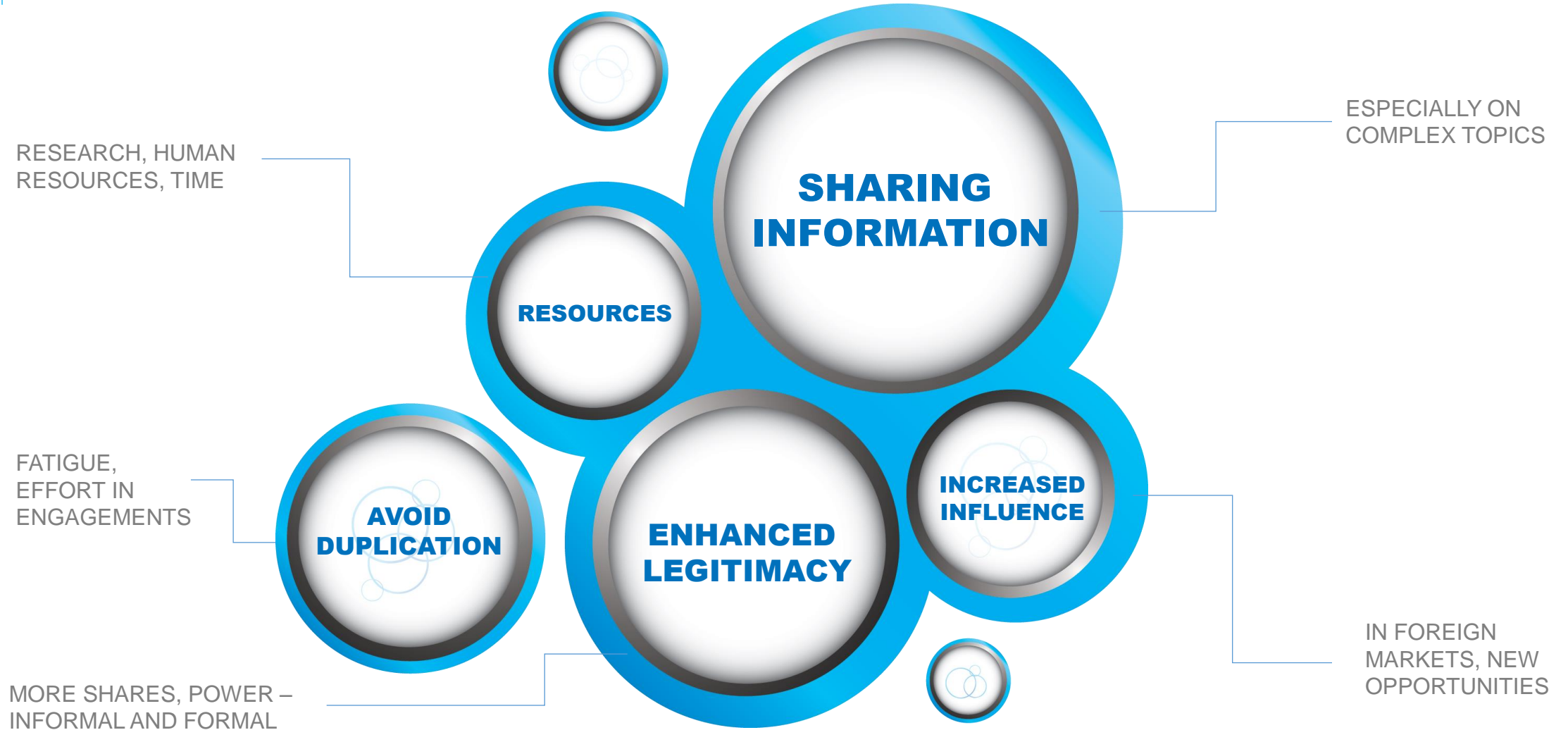
# WHY ENGAGE WITH COMPANIES?

## THE FINANCIAL IMPACT OF ACTIVE OWNERSHIP – ACADEMIC EVIDENCE

- **A 2006 study found that Hermes Focus Fund “substantially outperforms benchmarks” with an abnormal return net of fees of 4.9% a year against the FTSE all-shares index**
  - The study further suggests that this is “largely associated with engagements rather than stock pricing”
- **A separate 2012 study found that US companies targeted in corporate governance and climate change related engagements by F&C asset management between 1999 and 2009, showed significant financial outperformance of the market in the period following engagement**
  - The average one-year abnormal return after initial engagement was 1.8%, growing to 4.4% for successful engagements, and no market reaction for unsuccessful ones



# WHY COLLABORATE?



# ENVIRONMENTAL

Contact: [paul.chandler@unpri.org](mailto:paul.chandler@unpri.org) or [gemma.james@unpri.org](mailto:gemma.james@unpri.org)



## WATER RISK

*with a focus on water-related risks in agricultural supply chains*

**OPEN TO JOIN**

## INVESTOR WORKING GROUP ON SUSTAINABLE PALM OIL

*focused on improving the sustainability of the palm oil value chain*

**CURRENTLY ONGOING**

## CLIMATE CHANGE LOBBYING

*to encourage companies not to use their funds to indirectly lobby against climate policy*

**LAUNCHING MARCH 2015**

## FRACKING

*covering governance, water use and quality, air emissions and community impact*

**CURRENTLY ONGOING**

# SOCIAL

Contact: [felicitas.weber@unpri.org](mailto:felicitas.weber@unpri.org)



## LABOUR STANDARDS IN THE AGRICULTURAL SUPPLY CHAIN

*improving the implementation of labour codes among food and beverage retailers and producers*

**CURRENTLY ONGOING**

## HUMAN RIGHTS

*improving management of human rights in the extractive sector with a special focus on joint ventures*

**LAUNCHING IN Q2 2015**

## DIRECT EMPLOYEE RELATIONS

*identifying relevant indicators and improving management practices and disclosure among retailers*

**CURRENTLY ONGOING**



# CORPORATE GOVERNANCE

Contact: [olivia.mooney@unpri.org](mailto:olivia.mooney@unpri.org)



## ANTI-CORRUPTION

*engaging with companies on implementation and disclosure of anti-corruption policies and practices, and management of related risks*

**CURRENTLY ONGOING**

## ESG AND EXECUTIVE PAY

*developing guidance for the extractives and utilities sectors on how to link ESG metrics to executive pay in the extractives and utilities sectors*

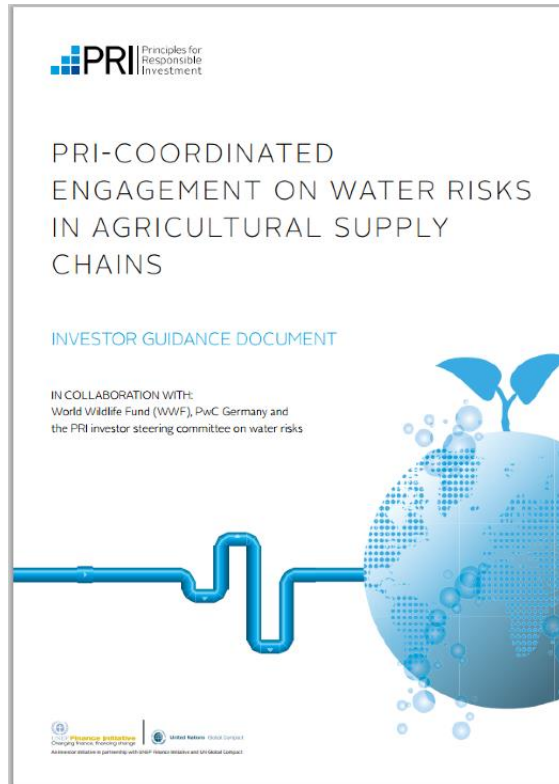
**MORE INFORMATION COMING SOON**

## DIRECTOR NOMINATION PROCESS

*identifying good practices in key markets and engaging with laggard companies to improve the effectiveness of the director nomination process*

**OPEN TO JOIN**

# WATER RISKS IN AGRICULTURAL SUPPLY CHAINS



- 40 investors with US\$ 5.5 trillion AUM
- Targeting 54 companies
- Food, beverage, food retail, apparel and agricultural products sectors
- Seeks to:
  1. Understand risks and how companies are managing them
  2. Encouraged improvements in management of risks
  3. Improve disclosure by companies

