

Engagement and academic research

Wilco van Heteren

February 2011

Engagement objectives are based on external codes of conduct and on best practices in the relevant industry

External codes of conduct

- UN Principles for Responsible Investment (www.unpri.org)
- UN Global Compact based on: (www.unglobalcompact.org)
 - Universal Declaration of Human Rights (www.udhr.org)
 - ILO's Declaration on Fundamental Principles and Rights at Work (www.ilo.org)
 - Rio Declaration on Environment and Development (www.un.org)
 - UN Convention against Corruption (www.un.org)
- Global Reporting Initiative (transparency) (www.globalreporting.org)
- International Corporate Governance Network (www.icgn.org)
- Local frameworks e.g. local governance codes

Examples of engagement themes in 2009 & 2010

Themes researched/engaged in 2009

- Water management in food & beverage sector
- Water management in textiles sector
- CEO Water Mandate Phase I : Encourage to become signatory
- Climate & energy performance automotive sector
- United Nations Global Compact breaches: Human rights and labour standards
- Sustainability reporting in emerging markets

Themes researched/engaged in 2010

- CEO Water Mandate Phase II : Monitor implementation
- Global Compact breaches: Environmental pollution
- Employee satisfaction & health
- Biodiversity
- Global Compact breaches: Bribery & Corruption

Examples of collaborative engagement

- Clearinghouse UN PRI is an important international platform for collaborative engagement
- UN Global Compact initiative
 - 51 international investors call on 9000 companies to sign the UN Global Compact.
- CEO Water Mandate steering committee
 - Group of international investors request 100 companies to sign the CEO Water Mandate and pay attention to water policy.
 - Robeco is part of the steering committee
- Carbon Disclosure project
 - Group of worldwide international investors request companies to provide information on carbon emissions and targets
- Outside Clearinghouse UNPRI other coalitions are formed as well
 - Eumedion corporate governance platform

Possible topics for academic research on engagement

The materiality of issues as well as the impact of companies changing their conduct is often a qualitative

Assessment. We feel that sound quantitative results to underpin the long term financial and societal value

of active ownership could enhance efforts to be made by a broader number of players in the financial industry.

Some relevant topics or research questions that could be researched from an academic point of view are:

1. Which engagement issues at a company level can be quantified as material for investors to engage on?
2. Can engagement be quantified in terms of its financial impact on long term shareholder value and societal value?
3. What would be a fair (or potentially upper and lower boundaries) amount of cost and resources to allocate to stewardship as percentage of assets owned or managed? Which factors influence this fair amount, e.g. dispersion of holdings versus concentrated portfolios, asset