

The United Nations Principles for Responsible Investment (PRI)

Background

In May 2005 Henderson Global Investors became a founding signatory to the United Nations Principles for Responsible Investment (PRI). The Principles, developed under the auspices of the UN Secretary-General, are a voluntary and aspirational framework for incorporating environmental, social and governance (ESG) issues into mainstream investment decision-making and ownership practices. They are not prescriptive, but instead provide a menu of possible actions that investors can take.

The sixth principle commits signatories to report on their activities and progress towards implementing the Principles. Below we summarise the steps Henderson is taking to put the Principles into practice.

Principle 1 Incorporating ESG issues into investment analysis and decision-making processes

- The Henderson Responsible Investment Policy sets out our approach to corporate governance and corporate responsibility (CR) issues for our equity holdings. Henderson Property has its own distinct Responsible Property Investment Policy.
- The Henderson Responsible Investment Committee is responsible for overseeing and reviewing the implementation of the Responsible Investment Policy. The Committee, which meets quarterly, is composed of representatives of the various fund management teams within Henderson, as well as corporate responsibility personnel and corporate governance personnel.
- Henderson commissions bespoke research on specific ESG themes and sectors aimed at enhancing our investment analysis across our mainstream fund management teams. This research is overseen by the Responsible Investment Committee.
- Henderson rewards brokers for research conducted on ESG themes and sectors through our own internal broker review process.
- The Henderson Sustainable & Responsible Investment (SRI) Team is one of the world's leading providers of SRI funds with over 30 years of experience. We utilise the skills and experience of the team to raise the prominence of investment opportunities driven by global sustainability and CR challenges within Henderson, and thereby bring these opportunities to our mainstream fund management teams.

Principle 2 Being active owners and incorporate ESG issues into our ownership policies and practices

- We take an active approach to proxy voting both in the UK and abroad. In 2007 we voted at over 1,500 shareholder meetings globally.
- We regularly meet with the companies we invest in, and held in aggregate over 1,400 company meetings in 2007. Where appropriate, we raise specific ESG issues at the companies in which we invest. In 2007 we engaged with over 100 companies on a wide range of environmental, social and governance issues.
- Henderson has established the Active Engagement team and a fund that specialises in investing in underperforming companies and using engagement techniques to improve shareholder value.

Principle 3 Seeking appropriate disclosure on ESG issues by the entities in which we invest

- We support a wide range of initiatives aimed at improving corporate disclosure on ESG issues including the Carbon Disclosure Project (CDP), the Global Reporting Initiative (GRI), and the Access to Medicines Index.
- A major element of our own engagement work with companies is to press for higher standards of reporting on ESG issues. We encourage companies as far as possible to integrate sustainability reporting with financial reporting, to improve the communication of material ESG factors to a mainstream audience.
- We conduct our own research on emerging ESG issues and the need for improved reporting from companies. Subjects we have tackled in the past include tax policy, carbon disclosure, ESG & executive remuneration, responsible lending and workplace stress.

Principle 4 Promoting acceptance and implementation of the Principles within the investment industry

- We are members of and participate in a number of collaborative initiatives aimed at promoting the importance of ESG issues in investment analysis including the UK Social Investment Forum (UKSIF), the European Social Investment Forum (EUROSIF), the United Nations Environmental Program Finance Initiative (UNEPFI), the Institutional Investors Group on Climate Change (IIGCC), the Pharmaceutical Shareowners Group (PGS), and the Social Investment Forum.

Principle 5 Working together to enhance our effectiveness in implementing the Principles

- We participate in a number of multi-stakeholder initiatives on ESG issues, such as the Extractive Industries Transparency Initiative (EITI), the World Business Council For Sustainable Development (WBCSD) led workshops on improving dialogue between investors and companies, the GlaxosmithKline HSE stakeholder panel and the Reuters CR advisory board.
- We organise and host seminars and joint investor meetings to discuss ESG issues, as well as present at conferences. Examples of recent meeting topics include strategies for the UK to transition towards a low carbon economy and the challenges posed by biofuels.

Principle 6 Reporting on our activities and progress towards implementing the Principles

- We are committed to reporting on our progress in implementing the Principles both through the PRI assessment mechanism and through public disclosure.
- We report in greater detail to clients on our corporate governance and corporate responsibility work according to their requirements. The Henderson SRI team provide additional public disclosure on their website.

For further information on our responsible investment work, please contact Antony Marsden, Corporate Governance Manager, antony.marsden@henderson.com.