Principles of Responsible Ownership

Introduction

1. [redacted]

(f) report to their stakeholders on how they have discharged their ownership responsibilities; and

(g) when investing on behalf of clients, have policies on managing conflicts of interests.

Principle 1

Investors should establish and report to their stakeholders their policies for discharging their ownership responsibilities

7 Investors should establish policies on how they will discharge the ownership responsibilities described in Principles 2 to 7. In determining its policies an investor [illegible] should consider what policies best reflect its role and the scope of its activities [illegible] taking into account the costs of implementing a policy. It may be appropriate for an investor to have a nuanced policy that applies different policies to its investments depending on factors such as their size, nature and location.

Stakeholders

8 Where a company or entity invests its own funds, its stakeholders will include the board of directors or equivalent body. Depending on the size and relevance of the overall holdings to the entity, stakeholders may include shareholders. In cases where the entity is accountable to the public, stakeholders may also include the public generally.

13 Where investment activities are outsourced, for instance where funds are placed

with asset managers, the report on the engagement policy to stakeholders should disclose what steps are taken to ensure that the ownership responsibilities are discharged in accordance with the policy. Investors should disclose what minimum [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

19. Engagement mechanisms include:

(a) direct private communication with the companies such as writing letters to and dialogue with management;

(b) more public strategies such as using the media and proposing shareholder [redacted]

(c) exercising their rights to speak and vote at general meetings;

(d) selling their shares; and

(e) in extreme cases, litigation

20. Where the shareholder engagement activities are outsourced, investors should [redacted]

24. Initial discussions should take place on a confidential basis. However, if companies [illegible]

consider whether to escalate their action, for example, by:

(a) holding additional meetings with management specifically to discuss concerns;

(b) expressing concerns through the company's advisers;

(c) meeting with the chairman or other board members;

(d) collaborating with other investors on particular issues;

(e) making a public statement in advance of general meetings;

(f) submitting resolutions and speaking at general meetings; and

(g) [illegible]

Principle 6

Investors should report to their stakeholders on how they have discharged their ownership responsibilities

31. At least annually investors should report to stakeholders on how they have discharged their ownership responsibilities. An investor may choose to give details of its voting on a company by company basis or to report on the extent to which it complies with its stated policy on voting with details of specific cases where significant departures from its stated policy were appropriate.

32. Where investment activities are outsourced, for instance where funds are placed with asset managers, the report on the engagement activities to stakeholders should disclose what steps have been taken to ensure that the ownership responsibilities are discharged in accordance with the policy. An investor should inform its stakeholders how and where its asset managers disclose their periodic reports on