



Successful ESG Engagement Strategies

Diederik Timmer
Global Director, Client Service

SpainSIF
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Shareholder Engagement



- Shareholder engagement on ESG is a major change for institutional investors.
- Shareholder engagement shows great promise, and is growing tremendously.
- Engagement practices differ greatly between asset managers and asset owners.

Engagement Core of Responsible Investment

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

- Create and disclose active ownership policy.
- Exercise voting rights or monitor compliance.
- Develop engagement capabilities.
- File shareholder resolutions.
- Engage with companies about ESG issues.
- Take part in collaborative engagement initiatives.
- Ask investment managers to integrate ESG engagement.



Creating Effective Dialogue

- Tailor the process for each engagement effort.
- Seek coalitions, but realise not all shareholders have the same objectives.
- Identify the right person to talk with within the organisation.
- Build a relationship.
- Engage as early in the process as possible.
- Don't wait until there is a serious problem.



Engagement is a Two Way Street



THALES



In our experience, investors should:

- keep in mind the business of business is business.
- have a thorough understanding of the issue.
- have a constructive attitude.
- be consistent and have a long term perspective.
- have a clear set of expectations.



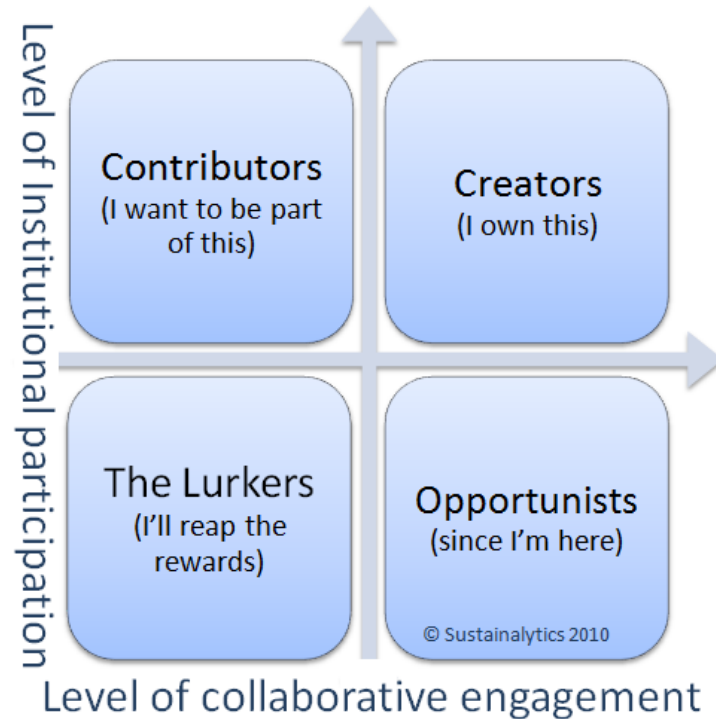
Engagement Goal Setting

- Determine your organization's objectives.
- Take a long-term view.
- Define SMART goals:
 - Specific
 - Measurable
 - Attainable
 - Relevant
 - Time-bound



Trends

- Evaluation of engagement as an effective tool.
- Evaluation of collaborative engagement.
- Company responses become more professional.
- Increasing juridical context.
- Social and environmental impact measurement.



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Diederik Timmer (Global Director, Client Service)
Elia Tarrega (Managing Director, Spain)

José Echegaray 5
Parque Empresarial Las Rozas
28230 Las Rozas, Madrid
E: spain@sustainalytics.com
T: (34) 91 788 60 10 / 11

www.sustainalytics.com

