

## **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 our approach to putting the Principles into practice.

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

- Henderson offers a broad range of asset classes, including equities, fixed income, property and private equity. The approach to incorporating ESG issues differs across asset classes, and is currently most advanced in equities and property.
- The [Henderson Responsible Investment Policy](#) sets out our approach to corporate governance and corporate responsibility 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 within equities. The Committee, which meets quarterly, is composed of representatives of the various fund management teams within Henderson, as well as corporate responsibility and corporate governance personnel.
- Within equities, Henderson has a boutique-like culture of small teams of investment specialists. There is no single unified investment process, and therefore responsibility lies with individual fund managers and teams to determine the extent to which they integrate ESG issues into their investment analysis and decision making. See the [Responsible Investment](#) website for further details of our approach for equities.
- 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. Recent projects include work on the investment implications of adapting to climate change and chemicals and product safety. See our [document library](#) for further details.
- We reward 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.
- Within property, significant progress has been made in recent years with the introduction of comprehensive sustainability audits across every property in eight UK portfolios representing 161 properties with a combined value in excess of £3.3 billion as at Dec. 2008. Work is now underway to extend these audits to additional UK and pan-European portfolios. See the [Responsible Property Investment website](#) for further details.

### ***Principle 2 Being active owners and incorporating ESG issues into our ownership policies and practices***

- We take an active approach to proxy voting both in the UK and abroad. In 2008 we voted at over 1,500 shareholder meetings globally. We publicly disclose our [UK voting record](#).

- We regularly meet with the companies we invest in, and held in aggregate over 1,800 company meetings in 2008. Where appropriate, we raise specific ESG issues. In 2008 we engaged with over 100 companies on a wide range of environmental, social and governance issues.
- On many ESG issues we believe collaborative engagement alongside other shareholders offers the potential for greater results than can be achieved by working alone. In this spirit we have participated in a range of collaborative engagements on issues such as labour standards, climate change and remuneration policies in the banking sector. See [SRI news](#) for further details.

### ***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. See our [document library](#) for further details.

### ***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 (PSG), and the Social Investment Forum (SIF). For the past two years Henderson has been a main sponsor of [National Ethical Investment Week](#), which aims to stimulate debate and broaden awareness of ethical and green investments.

### ***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, and the GlaxosmithKline HSE stakeholder panel.
- 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 fuel poverty and product chemical safety.

### ***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](mailto:antony.marsden@henderson.com).

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