

**INSTITUTIONAL SHAREHOLDERS' COMMITTEE, 2007.**  
*The Responsibilities of Institutional Shareholders and Agents - Statement of Principles.*  
 UKSIF summary, 2009.

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### I. Key points

- The ISC's Statement of Principles was amended in 2007 to include public voting disclosure.
  - Statement of Principles, set by the Institutional Shareholders' Committee, applies to shareholders and the investment managers.
- a) Setting out their policy: public document stating the responsibilities of institutional shareholders and agents, policy on engagement, monitoring the investee companies, etc
  - b) Monitoring performance: institutional shareholders and agents will monitor the investee companies through companies' documents, attend meetings, and evaluate whether active dialogue is necessary.
  - c) Intervening when necessary: monitoring will help intervening in a more objective and informed way
    - Situation for interventions: concerns about: company's strategy; company's operational performance; company's acquisition/disposal strategy; independent directors failing to hold executive management properly to account; internal controls failing; inadequate succession planning; an unjustifiable failure to comply with the Combined Code; inappropriate remuneration levels; company's approach to CSR
    - Further actions if intervention is not sufficient: additional meetings; expressing concern through the company's advisers; meeting with Chairman; intervening jointly with other institutions; making a public statement; resolutions at shareholders' meetings; requisitioning at EGM (Extraordinary General Meeting).
  - d) Evaluating and reporting: institutional shareholders and agents have a responsibility for monitoring and assessing the effectiveness of their engagement.

## II. Key quotes

- “Institutional shareholders’ primary duty is to those on whose behalf they invest, for example, the beneficiaries of a pension scheme or the policyholders in an insurance company, and they must act in their best financial interests. Similarly, agents must act in the best interests of their clients.” (Institutional Shareholders’ Committee 2007, p. 3)
- “Institutional shareholders and agents should not however be expected to make disclosures that might be counterproductive” (Institutional Shareholders’ Committee 2007, p. 5)