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## 議 程

時間	議程	主持 / 與談人
14:00-14:10	貴賓進場及交流	
14:10-14:20	歡迎詞	臺灣證券交易所 / 林火燈總經理 中華公司治理協會 / 呂東英理事長
14:20-14:30	影片：投資人的一段話，盡責管理之重要性	
14:30-14:45	專題演講	亞洲公司治理協會秘書長 Mr. Jamie Allen
14:45-15:00	國內外機構投資人盡責管理	1. 政治大學法學院 馮震宇教授
15:00-15:15	守則內容與要旨	2. Hermes EOS 總監 Dr. Hans-Christoph Hirt
15:15-15:45	茶敘時間	
15:45-16:30	綜合交流	<b>主持人：</b> 中華公司治理協會 劉文正副理事長 <b>與談人：</b> 1. 勞動部勞動基金運用局 蔡衷淳副局長 2. 中華郵政股份有限公司 翁文祺董事長 3. 中華民國證券投資信託暨顧問商業同業公會 林弘立理事長 4. 國泰證券投資信託股份有限公司 張雍川總經理

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## Stewardship Principles for Institutional Investor Seminar

Time	Agenda
14:00-14:10	<b>Reception</b>
14:10-14:20	<b>Welcome Remarks</b> Michael Lin, President Taiwan Stock Exchange Daung-Yen, Lu Chairman, Taiwan Corporate Governance Association
14:20-14:30	<b>A brief message from our institutional investor friends on the importance of Stewardship Principles</b>
14:30-14:45	<b>Keynote Address</b> Jamie Allen, Secretary General Asian Corporate Governance Association
14:45-15:00	<b>Stewardship Principles in Taiwan</b> Professor Jerry Fong, National Chengchi University
15:00-15:15	<b>Global Practice of Stewardship Principles</b> Dr. Hans-Christoph Hirt, Hermes EOS
15:15-15:45	<b>Tea Break</b>
15:45-16:30	<b>Roundtable Discussion</b> <b>Moderator:</b> - Benson Liu, Vice Chairman, Taiwan Corporate Governance Association <b>Panelists:</b> - Chung-Chun Tsai, Deputy Director General, The Bureau of Labor Funds - Philip Wen-chyi Ong, Chairman, Chunghwa Post Co., Ltd. - Henry Lin, Chairman, SITCA - Andy Chang, President, Cathay Securities Investment Trust

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## 講者簡介 / Speaker Biography



### Mr. Jamie Allen

**Mr. Jamie Allen**

Secretary General, Asian Corporate Governance Association

Mr. Allen is the founding Secretary General of the Asian Corporate Governance Association (ACGA). He is a published author and has more than 28 years' experience as a writer, editor and analyst covering Asian business, finance and economics from Hong Kong.

Prior to the establishment of ACGA in mid-1999, Mr. Allen acted as a consultant for multinational companies, carrying out customised research on mainly finance-related topics, including corporate governance. During 1992-95, he worked for the Economist Intelligence Unit (EIU) as editor of *Business Asia*, a regional management newsletter, and was a contributor to *The Economist* magazine during 1994-96. Mr. Allen began his career in the late 1980s as a reporter for the *South China Morning Post* in Hong Kong.

Mr. Allen is a graduate of the Australian National University, Canberra, where he received a BA (Honours) in political science and Chinese language. He furthered his Chinese studies during a two-year period as a student in Taiwan in the early 1980s.

From 2006 to 2010, Mr. Allen was appointed to the Listing Committee of the Stock Exchange of Hong Kong. From 2001 to 2007, he served on a new advisory committee, the Public Shareholders' Group, formed by the Hong Kong Securities and Futures Commission.

In July 2013, Mr. Allen was appointed to the Financial Reporting Review Panel of the Financial Reporting Council (FRC) for three years. Later that year he was also appointed to the Operations Oversight Committee of the FRC.

## 講者簡介 / Speaker Biography



馮震宇 教授

馮震宇教授現為政治大學法律系特聘教授，政治大學商學院 EMBA 生技醫療組召集人。馮教授於台大法研所畢業後，考取教育部公費留考赴美，先後於賓州大學 (U. Penn) 取得法學碩士 (LL.M.) 與康乃爾大學取得法律博士 (J.D.) 學位。畢業後，馮教授考取美國賓州與紐澤西州律師，並進入美國費城之 Stradley, Ronon, Stevens & Young 律師事務所擔任商務律師，處理公司併購，稅務與一般公司業務。回台後，馮教授先進入國內律師事務所擔任合夥人，後轉赴中原大學財經法律系任教，先後擔任財法系教授與系主任，並曾獲得美國 Fulbright 獎學金，先後赴美國華盛頓大學 (U. of Washington) 與喬治華盛頓大學 (George Washington University) 法學院擔任訪問學者。

馮教授出國前曾擔任工商時報採訪組記者與工業總會副執行秘書等職，回國後先後擔任工研院國際合作室顧問、財團法人生物研究中心顧問、以及國科會、原能會、榮總等智財相關委員會委員。

馮教授目前擔任總統府與經濟部法規會委員、文化部訴願會委員、台灣證券交易所上市審議委員等職務。他的研究領域包括智慧財產權法、公司證券、企業併購、以及技術移轉與授權等領域，並已出版十餘本專書與數百篇文章，目前主要授課科目包括：智慧財產權法、企業併購與智慧財產、智慧財產權與管理，生物科技管理個案等課程。

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## 講者簡介 / Speaker Biography



### Dr. Hans-Christoph Hirt

Dr Hans-Christoph Hirt is Co-Head and a board member at Hermes EOS, and responsible for the sustainable success of the business. As Co-Head he leads and oversees the global engagement programme and the quality of the services Hermes EOS provides to its clients around the world. Hans also leads some high profile stewardship activities, including priority engagements with major companies in Asia and Germany, as well as interactions with key regulators and organisations.

Prior to joining Hermes EOS, Hans worked with the international law firm Ashurst. He is the author of numerous publications on corporate governance and law, responsible investment and stewardship. Currently, he is a member of the Steering Committee of the UN PRI Investor Engagement Clearinghouse and the Shareholder Responsibilities Committee of the International Corporate Governance Network. In 2015, he joined the Institutional Investor Council in Malaysia. Hans is a UK-qualified lawyer, holds degrees in Business Administration from universities in Germany and the UK, the ACCA qualification and a PhD from the London School of Economics (LSE). He continues to be involved in academia as a Corporate Governance Fellow at the LSE's Financial Markets Group and a Teaching Fellow at University College London. Hans speaks French, German and Mandarin.

## 講者簡介 / Speaker Biography



劉文正 副理事長

**現任：**

- 中華公司治理協會副理事長、專業委員會主任委員、評量委員會副主任委員
- 中華財務主持人協會常務監事、中華企業會計協會理事
- 創意電子(股)公司獨立董事
- 世界先進積體電路(股)公司獨立董事
- 寶利徠光學(股)公司獨立董事

**學歷：**

- 美國諾斯洛普大學(Northrop University)國際企業管理碩士
- 東吳大學會計系

**重要經歷：**

台灣必治妥施貴寶(股)公司 (Bristol-Myers Squibb Taiwan Ltd.) 董事長暨總經理

**專業：**

企業經營與管理專業經理人

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## 講者簡介 / Speaker Biography



蔡衷淳 副局長

現任：

勞動部勞動基金運用局

學歷：

輔仁大學會計學系

經歷：

- 勞工保險局 副總經理
- 勞工保險局財務處 經理
- 勞工保險局財務處 副經理
- 勞工保險局財務處 一等專員
- 勞工保險局會計室 科長



## 講者簡介 / Speaker Biography



翁文祺 董事長

翁董事長任職於中華郵政公司，1981 年畢業於臺灣大學政治系，1999 年獲倫敦市立大學投資及風險管理碩士。歷任外交部科長、財政部證券暨期貨管理委員會外資組副組長、金融局國際金融組組長、中華民國常駐 WTO 代表團參事、金融監督管理委員會駐紐約代表辦事處主任，並於 2008 年出任中華民國駐印度代表，駐節新德里 4 年。

2013 年獲派擔任中華郵政公司董事長，中華郵政在其領導下，秉持服務第一，公益為先的原則，努力締造郵務、儲匯及簡易人壽三業的佳績，並以機構投資法人之立場，提升被投資公司之公司治理水平。

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## 講者簡介 / Speaker Biography



林弘立 理事長

### 現任：

- 投信投顧公會理事長（第六屆）
- 富邦投信總經理

### 工作經歷：

- 統一投信總經理
- 統一期貨總經理

### 歷任：

- 投信投顧公會理事長（第二屆、第三屆、第五屆）
- 投信投顧公會業務委員會召集人
- 期貨公會理事暨法制委員會召集人
- 公司治理協會評量委員會委員

### 獲獎：

- 2003 年『證券暨期貨金犇獎』傑出企業領導人

### 學歷：

- 交通大學海洋運輸學系

## 講者簡介 / Speaker Biography



張雍川 總經理

現任：

國泰投信 總經理

學歷：

國立中央大學企管研究所

經歷：

- 國泰投信全權委託一處部門主管 副總經理 2004.09 ~ 2013.02
- 國泰投信投資研究部部門主管 協理 2004.03 ~ 2004.09
- 匯豐中華投信研究部 基金經理 2000.12 ~ 2004.03
- 中華投信研究部 資深研究員 1998.06 ~ 2000.11

榮耀記事：

- 2005 年榮獲第八屆金犇獎「傑出投信投顧人才」肯定
- 擔任全權委託部門主管期間，帶領國泰投信代操團隊取得政府四大基金代操標案，且因績效優異屢獲政府基金加碼委託，國泰投信所代操之政府基金總資產規模更高居台灣投信業第一。同時，更於 2010 年爭取到日本最大壽險公司 - 日本生命的代操業務，也因投資績效亮麗，隔年再獲加碼委託，成績斐然。
- 2014 Asia Asset Management Best of Best Award，本公司榮獲 Taiwan, Best Institutional House 「台灣地區最佳機構法人資金管理獎」與 Taiwan, Best Domestic Equity Fund 「最佳台灣股票型基金獎」
- 2015 Asia Asset Management Awards by Asian Investor，本公司榮獲 Market - Taiwan 「台灣區最佳資產管理公司」

[www.acga-asia.org](http://www.acga-asia.org)

Asian Corporate Governance Association (ACGA)

## “Investor Stewardship in Asia – An Idea Whose Time has Come”

Presentation by:

Jamie Allen  
Secretary General, ACGA

The Stewardship Principles for Institutional Investors Ceremony  
Taipei, March 29, 2016

ACGA Presentation  
Taiwan Stewardship Principles Ceremony

1



### 1. “Stewardship” in Asia before stewardship codes

- **1980s/1990s:** State pension funds in the US began to develop policies and strategies on corporate governance. Voting shares, highlighting poor performers (CalPERS).
- **1990s/2000s:** Pension funds and asset managers in the UK started to do the same.
- **2000s:** Superannuation (pension) funds in Australia started to become serious about corporate governance.
- **2005:** National Pension Service in Korea revised its voting policies.
- **Mid-2000s:** ACGA members already actively voting.
- **2010:** Employees Provident Fund, Malaysia, published its internal CG Principles and Voting Guidelines.

ACGA Presentation  
Taiwan Stewardship Principles Ceremony

2



## Global investor approaches to Asian companies: past 10+ years

	Comment
<b>“Passive”</b>	Only invest in companies, passive as shareholder
<b>“Automatic voters”</b>	Some shareholder responsibilities, institutions starting to vote, but somewhat automatically
<b>“Informed voters”</b>	Investors who take a focussed and risk-based approach as shareholder (e.g. voting on all or selected parts of their shareholdings)
<b>“Light touch engagement”</b>	Investors starting to exercise their rights and responsibilities as shareholders (e.g. undertake or participate in letter campaigns or conference calls with companies)
<b>“Active owners” (Stewards)</b>	Act as owners of the company (e.g. building long term relationship, engagement strategy, advising etc.)

Evolution over time



## 2. Modern “stewardship” – Post 2010 / GFC

- Institutional investors (pension funds and investment managers) are under increasing pressure to act as “stewards” of the capital they invest and of the assets they invest in (through holding the board to account).
- What does this mean in practice?
  - Investors need to take “environmental, social, and governance” (ESG) factors into account when investing.
  - They need explicitly to engage in “purposeful dialogue” with company management/directors.
- The Global Financial Crisis (GFC) has led to enormous pressure on institutional investors to be better stewards. Great criticism that many of them ignored CG and ESG factors before the GFC, leading to large investment losses.

### 3. Stewardship Code Development

- UK “Stewardship Code” (2010, 2012)
- Netherlands “Best Practices for Engaged Share Ownership” (2011)
- Japan “Stewardship Code” (2014)
- Malaysia “Code for Institutional Investors” (2014)
- Hong Kong “Principles of Responsible Ownership” (2016)
- Taiwan “Stewardship Principles for Institutional Investors” (2016)

Coming up in Asia:

- Singapore
- Thailand



### 4. Key Questions & Issues

1. Directors are the primary stewards of a company. How should shareholders exercise their “stewardship” function most effectively? What is the right relationship between the two groups?
2. Investor stewardship comprises two parts: stewardship of the capital with which they have been entrusted (the “fiduciary duty” concept); and stewardship over the companies in which they invest (the “ownership concept”). Both are critical. Yet most of the discussion and focus is on the latter.
3. How do institutions manage and disclose the conflicts of interest they face?
4. How do state pension/investment institutions manage the political interference they face?
5. Should pension funds (“asset owners”) drive stewardship, with investment funds (“asset managers”) playing a secondary role?



## Contact Details

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# 盡責管理守則與台灣公司治理之推動 (Taiwan's Stewardship Code & Corporate Governance)

馮震宇  
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美國康乃爾大學法學院法律博士  
(Cornell Law School JD)

1

機構投資人盡責管理守則趨勢

2015/11/10

## 前言

2

機構投資人盡責管理守則趨勢

2015/11/10



## 盡責管理守則

- 盡責管理守則(Stewardship Code)乃係指一系列指示機構投資人如何行使投票權、監督公司治理與管理策略、建立可遵循制度的自律規範。目前各國已基本上採行類似規範，惟名稱則不盡相同
- 盡責管理守則之目的
  - 促使投資人積極參與所投資公司之事務，將客戶、受益人以及所投資公司之權益列入考量
  - 強化公司治理
  - 重視公司永續經營與發展

3

機構投資人盡責管理守則趨勢

2015/11/10

## 已訂定盡責管理守則或類似規範之國家

國家	發佈之守則
英國	《盡責管理守則》(UK Stewardship Code)
荷蘭公司治理平台 Eumedion	《股權參與之最佳實踐》(Best practices for engaged ownership)
歐洲基金暨資產管理協會 (European Fund and Asset Management Association, EFAMA)	《外部治理守則》(Code for External Governance)
瑞士	《有關機構投資人對公開發行有限公司行使參與權指南》(Guidelines for institutional investors governing the exercising of participation rights in public limited companies)
義大利	《對上市公司行使行政暨投票權盡責管理守則》(Stewardship Principles for the Exercise of Administrative and Voting Rights in Listed Companies)
南非	《於南非負責任投資守則》(Code for Responsible Investing in South Africa, CRISA)
加拿大良好管治聯盟(Canadian Coalition for Good Governance, CCGG)	《盡責管理守則》(Stewardship Code)
日本	「盡責機構投資人原則《日本盡責管理守則》」(Principle for Responsible Institutional Investors)
馬來西亞	《馬來西亞機構投資人守則》(Malaysian Code for Institutional Investors)
香港	《負責任的擁有權原則》(Principles of Responsible ownership; 該等原則目前僅為諮詢文件，尚未正式完成)

4

機構投資人盡責管理守則趨勢

2015/11/10

# 公司治理與盡責管理

5

機構投資人盡責管理守則趨勢

2015/11/10

## 盡責管理守則及其重要性

- 經濟合作發展組織(OECD)2015年發布之公司治理原則修正中，原則IIIA已將盡責管理原則納入公司治理原則之中。
- 越來越多機構投資人開始採行社會責任型投資策略(RI Strategies)，並將投資策略與社會責任結合，甚至還將環境、社會和公司治理(ESG)三大因素納入投資考慮因素中。
- 盡責管理守則的推動與採行有利於整體資本市場發展、公司治理落實、以及股東權益保護。

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機構投資人盡責管理守則趨勢

2015/11/10

## 國際公司治理發展趨勢

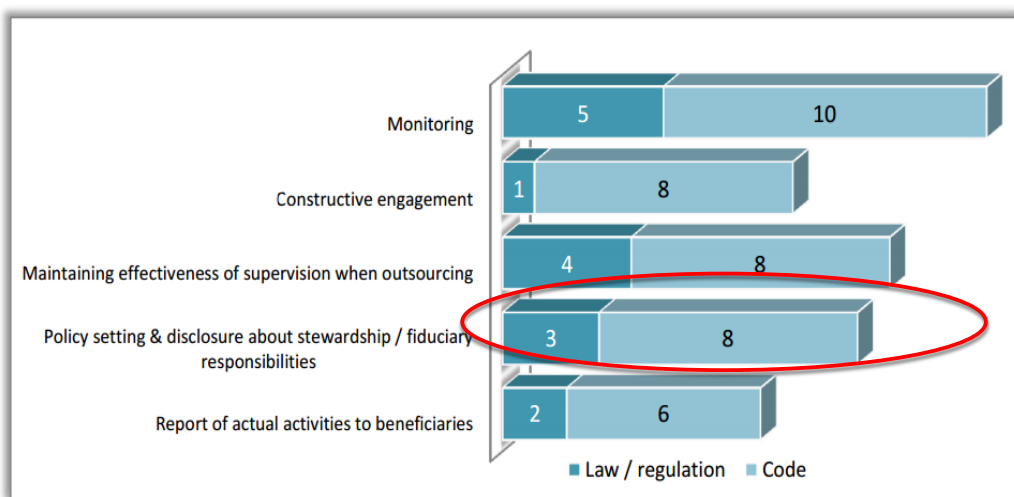
- 2015年OECD發表的公司治理世界概況(OECD Corporate Governance Factbook)，在股東權利及關鍵擁有權章節，特別提到機構投資人的責任
- 2015年OECD的公司治理報告，根據各國對機構投資人之盡責管理及受託人義務的規範內容，分為：「監理公司」、「積極參與被投資公司」、「委外時對被投資公司維持有效監督」、「制定內部盡責管理政策並揭露/忠誠義務」、「對受益人報告實際行動」，其中在盡責管理政策並揭露部分，已經有三個國家制定法律，並有八個國家採行相關規則（code）。

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機構投資人盡責管理守則趨勢

2015/11/10

## 國際公司治理發展趨勢



Note: This Figure shows the number of jurisdictions in each category. See Table 3.10.

可見提升機構投資人作為股東的盡責管理義務已成為近年來推動公司治理的重要目標

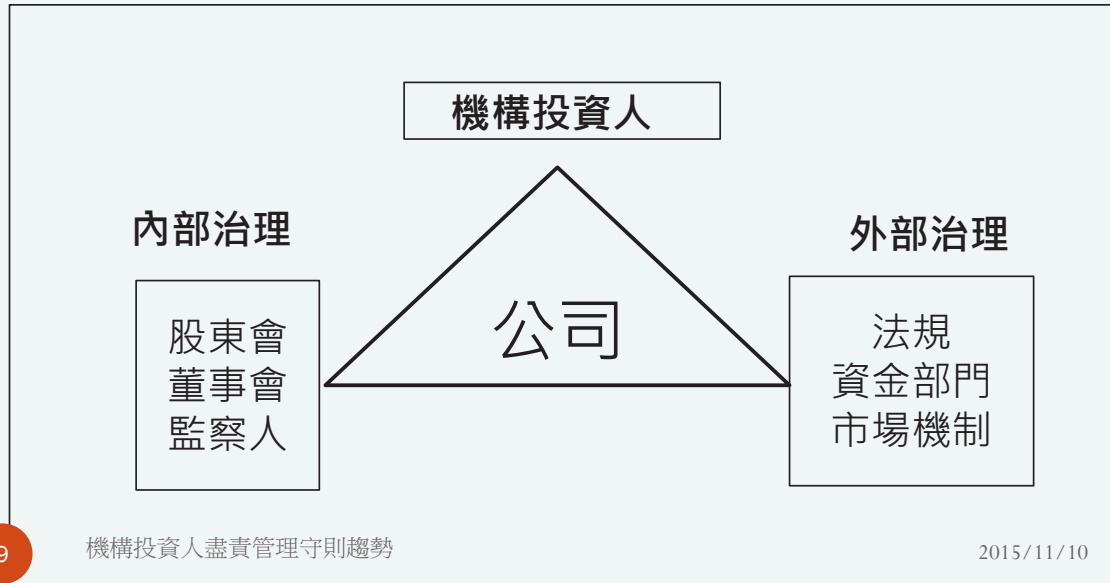
8

機構投資人盡責管理守則趨勢

2015/11/10

## 公司治理架構的轉變

- 加入stewardship code公司治理架構將形成一種新的關係：



## 各國盡責管理規範方式

## 各國盡責管理方式概覽表

	英國	日本	香港 (僅諮詢文件)	馬來西亞	美國	澳洲	
制訂機構	財務報告理事會 (FRC)	金融廳 (Financial Services Agency)	香港證券及期貨事務監察委員會 (Securities and Futures Commission ; SFC ; 證監會)	馬來西亞證券委員會 (Securities Commission Malaysia (SC) 及 少數股東守門人團體 (Minority Shareholder Watchdog Group)	美國證券交易委員會 (SEC)	金融服務委員會 (Financial Services Council, FSC)	
守則名稱	《英國盡責管理守則》 (UK Stewardship Code)	「盡責機構投資人原則《日本盡責管理守則》」 (Principle for Responsible Institutional Investors)	《負責任的擁有權原則》 (Principles of Responsible ownership ; 該等原則仍屬草案)	《馬來西亞盡責管理守則》	《華爾街金融改革及消費者保護法案》 (Dodd-Frank Act)	《受僱人退休收入安全法》 (Employee Retirement Income Security Act)	《藍皮書》 (Blue Book)-《企業管治:基金經理及機構的指引》 (Corporate Governance: A Guide for Fund

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機構投資人盡責管理守則趨勢

## 各國盡責管理方式概覽表

適用範圍	機構投資人 (資產所有人、資產管理人及服務提供者)	機構投資人 (資產所有人、資產管理人)	機構投資人 (資產所有人、資產管理人)	機構投資人 (資產所有人、資產管理人)			FSC 會員 (基金經理)
法律地位	自願簽署模式，並採取「遵守或解釋」原則	採取「遵守或解釋」原則	自願簽署模式，並採取「遵守或解釋」原則	採取「遵守或解釋」原則	必須適用，但針對微型公司有延後適用的規範，投票採取「建議性投票」	必須適用	自願簽署模式，但強烈建議會員遵循
守則之基本原則 1、公開揭露如何履行其管理職責的政策；	有	有	有	有	否	有	有

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機構投資人盡責管理守則趨勢

2015/11/10

## 各國盡責管理方式概覽表

2、就處理責守則的利益衝突制訂積極的政策並揭露之；	有	有	有	有	否	2015年4月提案中	否
3、監督其所投資公司；	有	有	有	有	否	否	有
4、制訂清晰指引，說明何時及如何增加盡責管理活動的程度，以保障及提升股東價值；	有	有	有	有	否	否	有

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## 各國盡責管理方式概覽表

- 5、在適當時機願意與其他投資人共同行動：

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機構投資人盡責管理守則趨勢  
的概念

2015/11/10

## 我國公司治理規範與 盡責管理守則

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機構投資人盡責管理守則趨勢

2015/11/10

### 股東行動主義

金管會「2013強化我國公司治理藍圖」中即將  
「促進股東行動主義」列為策略計畫項目之一：

- ① 擴大實施電子投票
  - 擴大強制電子投票適用範圍：105年起擴大至實收資本額20億以上起且股東人數達一萬以上之上市櫃公司
- ② 提升股東會品質
  - 逐案表決、英文版股東議會手冊、投保中心善盡股東監督責任
- ③ 建置利害關係人聯繫平台
  - 要求機構投資人揭露選股標準、對所投資公司關注之重點、參與股東會及投票之政策

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## 盡責管理守則與台灣現行法規

- 國外各項原則於台灣現行規範大多有相對應的規定，惟規訂分散，且包含面向不夠全面。例如就投信投顧業者而言，與Stewardship相對應的規定散見下列法規中：
  - 投信投顧法、公司治理實務守則、投信事業經理守則、利益衝突防範實務守則、投信事業管理規則、投信基金公開說明書應行記載事項準則、利益衝突防範守則、投信事業人員管理規則、投信基金管理辦法、全委業務管理辦法、證券暨期貨市場各服務事業建立內部控制制度處理準則
- 我國雖然積極強化公司治理，但是規範散見相關法規，並無整體制度。為配合國際趨勢與進一步強化公司治理，推動盡責管理守則，在現有的內部治理與外部治理之外，透過機構法人的積極參與，達成股東行動主義的目標是一個必然的選項。

## 我國盡責管理守則之規範重點



## 我國盡責管理守則之規範重點

- 我國盡責管理守則規範採國際原則，但是亦考慮我國現況與特色，故仍與其他各國的規範有些許的差異，例如機構投資人共同行動的義務就未包括在內。
- 另一個特色，則是將盡責管理守則的原則與指引合一，使機構投資人可以在單一文件內了解整個規範內容與遵循的指引 (guidelines)。
- 此外交易所也完成「機構投資人盡責管理守則問答集」解釋可能的問題，並提供「機構投資人盡責管理守則遵循聲明參考範例」，以便利機構投資人的參與。
- 在推動方面，則由交易所（特別是公司治理中心）與集保結算所來分別負責相關業務的推動，凸顯政府對完備公司治理配套與推動盡責管理守則之態度。

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機構投資人盡責管理守則趨勢

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## 我國盡責管理守則之規範重點

- 「機構投資人盡責管理守則」規範架構
  - 第一章 機構投資人與其責任
  - 第二章 守則目的
  - 第三章 守則之簽署與「遵循或解釋 (comply or explain)」
  - 第四章 盡責管理之六項原則
  - 第五章 原則遵循指引
- 盡責管理之六項原則
  - 原則一 制定並揭露盡責管理政策
  - 原則二 制定並揭露利益衝突管理政策
  - 原則三 持續關注被投資公司
  - 原則四 適當與被投資公司對話及互動
  - 原則五 建立明確投票政策與揭露投票情形
  - 原則六 定期向客戶或受益人揭露履行盡責管理之情形

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機構投資人盡責管理守則趨勢

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## 結論

- OECD公司治理準則以及世界許多國家都已經制定或採行類似盡責管理守則之規範，也有越來越多的國家紛紛採行。
- 我國採行盡責管理守則不僅可以配合國際間公司治理的發展趨勢，更能在傳統內部與外部公司治理之間，透過股東行動主義與電子投票制度，進一步推動與落實公司治理的目標。
- 由於採自願參與原則，配合國內已順利運作的電子投票制度，不會對機構投資人造成額外的負擔，亦有助於機構投資人建立並加強其推動公司治理、企業社會責任(CSR)的形象。

**謝謝聆聽、敬請指教**

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Q&A



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## Hermes EOS

# Global implementation of stewardship principles

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Taiwan Stock Exchange

Dr Hans-Christoph Hirt, Co-CEO Hermes EOS

Taipei, 29 March 2016



For professional investors only

# Global implementation of stewardship principles

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1. Introduction to Hermes EOS
2. Hermes EOS stewardship activities
3. Overview of Hermes EOS voting and corporate engagement work in 2015
4. Hermes EOS engagement selection
5. How to get started on stewardship?



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## Introduction to Hermes EOS

### Our history and shared engagement resource

- ▶ Hermes EOS was established in 2004 in recognition that stewardship activities require dedicated resource with relevant experience, specialist skills and processes.
- ▶ Hermes EOS is owned by Hermes Investment Management, which in turn is wholly owned by the BT Pension Scheme (BTPS), one of the UK's largest pension funds (£40.3bn net assets<sup>1</sup>).
- ▶ We provide a platform for like-minded investors to pool resources, creating a powerful force for positive change.
- ▶ 42 institutional investors in 9 countries delegate to us the stewardship of £154.7bn of assets<sup>2</sup> invested in over 10,000 companies worldwide.
- ▶ We have 26 staff and six senior advisers organised according to their sectorial and country expertise. We also have excellent working relationships with many of the world's largest institutional investors.
- ▶ Hermes is a founding signatory of the UN-backed Principles for Responsible Investment and stewardship codes or similar guidance in the UK, Japan and Malaysia.

<sup>1</sup> BTPS Annual Report 2014.

<sup>2</sup> Assets under Advice as at 31 December 2015.

For more information about the stewardship activities of Hermes and Hermes EOS, please refer to our global stewardship statement:

[https://www.hermesinvestment.com/wpcontent/uploads/2016/03/Hermes\\_Stewardship\\_Code\\_Statement\\_2016.pdf](https://www.hermesinvestment.com/wpcontent/uploads/2016/03/Hermes_Stewardship_Code_Statement_2016.pdf)



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## Hermes EOS stewardship activities

### Comprehensively addressing stewardship code requirements

#### 1. Corporate engagement

We engage with corporate directors and senior management to achieve beneficial change on risk management, governance, sustainability and business practice, to improve long-term corporate value for the holdings of our clients.

#### 2. Intelligent voting

We vote on behalf of clients in line with their policies, applying an intelligent approach, covering over 10,000 companies. This means our votes are executed in an informed manner, including insights from our engagement with companies.

#### 3. Portfolio monitoring and screening

We provide a monitoring and screening service to identify companies which are underperforming or controversial according to parameters specified by our clients.

For more information, please refer to our global stewardship statement:

[https://www.hermesinvestment.com/wpcontent/uploads/2016/03/Hermes\\_Stewardship\\_Code\\_Statement\\_2016.pdf](https://www.hermesinvestment.com/wpcontent/uploads/2016/03/Hermes_Stewardship_Code_Statement_2016.pdf)



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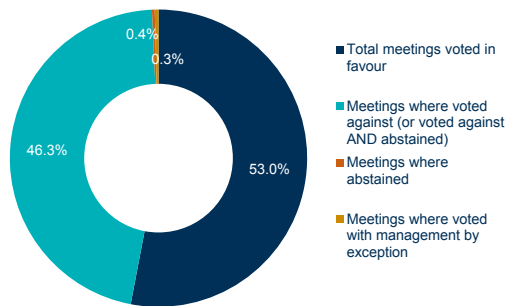
## Hermes EOS voting

A progressive voting process

Intelligent voting is part of the overall engagement strategy

### Global voting activity

During 2015 we voted at 9,831 meetings (99,598 resolutions)



Source: Hermes EOS quarterly reports

### Voting activity: 2015

- ▶ Voting is engagement-led and includes communication with management
- ▶ Voting covers over 10,000 companies
- ▶ During 2015 we opposed management on 11.3% of resolutions
- ▶ Includes communication with senior management and boards when voting against management
- ▶ Partnership with ISS for best in class voting execution platform

### Value to clients

- ▶ Ability to exercise voting rights in holdings in line with own policy without the overheads to administer this internally
- ▶ Intelligent voting service focused on achieving change



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## Hermes EOS engagement selection

Process: Identification of company engagement candidates



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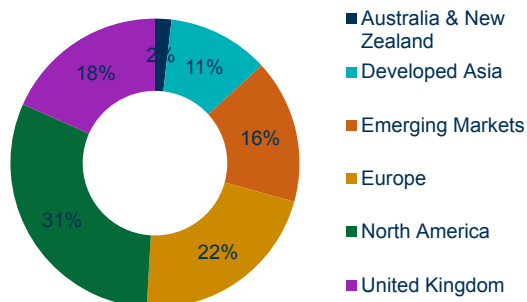
# Hermes EOS

Achieving change in global markets

## Overview of corporate engagement work in 2015

### Global engagement activity

Company engagement on objectives by region in 2015



Source: Hermes.



### Engagement activity 2015: KPIs

- ▶ We engaged with 466 companies on 1,150 engagement objectives and issues
- ▶ We made progress on 44% of all engagement objectives in 2015
- ▶ Of the 1,150 objectives and issues:
  - 15% were on environment
  - 45% were on governance
  - 20% were on social & ethical
  - 15% were on strategy & risk management
  - 5% were on stewardship

Milestone 0	Milestone 1	Milestone 2	Milestone 3	Milestone 4
Objective set	Raised concern at appropriate level	Company acknowledges issue	Company commits to credible change	Change implemented

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## How to get started on stewardship?

### Practical considerations for institutional investors

**Essentially three core stewardship activities:** Monitoring, voting and engagement – supported by policies and processes and relevant disclosures

#### Factors to consider when developing stewardship activities:

- Nature and size of institutional investor and its assets
- Investment style, i.e. nature and size of holdings (diversification)
- Key markets, generally including local market

#### Institutional investors may consider the following activities:

1. Active monitoring of investee companies
2. Transparent and systematic exercise of voting rights
3. Focused engagement programme

For more detail, see Dr Hans-Christoph Hirt, The proliferation of stewardship codes around the world and implications for institutional investors, Governance, November 2015, pp.9-12



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**Follow up questions welcome!**

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**Thank you!**

Please contact me for further information:

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Co-CEO Hermes EOS

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Hermes EOS annual report with case studies and statistics is available at:

<https://www.hermes-investment.com/wp-content/uploads/2016/03/Annual-Report-2015.pdf>



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**Additional slides**

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## Practical impact of the UK Stewardship Code

It is still too early to come to a firm conclusion, better disclosures by fund managers and monitoring by asset owners required

- ▶ More than 300 signatories - includes 205 asset managers and 88 asset owners (March 2016)
- ▶ More and better quality engagement of major investors with large companies
- ▶ But also significant room for improvement – engagement deficit with mid-tier companies and engagements too often cover a narrow range of issues (focus is on remuneration)
- ▶ Recognition that “development of a culture of stewardship may take time”
- ▶ Particular concern about disclosure and reporting on stewardship by fund managers (and as such whether the comply or explain system is working)
- ▶ FRC announcement that disclosures will be assessed and a tiering system introduced in July 2016 (December 2015) – ambition that signatory status be seen as true marker of commitment

Source: Financial Reporting Council (FRC), Developments in Corporate Governance and Stewardship (January 2016)

For further discussion: ICGN Global Stewardship Code, Member Consultation (November 2015), pages 13 -14;

The Investment Association (IA), Adherence to the FRC's Stewardship Code: At 30 September 2014 (June 2015);

Pensions and Lifetime Savings Association (PLSA), Stewardship Survey (December 2016)



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## Global guidance and regulation on stewardship

<p><b>Self-regulation:</b> Signing up is voluntary; annual, compulsory self- assessment</p>	<ul style="list-style-type: none"> <li>▪ <b>Principles for Responsible Investment (PRI )</b> launched in 2006</li> <li>▪ Today more than 1,400 signatories with Assets under Management (AUM) of close to \$60 trillion (November 2015)</li> <li>▪ Principle 2 covers active ownership</li> </ul>
<p><b>Self-regulation:</b> In UK, disclosure requirement for regulated fund managers</p>	<ul style="list-style-type: none"> <li>▪ <b>UK Stewardship Code</b> (2010); more recently introduction of codes for institutional investors in <b>Japan</b> and Malaysia (2014); draft codes in Hong Kong, Republic of Korea, Singapore and <b>Taiwan</b> (March 2016); new initiative in <b>Canada</b></li> </ul>
<p><b>Self-regulation:</b> Guidance; no obligations</p>	<ul style="list-style-type: none"> <li>▪ International Corporate Governance Network (ICGN): Model Mandate Initiative (2012); <b>Statement of Principles for Institutional Investor Responsibilities</b> (2013); <b>Global Stewardship Code</b> (November 2015)</li> </ul>
<p><b>Legal framework:</b> Implementation through law at national level</p>	<ul style="list-style-type: none"> <li>▪ Proposed revised <b>EU Shareholder Rights Directive</b> (Commission proposal, April 2014)</li> <li>▪ Directive likely to become law in 2016</li> </ul>



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## Example: Deutsche Bank

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### Main issues:

- ▶ Limited progress on culture change and dealing with pending litigations and investigations, as well as apparent deficiencies in co-operating with regulators leading to increased levels of fines
- ▶ Unsatisfactory delivery on targets set under Strategy 2015+ and unconvincing presentation of Strategy 2020 in April

### Actions:

- ▶ Hermes EOS has had an intensive engagement with Deutsche on a range of issues since 2009 involving:
  - regular dialogue with senior executives and members of the management and supervisory boards;
  - filing of a shareholder proposal in 2012 and speeches at AGMs in 2012 and 2013.
- ▶ Major public intervention around the AGM on 21 May 2015 requesting the supervisory board to review the composition of the management board
- ▶ AGM speech and vote against the discharge of the management board (almost 40% vote against)

### Progress in engagement following public intervention around the 2015 AGM:

- ▶ Resignations of co-CEOs in June 2015 and reconsideration of Strategy 2020
  - ▶ Overhaul of management board in October 2015
- 



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## Important information

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**Hermes Investment Management**

Hermes Investment Management is focused on delivering superior, sustainable, risk-adjusted returns – responsibly.

Hermes aims to deliver long-term outperformance through active management. Our investment professionals manage equity, fixed income, real estate and alternative portfolios on behalf of a global clientele of institutions and wholesale investors. We are also one of the market leaders in responsible investment advisory services.

**Our investment solutions include:**

**Private markets**

International real estate, pooled funds, segregated mandates, UK commercial real estate, UK commercial real estate debt, UK private rental sector real estate, infrastructure and private equity

**High active share equities**

Asia, global emerging markets, Europe, global, and small and mid cap

**Specialist fixed income**

Absolute return credit, global high yield bonds, multi strategy credit

**Multi asset**

Multi asset inflation

**Responsible investment services**

Corporate engagement, intelligent voting and public policy engagement

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