

Foreword

Responsible investment (RI) and stewardship touches every aspect of our business. The foundations of our approach to RI are built on aiming for the highest professional and ethical standards of behaviour and are a key part of the stewardship of our clients' capital.

The financial services industry is in a constant state of change, particularly in the area of governance. Many of the changes, such as the introduction of stewardship codes globally, are positive steps and we welcome any developments that demand greater accountability from asset managers and enhance the service our industry provides to its clients.

Codes and regulation are only part of the picture however. Our industry should always be focused on the interests of end investors and must work hard to earn their trust. The most recent Edelman Trust barometer again shows financial services and banking among the least trusted sectors; our industry must do better.

An effective way of improving standards in our industry is by being held to the highest standards of practice by our clients. There has been a marked increase in scrutiny and engagement from our clients, and the broader community, on a range of issues relating to RI. This can only be positive for our business and the broader investment industry.

We are constantly looking for more effective ways, including through publishing this report, to respond to our clients' demand for increased transparency and accountability.

Leading by example

This year we undertook a survey of our staff to gain an understanding of our role and ambitions as a responsible investor. It was pleasing to see the support of our colleagues for our approach to RI. Particularly pleasing was the desire to be bolder in our long-term ambitions. This process has been important in helping us set more challenging goals which will, over time, set the standards by which our clients and other stakeholders will hold us to.

Setting goals by themselves, however, achieves little without the support and commitment of our people. To ensure we have a common purpose and approach to RI and stewardship, we have committed to an RI training program for all of our staff and will engage new staff as part of their induction program. We are also focused on hiring people who fully support our approach by highlighting our commitments and expectations in all job advertisements and during the interview process.

We have continued to make progress in integrating high quality environmental, social and governance (ESG) information with our diverse investment capabilities. During 2014, we have worked hard to integrate the data from our service providers with Bloomberg, FactSet and our own proprietary databases. This has enabled seamless and flexible access to high-quality information for all of our investment professionals.

Taken together, these improvements will make us a more accountable, engaged, resilient and successful investment management firm.

Collaboration

Collaboration has always been a key part of our approach to RI. Through collaboration, not only can we be part of a wider voice pushing for change, but we can learn from others and share our experiences to increase the effectiveness of RI in our industry as a whole.

In 2014, our Global Head Responsible Investment, Will Oulton, chaired the University of Cambridge Investment Leaders Group's work on mandates for long-term investment and sustainability. This is a project to promote active equity mandates that complement the long-term interests of asset owners and investment managers.

During the year, we also supported the Financial Services Council of Australia with the development of an Australian stewardship code. Our Chief Investment Officer for equities, David Dixon, co-chaired the Committee which led the development of the code. This follows on from the first formal stewardship code introduced in the UK in 2010.

In March this year, we became a member of the inaugural Thinking Ahead Institute, created by global investment consultancy Towers Watson to help inform our own strategy and thought leadership work.

Transparency and engagement

Transparency and engagement are key tenets of effective stewardship. We strive to incrementally improve the quality of our reporting, to provide our clients and stakeholders with greater insight into our RI and stewardship practices.

This year, we are focusing on providing more detail on how RI and stewardship adds value to our investment processes by providing additional metrics for each of our investment teams and significantly improving the depth and interactivity of the report online. There are no current best practice standards for this type of reporting, and so we expect the mix of indicators to evolve over time.

However, notwithstanding any limitations, they are a genuine attempt at improving the dialogue with our clients on these important issues. I hope our integrated reporting achieves this goal and we welcome suggestions for improving our reporting further.

Performance

Finally, one of the longstanding goals of our business is to achieve global best practice in RI. In 2014, we were pleased to receive the 'ESG Implementation of the Year' Award at the UK Financial News Asset Management Awards.

I am proud that our investment teams continue to deliver excellent investment performance, while being highly-rated for their RI and stewardship practices and am encouraged by the results of last year's pilot PRI Assessment Report, which showed good progress. This RI and Stewardship report captures much of the work that has gone into achieving these results. We look forward to continuing to share this journey with you and, as always, welcome your feedback.



Mark Lazberger

Chief Executive Officer