Corporate Governance - The State of Engagement of European Shareholders

A Study Conducted by the Club of Florence
and the University of Hamburg

Table of Contents

Executive Summary

Investors, especially institutional investors, have a crucial responsibility to control the corporations' optimization of long-term value creation in our European financial system. However, the European financial crisis has taught us that the investors' engagement process is not yet well established in Europe. The European Commission takes the investors' lack of engagement and short-term orientation up due to initiatives for new regulations. But is regulation in this way desirable?

This study examines the state of engagement within the scope of corporate governance in Europe. Therefore the study contains results about the three main topics "the form and subject matter of engagement" (section 3), "the engagement process" (section 4) and "the impediments of engagement" (section 5).

Highlights of the study include:

– The respondents' attribute first and foremost responsibility to the engagement initiative.
– The execution of engagement is most prevalent in complex investment processes.
– The results emphasize the element of trust in the engagement process.
– The need for standardization of the engagement process is under discussion.
– Mostly the lack of time and the lack of expertise are reasons to delegate the engagement process.
– Only 50% of all interviewed investors check the progress of the engagement as part of the investor's control regarding the process.
– Only a few investors focus on value-based performance indicators for measuring the engagement's success.
– Those investors who do without any engagement justify the missing engagement with impediments that can be wiped out by delegating the engagement initiative.

The results of this study have important practical implications. Before implementing political regulations by law, the results about the investors' measurement of the engagement's success, about the investors' process of control and about the reasons why some investors do not participate in any engagement initiative should be taken into consideration in order to implement efficient and effective regulations.

1 Introduction

Management's opportunistic behaviour threatening the shareholders' interests is beyond doubt. As the optimization of long-term value creation is in the interest of the investors, other stakeholders assume them to be dedicated observers. Therefore instruments of control are available for the shareholders. They can sell their shares (exit, wall-street-walk) or can exert influence on the management's behaviour due to several control options (voice). At this, small shareholders react on issuers' bad performances by simply selling the shares, while institutional investors and major shareholders use engagement initiative as a proactive process of control.

However, especially the European financial crisis has taught us that the engagement process is not yet well established. So the European Commission states in the green paper "Corporate Governance in Financial Institutions and Remuneration Policies"[1] that institutional investors and major shareholders did not meet their responsibility by not preventing (inactivity) or even promoting and impelling the corporates' short-term orientation and high risk-taking. Also the current European Commission's green paper on "The EU Corporate Governance Framework"[2] takes the investors' lack of engagement and short-term orientation up again. New regulations, such as codes of conduct for institutional investors with a "comply or explain" approach, can be a conceivable solution for this problem. The UK Stewardship Code, which calls on to the investors to disclose whether and how far they take responsibility and whether potential conflicts of interest exist, could therefore serve as a model.

But is regulation in this way desirable? Can it help to solve the problem mentioned above? Probably there are different opinions and beliefs between the involved groups (politics, institutional investors and corporations) that lead to varied claims in the discourse. Also different understandings of relevant terms and concepts or just the doubt about the engagement's advantageousness can be reasons for differences in the arguments.

[1] COM (2010) 284 final.
[2] COM (2011) 164 final.

Before implementing regulations by law, a differentiated survey with the involved stakeholders (corporations and investors) is needed to examine the current circumstances and priorities. Only a profound scientific study about how the control mechanisms work in reality can provide this. A recent study of ISS (Institutional Shareholder Services Inc.) and the IRRC Institute (Investor Responsibility Research Center Institute) about the state of engagement between U.S. corporations and shareholders shows that the two parties even think different about the way of executing engagement.

Due to cultural differences and diversity as well as differences in the financial systems the results of the U.S. study cannot be transferred to Europe. Against this background, a comparable scientific overview of the current status and the expected development of the engagement process within the scope of corporate governance is needed. Even the term “engagement” is understood semantically different.

2 Study Methodology

The study is based on an online survey of approximately 448 investors, open from 5.11.2012 until 15.1.2013. Investors from several European countries were asked to answer questions about their engagement initiative.

The interview respondents were promised anonymity. Even where answers from the respondents are quoted directly, they are not identified by name or by the name of their organization.

This study proceeds as follows. In section 3 the survey data is used to explore the form and subject matter of engagement in the European countries. In section 4 the study examines the characteristics of the engagement process. After that, section 5 covers the impediments of engagement and section 6 shows detailed information about the sample of this study. Section 7 summarizes the results and discusses their practical implications.

3 Form and Subject Matter of Engagement

A review of the survey data shows that the respondents attribute responsibility as an important role of the beneficial owner to the concept of engagement. Figure 1 shows a detailed presentation of the respondents' attribution to engagement. A majority answered that they associate engagement with responsibility (227), commitment to the beneficial owner (222), the interest of the beneficiary/beneficiaries (194) and trust (147). In addition, the respondents state that engagement is part of the shareholders' job (124). Only a few indicate an association with time restriction (8), need (22), or marketing (30).

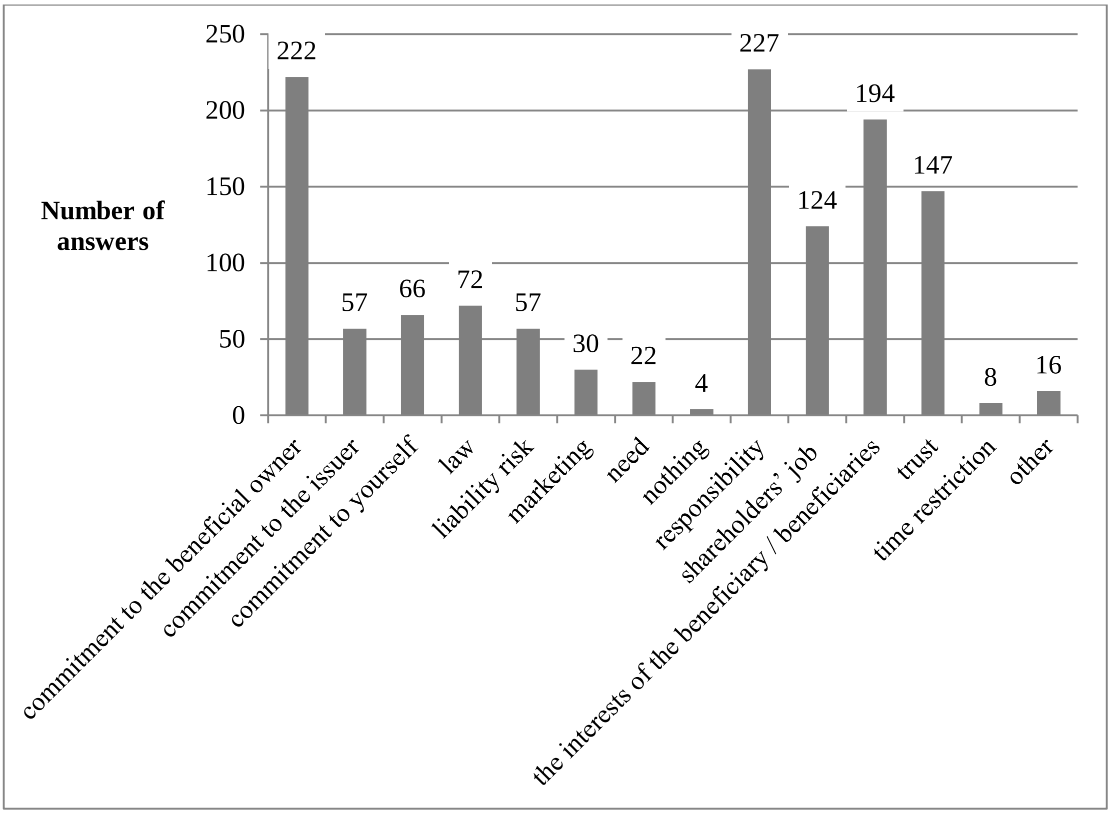

Figure 1: What comes to mind when engagement is mentioned in connection with shares (n=448, multiple answers were allowed).

Some of the interviewed investors named other aspects like "benefiting the company for long term growth", "corporate governance" or "value keeping" (16). This emphasizes an additional focus on the corporation.

Investors were also asked in the survey to describe the commitment to the beneficial owner (Figure 2). Most respondents qualified the beneficial owner as a respectable businessman, who determines the investor's action regarding ethical and social goals (184) or yield targets (146). Additionally respondents characterized their cooperation with the beneficial owner as an interrelationship with benefits on both sides (151). A few respondents stated that they don't know him (25) or for some reason have no contact with him (25) or expect no feedback from him (18).

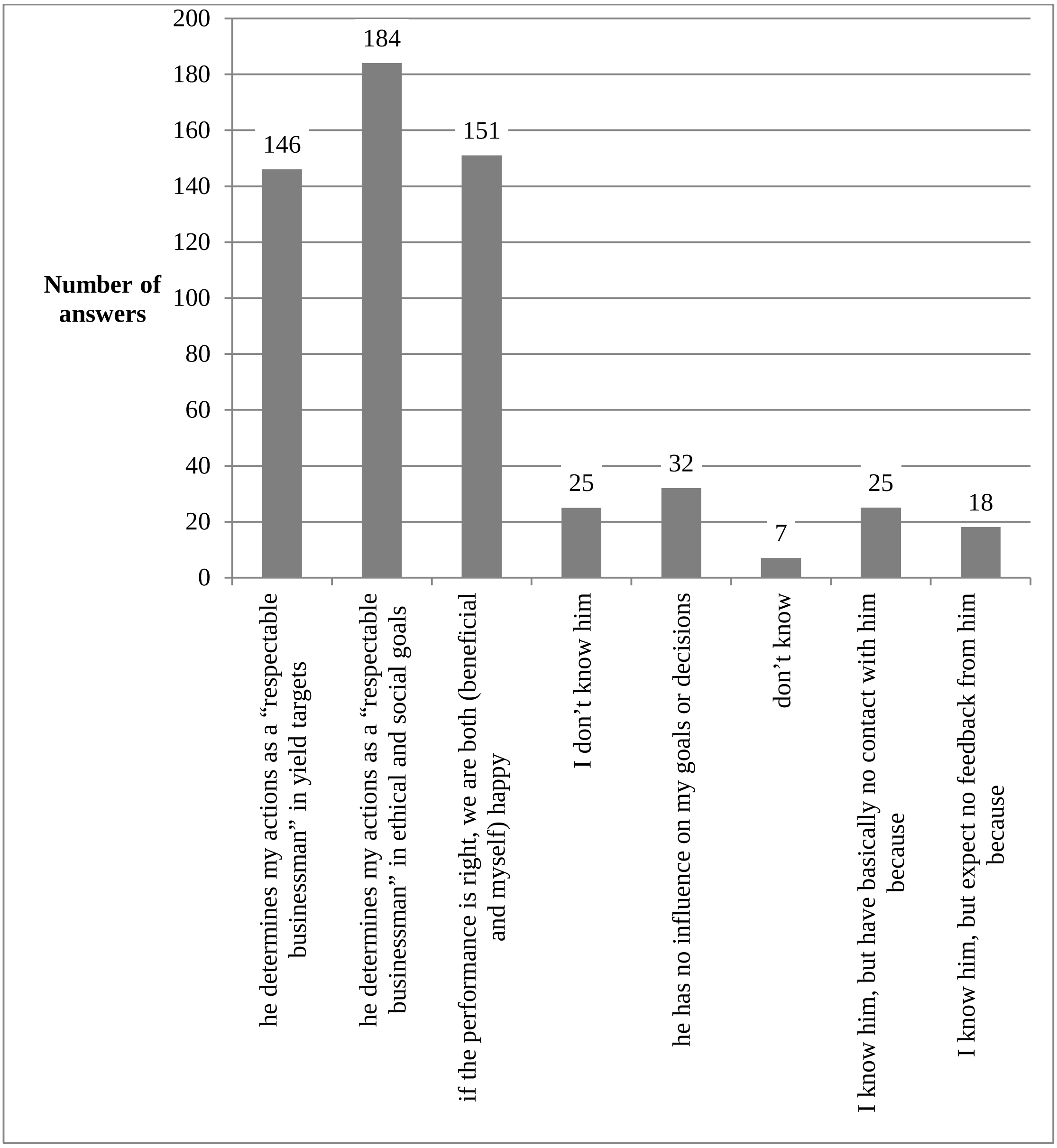

Figure 2: Commitment to the beneficial owner (n=448, multiple answers were allowed).

A large number of those who do not have any contact to the beneficial owner, indicated that there are too many beneficial owners to engage directly with them. Some also stated that they are deciding by their own and acting from a position of trust and stewardship.

Those respondents who do not expect feedback from the beneficial owner justified this for instance with the existing ownership structure and organizational setup.

Furthermore the survey data makes an analysis of the relation between investment strategies and the likelihood of engagement possible. As shown in Figure 3 most participants indicated regarding the question “For what kind of investment policy is, or would be, your engagement most likely?” either the investment in equity assets (229), international investment strategies (134) or investment strategies with larger firms in the investment picture (124). Only a few named bond assets (58), themed investment strategies (61) or regional investment strategies (70).

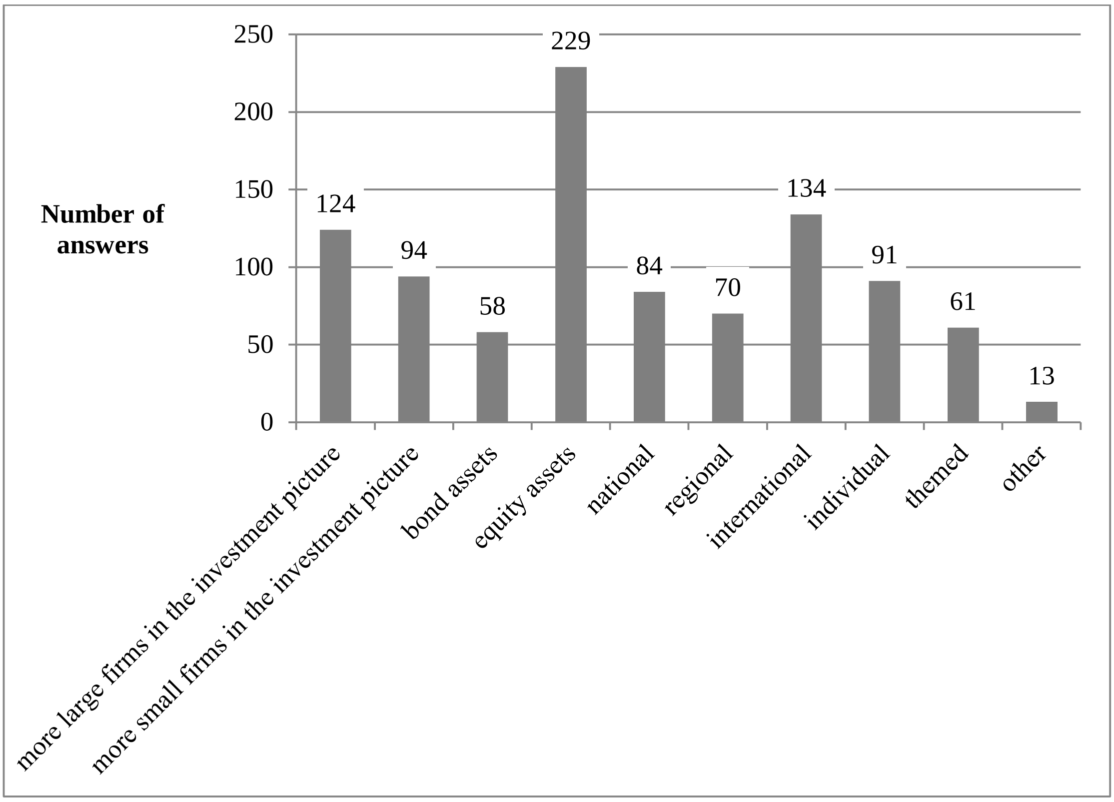

Figure 3: Kind of investment policy where engagement is most likely (n=448, multiple answers were allowed)

Some of the interviewed investors named other strategies like the investment in renewable and new technologies or stated the importance of engagement in every asset class as a key part of investment (13).

Referring to the investor's control, the respondents were asked if they have ever requested a vote receipt stating how their shares were counted in the vote (Figure 4). The findings are ambiguous: 41% of the interviewed investors stated that they haven't requested a vote receipt, because they trust the deposit chain up to the ballot box and 35% answered that they have requested a vote receipt.

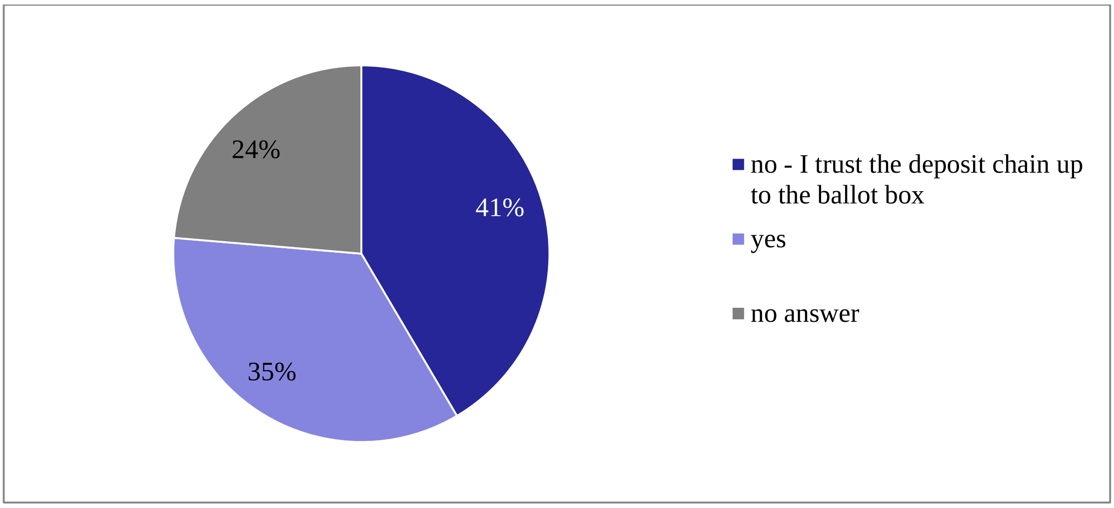

Figure 4: Request for a vote receipt (n=448).

The investors who asked for a vote receipt were additionally asked for the reason of the request (Figure 5). A majority answered that the voting procedure should in principle be documented from start to finish (122). A side from this aspect, investors also stated that they were surprised at 50% abstentions in a board election (69) or that they saw votes in attendance being rejected (50).

The survey data shows, investors also ask for a vote receipt because they usually want to know how the votes were distributed or because the vote was highly contested and all votes were critical to the outcome in that instance (answers of the category "other reasons").

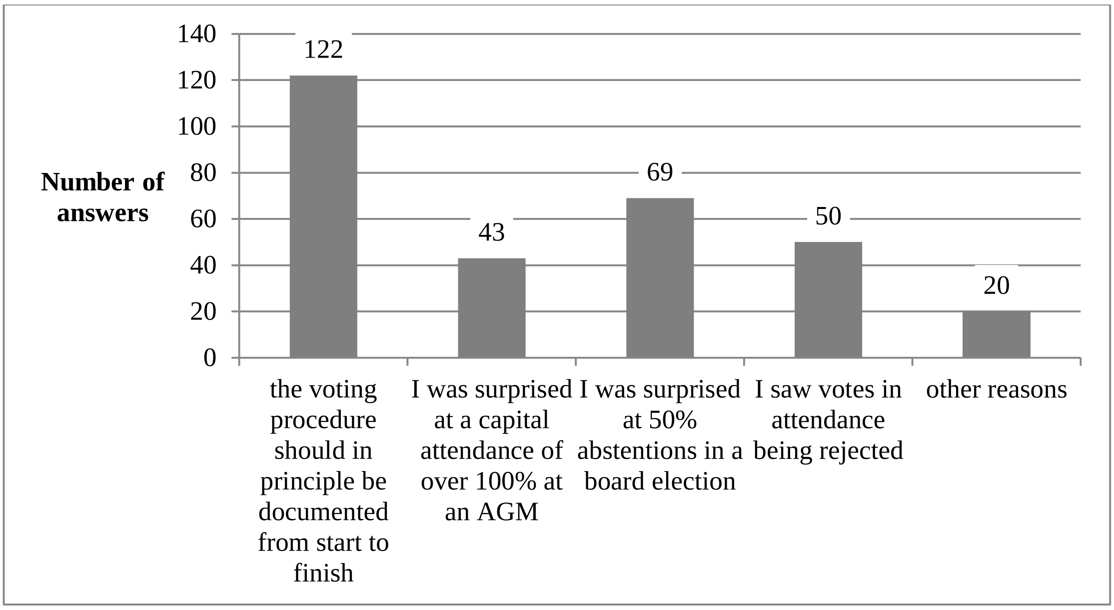

Figure 5: Reasons to ask for a vote receipt (n=156, multiple answers were allowed)

In view of the fact that a majority associated engagement with responsibility, the survey's respondents were asked about the main topics that require engagement (Figure 6).

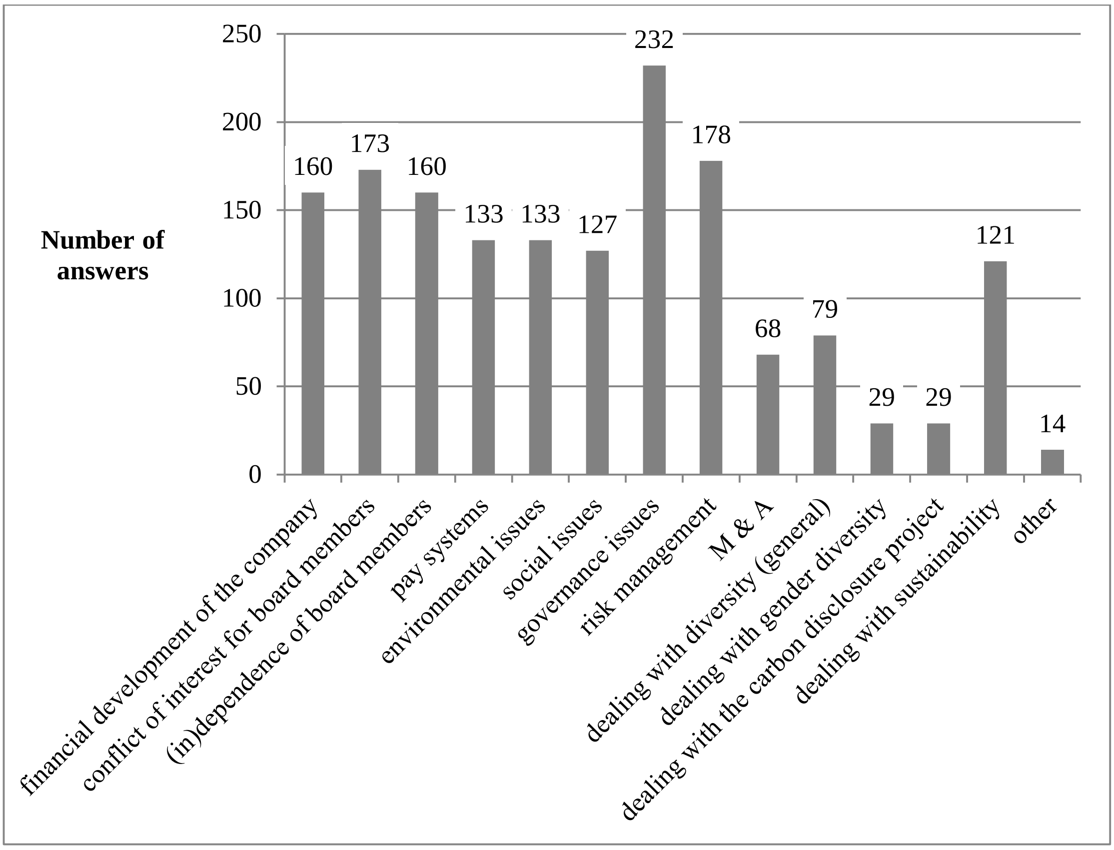

Figure 6: Topics that require engagement (n=448, multiple answers were allowed).

Most respondents named governance issues (232), risk management (178), conflict of interest for board members (173) and the (in)dependence of board members (160). In addition, the financial development of the company was a relevant topic in the context of engagement (160). Only a few respondents indicated social and environmental responsibility like the dealing with gender diversity (29) or the dealing with the carbon disclosure project (29).

Some of the interviewed investors indicated other topics that require engagement the most, such as the corporation's strategy, capital allocation and the transparency of reporting (14).

Short summary of this section

These answers show, that the respondents attribute first and foremost responsibility to the engagement initiative. The execution of engagement is most prevalent in complex investment processes, like investments in equity assets, international investment strategies or investment strategies with largeer firms in the investment picture. The relevant topics are governance issues, risk management, conflicts of interest for board members and the (in)dependence of board members.

Also the results emphasize the element of trust in the engagement initiative. The respondents' answers imply an important role of the beneficial owner and an interrelationship with benefits for the beneficial owner and the investor. Therefore the results regarding the investor's control are not surprising. Only 35% of the respondents answered that they've requested a vote receipt, which can be interpreted as an indicator for investor's actual control.

4 Engagement Process

This study also takes the engagement process into consideration. The respondents were questioned, if they have a standardized engagement processes. Among the respondents 34% answered this question with yes and 38% with no.

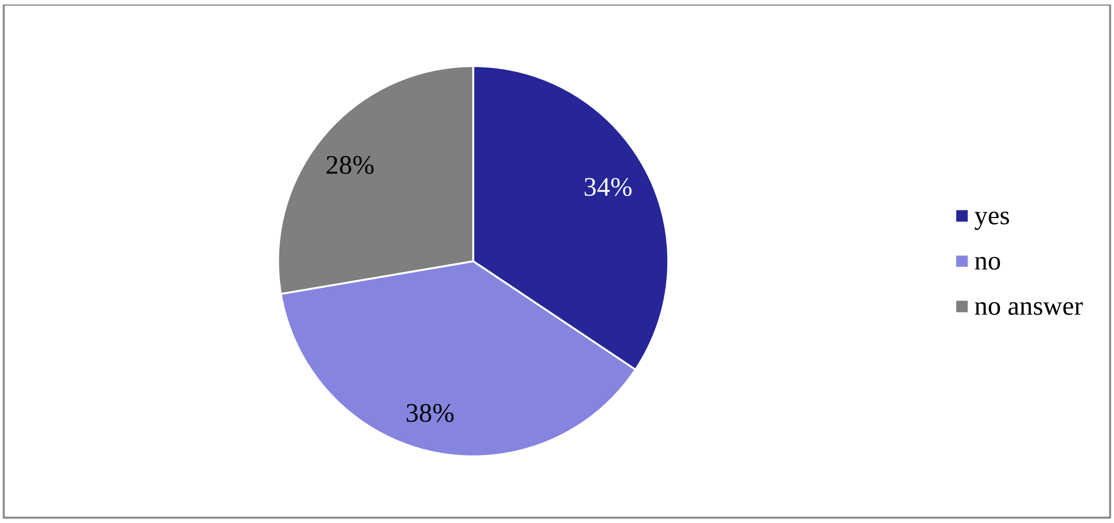

Figure 7: Existence of a standardized engagement process (n=448).

Those investors who have an established engagement process justified this with transparency requirements, the importance of engagement to an investment product or the need for a consistent measurement of progress within the engagement process.

On the other side, those who do not have an established engagement process stated that engagement should be flexible and cannot be standardized. Moreover, some respondents quoted that only large institutional investors need standardization.

To explore the investors' pattern of behaviour in the case of difficulties on the side of the corporation, the respondents were asked what they would do, if they note that something very basic goes "wrong" at an issuer (Figure 8). Half of the interviewed investors indicated that they would get active in this situation. 30% stated that they would choose the exit and sell the shares as soon as possible.

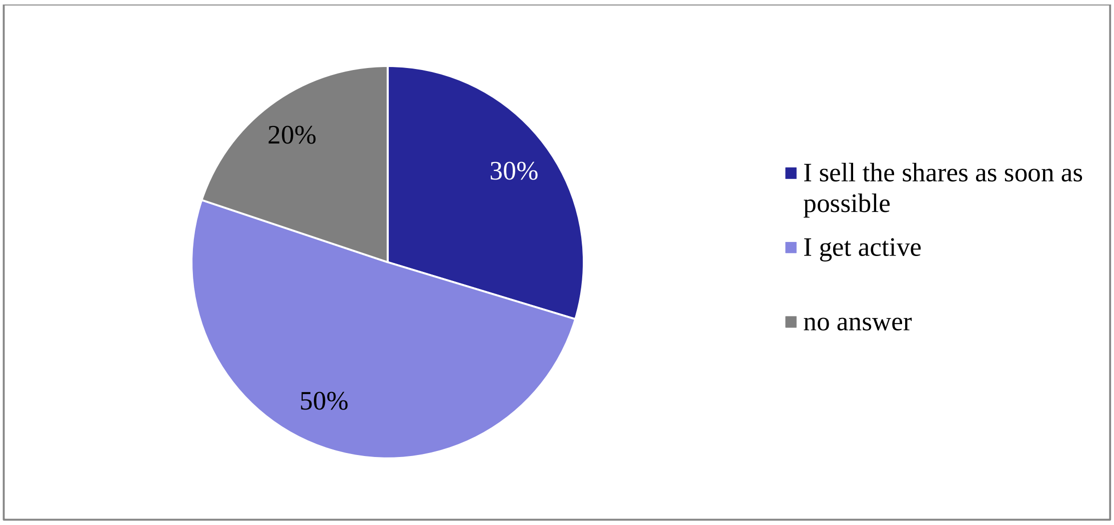

Figure 8: Reaction to xxx (n=448).

Those who answered with "I get active" mostly get personally active (111), get active and try to involve other investors in their engagement (108) or ask for a private talk with the executive management (95).

During the Annual General Meeting (AGM), most investors react to difficulties or problems by simply expressing their opinion through voting (208), participating actively in the general debate (147) or making an effort to amend the agenda (53). Only a few indicated that they would try for a charter amendment (11) or for a change of auditors (19).

Furthermore, this study examines the possible delegation of engagement initiative as part of the engagement process' structuring. As shown in Figure 9, mostly the reasons why the interviewed investors delegate engagement activities are the lack of time for personal engagement (116), the determination of the individual tools' efficiency by the issuers' home culture (92) or the required individual experience of the tools (89). Also the investors trust in track records (77). Only a minority argued that they think someone or other will get active (18) or that in their business any type of shareholder engagement is by default handed over to service providers (16).

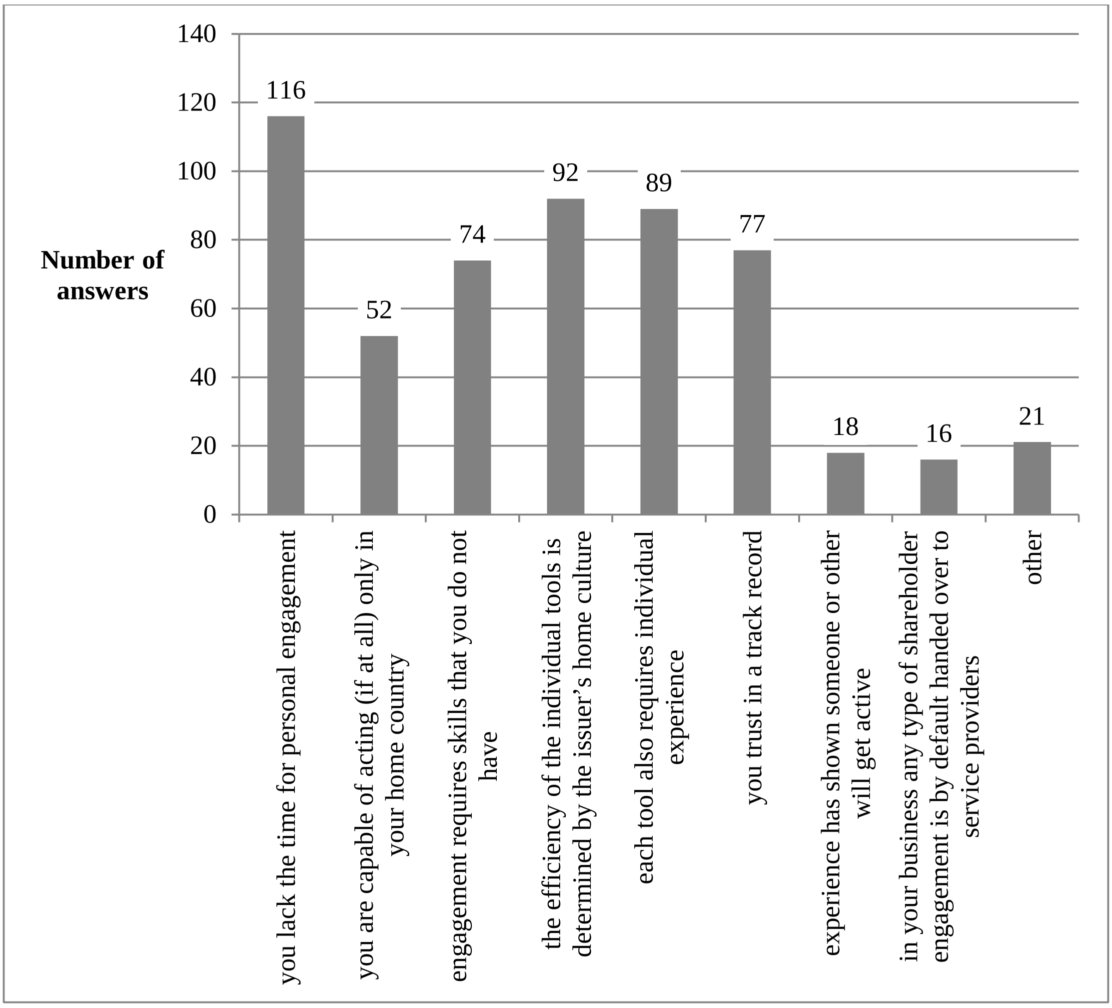

Figure 9: Reasons for delegating engagement (n=448, multiple answers were allowed).

Some investors additionally indicated that they delegate engagement activities because of the delegation's cost-efficiency and the need of independent information as a basis for engagement.

After examining the reasons for delegating engagement, this study incorporates also the progress check of delegated engagement activity as a part of the investors' control option. As shown in Figure 10, almost the half of all interviewed investors do check the progress of the initiative (48%). Only 13% do not check the delegated engagement activity.

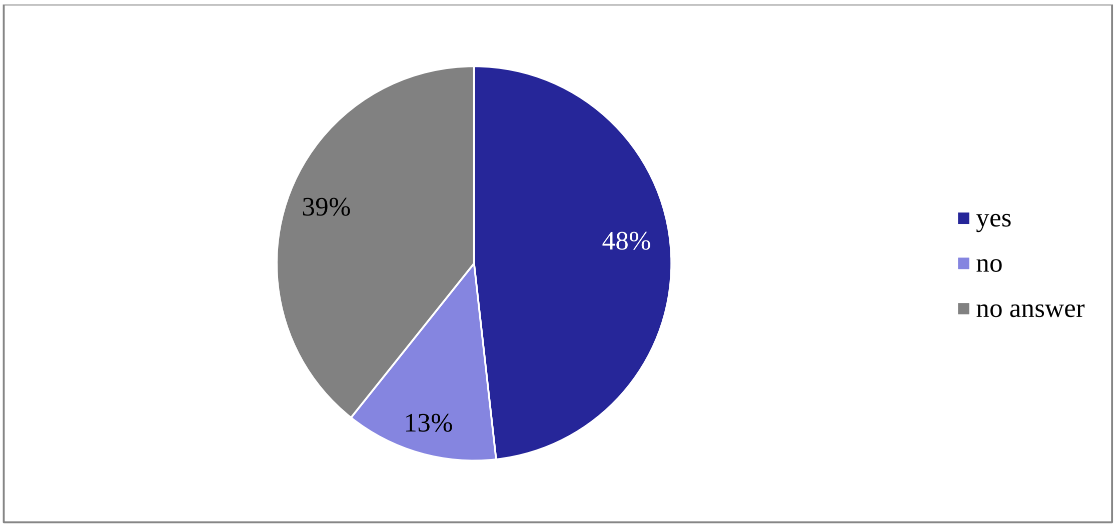

Figure 10: Progress check of delegated engagement activity (n=448).

Among those respondents who indicated that they check the progress of the delegated engagement initiative do this continuously (67), on a basis of individual milestones (63) or once a quarter (42). Only a few stated that they check yearly (13) or at the end of the year (7). Details are shown in Figure 11.

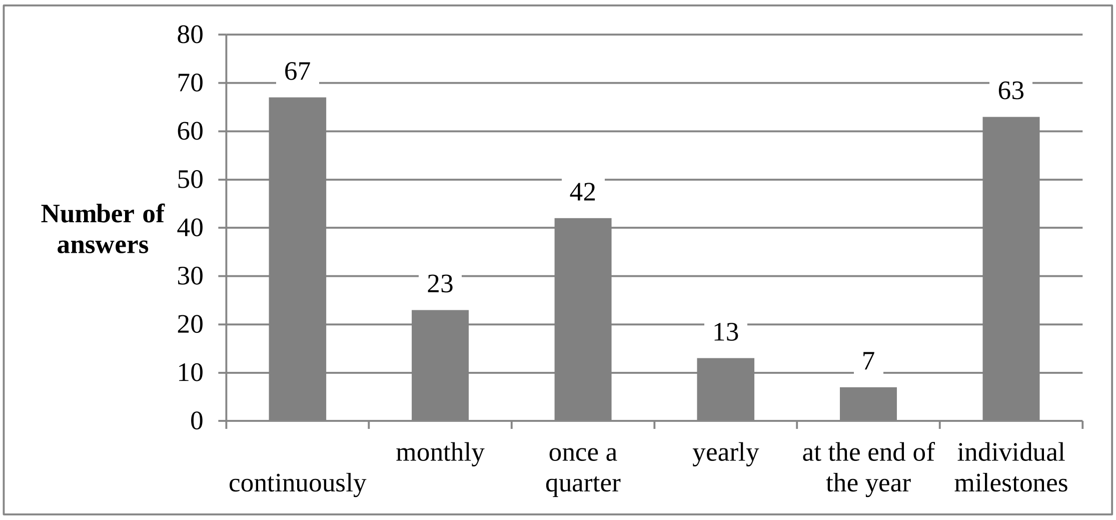

Figure 11: Checking frequency (n=216).

In addition, those who stated checking the progress of delegated engagement activity, mostly measure the success of the initiative by reference to the representative's report (98) or the result of the vote of all (55). See details in Figure 12.

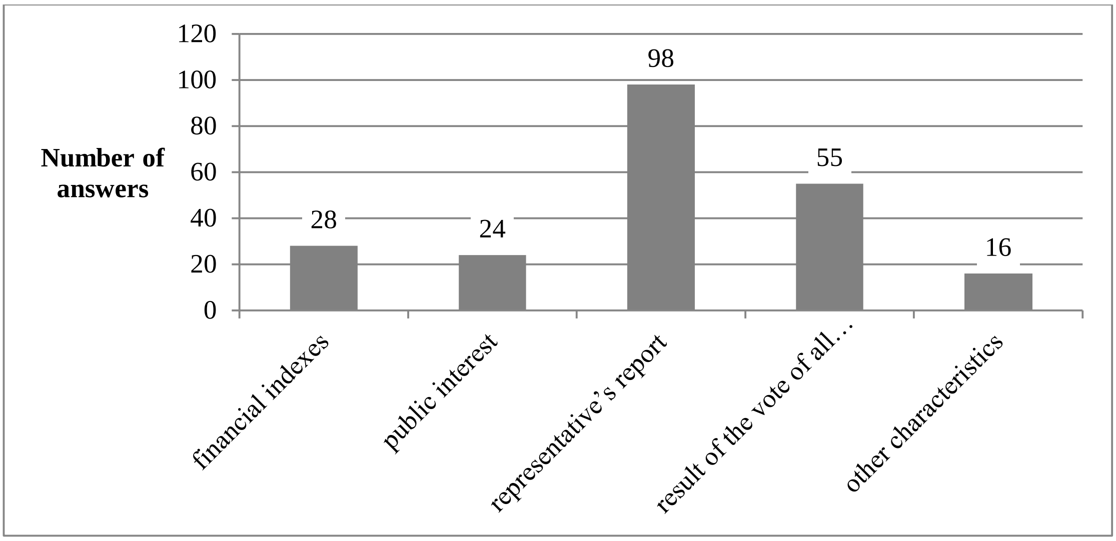

Figure 12: Measurement of the engagement initiative’s success (n=216, multiple answers were allowed).

According to the survey data, investors also measure the success of the initiative by changes made by the company, established milestones or the stock price of the company (answers to “other characteristics”, Figure 12).

Those who stated not checking the progress of delegated engagement activity were asked why (Figure 13). Most respondents indicated that this is the representative’s job (31). Some also stated not having the needed competence (12) or avoiding any additional effort (12).

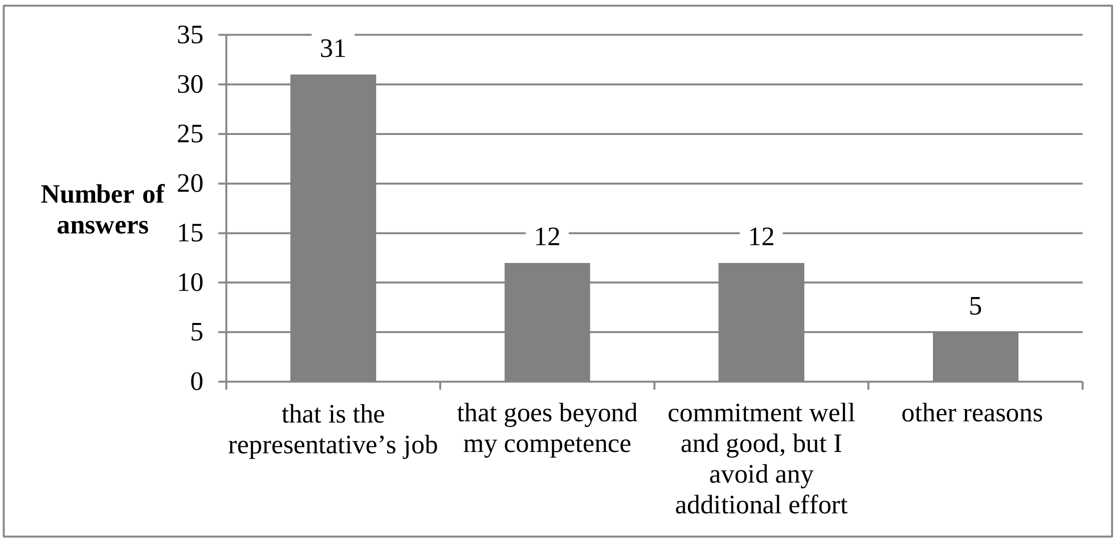

Figure 13: Reasons for not checking the engagement initiative (n=56, multiple answers were allowed).

This study also examines when engagement is successful, regardless whether the initiative is delegated or not as the output of the engagement process (Figure 14). A majority focuses on the issuers' behaviour. Most investors characterized the engagement's success with an observable change in the issuer's behaviour in practice (192), with an established constructive dialogue with the issuer (140) or an issuer's commitment to changing its behaviour (140).

Some of the interviewed investors indicated that engagement is successful when the investment generates return to the investors in the fund through sustainable value creation of the company (category "other", Figure 14).

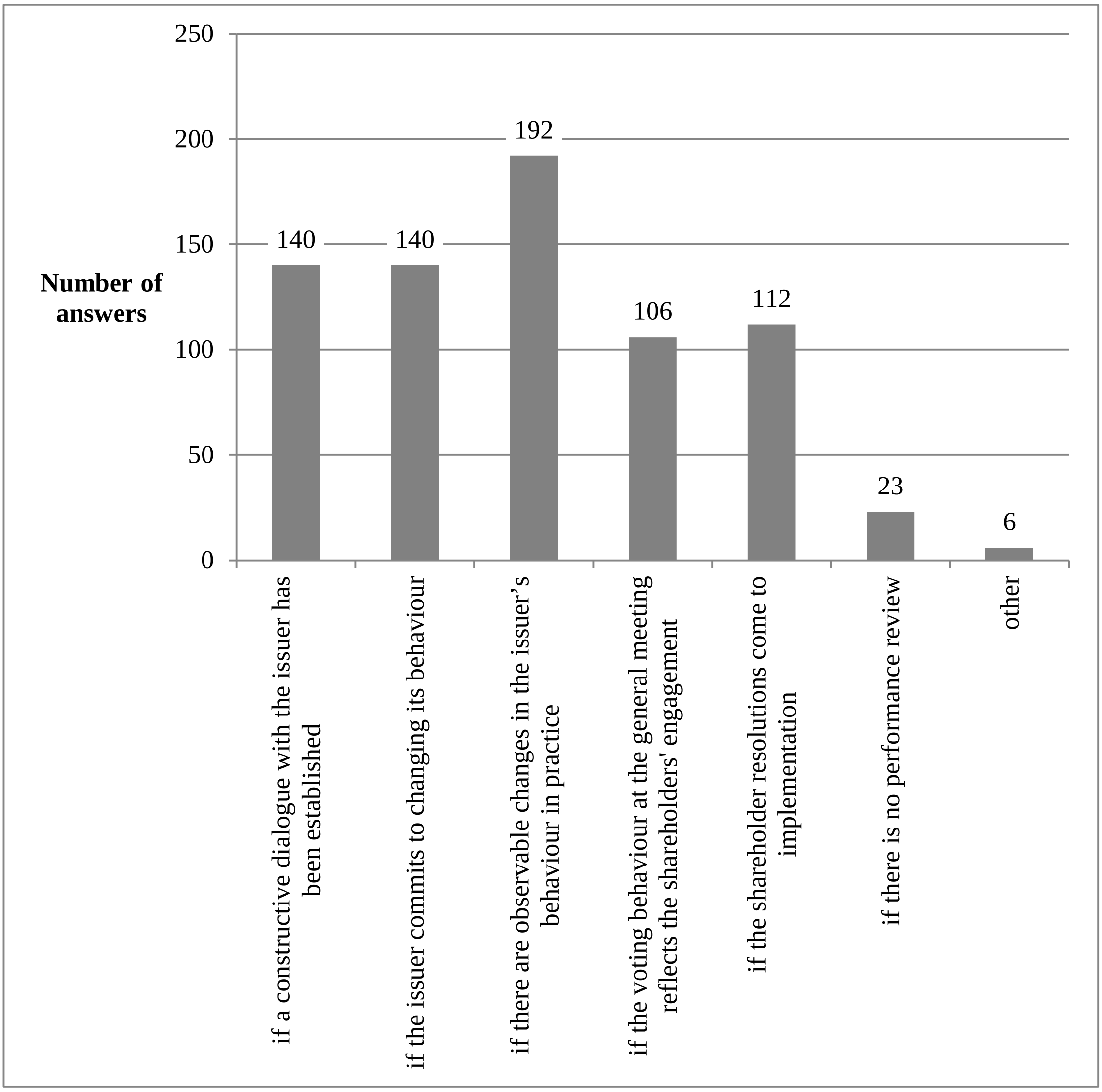

Figure 14: Engagement's success (n=448, multiple answers were allowed).

Short summary of this section

The findings of this chapter show that the need for standardization of the engagement process is under discussion. Those investors who have an established engagement process justified this with transparency requirements, the importance of engagement to an investment product or the need for a consistent measurement of progress within the engagement process. On the other side, those who do not have an established engagement process stated that engagement should be flexible and cannot be standardized. Moreover, some respondents quoted that only large institutional investors need standardization.

Also the reactions to the issuers' problems are ambiguous. Half of the interviewed investors indicated that they would get active in this situation. 30% stated that they would choose the exit and sell the shares as soon as possible. These differences can be interpreted as variations in investors' position of power and potential exertion of influence.

The results also show why investors delegate engagement initiative. Mostly the lack of time and the lack of expertise (efficiency, know-how) were named as reasons for a delegation.

A significant finding is that only 50% of all interviewed investors check the progress of the engagement as part of the investor's control regarding the process. But in fact, those who check the progress are doing it continuously.

In regard to the measurement of success most of the respondents showed a focus on the issuers' behaviour. The investors characterized the engagement's success with an observable change in the issuer's behaviour in practice, with an established constructive dialogue with the issuer or an issuer's commitment to changing its behaviour. Only a few focused on value-based performance indicators and indicated that engagement is successful when the investment making money to the investors in the fund through sustainable value creation in the company. These results bring up the question why only a few investors evaluate the output of an engagement initiative on value-based performance.

5 Impediments of Engagement

In Practice, there are also investors wokring without engagement at all. In this survey these investors were asked for reasons not participating in engagement initiative (Figure 15). The majority justified this with a lack of time (87), the cost of information acquisition (75) and a staff shortage (57). Only a few indicated ethical concerns (21) or the avoidance of possible errors (20).

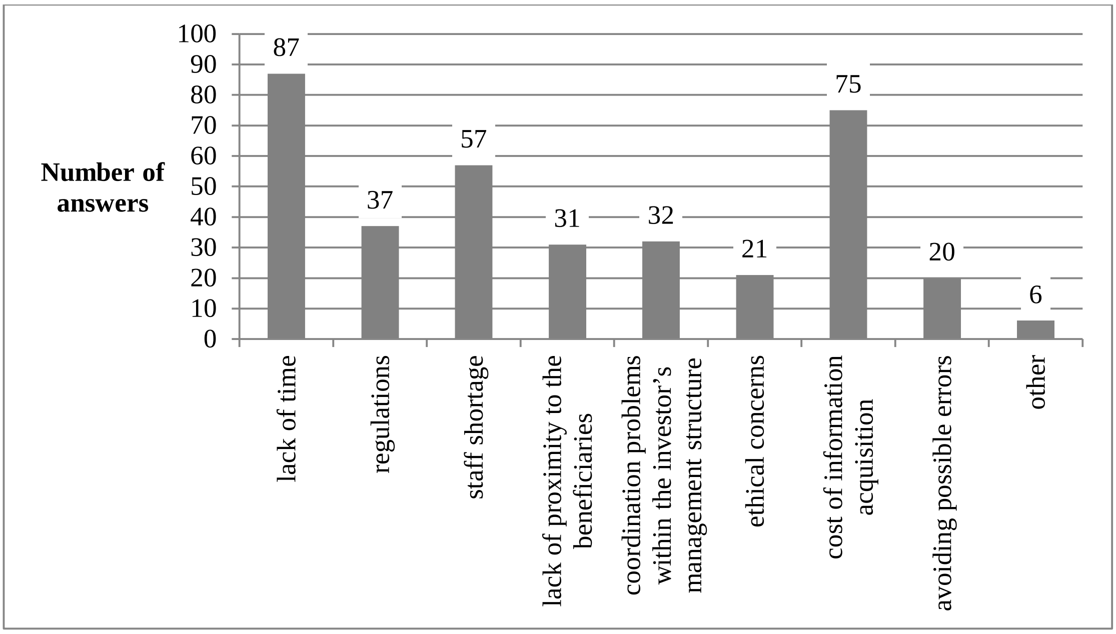

Figure 15: Reasons for doing without engagement (n=448, multiple answers were allowed).

Additionally, some investors named the missing trust in bankers and insurance staff, a small size of holding or geographical problems for reasoning the lack of engagement (answers to "other", Figure 15).

For a broad and an effective engagement the initiative should not be limited due to national borders. Therefore this study examines the investors' engagement experiences with non-domestic assets (Figure 16). A majority of 44% indicated being experienced in engagement regarding non-domestic assets. But also a large number of investors are not experienced in engagement concerning non-domestic assets (32%).

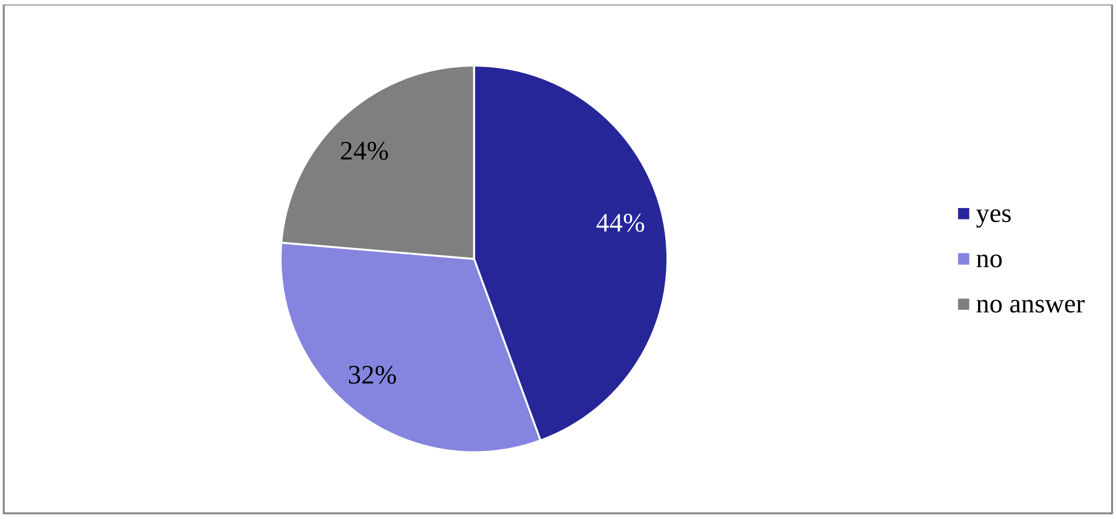

Figure 16: Engagement experience with non-domestic assets (n=448).

Those who stated having engagement experiences with non-domestic assets were also asked to rate their experiences (Figure 17). A majority indicated that their experiences are generally positive, but the engagement process is complicated due to foreign restrictions (98) or costly (53). As shown in Figure 17, negative experiences are extremely rare.

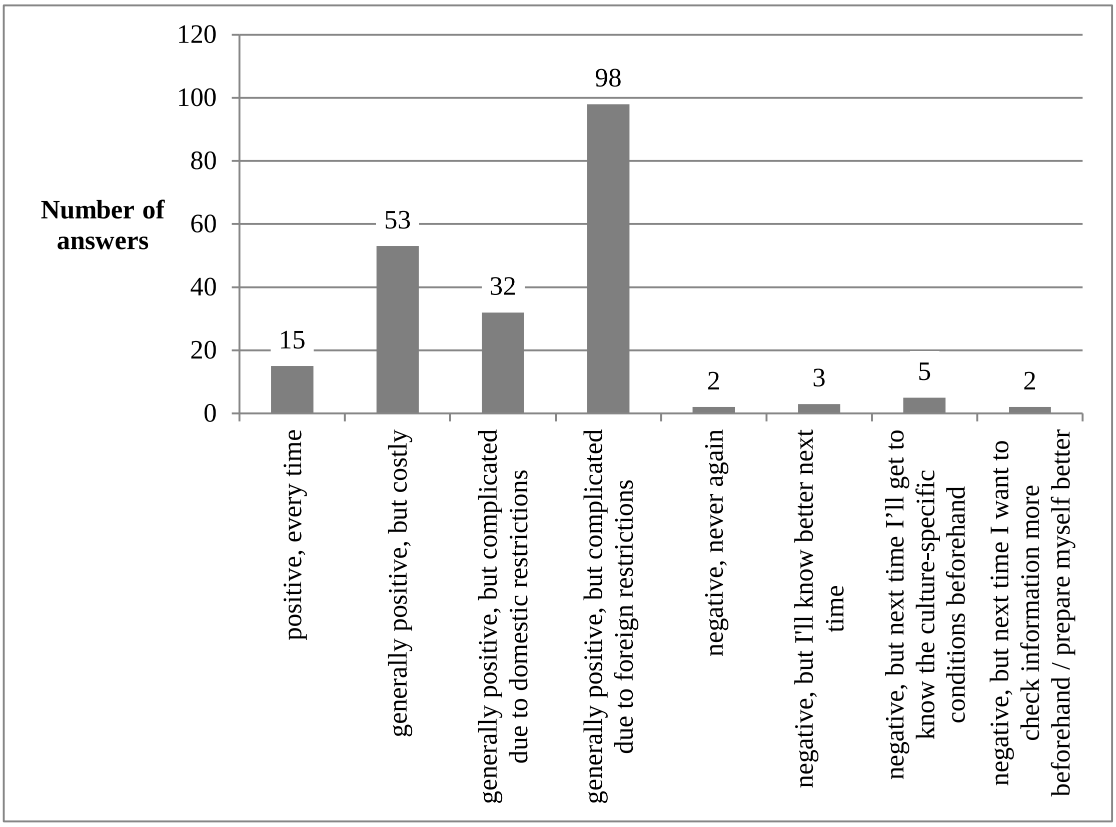

Figure 17: Rating of the engagement experience with non-domestic assets (n=199, multiple answers were allowed).

<u>Short summary of this section</u>

In this section the study examines personal impediments of engagement. General reasons for not participating in an engagement initiative are a lack of time, the cost of information acquisition and a staff shortage. These answers are very similar to the ones about justifying the delegation of engagement processes. For that reason, the results raise the question why some investors would rather do without any engagement at all than to delegate it.

For an effective engagement the initiative should not be limited due to national borders. The results show that a majority of 44% is experienced in engagement regarding non-domestic assets. From those who stated having engagement experiences with non-domestic assets, indicated that their experiences are generally positive, but the engagement process is complicated due to foreign restrictions or is very costly.

6 Information about the Sample

This section describes the respondents' characteristics for a reasonable interpretation of the study's results.

Figure 18 shows a balanced picture of the respondents' value of the assets held or under management. Large groups are the interviewed investors who indicated a value less than 500 million Euro (29%) and those who indicated a value over 10 billion Euro (21%).

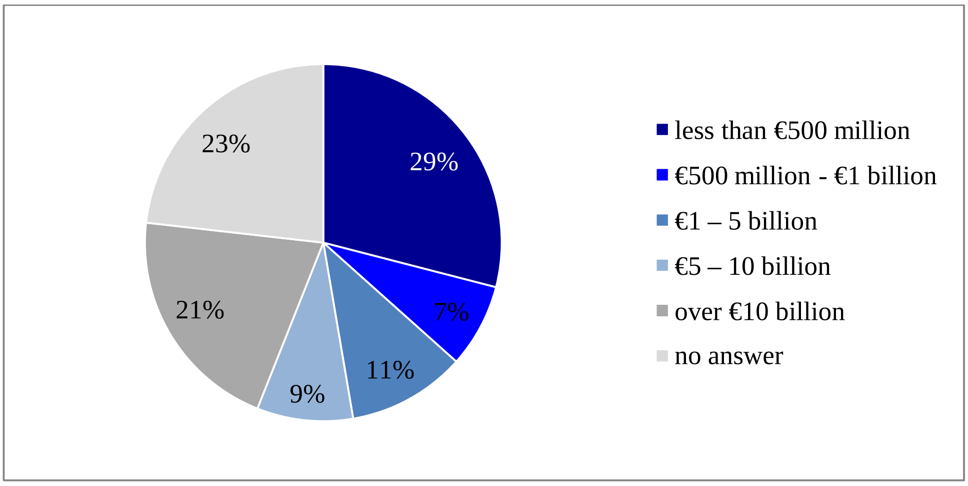

Figure 18: Value of the assets held or under management (n=448).

In addition the respondents' number of employees that are or may be responsible for shareholder or fund manager engagement is distributed very widespread (Figure 19).

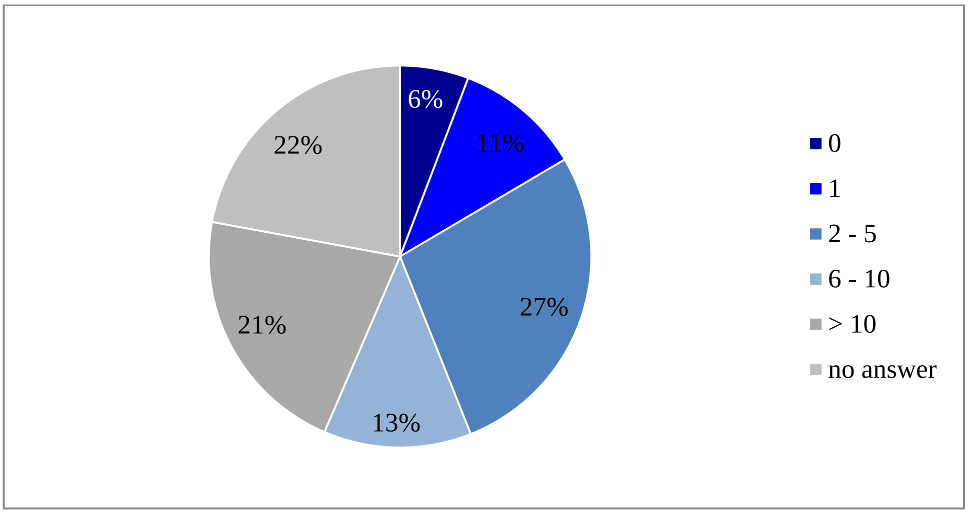

Figure 19: Number of employees that are or may be responsible for shareholder or fund manager engagement (n=448).

A majority of 61% stated that more than two employees are or may be responsible for shareholder or fund manager engagement.

Regarding to the respondents' nationality, most interviewed investors are from Germany (largest group, 21%), Great Britain (10%), the USA based in Europe (9%), Italy (8%), France (8%) and Switzerland (4%).

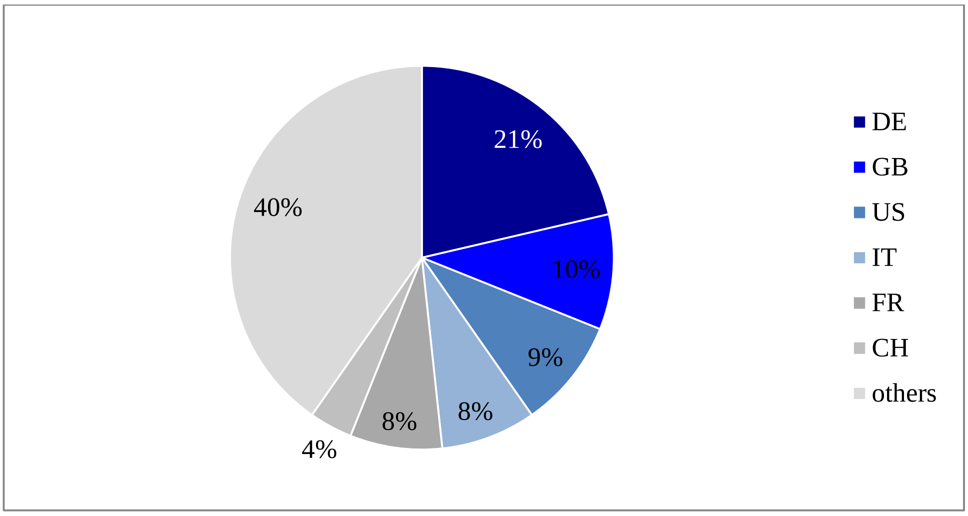

Figure 20: Country of the respondents (n=448).

7 Conclusions

This study examines the state of engagement within the scope of corporate governance in Europe. Therefore the main topics are structured as follows:

- The Form and Subject Matter of Engagement (section 3)
- The Engagement Process (section 4)
- Impediments of Engagement (section 5).

The results regarding the **form and subject matter of engagement** show that the respondents attribute first and foremost responsibility to the engagement initiative. The execution of engagement is most prevalent in complex investment processes, such as investments in equity assets, international investment strategies or investment strategies with larger firms in the investment picture. The relevant topics are governance issues, risk management, conflicts of interest for board members and the (in)dependence of board members.

Also the results emphasize the element of trust in the engagement initiative. The respondents' answers imply an important role of the beneficial owner and an interrelationship with benefits for the beneficial owner and the investor. Therefore the results regarding the investor's control are not surprising. Only 35% of the respondents answered that they've requested a vote receipt, which can be interpreted as an indicator for investor's actual control.

The findings about the **engagement process** show that the need for standardization of the engagement process is under discussion. Those investors who have an established engagement process justified this with transparency requirements, the fundamental role of engagement to an investment product or the need to a consistent measurement of progress within the engagement process. On the other side, those who do not have an established engagement process stated that engagement should be flexible and cannot be standardized. Moreover, some respondents quoted that only large institutional investors need standardization.

Also the reactions to problems of the issuer are ambiguous. Half of the interviewed investors indicated that they would get active in this situation. 30% stated that they would choose the exit and sell the shares as soon as possible. These differences can be interpreted as variations in the investors' position of power and potential exertion of influence.

The results also show why investors delegate engagement initiative. Mostly the lack of time or the lack of expertise (efficiency, know-how) were named as reasons for a delegation.

A significant finding is that only 50% of all interviewed investors check the progress of the engagement as part of the investor's control regarding the process. But in fact, those who check are doing it continuously.

In regard to the measurement of success, most of the respondents showed a focus on the issuers' behaviour. The investors characterized the engagement's success with an observable change in the issuer's behaviour in practice, with an established constructive dialogue with the issuer or an issuer's commitment to changing its behaviour. Only a few focused on value-based performance indicators and stated that engagement is successful when the investment making money to the investors in the fund through sustainable value creation in the company. These results bring up the question why only a few investors evaluate the output of an engagement initiative on value-based performance.

Concerning the personal **impediments of engagement** this study examines reasons for not participating in engagement initiative and engagement barriers regarding non-domestic assets.

General reasons for not participating in engagement initiative are the lack of time, the cost of information acquisition and a staff shortage. These answers are very similar to the ones about reasoning the delegation of engagement processes. For that, the results raise the question why some investors rather do without engagement at all than delegate it.

For an effective engagement the initiative should not be limited due to national borders. The results show that a majority of 44% is experienced in engagement regarding non-domestic assets. From those who stated having engagement experiences with non-domestic assets, indicated that their experiences are generally positive, but the engagement process is complicated due to foreign restrictions or is very costly.

These results have significant **practical implications**. Before implementing political regulations the process of investors' measurement of the engagement's success should be examined in detail and perhaps improved in the direction of a value-based performance measurement. Without this, an engagement process cannot be well controlled or governed. Therefore any regulations by law should be considering the support of the investors' measurement of the engagement's success - maybe due to incentives or a comprehensive information initiative.

Furthermore the results regarding the investor's control can be viewed critically. On the one hand, a certain degree of trust in the relationship between the investor and the beneficial owner or the corporation can be advantageous. But on the other hand, a lack of active control (only 50% in this study) can be dangerous for the investment's outcome. So maybe a promising control process is not needed on a standardized level for the whole European system, but on an individual level. Politics should take this into consideration while thinking about regulations on the aggregated level.

In addition, this study points out that those investors who do without any engagement justify the missing engagement with impediments that can be wiped out by delegating the engagement initiative. In view of the fact that an increase of engagement activity is wanted, politics should also think about incentives to delegate the engagement in order to minimize the number of investors who do without engagement at all.

8 Appendix

The appendix contains the questionnaire used for this study. It is structured in 14 specific questions.

1 What is the value of the assets held or under management by your firm ?

1.1 less than € 500 million
1.2 € 500 million - € 1 billion
1.3 € 1 – 5 billion
1.4 € 5 – 10 billion
1.5 over € 10 billion

2 How many employees are or may be responsible for shareholder or fund manager engagement?

2.1 0
2.2 1
2.3 2-5
2.4 6-10
2.5 > 10

3 What comes to mind when engagement is mentioned in connection with shares - for you, what is engagement?

3.1 commitment to the beneficial owner
3.2 commitment to the issuer
3.3 commitment to yourself
3.4 law
3.5 liability risk
3.6 marketing
3.7 need
3.8 nothing
3.9 responsibility
3.10 shareholders' job
3.11 the interests of the beneficiary / beneficiaries
3.12 trust
3.13 time restriction
3.14 other --Textfeld--

4 What commitment is there to the "beneficial owner"?

4.1 he determines my actions as a "respectable businessman" in yield targets
4.2 he determines my actions as a "respectable businessman" in ethical and social goals
4.3 if the performance is right, we are both (beneficial and myself) happy
4.4 I don't know him
4.5 he has no influence on my goals or decisions
4.6 don't know
4.7 I know him, but have basically no contact with him because --Textfeld--
4.8 I know him, but expect no feedback from him because --Textfeld--

5 For what kind of investment policy is, or would be, your engagement most likely?

5.1 more large firms in the investment picture
5.2 more small firms in the investment picture

5.3 bond assets
5.4 equity assets
5.5 national
5.6 regional
5.7 international
5.8 individual
5.9 themed

5.10 other --Textfeld--

6 Have you ever requested a vote receipt stating how your shares were counted in the vote?

6.1 no - I trust the deposit chain up to the ballot box
6.2 yes

6.1 If you answered yes, what prompted you to ask for a vote receipt?

6.1.1 the voting procedure should in principle be documented from start to finish
6.1.2 I was surprised at a capital attendance of over 100% at an AGM
6.1.3 I was surprised at 50% abstentions in a board election
6.1.4 I saw votes in attendance being rejected

6.1.5 other reasons --Textfeld--

7 Which topics in your opinion most often require engagement?

7.1 financial development of the company
7.2 conflict of interest for board members
7.3 (in)dependence of board members
7.4 pay systems
7.5 environmental issues
7.6 social issues
7.7 governance issues
7.8 risk management
7.9 M & A
7.10 dealing with diversity (general)
7.11 dealing with gender diversity
7.12 dealing with the carbon disclosure project
7.13 dealing with sustainability

7.14 other --Textfeld--

8 Do you have a standardized engagement process?

8.1 yes
8.2 no

8.3 because: --Textfeld--

9 You note that something very basic is "wrong" at an issuer. What do you do?

9.1 I sell the shares as soon as possible
9.2 I get active

9.1 If you chose answer "I get active", what actions do you choose?

9.1.1 I watch the situation and try to win time
9.1.2 I delegate the engagement

9.1.3 I hope for and provoke others' engagement
9.1.4 I get personally active
9.1.5 I get active and I try to involve other investors in my engagement
9.1.6 I get in touch with a local shareholder representative and instruct him to act in my name and with my vote
9.1.7 I look for a local lawyer
9.1.8 I use a toolbox systematically structured and prepared for such cases
9.1.9 I ask for a private talk with executive management
9.1.10 I ask for a private talk with supervisory management
9.1.11 ask for a private talk with operational management
9.1.12 I ask for a private talk with IR / CSR
9.1.13 press release
9.1.14 targeted mailing
9.1.15 I bring up the topic in organizations / NGOs
9.1.16 litigation
9.1.17 disseminating information through social networks
9.1.18 check how the proxy votes were evaluated in the vote

9.1.1 At the AGM:

9.1.1.1 expression through voting
9.1.1.2 active participation in the general debate
9.1.1.3 motion to amend the agenda
9.1.1.4 motion for special audit
9.1.1.5 motion for non-ratification of the company bodies
9.1.1.6 motion for change of auditors
9.1.1.7 motion for charter amendment

9.1.1.8 other --Textfeld--

10 If you delegate engagement, do you do that because

10.1 you lack the time for personal engagement
10.2 you are capable of acting (if at all) only in your home country
10.3 engagement requires skills that you do not have
10.4 the efficiency of the individual tools is determined by the issuer's home culture
10.5 each tool also requires individual experience
10.6 you trust in a track record
10.7 experience has shown someone or other will get active
10.8 in your business any type of shareholder engagement is by default handed over to service providers

10.9 other --Textfeld--

11 If you delegate engagement, do you check the progress of the initiative?

11.1 yes
11.2 no

11.1 If you answered yes, how often do you do so?
11.1.1 continuously
11.1.2 monthly
11.1.3 once a quarter

11.1.4 yearly
11.1.5 at the end of the year
11.1.6 individual milestones

11.2 If you answered yes, what do you measure the success of the initiative by?
11.2.1 financial indexes
11.2.2 public interest
11.2.3 representative’s report
11.2.4 result of the vote of all shareholders present

11.2.5 other characteristics --Textfeld--

11.3 If you answered no, what prompted you not to check the course of the initiative?
11.3.1 that is the representative’s job
11.3.2 that goes beyond my competence
11.3.3 commitment well and good, but I avoid any additional effort

11.3.4 other reasons --Textfeld--

12 Regardless of whether you are personally involved or delegate the engagement, for you when is engagement “successful”?

12.1 if a constructive dialogue with the issuer has been established
12.2 if the issuer commits to changing its behaviour
12.3 if there are observable changes in the issuer’s behaviour in practice
12.4 if the voting behaviour at the general meeting reflects the shareholders' engagement
12.5 if the shareholder resolutions come to implementation
12.6 if there is no performance review

12.7 other --Textfeld--

13 If you completely do without engagement, is that because of

13.1 lack of time
13.2 regulations
13.3 staff shortage
13.4 lack of proximity to the beneficiaries
13.5 coordination problems within the investor’s management structure
13.6 ethical concerns
13.7 cost of information acquisition
13.8 avoiding possible errors

13.9 other --Textfeld--

14 Do you have engagement experience with non-domestic assets?

14.1 yes
14.2 no

14.1 If so, how would you rate the experience?

14.1.1 positive, every time
14.1.2 generally positive, but costly
14.1.3 generally positive, but complicated due to domestic restrictions
14.1.4 generally positive, but complicated due to foreign restrictions
14.1.5 negative, never again
14.1.6 negative, but I'll know better next time
14.1.7 negative, but next time I’ll get to know the culture-specific conditions beforehand

14.1.8 negative, but next time I want to check information more beforehand / prepare myself better