

INVESTMENT MANAGEMENT ASSOCIATION

**SURVEY OF FUND MANAGERS' ENGAGEMENT
WITH COMPANIES**

YEAR ENDED 30 JUNE 2005

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IMA would like to thank all participants for their contributions, particularly the interviewees who gave their time.

1. EXECUTIVE SUMMARY

1. This is the third survey to measure fund managers' engagement with the companies in which they invest. 35 UK fund managers participated in the survey, which covers the year ended 30 June 2005. As at 30 June 2005, these managers managed UK equities worth £497 billion or 62 per cent of all UK equities managed within the UK (*Section 3*).

POLICIES, STRUCTURE AND RESOURCES (SECTIONS 4 AND 5)

2. Fund managers' clients are one of the key drivers for engagement and it appears it is increasingly becoming an important criterion as to why managers are selected to manage a particular portfolio. 13 managers now consider that it influences whether they are selected or is a key factor, as compared to six in 2004. Only seven believe it rarely has any effect compared to ten in 2004 - *Table 1*.
3. Following on from this increased interest, all 35 managers have now finalised their policy statement(s) on engagement, whereas in 2004 one, and in 2003 five managers' statements were still in draft. In addition, 27 managers make their statements public by putting them on their websites, as compared to 21 in 2004 and 14 in 2003 - *Table 3*.
4. There has been a slight increase in the number of managers who set out their commitments on engagement in client agreements. 31 managers now include their policy on voting in new agreements as compared to 30 last year. Similarly, 28 (2004: 26) managers refer to their policies on adherence to the Statement of Principles in new agreements, which in six (2004: nine) instances is at the client's request - *Table 2*.
5. The majority of managers employ staff dedicated to engagement and corporate governance and/or SRI issues. These resources are regularly reviewed - *Table 8* - and have increased by just over ten per cent a year since 2003 - *Table 6*. The great majority of managers also employ outside agencies to help with the engagement process - *Table 7*.
6. The survey demonstrates that engagement is integrated into the investment process. First, those who approve the engagement policy and make the final decision in a controversial situation tend to be involved in the investment process. Thus for 23 managers (2004: 16) final decisions on controversial issues are taken at a senior level and in a further 11 (2004: 17), the portfolio managers are actively involved; only one manager reserves the decision for the engagement specialists. Similarly, for 31 managers, as compared to 24 in 2004, someone at a senior level in the organisation approves the engagement policy - *Table 10*.

Secondly, in the majority of managers, the engagement specialists sit with or near the portfolio managers - *Table 11*.

Lastly, in general, engagement specialists attend meetings with portfolio managers/analysts if there are particular issues relevant to them. This is particularly the case with meetings other than post results meetings - *Table 12*.

LEVELS OF ENGAGEMENT (SECTION 6)

7. The majority of managers meet with company management at least once a year, and one does so as many as five to six times and occasionally significantly more - *Table 13*. Meetings are also held with independent directors; the managers reported on average 14 such meetings each in the quarter to 30 June 2005, as compared to 11 in the same quarter in 2004 and nine in 2003 - *Table 14*.
8. Managers also communicate with executive management when they have concerns. In the three months to 30 June 2005, managers reported over 1,400 communications with companies over and above the regular meetings - Appendix 4. This averaged 103 communications each compared to 75 in the quarter to June 2004 and 56 in the quarter to June 2003 - *Table 15*. (For the nine months to March 2005 and 2004, the figures are 286 and 138, respectively.) In this respect, in part the increase may be attributable to more details being recorded and thus more evidence of communications, as opposed to just an increase in the number.
9. Other means of escalating engagement are rarely used. None of the respondents had tabled a resolution or requisitioned an EGM in 2005 or 2004.

VOTING (SECTION 7)

10. All the managers, with two exceptions, have a policy to vote all their UK shares - *Table 18*. However, on international shares the position is less clear-cut as in certain markets, concerns about share blocking, registration or other local practices make voting impractical. That said, all the managers endeavour to vote international shares, whereas in 2004, one manager, and in 2003 four managers, did not - *Table 19*.
11. All the managers have a policy to consciously abstain as well as vote against the Board and increasingly advise the company in advance - 30 managers in 2005 as compared to 28 in 2004 and 24 in 2003 - *Table 20*.
12. As regards how the managers voted, 28 managers provided details which indicate that there were fewer controversial or contentious situations in 2005 as compared to 2004. They voted against the Board on 1.6 per cent of resolutions in the nine months to 31 March 2005 (2004: 2.9 per cent) and 1.9 per cent in the quarter to 30 June 2005 (2004: 3.1 per cent). They consciously abstained on 1.7 per cent of resolutions in the nine months to 31 March 2005 (2004: 2.3 per cent) and 1.2 per cent in the quarter to 30 June 2005 (2004: 2.3 per cent). This is the first time that details of votes for the Board in a contentious situation were requested. This amounted to 0.7 per cent of resolutions voted in each period - *Table 21*.
13. 27 managers gave details on how they voted on particular resolutions that were considered contentious and their engagement in the run up to the meeting. In aggregate they voted or consciously abstained 395 times (2004: 1,307; 2003: 214) on 17 resolutions. 57 per cent of the votes were with management (2004: 63 per cent 2003: 62 per cent), 30 per cent against (2004: 25 per cent 2003: 23 per cent) and 13 per cent consciously abstained (2004: 12 per cent 2003: 15 per cent) - *Table 22 and detailed in Appendix 12*.

There are variations in the approach to different issues between managers. In certain instances similar resolutions at a company meeting were voted different ways, whereas in others the voting patterns were consistent for all resolutions. As regards engagement in the six months before the meeting, in the instances where the information was available and reported to us, there does not appear to be a discernable pattern between the type and frequency of contact and the way different resolutions are voted.

14. In January 2004, Paul Myners reported on his "Review of the Impediments to Voting UK Shares" and made a number of recommendations to improve the process. As regards his recommendations for fund managers the progress is set out below.
 - *Communicate voting instructions electronically.* There has been a marked increase in the number of managers that vote their UK shares electronically. 30 managers communicated all voting instructions electronically to the next entity in the chain as compared to 18 in 2004. Of the two that did not have electronic capabilities and used faxes and proxy cards as at 30 June 2005, both now have electronic voting capabilities - *Table 23*.
 - *Recall lent stock.* The majority of managers recall lent stock whenever a resolution is contentious, although a number require other criteria to be fulfilled - *Table 24*.
 - *Include controls over the voting process in FRAG 21/94 reports.* 25 managers answered this question, of which 20 include the voting process in their FRAG 21/94 reports or intend to do so in the near future - *Table 25*.

REPORTING (SECTION 8)

15. With one exception, all the managers report quarterly to their clients, mainly details of how they voted, notably resolutions voted against the Board or consciously abstained, together with the reasons - *Tables 26 and 27*.
16. Managers are increasingly making details of voting and engagement public and putting them on their website - *Table 29*. As at 30 June 2005 ten managers put voting records on their website (2004: seven), subsequently one manager has started to do so and another recently announced its intention to do so.
17. The majority of managers reviewed their reporting arrangements during 2005. Of the 23 that did so, 19 changed their reports to clients - *Table 31*.

2. INTRODUCTION

This is the third survey by IMA to measure its Members' engagement with the companies in which they invest and covers the year ended 30 June 2005. IMA is the trade body representing the UK asset management industry and its Members include independent fund managers, the asset management arms of banks, life insurers, investment banks and occupational pension scheme managers. In managing assets for both retail and institutional investors, IMA Members act as agents for the beneficial owners and are major investors in companies whose securities are traded on regulated markets. They engage with those companies, enter into an active dialogue and decide how these shares will be voted on the principals' behalf.

In measuring the extent to which IMA Members engage, the survey looked at their adherence to the Institutional Shareholders' Committee¹ (ISC) Statement of Principles on engagement (the Statement of Principles) - see *Appendix 1*. The Statement of Principles recommends that institutional investors should:

- publish a policy statement on engagement;
- monitor and maintain a dialogue with companies;
- intervene where necessary;
- evaluate the impact of their policies; and
- report to clients.

In addition, interested parties requested that the survey look at:

- whether policies influence clients in the selection of a particular manager;
- whether policies on engagement are in client agreements;
- the resources dedicated to engagement and whether this is reviewed;
- whether engagement is integrated into the investment process;
- whether there is a designated central contact point for investee companies;
- whether managers have adopted the recommendations in Paul Myners' report on "Review of the Impediments to Voting UK Shares", of January 2004; and
- whether reporting arrangements to clients have been reviewed.

In completing the survey, interviews were conducted with representatives from 35 managers who are mainly responsible for engagement. This could be a dedicated corporate governance or SRI specialist, a fund manager, the Chief Investment Officer, all four or any combination. In addition, managers were asked to complete a questionnaire which provided substantive details on engagement in the year.

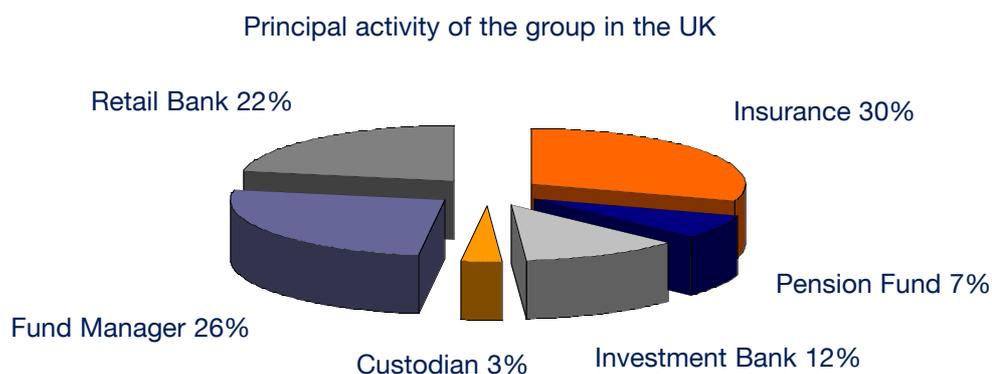
¹ The members of the ISC are: the Association of British Insurers; the Association of Investment Trust Companies; the National Association of Pension Funds; and the Investment Management Association.

3. PROFILE OF MANAGERS

VALUE OF UK EQUITIES MANAGED

35 UK managers (2004: 34, 2003: 33) took part in the survey. As at 30 June 2005, these managers were invested in £497 billion of UK equities out of an estimated total of £800 billion UK equities managed by UK managers, accounting for 62 per cent. Chart 1 sets out how this £497 billion is apportioned among the managers according to the principal activity of the group: insurance; pension fund; investment bank; custodian; retail bank; and fund manager. The names of the 35 managers and the principal activity of their groups are set out in Appendix 2.

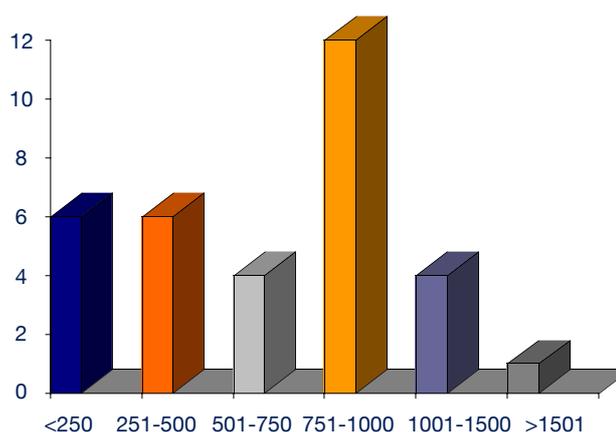
Chart 1: Value of UK equities managed according to the group's principal activity



NUMBER OF UK INVESTEE COMPANIES

The survey covers engagement in relation to UK investee companies. As at 30 June 2005, the managers' holdings in UK companies ranged from under 250 to just over 1,500 companies (the FTSE All Share is made up of approximately 850 companies). This is illustrated in Chart 2 for 33 managers.

Chart 2: Number of UK investee companies as at 30 June 2005



4. POLICIES ON ENGAGEMENT

POLICIES INFLUENCING APPOINTMENT

One of the key drivers for engagement are fund managers' clients, and to determine what happens in practice, managers were asked whether they considered their policies on engagement influences clients' selection of a manager. The results are set out in Table 1.

Overall it appears that engagement is increasingly becoming an important criterion as to why managers are selected to manage a particular portfolio. 13 managers now consider that it influences whether they are selected or is a key factor, as compared to six in 2004. Only seven believe it rarely has any effect compared to ten in 2004.

Table 1: Engagement policies influencing selection

	30 June 2005	30 June 2004
	Number of managers	
Is a key criterion	1	2
Always in requests for proposals, frequently or most of the time (in one instance most of the time for UK clients)	12	4
Increasingly investors ask for engagement and in requests for proposal	5	5
Like to see it but main criterion is investment performance	7	4
Active queries on SRI	-	1
"A major client made a big issue of it"	-	1
"Signs of differentiation" between managers who engage and do not	-	1
Not possible to distinguish or rarely	7	10
Not relevant as do not have external clients	3	3
Information not obtained	-	3
Total	35	34

AGREEMENTS SETTING OUT POLICIES

Managers were asked whether their commitments on engagement are set out in client agreements such that they include provisions that address their policies on voting and adherence to the Statement of Principles. Voting was separated from adherence to the Statement of Principles as agreements have addressed voting for some time, whereas the Statement of Principles was only issued in October 2002. The results are set out in Table 2.

There has been a slight increase in the number of managers who set out their commitments on engagement in client agreements. 31 managers now include their policy on voting in new agreements as compared to 30 last year. Similarly, 28 (2004: 26) managers refer to their policies on adherence to the Statement of Principles in new agreements, which in six (2004: nine) instances is at the client's request.

Table 2: Policies on voting and the Statement of Principles in agreements

Policy	In respect of voting		In respect of adherence to the Statement of Principles	
	30 June 2005	30 June 2004	30 June 2005	30 June 2004
	Number of managers		Number of managers	
Included in all new and existing agreements	22	20	4	3
Included in new agreements	4	4	13	9
Included in all new and existing agreements when requested	2	2	5	5
Included in new agreements when requested	3	4	6	9
Is not included	-	-	3	3
Is not relevant as do not have clients	3	3	3	3
Information not obtained	1	1	1	2
Total	35	34	35	34

POLICY STATEMENTS

The Statement of Principles sets out a number of recommendations as regards policy statements such that institutional shareholders and agents should have a clear statement of their policy on engagement, which is public and which covers certain specified matters.

All 35 managers have now finalised their policy statements, whereas in 2004 one statement was still in draft and in 2003 five statements were in draft. In addition, 27 managers made their policy statements public by putting them on their websites as compared to 21 in 2004 and 14 in 2003 - *Table 3*.

Table 3: Availability of policy statements

	30 June 2005	30 June 2004	30 June 2003
	Number of managers		
Public - all on the web	24	20	9
Public - part on the web	3	1	5
Anyone can request it	4	5	4
Existing and prospective clients	4	7	9
Existing clients	-	-	1
Still in draft	-	1	5
Total	35	34	33

More managers now address the matters the Statement of Principles state should be covered in their policy statements, albeit that more managers made their statements available for analysis (34 in 2005 as compared to 30 in 2004 and 23 in 2003) - *Table 4*.

Table 4: Matters covered in managers' policy statements

	30 June 2005	30 June 2004	30 June 2003
	Number of managers		
How investee companies will be monitored	29	26	19
Policy for requiring compliance with the Code	32	26	18
Policy for communicating with an investee company's Board and senior management	29	26	18
How conflicts of interest will be managed (Four managers have few, if any, external clients and consequently this is not relevant)	23	19	14
Strategy on intervention	28	26	17
Circumstances when further action will be taken	27	23	16
Policy on voting	34	28	22

5. STRUCTURE AND RESOURCES

STRUCTURE

Most managers' engagement in relation to strategy and performance is handled by the portfolio managers/analysts but, due to the specialist knowledge required, particular individuals are dedicated to certain aspects, such as corporate governance and SRI. Table 5 summarises the position in that managers with dedicated specialists may have:

- separate specialists/teams for corporate governance and for SRI;
- one dedicated specialist/team that covers both corporate governance and SRI; or
- a dedicated specialist/team for corporate governance only.

Table 5: Structure of engagement

	30 June 2005	30 June 2004
	Number of managers	
Separate dedicated specialists/teams for corporate governance and for SRI*	11	13
One dedicated specialist/team that covers both corporate governance and SRI. (For one manager, when the company is underperforming the dedicated corporate governance specialist handles all engagement.)*	15	11
A dedicated specialist/team for corporate governance only*	4	6
Total	30	30

*For one manager in each category, day to day activities are the responsibility of the fund managers and the dedicated specialist tends to focus on policy. That said, if relevant issues arise then, for one of the managers, the specialist becomes involved and attends meetings.

Five managers are different to the above and are excluded from Table 5, as explained below.

- Managers A and B invest in stocks they believe will outperform using their own proprietary analysis. Engagement is overlaid on this process in that:
 - in manager A, three specialists handle all engagement and interact and manage the relationship; and
 - in manager B, analysts are integral to the evaluation of corporate governance and SRI and there are ten dedicated engagement specialists for both corporate governance and SRI.
- Manager C's investment strategy is based on the index/specialist approach. The core of its investments are passively managed but it has an overlay of specialist active portfolios. Dedicated "engagement specialists" handle all engagement. In addition, it has a portfolio of specialist funds where it invests in under-performing companies with the aim of encouraging change where it has a team of around 51 staff dedicated to engagement. It involves itself in detailed discussions about a company's management and strategy with the aim of influencing them.

- For Managers D and E, the portfolio managers handle all engagement, which in the instance of Manager D is co-ordinated by the head of research.

RESOURCES

The internal resources dedicated to engagement have increased year on year by just over 10 per cent as set out in Table 6.

Table 6: Internal resources dedicated to engagement

			30 June 2005	30 June 2004	30 June 2003
	Number of managers 2005 (2004)		Total headcount		
Separate dedicated specialists/teams for corporate governance and voting, and for socially responsible investment	11 (14)	Corporate governance and voting	31.25	33	30.5
		SRI	24	32.5	30.4
Integrated dedicated specialists/teams that cover both corporate governance and voting, and socially responsible investment – includes A, B and C*	18 (14)	Corporate governance voting, and SRI	141.75	107.5	97
Dedicated specialist/team for corporate governance and voting only	4 (5)	Corporate governance and voting	9.25	14.25	11.75
Engagement handled by fund managers – D and E	2 (1)	N/A	N/A	N/A	N/A
Total	35 (34)		206.25	187.25	169.65
Percentage increase			10.3	10.4	

* Manager C had exceptionally high resources dedicated to engagement of 51, 55 and 48 as at 30 June 2005, 2004 and 2003, respectively.

In addition to the above, all managers use agencies, sometimes two or more, to provide research into the voting decision (a research provider's recommendation may not necessarily be followed). The number that use an agency to process the voting instructions has increased by nine since 2004. The results are set out in Table 7.

Table 7: Number of agencies managers use

Agencies	Processing instructions		Research for the vote		Research into SRI	
	30 June 2005	30 June 2004	30 June 2005	30 June 2004	30 June 2005	30 June 2004
	Number of managers					
More than three	-	-	2	1	2	-
Three	-	-	13	8	2	3
Two	5	1	13	12	8	6
One	25	20	7	10	14	10
Managers using agencies	30	21	35	31	26	19

As set out in Table 8, the majority of managers regularly review resources dedicated to engagement.

Table 8: Review of resources

	30 June 2005 Number
Ongoing	5
More than six monthly	8
Six monthly	4
Annually	9
Irrelevant as fund managers handled all engagement (in three instances there were corporate governance specialists for general policy)	5
Irrelevant as engagement specialists handled all engagement	1
Not reviewed	3
Total	35

To help communication between companies and managers, in November 2004 the IMA issued best practice guidance to its Members. One of the recommendations was that managers should designate a central contact point so that directors and managers of companies know who to contact in the event of queries. In this respect, 28 managers have a designated central contact point, which in 22 instances is the head of corporate governance/SRI/engagement - *Table 9*.

Table 9: Central contact point

	30 June 2005 Number
Head of corporate governance/socially responsible investment/engagement	22
CEO	2
CIO	2
Head of Research	1
Portfolio manager/analyst	1
Not designated	7
Total	35

ENGAGEMENT INTEGRATED INTO THE INVESTMENT PROCESS

Concerns have been raised that those responsible for corporate governance/SRI are presented as the manager's voice on the issue, when they may not necessarily represent the views of the portfolio manager or analyst responsible for the position. To determine whether and how engagement is integrated into the investment process, it was determined:

- who approves the policy and makes the final decision in a controversial situation - *Table 10*;
- where the engagement specialists sit in relation to the portfolio managers/analysts- *Table 11*; and
- who attends meetings - *Table 12*.

Increasingly those who approve the engagement policy and make the final decision in a controversial situation are those involved in the investment process. For 23 managers (2004: 16 managers) final decisions on controversial issues are taken at a senior level in the organisation and in a further 11 (2004: 17), the portfolio managers are actively involved; in only one is the decision reserved for the engagement specialist. Similarly, for 31 managers the engagement policy is approved at a senior level in the organisation as compared to 24 managers in 2004.

Table 10: Who approves the policy and makes the final decision in a controversial situation

	Who approves the policy		Who makes the final decision	
	30 June 2005	30 June 2004	20 June 2005	30 June 2004
	Number of managers		Number of managers	
The trustees	1	2	-	-
The main, non-executive or executive Board	10	8	-	-
CEO and/or CIO	5	4	4	
Managing Director/Head of Research/ CIO/Senior Head of Equities	2	-	5	7
Managing Director/Head of Research/ CIO/Senior Head of Equities jointly with the engagement specialist	2	-	4	1
Senior committee of business heads/corporate governance committee	11	10	10	8
Portfolio managers and/or CIO	-	-	2	2
Portfolio managers and/or analysts	-	-	1	5
Dedicated engagement specialists and portfolio managers/analysts jointly	-	1	2	2
Engagement specialists with the active involvement of the portfolio managers/analysts*	-	-	6	8
Engagement specialists	4	9	1	1
Total	35	34	35	34

*In one instance, if there were implications for the investment, then the engagement specialists involve the portfolio managers and/or analysts.

In the majority of managers, the dedicated engagement specialists sit with or adjacent to the portfolio managers.

Table 11: Where the engagement specialists sit

	30 June 2005
	Number of managers
With the portfolio managers/analysts	18
Adjacent to the portfolio managers	9
On the same floor	1
On a different floor	2
Irrelevant as portfolio managers handle all engagement (in three instances there were corporate governance specialists for general policy)	4
Irrelevant as engagement specialists handle all engagement	1
Total	35

In general, engagement specialists attend meetings with portfolio managers/analysts if there are particular issues relevant to them. This is particularly the case with meetings other than post results meetings. For one manager, the engagement specialists initiate and attend all meetings with investee companies.

Table 12: Who attends meetings

	Post results meetings	Other meetings
	30 June 2005	
	Number of managers	
Engagement specialists only	1	1
Portfolio managers and/or analysts, and corporate governance and/or socially responsible investment specialists	4	3
Portfolio managers and/or analysts, and corporate governance specialists	-	2
Portfolio managers and/or analysts, and corporate governance specialists depending on the issue	10	23
Portfolio managers and/or analysts	16	4
Portfolio managers and/or analysts depending on the issue	3	2
Portfolio managers and/or analysts on an exceptional basis	1	-
Total	35	35

6. MONITORING AND ESCALATING ENGAGEMENT

MONITORING

The Statement of Principles recommends that: *"Institutional shareholders and/or agents, either directly or through contracted research providers, will review Annual Reports and Accounts, other circulars and general meeting resolutions. They may attend company meetings where they may raise questions about investee companies' affairs. Also investee companies will be monitored to determine when it is necessary to enter into an active dialogue with the investee company's Board and senior management"*.

All the managers undertake the desk-based monitoring envisaged. In addition, the overwhelming majority of managers meet with company management at least once a year, and one does so as many as five to six times and, on occasion, significantly more - Table 13.

Table 13: Regular meetings with company management

	30 June 2005	30 June 2004
	Number of managers	
All investee companies between one and five times a year and, on occasion, significantly more	1	1
All investee companies at least twice a year	12	11
All investee companies at least once a year	15	14
The majority of investee companies once a year	3	6
The majority of investee companies once a year where actively managed	1	-
The majority of investee companies once a year depending on percentage holding	1	-
Where the investment is more than 5% of the company's share capital, at least once a year	1	1
Total	34	33

In addition to the above, Manager C with 51 "engagement specialists" meets at a minimum six times a year:

- the management of companies in specialist funds, where there is long-term under-performance and where it believes it can affect value; and
- the management of a further 50 to 60 companies where there is core engagement.

ESCALATION OF ACTION

The Statement of Principles sets out the ways in which fund managers may want to escalate their action, which includes:

- *additional meetings with management to discuss concerns;*
- *expressing concerns through the company's advisers;*
- *meeting the Chairman, senior independent director, or all independent directors;*
- *joining with other institutions on particular issues;*

- *making a public statement in advance of meetings;*
- *submitting resolutions at shareholders' meetings; and*
- *requisitioning an EGM, possibly to change the Board.*

In general, the managers invest in well run companies and only expect to have to escalate their action to effect change in exceptional circumstances. In this respect, one manager limits engagement to voting where its holding is less than £5 million. Another prioritises engagement depending on the size of its holding, the likelihood that it can exercise influence and the seriousness of the issue. Another manager focuses on companies where it has a meaningful holding, which tends to be companies with a low capitalisation.

In a questionnaire, managers were asked for details of the number of times they interacted in the way described. Information was requested for two separate periods in 2005: the nine months to 31 March; and, so a comparison could be made with 2004 and 2003, the quarter ended 30 June. The results for 28 managers (2004: 28, 2003: 22) are set out below.

MEETINGS WITH INDEPENDENT DIRECTORS AND ADDITIONAL COMMUNICATIONS WITH MANAGEMENT

All the managers regularly discuss concerns with investee companies' directors and senior management and some are more proactive and will meet to discuss matters in general and not just when they have concerns. Overall, as set out in Appendices 3 and 4 and summarised in Tables 14 and 15 below, there has been an increase in the number of meetings with independent directors and additional communications with management, respectively. Particularly as regards additional communications with management, in part the increase may be attributable to more details being recorded and more evidence of communications as opposed to an increase in the actual number.

On average each manager had 14 meetings with independent directors in the quarter ended June 2005, compared with 11 in the quarter ended June 2004 and nine to 2003. For the nine months to 31 March 2005, there were on average 35 meetings as compared to 27 for the same period in 2004.

Table 14: Meetings with independent directors

	Nine months to 31 March 2005	Nine months to 31 March 2004	Three months to 30 June 2005	Three months to 30 June 2004	Three months to 30 June 2003
Average number of meetings	35	27	14	11	9
Number of managers that reported details	17	14	16	15	14
Number of managers that recorded details but did not report meetings	0	3	1	1	1
Number of managers that did not record details	11	11	11	12	7
Total	28	28	28	28	22

The managers averaged 103 additional communications with senior executive management in the quarter to June 2005 compared to 75 in the quarter to June 2004 and 56 in the quarter to June 2003. (For the nine months to March 2005 and 2004, the figures are 286 and 138, respectively).

Table 15: Additional communications with management

	Nine months to 31 March 2005	Nine months to 31 March 2004	Three months to 30 June 2005	Three months to 30 June 2004	Three months to 30 June 2003
Average number of communications	286	138	103	75	56
Number of managers that reported details	13	14	14	15	8
Number of managers that recorded details but did not report meetings	3	-	2	-	2
Number of managers that did not record details	12	14	12	13	12
Total	28	28	28	28	22

EXPRESSING CONCERNS THROUGH COMPANIES' ADVISERS

On average each manager had 12 instances when they expressed concerns through advisers in the quarter ended 30 June 2005 compared to eight during the same quarter in 2004 and 14 in 2003. Similarly, for the nine months ended 31 March 2005 the average number of instances has increased from 13 to 19.

Table 16: Expressing concerns through companies' advisers

	Nine months to 31 March 2005	Nine months to 31 March 2004	Three months to 30 June 2005	Three months to 30 June 2004	Three months to 30 June 2003
Average number of instances	19	13	12	8	14
Number of managers that reported details	12	12	12	9	11
Number of managers that recorded details but did not report meetings	9	3	9	7	3
Number of managers that did not record details	7	13	7	12	8
Total	28	28	28	28	22

INTERACTION WITH OTHER INSTITUTIONAL INVESTORS

All managers interact with other institutional investors where necessary. The results are summarised in Table 17 and set out in Appendix 5. In this respect, although the average number of instances increased in the nine months ended 31 March in 2005 from 2004, for the three months the figures decreased slightly.

Table 17: Joint intervention with other institutions

	Nine months to 31 March 2005	Nine months to 31 March 2004	Three months to 30 June 2005	Three months to 30 June 2004
Average number of instances	10	7	5	7
Number of managers that reported details	15	16	11	14
Number of managers that recorded details but did not report meetings	4	2	8	4
Number of managers that did not record details	9	10	9	10
Total	28	28	28	28

SUBMITTING RESOLUTIONS, MAKING A PUBLIC STATEMENT AND REQUISITIONING AN EGM

Making a public statement in advance of a meeting, submitting resolutions and requisitioning an EGM can be costly and risk damaging the reputation of the company and long-term shareholder value. Thus few escalate their action in this manner in that the majority only do so in extremis after other avenues have been explored, or with other investors. However, some would not pursue these courses of action:

- two do not do any of these as a matter of policy; and
- three will not make a public statement in advance of an AGM - a number will disclose their position in advance, as opposed to making a public statement, whereas others would be more likely to make a public statement at the AGM as opposed to in advance.

None of the respondents had tabled a resolution or requisitioned an AGM in the year to 30 June 2005, although few did make a public statement in advance.

7. VOTING

VOTING POLICY

The Statement of Principles recommends "*Institutional shareholders and/or agents should vote all shares held directly on behalf of clients wherever practicable to do so.*"

It also recommends that institutional shareholders and/or agents should "*not automatically support the Board; if they have been unable to reach a satisfactory outcome through active dialogue then they will register an abstention or vote against the resolution. In both instances it is good practice to inform the company in advance of their intention and the reasons why.*"

As for 2004, all the managers, with two exceptions, have a policy to vote all their UK shares - *Table 18.*

Table 18: Voting UK shares

	30 June 2005	30 June 2004	30 June 2003
	Number of managers		
Vote all UK shares	33	32	30
Vote all in the FTSE All Share, i.e. not fledgling and small cap	1	1	1
Vote all meetings of the top 350, all extraordinary meetings when hold more than three per cent and where otherwise agreed with clients	1	1	1
Vote when possible or when there are issues	-	-	1
Total	35	34	33

On international shares the position is less clear-cut in that in certain markets concerns about share blocking, registration, or other local practices make voting impractical. That said, all managers endeavour to vote international shares, whereas in 2004 one, and in 2003 four, did not - *Table 19.*

Table 19: Voting international shares

	30 June 2005	30 June 2004	30 June 2003
	Number of managers		
Vote all international shares, except where concerns about share blocking, re-registration or it is otherwise impractical	20	19	16
Best endeavours to vote all	1		
Vote in selected markets and/ or major holdings	9	7	7
Vote at the clients' request	-	1	-
Vote when there are particular issues	4	4	4
When clients request will try to vote but may take a view on blocking and trading intentions	-	1	1
In exceptional circumstances	1	-	-
Do not vote international shares	-	1	4
Total	35	33	32

All the managers have a policy to consciously abstain as well as vote against the Board (in 2004 one manager, and in 2003 two managers, did not consciously abstain). Also managers increasingly advise in advance when voting against the Board or consciously abstaining, in that this has risen to 30 managers in 2005, from 28 in 2004 and 24 in 2003 - *Table 20*.

Table 20: Advising management in advance

	30 June 2005	30 June 2004	30 June 2003
	Number of managers		
Always	22	22	21
Most of the time	8	6	3
Depending on the issue	1	2	2
Function of regular discussion, not a matter of policy	1	1	-
Depending on the issue and value of the stock	2	3	2
Only if consciously abstaining not if against	-	-	1
Only if against not if consciously abstaining	1	-	-
Do not – in one instance all companies are given voting policy	-	-	4
Total	35	34	33

VOTING IN THE YEAR TO 30 JUNE 2005

28 managers provided details on how they had voted when they had discretion to vote (as opposed to following their clients' instructions). The results are set out in Appendices 7 and 9, and summarised in Table 21.

In summary, 28 managers voted on 97.8 per cent of company resolutions for the nine months to 31 March 2005 (2004: 96.3 per cent) and 98.8 per cent for the three months to 30 June 2005 (2004: 92.0 per cent). There appear to have been fewer controversial or contentious situations in 2005 as compared to 2004. Managers voted against the Board on 1.6 per cent of resolutions voted in the nine months to 31 March 2005 (2004: 2.9 per cent) and 1.9 per cent in the quarter to 30 June 2005 (2004: 3.1 per cent). They consciously abstained on 1.7 per cent of resolutions in the nine months to 31 March 2005 (2004: 2.3 per cent) and 1.2 per cent in the quarter to 30 June 2005 (2004: 2.3 per cent). This is the first time that details of votes for in a contentious situation were requested, which amounted to 0.7 per cent of resolutions voted in each period.

Table 21: Analysis of voting records

	Nine months to 31 March				Three months to 30 June					
	2005		2004		2005		2004		2003	
	Total number	Cos./ meetings	Total number	Cos./ meetings	Total number	Cos./ meetings	Total number	Cos./ meetings	Total number	Cos./ meetings
Number of companies (managers)	17,200 (28)	10,026	17,225 (25)	9,951	17,193 (28)	8,677	18,635 (27)	9,573	12,629 (21)	-
Resolutions										
Resolutions could vote	103,425	10,026	97,897	9,951	101,799	8,677	105,287	9,573	-	-
Resolutions voted	101,108	9,797	94,315	9,599	100,609	8,549	96,825	9,009	-	-
%	97.8%	-	96.3%	-	98.8%	-	92.0%	-	-	-
Votes against										
Resolutions voted, where relevant	101,108	9,797	94,315	9,599	99,721	8,475	96,825	9,009	48,724	6,141
Resolutions voted against	1,660	1,120	2,713	1,616	1,962	1,165	2,982	2,046	3,392*	1,536*
% of resolutions	1.6%	-	2.9%	-	1.9%	-	3.1%	-	6.9%*	-
% of number of cos.	-	6.5%	-	9.4%	-	6.7%	-	10.9%	-	12.1%*
Conscious abstentions										
Resolutions voted, where relevant	101,108	9,797	94,315	9,599	100,609	8,459	96,825	9,009	N/A	N/A
Resolutions abstained	1,693	969	2,192	1,360	1,211	760	2,186	1,346	N/A	N/A
% of resolutions	1.7%	-	2.3%	-	1.2%	-	2.3%	-	N/A	N/A
% of number of cos.	-	5.6%	-	7.9%	-	4.4%	-	7.1%	N/A	N/A
Votes for in a contentious situation										
Resolutions voted, where relevant	56,485	6,119	N/A	N/A	50,589	5,048	N/A	N/A	N/A	N/A
Resolutions voted for	397	340	N/A	N/A	362	362	N/A	N/A	N/A	N/A
% of resolutions	0.7%	-	N/A	N/A	0.7%	-	N/A	N/A	N/A	N/A
% of number of cos.	-	2.0%	-	-	-	2.1%	N/A	N/A	N/A	N/A

*Figures include both votes against and conscious abstentions.
N/A means that the information is not available.

27 managers also gave details on how they voted on particular resolutions that were considered contentious and their engagement in the six months prior to the meeting. In aggregate the 27 managers voted or consciously abstained 395 times (2004: 1,307; 2003: 214) on 17 resolutions. 57 per cent of the votes were with management (2004: 63 per cent 2003: 62 per cent), 30 per cent against (2004: 25 per cent; 2003: 23 per cent) and 13 per cent consciously abstained (2004: 12 per cent; 2003: 15 per cent) - *Table 22 and Appendix 12*.

There are variations in the approach to different issues between managers. In certain instances similar resolutions at a company meeting were voted different ways, whereas in others voting patterns were consistent for all resolutions. As regards engagement in the six months before the meeting, in the majority of instances the information was not available or not reported. In those instances where it was, there does not appear to be a discernable pattern between the type and frequency of contact and the way different resolutions are voted.

Table 22: Voting in a contentious situation

	Year to 30 June 2005	Year to 30 June 2004	Three months to 30 June 2003
	Number		
Number of managers	28	26	18
Number of resolutions	17	70	13
Number of company meetings	17	31	13
Number of votes cast	395	1,307	214
Votes for (percentage)	226 (57)	816 (63)	133 (62)
Votes against (percentage)	119 (30)	329 (25)	50 (23)
Conscious abstentions (percentage)	50 (13)	162 (12)	31 (15)

REMOVING THE IMPEDIMENTS TO VOTING

In January 2004 Paul Myners reported on his "Review of the Impediments to Voting UK Shares" (the Review) and concluded that each of the parties in the voting process needed to take certain steps. Set out below are the Review's recommendations for fund managers and the extent to which these have been taken up. (The recommendation on reporting to clients is set out in section 8).

Voting electronically

One of the Review's key recommendations was that electronic voting is key to a more efficient voting system and all parties need to make conscious efforts to introduce electronic capabilities. In this respect, there has been a marked increase in the number of managers that vote their UK shares electronically. 30 managers communicated all voting instructions electronically to the next entity in the chain in 2005 as compared to 18 in 2004. Of the two that did not have electronic capabilities and used faxes and proxy cards as at 30 June 2005, one subsequently introduced electronic voting capabilities and

the other now uses a proxy-voting agency to vote electronically.

Table 23: Communicating voting instructions electronically

	30 June 2005	30 June 2004
	Number of managers	
Had electronic capabilities throughout the year and gave instructions to vote all UK shares electronically	30	18
Had electronic capabilities throughout the year and gave instructions to vote the majority of UK shares electronically	1	8
Had electronic capabilities part the way through the year and gave instructions to vote all UK shares electronically	-	1
Depends on the custodian – one voted the majority electronically and one did so where possible	2	4
Whether could deliver instructions electronically depended on clients paying for ADP	-	1
Did not have electronic voting capabilities and used faxes and proxy cards	2	2
Total	35	34

Recalling lent stock for the purpose of voting

Stocklending affects voting levels in that the lender does not retain the right to vote. Thus the Review recommended that when a resolution is contentious the lender should automatically recall the related stock, unless there are good economic reasons for not doing so. The results are set out in Table 24 and show that the majority of managers recall lent stock whenever a resolution is contentious, although a number require other criteria to be fulfilled.

Table 24: Policies on recalling lent stock

	30 June 2005	30 June 2004
	Number of managers	
Always	3	2
Resolution is contentious, to prevent misuse of lent stock and to vote the full weight of holding	4	1
A large holding - illiquid stocks are never lent	1	-
For corporate actions, contentious issues and "strategic" stocks	1	1
Resolution is contentious or to show full support for management	1	1
Resolution is contentious	6	9
Resolution is contentious and client agrees	4	5
Whenever a resolution is contentious, unless good economic reasons	3	3
Whenever a resolution is contentious and size of holding makes it important	1	1
Whenever a resolution is exceptionally contentious	2	1
Whenever a resolution is contentious but is difficult due to change in custody arrangements	1	
Rarely	1	1
Never	3	4
Stock is not lent	4	3
Information not obtained	-	1
Total	35	32

FRAG 21/94 REPORTS INCLUDING CONTROLS OVER THE VOTING PROCESS

The Review recommended that as a matter of best practice, custodians and investment managers should include controls over the voting process in the production of FRAG 21/94 reports. The results for fund managers are set out in Table 25. Information was obtained from 25 managers and the majority include the voting process in their FRAG 21/94. As regards the four that do not include it, this position is likely to change as the Institute of Chartered Accountants in England and Wales has recently finalised a revised FRAG 21/94 (renamed AAF 01/06) which includes control objectives that are specific for fund managers, which address the voting process.

Table 25: Including the voting process in FRAG 21/94 reports or their equivalent

	30 June 2005	30 June 2004
	Number of managers	
Do include the voting process	16	12
Will include the voting process in 2004	N/a	3
Will include the voting process in 2005/2006	4	1
Do not include the voting process	4	5
Not relevant as no external clients	1	1
Information not obtained	10	12
Total	35	34

8. REPORTING

REPORTING TO CLIENTS

The Statement of Principles states *"Those that act as agents will regularly report to their clients details on how they have discharged their responsibilities. This should include a judgement on the impact and effectiveness of their engagement. Such reports will be likely to comprise both qualitative as well as quantitative information."*

The results are set out in Table 26 and show that, with one exception, all the managers now report to clients and that this tends to be quarterly. The manager that does not report to clients on the basis that it acts for its parent, an insurer, and does not have any third party business started to put its voting records on its website in 2004 and thus makes them publicly available.

Table 26: Frequency of reports to clients

	30 June 2005	30 June 2004	30 June 2003
	Number of managers		
Weekly where corporate governance clients and quarterly to others (manager C)	1	1	-
Monthly	-	-	1
Quarterly	33	31	29
As requested by clients	-	-	1
Plans to in the near future	-	1	1
Do not	1	1	1
Total	35	34	33

The voting details reported are set out in Table 27. All the managers provide some form of explanation, particularly in instances when they have voted against the Board or consciously abstained. Managers also frequently provide details of engagement other than voting.

Table 27: Voting details reported

	30 June 2005	30 June 2004
	Number of managers	
All resolutions voted and where voting against the Board, consciously abstaining and voting with the Board in a contentious situation, then the reason	4	5
Bespoke reports	6	5
Company meetings voted, each resolution voted and where voting against the Board, or consciously abstaining, then the reason where asked	2	2
Company meetings voted and where voting against the Board, consciously abstaining or for the Board in a contentious situation, then the resolution and the reason	4	3
Company meetings voted and where voting against the Board or consciously abstaining, then the resolution and the reason and where against a proxy voting agency recommendation	1	-
Company meetings voted and where voting against the Board or consciously abstaining, then the resolution and the reason	10	9
Company meetings voted and where voting against the Board, then the resolution and the reason	-	1
Company resolutions voted against the Board or consciously abstained and the reason	6	4
Company resolutions voted against the Board and the reason, one gives the holding	-	3
Information not obtained	1	-
Do not report	1	2
Total	35	34

Table 28: Other details reported

	30 June 2005	30 June 2004
	Number of managers	
Meetings attended, either in summary or where there were issues	8	9
Matters of potential interest	10	8
Details of SRI	5	3
Other types of interaction	8	10
How effective their interaction has been	3	9

REPORTING ON WEBSITE

Managers increasingly make details of voting and engagement public and put them on their website - *Table 29*. As at 30 June 2005 ten managers put voting records on their website (2004: seven). One manager subsequently started to do so and another recently

announced that it would be doing so. As shown in Table 30, the voting details publicly disclosed vary, an indication of the complexity of such arrangements.

Table 29: Details on website

	30 June 2005	30 June 2004	30 June 2003
	Number of managers		
Voting and other engagement on website	6	4	1
Voting only on website	4	3	1
Engagement on website	2	1	
Details of SRI on website	1	1	
Details on website but access restricted to clients	3	2	
Do not put details on their website	19	23	
Total	35	34	2

Table 30: Voting details on website

	30 June 2005
	Number of managers
Details of all resolutions voted and the reasons for voting with management in a contentious situation, voting against and consciously abstaining contentious situation	4
Number of meetings voted, number of resolutions voted and number of resolutions voted for and details of the resolution and the reasons for voting against and consciously abstaining	1
Details of all resolutions voted	1
Summary of number of meetings voted and details of all resolutions voted against or consciously abstained	1
Summary of number of meetings voted, number of resolutions voted and number voted in favour, against or consciously abstained. Summary analysis of issues opposed	1
Summary of number of votes for, against and consciously abstained with an analysis of issues such as remuneration reports, combined CEO and chairman	1
Summary of meetings voted and analysed as to where voted in favour of all resolutions, voted against one or more or took no action	1
Do not put details of voting on their website for public access	25
Total	35

REVIEW OF REPORTING ARRANGEMENTS

The majority of managers reviewed their reporting arrangements during 2005 - 23 managers did so and as a result 19 changed their reports to clients - *Table 31*.

Table 31: Review of reporting arrangements

	30 June 2005 Number of managers
Reporting arrangements were reviewed and as a result reports:	
were changed	17
will be changed in 2006	2
were not changed	4
	23
Do not consider question relevant on basis clients can request bespoke reports	3
Reporting arrangements were not reviewed	9
Total	35

APPENDIX 1

THE RESPONSIBILITIES OF INSTITUTIONAL SHAREHOLDERS AND AGENTS - STATEMENT OF PRINCIPLES - UPDATED SEPTEMBER 2005

1. Introduction and Scope

This Statement of Principles has been drawn up by the Institutional Shareholders' Committee². It develops the principles set out in its 1991 statement "The Responsibilities of Institutional Shareholders in the UK" and expands on the Combined Code on Corporate Governance of June 1998. It sets out best practice for institutional shareholders and/or agents in relation to their responsibilities in respect of investee companies in that they will:

- set out their policy on how they will discharge their responsibilities - clarifying the priorities attached to particular issues and when they will take action - see 2 below;
- monitor the performance of, and establish, where necessary, a regular dialogue with investee companies - see 3 below;
- intervene where necessary - see 4 below;
- evaluate the impact of their engagement - see 5 below; and
- report back to clients/beneficial owners - see 5 below.

In this statement the term "institutional shareholder" includes pension funds, insurance companies, and investment trusts and other collective investment vehicles. Frequently, agents such as investment managers are appointed by institutional shareholders to invest on their behalf.

This statement covers the activities of both institutional shareholders and those that invest as agents, including reporting by the latter to their institutional shareholder clients. The actions described in this statement in general apply only in the case of UK listed companies. They can be applied to any such UK company, irrespective of market capitalisation, although institutional shareholders' and agents' policies may indicate *de minimis* limits for reasons of cost-effectiveness or practicability. Institutional shareholders and agents should keep under review how far the principles in this statement can be applied to other equity investments.

The policies of engagement set out below do not constitute an obligation to micro-manage the affairs of investee companies, but rather relate to procedures designed to ensure that shareholders derive value from their investments by dealing effectively with concerns over under-performance. Nor do they preclude a decision to sell a holding, where this is the most effective response to such concerns.

Fulfilling fiduciary obligations to end-beneficiaries in accordance with the spirit of this

² In 1991 the members of the Institutional Shareholders' Committee were: the Association of British Insurers; the Association of Investment Trust Companies; the British Merchant Banking and Securities Houses Association; the National Association of Pension Funds; and the Unit Trust Association. In 2005, the members are: the Association of British Insurers; the Association of Investment Trust Companies; the National Association of Pension Funds; and the Investment Management Association.

statement may have implications for institutional shareholders' and agents' resources. They should devote appropriate resources, but these should be commensurate with the benefits for beneficiaries. The duty of institutional shareholders and agents is to the end beneficiaries and not to the wider public.

2. Setting out their policy on how they will discharge their responsibilities

Both institutional shareholders and agents will have a clear statement of their policy on engagement and on how they will discharge the responsibilities they assume. This policy statement will be a public document. The responsibilities addressed will include each of the matters set out below.

- How investee companies will be monitored. In order for monitoring to be effective, where necessary, an active dialogue may need to be entered into with the investee company's Board and senior management.
- The policy for meeting with an investee company's Board and senior management.
- How situations where institutional shareholders and/or agents have a conflict of interest will be minimised or dealt with.
- The strategy on intervention.
- An indication of the type of circumstances when further action will be taken and details of the types of action that may be taken.
- The policy on voting.

Agents and their institutional shareholder clients should agree by whom these responsibilities are to be discharged and the arrangements for agents reporting back.

3. Monitoring performance

Institutional shareholders and/or agents, either directly or through contracted research providers, will review Annual Reports and Accounts, other circulars, and general meeting resolutions. They may attend company meetings where they may raise questions about investee companies' affairs. Also investee companies will be monitored to determine when it is necessary to enter into an active dialogue with the investee company's Board and senior management. This monitoring needs to be regular, and the process needs to be clearly communicable and checked periodically for its effectiveness. Monitoring may require sharing information with other shareholders or agents and agreeing a common course of action.

As part of this monitoring, institutional shareholders and/or agents will:

- seek to satisfy themselves, to the extent possible, that the investee company's Board and sub-committee structures are effective, and that independent directors provide adequate oversight; and

- maintain a clear audit trail, for example, records of private meetings held with companies, of votes cast, and of reasons for voting against the investee company's management, for abstaining, or for voting with management in a contentious situation.

In summary, institutional shareholders and/or agents will endeavour to identify problems at an early stage to minimise any loss of shareholder value. If they have concerns and do not propose to sell their holdings, they will seek to ensure that the appropriate members of the investee company's Board are made aware of them. It may not be sufficient just to inform the Chairman and/or Chief Executive. However, institutional shareholders and/or agents may not wish to be made insiders. Institutional shareholders and/or agents will expect investee companies and their advisers to ensure information that could affect their ability to deal in the shares of the company concerned is not conveyed to them without their agreement.

4. Intervening when necessary

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. Effective monitoring will enable institutional shareholders and/or agents to exercise their votes and, where necessary, intervene objectively and in an informed way. Where it would make intervention more effective, they should seek to engage with other shareholders.

Many issues could give rise to concerns about shareholder value. Institutional shareholders and/or agents should set out the circumstances when they will actively intervene and how they propose to measure the effectiveness of doing so. Intervention should be considered by institutional shareholders and/or agents regardless of whether an active or passive investment policy is followed. In addition, being underweight is not, of itself, a reason for not intervening. Instances when institutional shareholders and/or agents may want to intervene include when they have concerns about:

- the company's strategy;
- the company's operational performance;
- the 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/incentive packages/severance packages; and

- the company's approach to corporate social responsibility.

If Boards do not respond constructively when institutional shareholders and/or agents intervene, then institutional shareholders and/or agents will consider on a case-by-case basis whether to escalate their action, for example, by:

- holding additional meetings with management specifically to discuss concerns;
- expressing concern through the company's advisers;
- meeting with the Chairman, senior independent director, or with all independent directors;
- intervening jointly with other institutions on particular issues;
- making a public statement in advance of the AGM or an EGM;
- submitting resolutions at shareholders' meetings; and
- requisitioning an EGM, possibly to change the Board.

Institutional shareholders and/or agents should vote all shares held directly or on behalf of clients wherever practicable to do so. They will not automatically support the Board; if they have been unable to reach a satisfactory outcome through active dialogue then they will register an abstention or vote against the resolution. In both instances it is good practice to inform the company in advance of their intention and the reasons why.

5. Evaluating and reporting

Institutional shareholders and agents have a responsibility for monitoring and assessing the effectiveness of their engagement. Those that act as agents will regularly report to their clients details on how they have discharged their responsibilities. This should include a judgement on the impact and effectiveness of their engagement. Such reports will be likely to comprise both qualitative as well as quantitative information. The particular information reported, including the format in which details of how votes have been cast will be presented, will be a matter for agreement between agents and their principals as clients.

Transparency is an important feature of effective shareholder activism. Institutional shareholders and agents should not however be expected to make disclosures that might be counterproductive. Confidentiality in specific situations may well be crucial to achieving a positive outcome.

6. Conclusion

The Institutional Shareholders' Committee believes that adoption of these principles will significantly enhance how effectively institutional shareholders and/or agents discharge their responsibilities in relation to the companies in which they invest. To ensure that this is the case, the Institutional Shareholders' Committee will monitor the impact of this statement with a view to further reviewing and refreshing it, if needs be, in 2007 in the light of experience and market developments.

APPENDIX 2

MANAGERS AND THEIR GROUPS

Company	Parent	Principal Activity of Group in the UK
Aberdeen Asset Management	AEGON UK	Fund Manager
AEGON Asset Management	AXA Group	Insurance
AXA Investment Managers		Insurance
Baillie Gifford	Barclays PLC	Fund Manager
Barclays Global Investors	Capital International Group, Inc	Retail Bank
Capital International		Fund Manager
CCLA Investment Management		Fund Manager
Co-Operative Insurance Society	Co-Operative Group	Insurance
Credit Suisse Asset Management	Credit Suisse Group	Investment Bank
DWS Investments	Deutsche Bank AG	Investment Bank
Fidelity Investments	Fidelity International	Fund Manager
F & C Asset Management		Fund Manager
Gartmore Investment Management	Nationwide Mutual Insurance	Insurance
Goldman Sachs Asset Management	Goldman Sachs Group Inc	Investment Bank
Henderson Global Investors	HHG PLC	Insurance
Hermes Investment Management	BT Pension Scheme	Pension Fund
HSBC Asset Management	HSBC	Retail Bank
Insight Investment Management	HBOS plc	Retail Bank
Invesco Perpetual	AMVESCAP	Fund Manager
JP Morgan Asset Management	JP Morgan Chase	Investment Bank
Jupiter Asset Management	Commerzbank	Investment Bank
Legal & General Investment Management	Legal & General Group	Insurance
M&G Securities	Prudential	Insurance
Martin Currie Investment Management	Martin Currie	Fund Manager
Merrill Lynch Investment Management	Merrill Lynch c	Investment Bank
Morley Fund Management	Aviva	Insurance
Newton Investment Management	Mellon Financial Corporation	Custodian
Royal London Asset Management	Royal London Mutual Insurance Society	Insurance
Schroders Investment Management		Fund Manager
SG Asset Management		Investment Bank
Standard Life Investments	Société Générale	Insurance
Scottish Widows Investment Partnership	Standard Life Assurance	Insurance
Threadneedle Asset Management	Lloyds TSB Group	Retail Bank
UBS Global Asset Management	Ameriprise	Diversified Financial Services
Universities Superannuation Scheme	UBS	Investment Bank
	Universities Superannuation Scheme	Pension Fund

APPENDIX 3

MEETINGS WITH INDEPENDENT DIRECTORS

Manager ³	Nine months to 31 March 2005		Nine months to 31 March 2004		Three months to 30 June 2005		Three months to 30 June 2004		Three months to 30 June 2003	
	Number of meetings	Number of companies								
1	206	119	94	70	68	56	32	25	50	35
2	75	75	47	29	30	30	21	21	19	19
3	84	75	47	42	21	21	19	17	11	8
4	52	44	37	35	19	19	17	17	10	10
5	39	37	35	35	8	8	17	14	10	9
6	34	30	26	26	15	15	15	15	6	5
7	32	20	25	25	13	11	15	15	5	5
8	23	23	25	25	11	11	8	8	5	5
9	20	17	15	15	17	15	8	8	4	4
10	7	6	9	7	8	6	4	4	2	2
11	6	6	7	7	6	6	2	2	2	2
12	6	6	4	4	4	4	2	2	3	1
13	4	4	3	3	3	2	3	1	1	1
14	4	4	2	2	2	2	1	1	1	1
15	3	3	-	-	1	1	1	1	-	-
16	3	3	-	-	1	1	-	-	-	-
17	1	1	-	-	-	-	-	-	-	-
Total	599	473	376	325	227	208	165	151	129	107

³ Each manager has been allocated a number although a particular manager may not have the same number in 2005 as in 2004 and 2003, i.e. manager 1 in 2005 may not be the same as manager 1 in 2004 and 2003.

APPENDIX 4

ADDITIONAL COMMUNICATIONS WITH MANAGEMENT

Manager ³	Nine months to 31 March 2005		Nine months to 31 March 2004		Three months to 30 June 2005		Three months to 30 June 2004		Three months to 30 June 2003	
	Number of comms.	Number of companies								
1	1,590	670	878	630	495	495	292	210	200	100
2	510	510	417	417	194	194	386	298	108	108
3	471 ⁴	471	249	211	242 ⁴	242	153	153	44	44
4	4344	434	96	70	204 ⁴	204	48	40	28	28
5	312	225	84	84	105	92	39	36	25	25
6	100	90	46	46	43 ⁴	43	37	37	20	20
7	67 ⁴	67	35	33	25	20	37	37	20	20
8	60 ⁴	60	33 ⁴	33	33	33	27	25	7	7
9	55	55	32	32	16	16	24	24	-	-
10	53	53 ⁴	23	23	40	40 ⁴	23	23	-	-
11	37	37	20	20	15	15	20	20	-	-
12	25	25	16	16	32	32	15	15	-	-
13	7	7	15	15	6	3	10	10	-	-
14	-	-	15	15	2	2	10	10	-	-
15	-	-	3	3	-	-	3	3	-	-
Total	3,721	2,704	1,929	1,615	1,452	1,431	1,124	941	452	352

³ Each manager has been allocated a number although a particular manager may not have the same number in 2005 as in 2004 and 2003, i.e. manager 1 in 2005 may not be the same as manager 1 in 2004 and 2003.

⁴ Where either the number of communications or the number of companies is unknown it has been assumed that each company had one communication or vice versa.

APPENDIX 5

EXPRESSING CONCERNS THROUGH COMPANIES' ADVISERS

Manager ³	Nine months to 31 March 2005		Nine months to 31 March 2004		Three months to 30 June 2005		Three months to 30 June 2004		Three months to 30 June 2003	
	Number of instances	Number of companies affected	Number of instances	Number of companies affected	Number of instances	Number of companies affected	Number of instances	Number of companies affected	Number of instances	Number of companies affected
1	68	55	30	30	22	22	18	18	42	28
2	44	41	30	30	69	54	16	16	27	27
3	35 ⁴	35	27	27	11 ⁴	11	15	12	25	25
4	20	20	25	25	10	10	8	8	16	15
5	20	18	15	15	7	7	5	5	15	15
6	16	16	10	10	7 ⁴	7	3	3	15	15
7	9 ⁴	9	10	9	6	6	3	3	6	6
8	5	5	5	5	7	7	2	2	5	5
9	4	4	2	2	3	3	1	1	4	4
10	2	2	2	2	1	1	-	-	1	1
11	2	2	1	1	1	1	-	-	1	1
12	2	2	1	1	1	1	-	-	-	-
	227	209	158	157	145	130	71	68	157	142

³ Each manager has been allocated a number although a particular manager may not have the same number in 2005 as in 2004 and 2003, i.e. manager 1 in 2005 may not be the same as manager 1 in 2004 and 2003.

⁴ Where either the number of communications or the number of companies is unknown it has been assumed that each company had one communication or vice versa.

APPENDIX 6

JOINT INTERVENTION WITH OTHER INSTITUTIONS

Manager ³	Nine months to 31 March 2005		Nine months to 31 March 2004		Three months to 30 June 2005		Three months to 30 June 2004	
	Instances of joint intervention	Number of companies affected						
1	45	26	15	15	15	9	15	12
2	21	21	11	11	8	8	12	9
3	12	12	10	10	3	3	10	10
4	11	8	10	10	2	2	9	9
5	11 ⁴	11	10	10	7 ⁴	7	9	9
6	10	10	10	10	5	5	8	8
7	10	8	9	6	2	2	8	8
8	7	7	8	8	2	2	8	8
9	5	5	7	7	1	1	7	7
10	4	4	7	7	4	4	4	4
11	3	3	6	4	1	1	4	4
12	3	3	5	5	-	-	4	3
13	2	2	2	2	-	-	3	3
14	1	1	2	2	-	-	2	2
15	1	1	1	1	-	-	-	-
16	-	-	1	1	-	-	-	-
Total	146	122	114	109	50	44	103	96

³ Each manager has been allocated a number although a particular manager may not have the same number in 2005 as in 2004 and 2003, i.e. manager 1 in 2005 may not be the same as manager 1 in 2004 and 2003.

⁴ Where either the number of communications or the number of companies is unknown it has been assumed that each company had one communication or vice versa.

APPENDIX 7

VOTING RECORDS OF 28 MANAGERS - 1 JULY 2004 TO 31 MARCH 2005

	Total Number of: investee companies; resolutions; and companies affected			Resolutions voted with management in a contentious situation			Resolutions consciously abstained			Resolutions voted against the company		
	Investee Companies could have voted	Resolutions voted	Companies affected	Number voted in total, where relevant	Number of companies affected	Number of resolutions in a contentious situation	Number voted in total, where relevant	Number of resolutions consciously abstained	Number of resolutions voted against the company			
1	1,200	3,180 *	318	3,180 *	47	55	3,180 *	17	9	3,180 *	21	10
2	165 #	3,370	184	3,370	2	2	3,370	17	10	3,370	51	32
3	303	1,820 *	182	1,820 *	32	37 **	1,820 *	24 **	14	1,820 *	7 **	5
4	281	1,880 *	188	1,880 *	N/a	N/a	1,880 *	25	19	1,880 *	11	8
5	257	1,157	128	1,157	N/a	N/a	1,157	5	5	1,157	13	11
6	750	4,909	455	4,143	385	9	4,143	49	30	4,143	66	52
7	111	549	55	549	N/a	N/a	549	5	5	549	N/a	N/a
8	700	4,348	444	4,348	444	25	4,348	346	201	4,348	210	107
9	850	4,668	431	4,460	412	N/a	4,460	10	9	4,460	80	74
10	800	7,190 *	719	7,180 *	718	15	7,180 *	120	90	7,180 *	99	80
11	197	676	64	676	64	N/a	676	74	45	676	12	8
12	N/a	4,524	551	4,524	551	N/a	4,524	3	3	4,524	17	17
13	800	4,866	429	4,866	429	17	4,866	8	8	4,866	64	57
14	1,061	3,863	447	3,863	447	77	3,863	40	24	3,863	155	100
15	600	3,708	432	3,603	415	50	3,603	6	6	3,603	29	17
16	931	3,543	473	3,515	465	N/a	3,515	25	21	3,515	35	24
17	1,150	4,905 ***	873 ***	4,905	873	12	4,905	24	18	4,905	90	68
18	750	4,515	541	4,514	541	3	4,514	2	1	4,514	46	34
19	900	4,370	437	4,370	437	62	4,370	35	27	4,370	16	13
20	400	2,423	228	2,423	228	N/a	2,423	21	18	2,423	21	17
21	1,020	4,554	462	4,554	462	19	4,554	63	42	4,554	298	161
22	840	6,130 *	613	6,130 *	613	N/a	6,130 *	1	1	6,130 *	101	38
23	623	N/a	N/a	N/a	N/a	N/a	Not relevant	N/a	N/a	Not relevant	N/a	N/a
24	800	5,070	507	4,040	404	N/a	4,040	41	41	4,040	26	26
25	350 #	1,769	193	1,769	193	14	1,769	14	12	1,769	23	22
26	772	4,295	413	4,295	411	N/a	4,295	699	295	4,295	145	121
27	120	829	63	829	63	N/a	829	17	14	829	14	10
28	469	10,297	193	10,145	187	N/a	10,145	2	1	10,145	10	8
Total	17,200	103,425	10,026	101,108	9,797	397	57,034	1,693	969	101,108	1,660	1,120

* Where the number of resolutions is not known it has been assumed that the investee companies had one meeting with 10 resolutions.

** Where the number of companies affected is not known then a proportion of the number of meetings has been taken based on the sum of the two columns.

*** Where details are not known it has been assumed that the resolutions that could have been voted are the same as those actually voted.

Where information was not given for 2005, the figures were taken from 2004.

N/A means information not available in which instances certain information is "not relevant".

APPENDIX 8

VOTING RECORDS OF 27 MANAGERS - 1 JULY 2003 TO 31 MARCH 2004

	Total Number of: investee companies, resolutions, and companies affected				Resolutions consciously abstained			Resolutions voted against the company			
	Investee Companies	Resolutions could have voted	Companies affected	Resolutions voted	Companies affected	Number in relevant total, where relevant	Number of resolutions consciously abstained	Number of companies affected	Number voted relevant total, where relevant	Number of resolutions voted against	Number of companies affected
1	165	5,399	268	5,235	234	5,235	29	24	5,235	21	17
2	311	3,040 *	304	3,040 *	304	3,040 *	18	18	3,040 *	19	19
3	275	1,620 *	162	1,620 *	162	1,620 *	38	29	1,620 *	68	56
4	250	1,080	120	1,080	120	1,080	0	0	1,080	13	12
5	73	471	49	471	49	471	3	3	471	5	5
6	675	3,807	413	3,807	413	3,807	170	122	3,807	145	88
7	1,150	4,300	350	1,100	70	1,100	18	15	110	12	10
8	1,000	3,000	375	3,000	375	3,000	10	7	3,000	40	35
9	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant	N/a	N/a	Not relevant	N/a	N/a
10	214	911	122	911	122	911	91	68	911	15	9
11	719	4,902	382	4,902	382	4,902	14	14	4,902	93	79
12	781	3,408	437	3,408	437	3,408	11	9	3,408	184	112
13	800	2,780	287	2,780	287	2,780	13	10	2,780	13	9
14	932	4,210	494	4,210	494	4,210	3	3	4,210	17	8
15	1,000	2,869	415	2,869	415	2,869	1	1	2,869	62	53
16	700	4,000	345	4,000	345	4,000	2	1	4,000	58	38
17	800	4,650	465	4,650	465	4,650	27	25	4,650	19	14
18	400	3,454	314	3,454	314	3,454	37	26	3,454	19	15
19	930	8,250 *	825	8,250 *	825	8,250 *	0	0	8,250	102	44
20	300	5,772 ***	594 ***	5,772	594	5,772	208	127 ***	5,772	246	147 **
21	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant	Not relevant	N/a	N/a	Not relevant	N/a	N/a
22	800	4,550	455	4,550	445	4,450	79	79	4,450	38	38
23	350	1,693	161	1,693	161	1,693	13	8	1,693	13	11
24	1,000	5,591	584	5,591	584	5,591	155	95 **	5,591	234	140 **
25	850	4,221	454	4,103	426	4,103	695	318	4,103	130	92
26	1,750	9,459	1,076	9,459	1,076	9,459	397	243 **	9,459	772	353
27	1,000	4,460	500	4,460	500	4,460	160	115	4,460	375	212
Total	17,225	97,897	9,951	94,315	9,599	94,315	2,192	1,360	94,315	2,713	1,616

* Where the number of resolutions is not known it has been assumed that the investee companies had one meeting with 10 resolutions.

** Where the number of companies affected is not known then a proportion of the number of meetings has been taken based on the sum of the two columns.

*** Where details are not known it has been assumed that the resolutions that could have been voted are the same as those actually voted.

N/A means information not available in which instances certain information is "not relevant".

APPENDIX 9

VOTING RECORDS OF 28 MANAGERS - 1 APRIL 2005 TO 30 JUNE 2005

	Total Number of: investee companies; resolutions; and companies affected		Resolutions voted with management in a contentious situation		Resolutions consciously abstained		Resolutions voted against the company		
	Investee Companies could have voted	Resolutions Companies affected	Number voted in total, where relevant	Number in a contentious situation	Number of companies affected	Number of resolutions consciously abstained	Number of resolutions voted in total, where relevant	Number of resolutions voted against	Number of companies affected
1	1,200	4,200 *	4,200 *	98	98	6	4,200 *	29	20
2	165 #	2,801	2,788	1	1	15	2,788	46	28
3	316	1,790 *	1,790 *	N/a	N/a	6 **	1,790 *	30 **	18
4	281	1,690 *	1,690 *	N/a	N/a	8	1,690 *	10	0
5	257	1,493	1,493	N/a	N/a	9	1,493	16	17
6	752	4,352	4,097	11	11	62	4,097	82	61
7	115	888	74	N/a	N/a	1	Not relevant	N/a	N/a
8	700	2,983	2,983	13	13	263	2,983	277	139
9	850	4,840	4,648	N/a	N/a	10	4,648	55	45
10	800	4,600 *	4,590 *	15	15	102	4,590 *	99	74
11	202	1,021	1,021	N/a	N/a	78	1,021	34	22
12	N/a	4,498	4,498	N/a	N/a	6	4,498	16	14
13	800	4,503	4,503	27	27	22	4,503	67	40
14	1,046	4,439	4,439	80	80	25	4,439	176	115
15	600	3,871	3,841	50	50	15	3,841	176	44
16	934	3,872	3,872	N/a	N/a	16	3,872	44	31
17	1,120	4,040 ***	4,040	13	13	41	4,040	70	43
18	750	4,483	4,483	4	4	2	4,483	60	49
19	900	4,033	4,033	23	23	86	4,033	4	4
20	400	2,265	2,265	N/a	N/a	26	2,265	49	33
21	1,020	4,601	4,601	23	23	64	4,601	280	150
22	871	3,720 *	3,720 *	N/a	N/a	0	3,720 *	64	28
23	597	N/a	N/a	N/a	N/a	N/a	Not relevant	N/a	N/a
24	800	4,740	4,130	N/a	N/a	61	4,130	38	38
25	350 #	1,991	1,991	4	4	17	1,991	18	18
26	775	3,525	3,525	N/a	N/a	214	3,525	181	100
27	120	1,077	1,077	N/a	N/a	25	1,077	24	18
28	472	15,483	15,403	182	182	31	15,403	17	16
Total	17,193	101,799	100,609	362	362	1,211	99,721	1,962	1,165

* Where the number of resolutions is not known it has been assumed that the investee companies had one meeting with 10 resolutions.

** Where the number of companies affected is not known then a proportion of the number of meetings has been taken based on the sum of the two columns.

*** Where details are not known it has been assumed that the resolutions that could have been voted are the same as those actually voted.

Where information was not given for 2005, the figures were taken from 2004.

N/A means information not available in which instances certain information is "not relevant".

APPENDIX 10

VOTING RECORDS OF 27 MANAGERS - 1 APRIL 2004 TO 30 JUNE 2004

	Total Number of: investee companies; resolutions; and companies affected		Resolutions consciously abstained		Resolutions voted against the company			
	Investee Companies could have voted	Resolutions voted	Number of resolutions consciously abstained	Number of companies affected	Number of resolutions voted where relevant	Number of resolutions voted against		
1	165	4,270	150	4,228	143	4,228 *	23	12
2	311	1,630 *	163	1,630 *	163	1,630 *	17	9
3	275	1,610 *	161	1,610 *	161	1,610 *	70	20 **
4	250	1,301	135	1,301	135	1,301 *	3	15
5	73	708	71	708	71	708	6	8
6	675	3,962	358	3,962	358	3,962	253	96
7	1,150	11,880	800	3,690	270	3,690	5	4
8	1,000	2,250	425	2,250	425	2,250	10	65
9	850	5,280 *	528	5,280 *	528	5,280 *	80	86
10	214	1,108	112	1,108	112	1,108	143	19
11	719	3,872	352	3,872	352	3,872	18	10
12	781	3,593	330	3,593	330	3,593	6	89
13	800	3,532	310	3,532	310	3,532	22	19
14	932	3,519	355	3,519	355	3,519	20	18
15	1,000	4,306	474	4,306	474	4,306	2	45
16	700	4,700	365	4,700	365	4,700	2	30
17	800	3,310	331	3,310	331	3,310	26	3
18	400	2,321	211	2,321	211	2,321	37	20
19	930	3,360 *	336	3,360 *	336	3,360	0	23
20	300	2,910 ***	266 ***	2,910	266	2,910	76	66 *
21	560	4,284	313	4,284	313	4,284	15	4
22	800	3,410	341	3,260	326	3,260	55	19
23	350	2,110	179	2,110	179	2,110	3	14
24	1,000	5,424	427	5,424	427	5,424	118	215
25	850	4,643	424	4,563	412	4,563	675	160
26	1,750	11,712	1,246	11,712	1,246	11,712	340	885
27	1,000	4,282	410	4,282	410	4,282	158	168
Total	18,635	105,287	9,573	96,825	9,009	96,825	2,186	2,982

* Where the number of resolutions is not known it has been assumed that the investee companies had one meeting with 10 resolutions.

** Where the number of companies affected is not known then a proportion of the number of meetings has been taken based on the sum of the two columns.

*** Where details are not known it has been assumed that the resolutions that could have been voted are the same as those actually voted.

APPENDIX 11

VOTING RECORDS OF 24 MANAGERS - 1 APRIL 2003 TO JUNE 30 2003

Investee Companies	Total Number of: investee companies; resolutions; and companies affected		Resolutions consciously abstained			Resolutions voted against the company		
	Investee Companies	Resolutions voted	Companies affected	Number voted in total, where relevant in a contentious situation	Number of companies affected	Number voted in total, where relevant	Number voted against, consciously abstained	Number of companies affected
1	150	295	24	Not relevant	N/a	295	66	14
2	320	1,430 *	143	1,430 *	45	1,430 *	40	28
3	260	1,250 *	125	Not relevant	N/a	1,250 *	65	45
4	260	1,316	125	1,316	1	1,316	26	20
5	71	698	62	Not relevant	N/a	698	21	11
6	200	960 *	96	960 *	5	960 *	5	4
7	1,000	2,500	500	2,500	10	2,500	6	6
8	1,100	6,410 *	641	6,410 *	2	6,410 *	217	131
9	150	1,231	102	1,231	0	1,231	171	74
10	800	3,843	403	Not relevant	N/a	3,843	24	9
11	800	3,857	392	Not relevant	N/a	3,857	205	145
12	950	3,170	297	Not relevant	N/a	3,170	248	140
13	600	3,167	314	3,167	30	3,167	17	11
14	400	5,426	432	5,426	2	5,426	99	63
15	900	2,531	261	Not relevant	N/a	2,531	177	77
16	700	4,000	38	4,000	29	4,000	36	21
17	800	3,463	338	Not relevant	N/a	3,463	36	29
18	N/a	2,340	234 *	2,340	80	2,340	58	37
19	1,000	4,045	416	4,045	5	4,045	586	293
20	851	3,620 *	362	Not relevant	N/a	3,620 *	117	49
21	N/a	2,851	285 *	Not relevant	N/a	2,851	323	N/a
22	317	1,520 *	152	1,520 *	33	1,520 *	12	12
23	1,000	Not relevant	Not relevant	Not relevant	N/a	Not relevant	N/a	N/a
24	N/a	3,991	399	Not relevant	N/a	3,991	837	317
Total	12,629	48,724	6,141	24,025	195	48,724	3,392	1,536

* Where the number of resolutions is not known it has been assumed that the investee companies had one meeting with 10 resolutions.

N/A means information not available in which instances certain information is "not relevant".

APPENDIX 12

HOW MANAGERS VOTED AND ENGAGED ON PARTICULAR RESOLUTIONS

Company	Date of meeting	Resolution (resolution number)	Managers with an interest at meeting date	Vote			Frequency of contact	Number of contacts with company secretary in 6 months prior			Number of contacts with executive director(s) in 6 months prior			Number of contacts with chair or other non-executive director(s) in 6 months prior				
				For	Against	Abstain		Telephone call(s)	Letter(s)	Meeting(s)	Telephone call(s)	Letter(s)	Meeting(s)	Telephone call(s)	Letter(s)	Meeting(s)		
Barclays Plc	28/04/2005	Re-election of Matthew Barrett (5)	27	For	22	0	4	Five	-	-	-	-	-	-	-	-		
				Against				Four	-	-	-	-	-	-	-	-	-	
				Abstain				Three	-	-	-	-	-	-	-	-	-	-
							Two	1	1	-	-	-	1	-	-	-	-	5
							One	3	2	3	-	-	3	2	2	2	2	2
							None	5	7	6	4	7	6	5	8	6	6	6
Berkeley Group	17/09/2004	Approve LTIP (2)	21	For	10	7	4	Five	-	-	-	-	-	-	-	-		
				Against				Four	-	-	-	-	-	-	-	-	1	
				Abstain				Three	-	-	-	-	-	-	-	-	-	
							Two	4	2	-	-	-	2	2	1	1	1	
							One	6	6	8	4	5	4	4	4	5	3	
							None	11	13	13	16	16	11	10	10	8	8	
British Sky Broadcasting Group Plc	12/11/2004	Approve Rule 9 waiver (16)	27	For	14	9	4	Five	-	-	-	-	-	-	-	-		
				Against				Four	-	-	-	-	-	-	-	-	1	
				Abstain				Three	1	-	-	-	-	-	-	-	-	
							Two	2	1	-	-	-	1	1	-	2	2	
							One	5	6	3	-	-	7	2	4	9	9	
							None	3	9	10	6	9	8	8	10	4	4	
Carnival Plc	13/04/2005	Re-election of Micky Arison	26	For	18	5	3	N/A	16	11	14	20	18	11	16	13	11	
				Against				Five	-	-	-	-	-	-	-	-	-	
				Abstain				Four	-	-	-	-	-	-	-	-	-	
							Three	-	-	-	-	-	-	-	-	-	-	
							Two	1	-	-	-	-	2	-	-	1	1	
							One	4	2	-	2	5	9	7	7	9	5	
			None	5	9	11	5	9	7	12	12	17	12					
			N/A	16	15	15	19	17	18	18	17	12	12					

Company	Date of meeting	Resolution (resolution number)	Managers with an interest at meeting date	Vote			Frequency of contact	Number of contacts with company secretary in 6 months prior			Number of contacts with executive director(s) in 6 months prior			Number of contacts with chair or other non-executive director(s) in 6 months prior						
				For	Against	Abstain		Telephone call(s)	Letter(s)	Meeting(s)	Telephone call(s)	Letter(s)	Meeting(s)	Telephone call(s)	Letter(s)	Meeting(s)	Telephone call(s)	Letter(s)		
Carphone Warehouse Group Plc	28/07/2004	Approve Performance Share Plan (8)	20	For	15	5	0	Five	-	-	-	-	-	-	-	-	-			
				Against				Four	-	-	-	-	-	-	-	-	-	-		
				Abstain				Three	-	-	-	-	-	-	-	-	-	-	-	
							Two	-	-	-	-	-	-	-	-	-	-	-	-	-
Diego Plc	20/10/2004	Amend LTIP (19)	25	For	13	8	4	One	1	1	-	1	1	-	-	1	-			
				Against				None	4	7	8	4	6	7	5	7	6	6	6	
				Abstain				N/A	15	12	12	16	14	12	15	13	13	13	13	
							Five	-	-	-	-	-	-	-	-	-	-	-	-	-
Jardine Lloyd Thompson	28/04/2005	Re-election of Rodney Leach (3)	19	For	15	3	1	Four	-	-	-	-	-	-	-	-	-			
				Against				Three	-	-	-	-	-	-	-	-	-	-	-	
				Abstain				Two	-	-	-	-	-	-	-	-	-	-	-	-
							One	3	-	-	-	-	1	3	-	-	-	-	-	-
Lonmin Plc	27/01/2005	Approve remuneration report (2)	23	For	8	11	4	None	5	7	7	4	6	6	7	7	7			
				Against				N/A	11	12	12	15	14	10	13	12	12	12	12	
				Abstain				Five	-	-	-	-	-	-	-	-	-	-	-	
							Four	-	-	-	-	-	-	-	-	-	-	-	-	
			Three	-	-	-	-	-	-	-	-	-	-	-	-	-				
			Two	-	-	-	-	-	-	-	-	-	-	-	-	-				
			One	10	4	-	-	-	-	1	6	1	2	1	1	1				
			None	1	8	9	5	7	5	7	5	7	8	8	8	8				
			N/A	12	11	14	18	16	11	14	13	13	13	13	13	13				

Company	Date of meeting	Resolution (resolution number)	Managers with an interest at meeting date	Vote			Frequency of contact	Number of contacts with company secretary in 6 months prior			Number of contacts with executive director(s) in 6 months prior			Number of contacts with chair or other non-executive director(s) in 6 months prior		
				For	Against	Abstain		Telephone call(s)	Letter(s)	Meeting(s)	Telephone call(s)	Letter(s)	Meeting(s)	Telephone call(s)	Letter(s)	Meeting(s)
MFI Furniture Group Plc	19/05/2005	Approve remuneration report (10)	22	7	11	4	Five Four Three Two One None N/A	- - - - - - - -	- - - - - - - -	- - - - - - - -	- - - - - - - -	- - - - - - - -	- - - - - - - -	- - - - - - - -	- - - - - - - -	- - - - - - - -
Wm Morrison Supermarkets Plc	20/05/2005	Re-election of Sir Ken Morrison (4)	23	20	0	3	Five Four Three Two One None N/A	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -
Reckitt Benckiser Plc	05/05/2005	Approve remuneration report (2)	26	10	14	2	Five Four Three Two One None N/A	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -
J Sainsbury Plc	13/07/2004	Approve remuneration report (2)	18	5	12	1	Five Four Three Two One None N/A	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -

Company	Date of meeting	Resolution (resolution number)	Managers with an interest at meeting date	Vote			Frequency of contact	Number of contacts with company secretary in 6 months prior			Number of contacts with executive director(s) in 6 months prior			Number of contacts with chair or other non-executive director(s) in 6 months prior				
				For	Against	Abstain		Telephone call(s)	Letter(s)	Meeting(s)	Telephone call(s)	Letter(s)	Meeting(s)	Telephone call(s)	Letter(s)	Meeting(s)		
Travis Perkins Plc	27/04/2005	Approve remuneration report (9)	23	13	6	4	Five	-	-	-	-	-	-	-	-	-		
							Four	-	-	-	-	-	-	-	-	-	-	
							Three	-	-	-	-	-	-	-	-	-	-	-
							Two	-	-	-	-	-	-	-	-	-	-	-
							One	-	-	-	-	-	-	-	-	-	-	-
Ultra Electronics	22/04/2005	Re-election of Julian Blough	23	22	1	0	None	4	8	9	5	7	8	7	9	8		
							N/A	14	13	14	18	16	10	13	13	14		
							Five	-	-	-	-	-	-	-	-	-	-	
							Four	-	-	-	-	-	-	-	-	-	-	
							Three	-	-	-	-	-	-	-	-	-	-	
United Business Media	12/05/2005	Approve remuneration report (2)	22	2	17	3	Two	5	7	8	4	6	6	8	7			
							None	5	7	8	4	6	6	6	8	7		
							N/A	17	15	15	19	17	14	17	15	14		
							Five	-	-	-	-	-	-	-	-	-		
							Four	-	-	-	-	-	-	-	-	-		
WPP Group Plc	27/06/2005	Re-election of Stanley Morten (7)	27	18	2	7	Three	3	-	-	-	-	-	-	-			
							Two	2	5	-	-	-	-	-	-			
							One	4	6	8	5	6	6	5	7	6		
							N/A	13	11	14	17	16	12	11	11	13		
							Five	-	-	-	-	-	-	-	-	-		
			Four	-	-	-	-	-	-	-	-	-						
			Three	-	-	-	-	-	-	-	-	-						
			Two	-	-	-	-	-	-	-	-	-						
			One	6	2	1	1	5	-	1	5	-	1	1				
			None	5	9	11	6	8	8	9	10	10	10					
			N/A	16	16	16	19	18	13	18	16	16	16					

Company	Date of meeting	Resolution (resolution number)	Managers with an interest at meeting date	Vote			Frequency of contact	Number of contacts with company secretary in 6 months prior	Number of contacts with executive director(s) in 6 months prior	Number of contacts with chair or other non-executive									
				For	Against	Abstain													
Xstrata Plc	09/05/2005	Approve Added Value Incentive Plan (9)	24	For	14	8	2	Five	Telephone call(s)	-	-	-	Meeting(s)	-	-	-			
				Against	8			Four	Letter(s)	-	-	-	-	-	Letter(s)	-	-	-	
				Abstain	2			Three	Telephone call(s)	1	-	-	-	-	Telephone call(s)	-	-	-	
								Two	Letter(s)	-	-	-	-	-	-	Meeting(s)	1	-	-
								One	Telephone call(s)	7	3	1	-	-	-	Letter(s)	-	3	2
								None	Letter(s)	4	9	8	6	8	7	Telephone call(s)	9	7	9
								N/A	Telephone call(s)	12	12	14	18	14	14	Meeting(s)	14	14	13
																Letter(s)	13	13	7
																Telephone call(s)	7	7	7
																Meeting(s)	7	7	7
																Letter(s)	7	7	7

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June 2006