

A Review of the ‘Rights & Responsibilities of Institutional Investors’ Conference in Amsterdam

The Rights & Responsibilities of Institutional Investors conference, held on March 10 at the Renaissance Hotel in Amsterdam, addressed the theme ‘Protecting Assets through Responsible Fiduciary Practices’. The central question posed was: what is the appropriate fiduciary role for shareholders and investors? Participants agreed that shareholders have both the right and the responsibility to monitor corporate activities to ensure that value is being created and maintained by decision-makers and that those executives are held accountable.

At the conference, compliance and legal officers, together with decision-makers from European public pension and insurance funds and mutual fund companies, shared information on how to best protect assets through responsible fiduciary practices.

Attendees really liked a case study about Lehman Brothers. Much of what we have learned since suggests a systemic regulatory failure as well as a lack of honest disclosure and concealment of huge proportions.

One panel discussed Investors’ Rights and Responsibilities in Emerging Markets. Panel members agreed that there is a correlation between ESG disclosure and share performance. Engagement with companies has started, but with the smaller companies there is a lack of experience and guidance. Brazilian IPOs are similar to London offerings as two-thirds of investors are foreign. The secondary markets are more difficult as transparency is flattening.

Another panel discussed the shortage of staff of the SEC. A SEC settlement takes a lot of time and amounts are low. The general conclusion was that private actions are the better solution.

The Panel Discussion ‘What Can We Learn from the BP Disaster?’ was both informative and entertaining. Panellists, including RepRisk representative Robert Klijn, played roles of a lawyer defending five conservative opinions (business as usual) and roles of an activist defending five proactive opinions (need for change). The themes involved bashing BP, blackswan/bad apple, predictable/preventable surprise, corporate reporting standards, investment research and active ownership. During the lively discussion, Claudia Kruse, Head of Corporate Governance at APG, mentioned RepRisk as useful tool for finding controversial issues.

Finally Sir Richard Branson, Founder and President of Virgin Group, spoke about his own guiding principles: put staff and clients first, and this will lead to shareholder benefits; ensure staff are proud



to work for your company; keep companies small to ensure an entrepreneurial environment. He also said that he is motivated to push new frontiers in the quest to improve our planet.