



Association of British Insurers

Peter Montagnon

Head of Investment Affairs



Good governance is social responsibility

- **Shareholders have responsibilities too**
- **Well-governed companies will be aware of risk and responsibility**
- **SRI works when you have a well developed institutional investment market that is used to applying high standards of governance and voting on resolutions**
- **ABI's SRI guidelines arose out of our work in governance**



Social responsibility is good governance

- **Promotion of governance will lead to more social responsibility**
- **No coincidence that UK has long tradition of institutional investment, and concern about governance and is now advanced in SRI, while**
- **Asia generally has smaller role for institutions, less concern about governance and less interest in SRI**
- **SRI activists in Asia should be generally concerned about governance**



Corporate governance matters

- **It is about risk management, checks and balances that make companies accountable**
- **Focus after Enron is on audit, role of independent directors, remuneration**
- **But this is about ethics**
- **Social responsibility is still a long term issue**
- **Boards that are not accountable to shareholders will not be accountable to society**



Asia is not Europe (or America)...

- **Growing sense in Europe that companies cannot thrive if they do not respect the society that provides their living**
- **Relationship of corporation to society varies even within Asia**
- **Less institutional investment**
- **Less local sense of reputational risk**



but some values are universal

- **Globalisation, supply chain issues mean reputational risk for Asia too**
- **The sad case of Tokyo Electric Power**
- **Good governance means responsibility before the event and no shame afterwards**
- **There is an opportunity**
- **And there are risks in not seizing it**