



## ***F&C Corporate Governance Policy & Voting Guidelines***

### ***Revised policy on Political Lobbying and Donations***

#### **Political Lobbying**

F&C considers that company participation in the policy development process, either individually or through trade associations or other collective bodies, is legitimate and positive. However, subject to legitimate considerations of commercial confidentiality, companies should be fully transparent about what they do and how. In particular, companies should:

- Publish their overall lobbying policy and objectives: F&C assumes that a company is pursuing its commercial interests on behalf of its shareholders, but expects to see a policy that contains more than a generic statement.
- Develop and publish a code of conduct on lobbying that moves beyond the company's generic principles and approach to business ethics, to address the specific concerns raised by lobbying.
- Disclose fully and promptly the key and material formal positions they take on policy issues on which they lobby, e.g. all written submissions to regulators and lawmakers; lobbying positions on key industry issues; links or references to previously published materials such as statements in the Annual report.
- Disclose the organisations of which they are members, if these engage in lobbying of regulators and lawmakers; this should at minimum be at headquarters level, and also cover significant organisations<sup>1</sup> of which operating subsidiaries are members.
- Ensure that these membership organisations substantially represent their views and uphold standards of conduct consistent with their own.
- Develop and publish clear policies on avoiding conflicts of interest when appointing former or still-active government and regulatory officials to executive or board positions.

#### **Political Donations**

##### *Donations to political candidates and political parties*

F&C considers that donations to individual political candidates, political parties and organisations closely associated with political parties are inappropriate and should be strictly avoided. However, it recognises that in some countries, such as the United States, the practice of making donations to political candidates, parties and associated organisations is widespread and deeply-rooted. In cases where companies choose to make such donations, they should be fully transparent and seek prior shareholder approval, as outlined in *Shareholder approval* below.

##### *Donations to advocacy organisations*

F&C accepts that companies may legitimately make donations to think tanks, advocacy organisations or pressure groups that promote a particular policy platform that is consistent with their commercial interests. All such donations, if substantial, should be fully disclosed and the

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<sup>1</sup> F&C's interpretation of 'significant' is determined by the amount of funds donated to an organisation, the relative influence of the organisation, and whether the organisation has been the subject of controversy.



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overall budget for them should be subject to prior shareholder approval, as outlined in *Shareholder approval* below.

#### *Political Action Committees*

In cases where companies have a Political Action Committee ("PAC") for their U.S.-based staff, they should develop and publish a code of conduct outlining the PAC's policies for collecting contributions and making donations. This should detail mechanisms protecting staff from undue pressure to make contributions and the company's policy for funding PAC administration. F&C expects that details of the donations made by the PAC should be made publicly available through annual reporting to shareholders. While this information can be accessed through government databases, for purposes of transparency and accountability the PAC should aggregate and disclose information publicly.

#### *Shareholder approval*

In cases where companies choose to make donations, F&C believes that, at a minimum, these should be fully disclosed and reported annually to shareholders. Moreover, shareholders should have an opportunity to vote on the political donations policy and the annual corporate budget for all political donations. This could be either the upcoming year's maximum donations budget or the past year's donations record.

#### **A note on charitable donations**

F&C supports charitable acts at an appropriate level, especially where an active charitable donations policy supports the company's engagement with its local or wider community. Companies should, however, be mindful of the legal or reputational risk that charitable donations may serve as a conduit for payments intended to obtain or retain business, and should therefore develop and publish clear guidelines on how recipients of charitable donations are vetted to minimise such risks.

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