Investor Stewardship

The Path Forward

Contents

Foreword / Executive Summary

Twenty years ago, Investment Stewardship, like ESG, was largely restricted to a few public funds, activist social investment firms and church funds that engaged with companies on social and environmental issues of concern to their shareholders. Today, Stewardship and ESG are becoming central tools in investment management for all major institutional investors as they work to ensure the sustainable long-term financial performance of the companies they invest in.

This report provides an overview of the evolution and current state of play of investment stewardship and then examines nine drivers and challenges for the field looking forward. These include:

- Strong and proactive investment stewardship will be a priority for major investors
- Asset owners will step up their oversight of asset managers
- Stewardship will help accelerate the push for standardized ESG disclosure and assurance
- Market outcomes will push stewardship and ESG investing higher on the agenda
- Investors making sustainability commitments will be held to their word
- Incentives for collective action and deep collaboration will strengthen
- ESG education will be a requirement for investment professionals
- Sustainable investing will be a key focus area for financial system regulators
- Stewardship will generate positive impacts across asset classes

The current COVID and racial inequality crises have, if anything, amplified the importance of stewardship going forward as the crises intensify public scrutiny of corporate social and environmental impacts. ESG investment products are attracting new inflows in response and outperforming their mainstream peers, as investors see "sustainable" funds as better able to mitigate financial risks from the crises and other issues, such as the transition to a low-carbon economy from a fossil-fuel based economy.

As globalization unravels and governments operating in a COVID world struggle to provide a timely and clear regulatory framework for ESG, we can expect the responsibility for ensuring that companies manage material social and environment risks and operate sustainably will increasingly fall to the stewardship teams of large institutional investors. It is these teams that are responsible for the firms' fiduciary duty to ensure that their portfolio of investments serves the long-term financial interests of their clients and integrates ESG factors material to it.

We look forward to your feedback on the trends and issues we identify as we look forward. We also want to thank and recognize the contributions of Bronagh Ward, Chloe Cardinaux and the KKS Advisors team in the preparation of this report.

Chris Pinney
President & CEO, High Meadows Institute

What is Stewardship?

Stewardship has emerged as a central concept in ESG investing, deeply linked to the fiduciary duty of investors and the pursuit of sustainable investment returns. Broadly speaking, stewardship reflects the role of investors as 'stewards' of the assets entrusted to them by their clients and the responsibility of investment professionals to carefully protect and enhance the value of those assets. It embodies the notion that investors are influential market players who have the power to shape markets, enhance governance and address market risks and opportunities affecting the health of the economy.

In line with the increasing focus on stewardship from policymakers and asset owners, there have been calls for more clarity on the exact definition of stewardship and what it entails for investment professionals. We conducted a review of definitions provided by experts (see Appendix A) and evaluated activities by major institutional investors, identifying terms closely related to stewardship (see Appendix B) and the following key components of stewardship:[1]

Influence – Leveraging the investors' position within the financial system to drive a sustainable economy (e.g. raising ESG standards, promoting effective policies and regulations)

Engagement – Proactive dialogue with companies

Voting – Communicating and exercising shareholder rights and expectations (where possible)

Promoting Disclosure – Encouraging high-quality disclosure of ESG information on a regular basis

Monitoring – Actively monitoring ESG performance and new regulations

Collaboration – Participating in collective action and initiatives that promote best practices, coordinating efforts with peers to maximize impact

Education – Devoting resources to sustainability training and enhancing the skills of investment professionals to implement sustainable procedures and policies

Fiduciary Duty and Stewardship

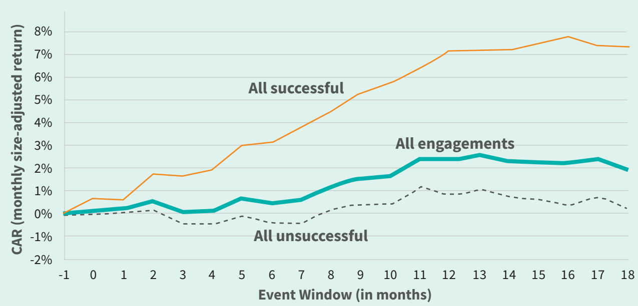
A major consideration for any investor conducting stewardship activities is whether and how these activities fit in with their fiduciary duty obligations. A prominent myth in sustainable investing is that consideration of ESG factors might create a conflict with fiduciary duty for some investors. In reality, many ESG factors and engagements by investors to improve corporate ESG performance have been shown to have positive correlations with corporate financial performance and value. Attitudes are shifting towards a recognition that stewardship and ESG considerations are essential to meeting fiduciary duty obligations when focused on issues that are material to a business. A recent Financial Times article covering the evolution of the UK stewardship code made the case that good stewardship must begin with fiduciary duty, highlighting that "fiduciary duty does not simply require institutions to maximize short-term financial returns to their clients. It is perfectly right and proper for the duty to cover non-financial issues when they are material to long-term value."[2]

The Value of Stewardship

Evidence that stewardship is linked to greater financial performance

Investors evaluating their stewardship activities should be aware of the academic and practitioner evidence showing that stewardship pays off, especially when it comes to investor engagement. In recent years, many researchers have linked good stewardship practices to greater financial performance. Our review identified the following key channels of financial impact:

- Reducing exposure to downside risk
- Contributing to an informational advantage, which in turn contributes to alpha
- Being associated with higher firm market valuation
- Helping lower stock price volatility
- Positively affecting sales growth and returns

Authors	Year	Summary of findings
Principles for Responsible Investment	2017	Evidence from collaborative dialogues involving 225 investment organizations (all signatories to the PRI) over the period 2007-2017 shows that after successful engagements have occurred, target companies experience improved profitability (as measured by return on assets), while unsuccessful engagements demonstrate no change.[3]
Grewal, Serafeim and Yoon	2016	Harvard Business School Research shows that filing shareholder proposals is effective at improving the performance of the company on the focal ESG issue, even though such proposals nearly never received majority support. Proposals on material issues are associated with subsequent increases in firm value.[4]
Dimson, Karakas and Li	2015	A key academic study from 2015 on corporate social responsibility engagements with US public companies over the period 1999-2009 found that after successful engagements, companies experience improved accounting performance and governance. The graph below plots the cumulative monthly abnormal returns (CARs) around investor engagements from one month prior to the engagement month to 18 months afterward. The authors find a positive cumulative abnormal return for successful engagements (the average one-year size-adjusted abnormal return after initial engagement is +7.1% for successful engagements) and a zero return for unsuccessful ones, concluding that ESG improvements increase the market value of engaged companies.[5] 

Evidence that stewardship is linked to improved ESG performance

In addition to greater financial performance, stewardship was linked to improved ESG performance. Some key academic and practitioner researchers found that:

- A stronger strategic orientation on stewardship is associated with higher ESG performance.
- Communicating governance expectations to investee companies leads to positive changes in corporate governance practices.
- Active ownership practices improve corporate policies, practices and accountability, in turn strengthening ESG performance and practices.
- Filing shareholder proposals on material ESG issues has a positive impact on both firm value and ESG performance.

See Appendixes E and F for more information on the studies included in the analysis. Additionally, Appendix G provides information on stewardship codes that exist in certain jurisdictions, which often clarify the link between stewardship and fiduciary duty and set out the economic rationale and expectations for investors.

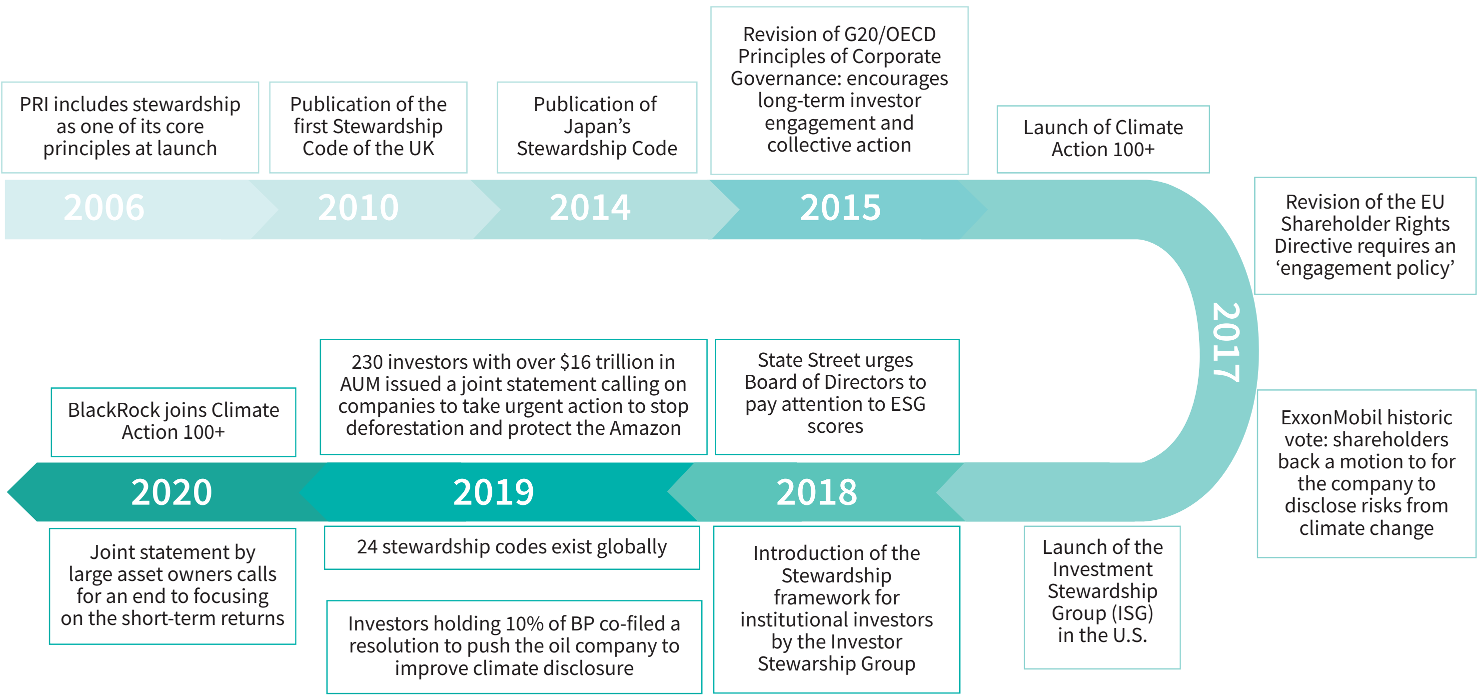
COVID-19 and the Future of Stewardship

The current economic crisis and market turmoil linked to the COVID-19 pandemic will have major implications for the future of investment stewardship. Investors, the public and the media are paying close attention to how companies respond to the pandemic, including their decision-making on immediate issues such as staff pay cuts, sick leave policies, employee health and safety, executive pay, shareholder dividends and home working arrangements that can maintain employee productivity. Before the onset of the pandemic, many companies had made pledges that appeared to strengthen their commitments on improving sustainability, ESG performance and long-term value creation. One notable example was the Business Roundtable Statement issued in 2019 by CEOs from 181 of the world's largest companies, which declared that the purpose of a corporation is not just to serve shareholders (their official position since 1997), but "to create value for all our stakeholders."[6] COVID-19 may be the ultimate test of the authenticity and strength of these commitments. On the investor side, Larry Fink – CEO of BlackRock, the world's largest institutional investor – pledged at the beginning of 2020 to "place sustainability at the center of our investment approach."[7] Given this context, how is the pandemic going to affect investment stewardship efforts? Will we see social issues becoming more prominent? How will companies

and investors balance short-term priorities with long-term commitments? Will we see more industry-led initiatives and collaboration emerge to address the challenges, or does survival mode put collective action on hold? In order to understand what the future looks like, we will first review the evolution of stewardship and current practices.

The Evolution of Stewardship

Against a backdrop of mounting evidence that stewardship is valuable and increasingly important, many important initiatives attempting to foster collaboration and promote best practices among investors have emerged. The investor community has in recent years also given clear signs that strong stewardship is an important part of the investment process. Some key milestones in the evolution of stewardship are included in the figure below:



► For more information on these key milestones, see Appendix C

Since their inception, several stewardship-related initiatives have significantly expanded in terms of members and associated assets under management. As of 2020, they include:

Principles for Responsible Investment[8]

More than 2,300 signatories representing over $86 trillion in AUM.

Encourages investors to incorporate ESG in investment decision-making and be active owners.

Climate Action 100+[9]

450 investor members representing over $40 trillion in AUM.

Encourages world's largest corporate greenhouse gas emitters to take necessary action on climate change.

Investor Stewardship Group[10]

More than 60 institutional investors with combined assets in excess of $31 trillion in the U.S. equity markets.

Encourages investor stewardship and adoption of corporate governance principles.

Various initiatives and organizations have developed an increasing number of resources and reports on stewardship practices. These resources are available to practitioners and investors seeking to better understand how stewardship responsibilities can be implemented in practice (see resources in Appendix D).

Stewardship in Practice

Analysis of largest asset owners and asset managers

Considering the rise of stewardship codes, frameworks, guidelines and collective action initiatives, it is important to look at the current state of investor action. In particular, are the world's largest asset owners and asset managers taking their stewardship responsibilities seriously?

We evaluated key stewardship datapoints for the 20 largest global asset owners and 20 largest asset managers by assets under management (AUM). The asset owners represent more than $10 trillion in AUM, while the asset managers total over $41 trillion. Collectively, our sample wields significant economic power and influence in global markets. The key findings from our analysis are:

- Asset managers are disclosing more information about their investment stewardship activities than asset owners.
- All top 20 asset managers are signatories to the PRI, report on their stewardship activities and employ dedicated teams for ESG/Stewardship.
- Aside from corporate governance issues, climate risk is the top priority issue for the vast majority of asset managers and several asset owners. Other priority environmental and social issues for asset managers are diversity, human capital management and water. For asset owners, water, human rights, and diversity are key considerations.
- TCFD and SASB are the preferred corporate disclosure standards.

Theme	Indicators	Number of Asset Managers	Number of Asset Owners
Memberships and Initiatives	Signatories to the Principles for Responsible Investment (PRI)	20/20	8/20
	Members of the Sustainability Accounting Standards Board (SASB) (as advisory group or alliance members)	13/20	6/20
	Supporters of the Task Force on Climate-related Disclosures (TCFD)	17/20	7/20
	Members of Climate Action 100+	10/20	3/20
Stewardship Reporting	Report on stewardship activities in some way (through a stewardship, ESG or active ownership report or webpage)	20/20	11/20
	Issue a dedicated 'stewardship report'	7/20	1/20
Material Issues	Identify climate as a material issue	17/20	7/20
Resourcing	Employ a dedicated ESG/Stewardship team	20/20	5/20
	Size ranges of dedicated ESG/Stewardship teams	1-133 staff	3-35 staff

Snapshot Results: Number of Top 20 Asset Managers and Asset Owners Meeting **Stewardship Criteria**

Key data sources used for the analysis and key sample data are included in Appendix H.

A Spotlight on Stewardship in Passive Funds

As seen in the table above, the proportion of assets allocated to passive funds by the 'Big Three' far exceeds their assets in active funds. In recent years, passive investing has gained significant traction with investors of all types. In August 2019, assets in passive US equity funds surpassed assets in actively managed funds. Going forward, we expect the growth and influence of passive funds to continue increasing, and therefore special attention should be placed on how stewardship is conducted in passive investments. A major challenge for passive funds is the potential for deeper stewardship activities to put pressure on the business model that seeks to charge the lowest fees possible. There may also be a perception of a lack of financial incentives, because passive investors are not seeking alpha. Additionally, the scale of ownership (passive investors may have tens of thousands of portfolio companies) makes it difficult to engage thoughtfully with every company.

However, there are major opportunities and benefits of stewardship in passive investments, such as:

- Risk management – Passive investors are highly exposed to systemic risks across industries.
- Exposure to future trends – Passive investors have the opportunity to build value by engaging with companies on major structural trends that affect the entire economy.
- Communication – Passive investors do not have the option to sell, which means communication and dialogue is their number one option to enhance value.
- Economies of scale - Large passive managers can capture more value from governance improvements and achieve greater economies of scale from stewardship.
- Differentiation – Stewardship is increasingly a key source of competitive advantage for passive investors to win client mandates.

Key challenges for advancing stewardship:

Although investment stewardship practices are strengthening over time, our analysis has also identified numerous practical challenges that must be addressed going forward. Some key challenges are:

Lack of standardization: There is no single definition of what stewardship entails and the core activities investors should be undertaking. Currently, best practices are still in the process of development, in response to global stewardship codes and via collective action initiatives. For asset managers, it may be challenging to benchmark activities against peers, especially as stewardship reporting occurs through many different channels, with different formats and reporting time periods being used. Similarly, asset owners may find it challenging to evaluate and select the best 'stewards' to manage their assets.

Resourcing: Investment stewardship can be resource intensive, requiring people, expertise and data. Many ESG issues are complex to understand and different companies within a portfolio can exhibit vastly different levels of ESG disclosure and performance. Investors must have a strong case to justify the costs associated with expanding their stewardship capabilities. The cost pressure is particularly relevant for passive investors, where the business model implies keeping management fees lows.

Availability of talent: To fulfill stewardship responsibilities effectively, a combination of investment expertise and deep knowledge of ESG issues is required. However, ESG has not traditionally been incorporated into financial education and training programs. As such, investors must carefully consider how they can hire the right expertise or upskill existing staff to meet the growing expectations on stewardship.

Depth versus breadth: Stewardship teams are often faced with a trade-off between conducting deep and high-quality engagements with a smaller number of companies versus engaging more broadly with a larger number of companies. This challenge is best understood by large investors, who may hold tens of thousands of stocks across all industries – with each investment posing unique risks, opportunities and value-drivers.

Transparency versus privacy: On one hand, transparent disclosures about which companies have been engaged by investors and their level of performance can help drive change. For example, naming good performers can help communicate leading practices to the market, while shaming poor performers can ramp up the pressure to improve, especially when reputational effects are a concern. On the other hand, keeping stewardship activities private may help investors to build strong relationships with companies built on constructive dialogue. Additionally, some investors may face issues linked to conflicts of interest or insider information that may require them to keep certain information private.

ESG scores as an input: A key part of stewardship involves assessing ESG performance within the investment portfolio, typically based on ESG scores. There are well-known challenges with existing ESG data, including discrepancies between ESG scores depending on the chosen data provider. Investors using ESG scores to inform company engagements need to be educated about the methodologies used by different data providers and may need to verify information with companies before taking decisive action.

Measuring success: Although the demand for investors to report on their stewardship activities continues to grow, there are no clear guidelines for measuring success. There has been some debate over the benefits of disclosing quantitative metrics such as the number of engagements conducted annually, or qualitative information such as case studies – with many practitioners currently opting for a mix. Another challenge is that the role and impact of individual institutions can be hard to determine, especially when collective action is needed to tackle global and systemic issues such as climate change. Regardless, it is vitally important to be able to distinguish between investor 'greenwashing' and good quality stewardship.

What's Next for Investment Stewardship?

Our analysis of the top 20 global asset managers and asset owners provides useful insights on the current state of play in investment stewardship, but what does the future look like? Below we outline key trends we expect to see in the coming years:

1. **Strong and proactive investment stewardship will be a priority for major investors:** Leadership from large asset owners and managers will help establish stewardship and ESG as essential components of investing. One example of this trend is the expansion of BlackRock's stewardship team, which has roughly doubled in size over the past three years. The work of the stewardship team is complemented by high-profile research conducted by BlackRock dispelling the myth that a return sacrifice is needed when adopting sustainable investing, arguing that in fact the opposite is true.[11] The symbolic impact of the world's largest institutional investor investing in stewardship and outlining the business case for sustainable investing is extremely important, helping to generate legitimacy and buy-in for all investors.

2. **Asset owners will step up their oversight of asset managers:** A key driver of stewardship has been the increasing demand from asset owners to evaluate and select their investment managers on stewardship and ESG. In the coming years, we can expect stewardship due diligence and the incorporation of ESG considerations in manager selection to become increasingly sophisticated. There are already signs of asset owners seeking to transform the manager selection process through the use of ESG ratings and deeper evaluations of manager ESG policies and ESG integrations techniques. For example, the "ESG Investing Olympics" were recently launched by three charities who invited six large asset managers to compete for an investment mandate based on a deep quizzing of their ESG practices – all in front of a live audience of environmental experts.[12] Overall, it is clear that asset managers will need to prove their credentials in an increasingly competitive landscape.

3. **Stewardship will help accelerate the push for standardized ESG disclosures and assurance:** Currently there is a proliferation of ESG disclosure frameworks being used by companies, meaning disclosures are not standardized. The voice of investors will increasingly be a force for accelerating standardized disclosures, as companies will seek to adapt their reporting to the preferences of their investors. Our analysis of major asset owners and managers in this report has shown that investors are communicating a clear preference for SASB and TCFD-aligned disclosures, an important finding for companies to consider if they are feeling overwhelmed by the many frameworks available. While we can expect standardized disclosure to be first on the priority list for investors, a push for assurance on data disclosed may soon follow.

4. **Market outcomes will push stewardship and ESG investing higher on the agenda:** There is strong evidence that stewardship and ESG bring financial benefits and provide additional insights on key risk and return drivers. Although investors have been slow to react to the evidence, it is only a matter of time before the link to financial performance

becomes impossible to ignore. Early evidence following the outbreak of the coronavirus pandemic has shown that ESG funds appear to have been more resilient to the market downturn.[13] The onset of a public health crisis in early 2020 and intensifying climate change over the next decade will only serve to highlight the importance of monitoring social and environmental data and modeling the impact on investment performance. Against this backdrop, we foresee more investors clarifying their strategies for escalating issues with senior management and boards, setting clear expectations and timelines for progress to be achieved, especially on climate issues.

5. **Investors making sustainability commitments will be held to their word:** Stakeholder pressure for sustainable investing is high and the science is clear that the clock is ticking on the climate transition. In this context, investors making high-profile commitments to responsible investment stewardship and sustainability can expect to be scrutinized and put under the spotlight if their actions are not consistent with their commitments. NGOs have traditionally played an important role in raising awareness about the role of the private sector, and going forward it is likely they will deepen their knowledge of investment activities and market mechanisms that can be harnessed to drive change. We have also seen the emergence and expansion of dedicated sustainability-focused news channels from large financial media outlets such as the Financial Times (see: Moral Money[14]) and Bloomberg (see: Good Business[15]) that are drawing further attention to key market developments involving major companies and investors. Investors considering their stewardship agenda for the future should be aware that NGO and media pressure will reward authenticity.

6. **Incentives for collective action and deep collaboration will strengthen:** As more and more investors expand their stewardship activities and improve reporting, we are likely to see a growing realization that collective action could drive greater efficiency in the process. For instance, different asset managers investing in listed equities are often engaging with the same portfolio companies, meaning there may be a duplication of effort that could be eliminated to the advantage of both. We also expect that challenges with third party ESG data will drive more direct dialogue between companies and investors, particularly on industry-level challenges. In this regard, High Meadows Institute has launched a project designed to accelerate sustainability practices within industries by improving communication between institutional investors concerned with sustainability integration and the companies and industries they invest in. Named the 'Institutional Investor Industry Engagement Project,' a pilot has been launched with market-leading companies in the Biopharma industry and their investors to agree on financially material ESG metrics to disclose.[16]

7. **ESG education will be a requirement for investment professionals:** In addition to hiring new staff with expertise on ESG issues, we expect financial institutions to place a greater emphasis on

structured and mandatory training for key investment staff. One signal of change is the recent collaboration between AllianceBernstein and Columbia University, which involved all the investment analysts and portfolio managers going 'back to school' to learn about the financial risks of climate change.[17] Another is the expansion of ESG training modules by the CFA Institute. Increasingly, NGOs, universities, consultants and multi-stakeholder partnerships will be focusing on educational programs as a key lever to deliver progress in sustainable investing.

8. **Sustainable investing will be a key focus area for financial system regulators:** Beyond voluntary stewardship codes, regulators will continue to oversee market developments on sustainable finance and generate new rules where necessary. In Europe, the EU Commission has been examining how to integrate sustainability considerations into the financial policy framework and has launched an action plan on sustainable finance.[18] In the US, the Securities and Exchange Commission has been investigating ESG funds to see whether claims of sustainability might be considered false advertising.[19] Additionally, the Board of Governors of the Federal Reserve System has published a position statement on "Why Climate Change Matters for Monetary Policy and Financial Stability."[20] It should be noted, however, that the US may continue to lag other jurisdictions if counter-ESG initiatives by the current US administration, such as the proposed Department of Labor rule changes on ESG in ERISA, are enacted. In summary, the move to greater regulatory scrutiny and oversight of sustainable finance is likely to strengthen as ESG becomes an increasingly important element of mainstream investment management and investment managers will need to stay up to date on the latest developments.

9. **Stewardship will generate positive impacts across asset classes:** To date, investment stewardship has been most advanced in listed equities, where the emphasis is now centered on understanding the end outcomes and impact of investor actions. The growing attention on the role of investors in holistically driving positive economic, social and environmental outcomes is likely to catalyze more action and innovation across asset classes. Can fixed income investors develop their own stewardship mechanisms? What can private equity do? Here, new innovations include the emergence of sustainability-linked loans and ESG due diligence frameworks. In the coming years, every asset class will develop a stewardship manual accounting for where they have most leverage and are uniquely positioned to make a difference.

Detailed Results

Detailed Results

Asset owner results

Key results from our analysis of the top 20 asset owners worldwide are as follows:

Memberships and Initiatives

- Most major asset owners are not involved in key initiatives promoting stewardship and ESG integration in the investment process.
- Becoming a signatory to the PRI is the most common approach, while SASB and TCFD also show relatively more traction.

8/20

Signatories to the Principles for Responsible Investment

6/20

Involved in the Sustainability Accounting Standards Board (SASB) as either Advisory Group members or SASB Alliance members

7/20

Supporters of the Task Force on Climate-related Disclosures (TCFD)

1/20

Member of the Net Zero Asset Owner Alliance

1/20

Member of the Portfolio Decarbonization Initiative

3/20

Members of the Climate Action 100+

Case study: Asset owner engagement on climate risk[21]

The California Public Employees' Retirement System (CalPERS) has outlined three key channels for their sustainable investment strategy that have been approved by their board:

- Advocacy: Supporting policies and regulations that will foster the energy transition, such as the Paris Agreement
- Engagement: Ensuring that investee companies bring down their GHG emissions
- Integration: Bringing consideration of climate change risk and opportunity into investment decision-making.

In late 2019, CalPERS conducted an assessment of the climate-related risks within their investment portfolio. As part of the assessment, CalPERS evaluated their exposures to transition and physical risks in line with TCFD recommendations and explored the carbon footprint of their Global Equity and Global Fixed Income portfolios.

Stewardship Approach

- It is not common for major asset owners to issue a standalone 'stewardship report' – just one asset owner in our sample is currently taking this approach. Similarly, only 2 asset owners show evidence of a stewardship policy being in force.
- Over half of major asset owners are reporting on stewardship activities in some way – but using different language and a range of mechanisms including ESG and Responsible Investing reports and website pages linked to ESG, active ownership and sustainable investing.
- Less than half of asset owners disclose the ESG issues they consider. Out of environmental and social issues disclosed, climate risk appears to be gaining the most traction.

1/*20*

Issuing a dedicated 'Stewardship Report'

11/*20*

Reporting on stewardship activities in some way ('Stewardship, 'ESG,' 'Responsible Investing,' 'Active Ownership' or similar)

9/*20*

Disclosing specific ESG issues considered in the investment process

7/*20*

Identifying climate as an issue considered in the investment process

2/*20*

With a stewardship policy

8/*20*

Disclose that they consider sustainability and ESG in manager selection process

5/*20*

With a dedicated team for Stewardship and ESG activities

3-35

Size range of dedicated teams for stewardship and ESG activities

Case study: Asset owner stewardship reporting

Japan's Government Pension Investment Fund (GPIF) has increased their Stewardship efforts by issuing an annual Stewardship report[22] and a Stewardship Policy[23] and providing transparency in their asset manager selection, including shifting asset managers in search of better ESG capabilities.[24]

On December 2019, the GPIF announced it would stop lending its global equity stocks to short sellers, arguing that it was antithetical to ESG. Moreover, it has started to engage index providers in order to address ESG issues in passive strategies.[25]

Other Key Findings:

- There are few commonalities among the top 20 asset owners in terms of choice of reporting framework and ESG implementation both structurally (in terms of dedicated teams and ESG accountability) and financially (ESG considerations in investment decisions). However, there are more similarities between North American and European institutions
- 2 asset owners disclose that they contract service providers to help with their stewardship activities. The service providers are Hermes EOS and Global Engagement Services International.
- 3 asset owners disclose having activities in place to promote better regulation around ESG/disclosure.

Case study: Asset owners against short-termism[26]

Three pension Funds - the California Public Employees' Retirement System (CalPERS), Japan's Government Pension Investment Fund (GPIF) and USS Investment Management - have teamed up to urge their asset managers and portfolio companies to end their focus on short-term returns. The letter, which was published in March 2020, constitutes a break with the traditional silence of large asset owners on these matters. In it, the asset owners claim that *"[…] companies and asset managers who commit to sustainable value creation are not injecting politics into business, nor are they 'virtue signaling.' They are fulfilling their duty to us, and by extension, to the millions of families depending on us."* The letter also calls for more disclosure and recommends the TCFD as one of the frameworks to be used. Since the letter was issued, UK pension fund Railpen and the British Columbia Investment Management Corp have joined the initiative.

Asset manager results

Key results from our analysis of the top 20 asset managers worldwide are as follows:

Memberships and Initiatives

- The majority of top asset managers are involved in key initiatives promoting stewardship and ESG integration in the investment process.
- Becoming a signatory to the PRI is the unanimous approach, followed by broad support for the TCFD and CDP. Only half of asset managers are part of Climate Action 100+, the leading network for pushing companies to address climate risk.

20/20

Signatories to the Principles for Responsible Investment

13/20

Involved in the Sustainability Accounting Standards Board (SASB) as either Advisory Group members or SASB Alliance members

17/20

Supporters of the Task Force on Climate-related Disclosures (TCFD)

15/20

Issue GRI-aligned reports

2/20

Achieved a grade A, or “Leader” status, in the Asset Owner Disclosure Project 2020 Ranking, which ranks asset managers on their approach to Responsible Investment.

10/20

Members of the Climate Action 100+

Case study: AXA bringing innovation to fixed income

The French asset manager, AXA, has not only subscribed to all major initiatives, but has also been proactive in pushing for new strategies in the fixed income space. They were the first asset manager to call for the creation of transition bonds as a complementary asset class alongside green bonds, and subscribed to the first one ever, which was issued by Crédit Agricole.[27] Moreover, AXA participated in the formation of a Climate Transition Finance Working Group under the auspices of the International Capital Market Association's Green and Social Bond Principles, which will begin in 2020.[28]

Stewardship Approach

- All asset managers report on stewardship and ESG activities. Reporting occurs through a range of mechanisms including ESG and Responsible Investing reports and website pages (covering ESG, active ownership, engagement, sustainable investing and corporate governance). Less than half of asset managers issue a dedicated 'stewardship report.'
- All asset managers have dedicated ESG teams, but the size varies significantly. Even the largest team of 140 appears small relative to the number of portfolio companies that large asset managers invest in.
- Almost all managers disclose the material ESG issues they prioritize, with climate risk and governance issues appearing to be gaining the most traction.
- In addition to asset managers lending their support to the TCFD, it is also the most popular reporting framework asset managers endorse for their investee companies to use (11/20), followed by SASB (8/20).

7/*20*

Issuing a dedicated 'Stewardship Report'

20/*20*

Reporting on stewardship activities in some way ('Engagement,' 'ESG,' 'Responsible Investing,' 'Active Ownership' or similar)

19/*20*

Disclosing specific ESG issues considered in the investment process

17/*20*

Identifying climate as a priority issue

8/*20*

Publicly disclose a full list of companies engaged

104-1,533

Reported range of numbers of companies engaged in a year

20/*20*

Have a dedicated ESG team

3-35

Reported size range of dedicated teams for stewardship and ESG activities

Case study: Asset manager establishes sustainability goals through an action plan[29]

The French asset manager Amundi has been an important industry leader in ESG integration and engagement. With comprehensive disclosure and one of the biggest dedicated ESG teams amongst the top 20 asset managers (70 members), the firm has also pioneered the practice of establishing near-term ESG goals for asset managers.

The firm established a 3-year action plan that includes:

- 100% integration of ESG in voting by 2021
- Enhancing strategic advice and services
- Sharing knowledge and best practices through the ‘Amundi Executive Program,’ their client knowledge sharing program.
- Contributing to thought leadership through the Medici Committee think tank and other research publications

Case study: Engaging "with consequences" on climate risk

Legal & General Investment Management (LGIM) has shown strong leadership with the launch of its Climate Impact Pledge. As part of the pledge, LGIM will engage "with consequences" with the largest companies across six sectors identified as key to meeting global climate change goals: oil and gas, mining, electric utilities, autos, food retail and financials. Importantly, LGIM publishes the results of the engagements and discloses the names of corporate leaders and laggards on climate change.

If LGIM does not observe progress being made by companies within a sufficient timeframe, divestment will occur.[30]

Additionally, their engagement and voting practices are based on their proprietary ESG scores, which the firm publishes along with an explanation of the metrics on which they are based. In doing so, LGIM enables companies to know precisely in which areas they are performing well and where they need to improve.[31]

Other Key Findings

- 17/20 disclose using external ESG data, with MSCI being the most commonly disclosed provider.
- 4/20 asset managers disclose having a strategy to promote more regulation with government agencies and other standard-setters.

The Asset Owners Disclosure Project (AODP)[32]

The AODP is a ShareAction project that assesses and engages the world's largest institutional investors on their approach to responsible investment. Their 2020 report ranks 75 of the world's largest asset managers on their approaches to responsible investment. The headline results are:

- Over 50% of managers assessed have a very limited approach to managing ESG risks, receiving either a D or E rating. Just 33% of managers ranked higher than a B.
- The world's largest asset managers show particularly poor ESG performance. In fact, all of the world's six largest managers sit in the D and E rating band. Together they have a combined AUM of over US$20 trillion. The ratings are applied as follows:

AAA	Gold standard	Leading practice performance in managing risks and opportunities as well as impacts across all assessed responsible investment themes
AA-A	Leaders	Strong management of risks and opportunities as well as impacts across multiple responsible investment themes
BBB-B	Challengers	Management of risks and opportunities, building capacity in accounting for impacts across some responsible investment themes
CCC-C	Building capacity	Building capacity in management of risks and opportunities across some responsible investment themes
D	Business-as-usual	Little evidence to suggest adequate management of material responsible investment risks and opportunities
E	Laggards	Evidence suggests poor management of material responsible investment risks and opportunities

- US asset managers are far less progressive on ESG issues.
- 60% of those surveyed do not disclose information about the outcomes of engagements.
- While 73% of asset managers support the TCFD recommendations, just 19% issue disclosures in line with the recommendations.

Appendix

Appendix

Appendix A

Definition / viewpoint on stewardship	Number of initiatives
Government Agencies	
Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	**Financial Reporting Council (responsible for UK Stewardship Code)**[33]
"Stewardship responsibilities" refers to the responsibilities of institutional investors to enhance the medium- to long-term investment return for their clients and beneficiaries (including ultimate beneficiaries) by improving and fostering the investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue, based on in-depth knowledge of the companies and their business environment.	**Financial Services Agency (responsible for Japanese Stewardship Code)**[34]
Asset Managers	
Investment stewardship refers to engagement with public companies to promote corporate governance practices that are consistent with encouraging long-term value creation for shareholders in the company. Engagement and voting provide shareholders an opportunity to express their views.	**BlackRock**[35]
Stewardship aims to promote the long term success of companies in a way that the ultimate providers of capital (the shareholders) also prosper. Vanguard's commitment to effective corporate governance and adherence to the Stewardship Code is to ensure that its companies, investors and the economy as a whole benefit. Stewardship includes voting as well as monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure and corporate governance.	**Vanguard Asset Management**[36]
NGOs and Investor Networks	
Stewardship is preserving and enhancing the value of assets with which one has been entrusted on behalf of others. It reflects the fact that any investment intermediary looking after assets on behalf of a beneficiary or client has obligations of a fiduciary nature. Engagement is active dialogue with a specific and targeted objective. It is intended to put the stewardship role into effect. The underlying aim of the engagement dialogue should always be to preserve and enhance the value of assets on behalf of beneficiaries and clients.	**The Investor Forum**[37]

Definition / viewpoint on stewardship	Number of initiatives
The stewardship framework for institutional investors consists of six principles: 1. Institutional investors are accountable to those whose money they invest. 2. Institutional investors should demonstrate how they evaluate corporate governance factors with respect to the companies in which they invest. 3. Institutional investors should disclose, in general terms, how they manage potential conflicts of interest that may arise in their proxy voting and engagement activities. 4. Institutional investors are responsible for proxy voting decisions and should monitor the relevant activities and policies of third parties that advise them on those decisions. 5. Institutional investors should address and attempt to resolve differences with companies in a constructive and pragmatic manner. 6. Institutional investors should work together, where appropriate, to encourage the adoption and implementation of the Corporate Governance and Stewardship principles.	**Investor Stewardship Group (ISG)[38]**
At an individual company level stewardship helps to promote high standards of corporate governance which contributes to sustainable value creation, thereby increasing the long-term risk adjusted rate of return to investors and their beneficiaries or clients. At an investor level, stewardship is about preserving and enhancing long-term value as part of a responsible investment approach. This includes the consideration of wider ethical, environmental and social factors as core components of fiduciary duty. In a broader context, stewardship enhances overall financial market stability and economic growth.	**International Corporate Governance Network (ICGN)[39]**

Appendix B

Terms closely related to stewardship

ACTIVE OWNERSHIP

The Principles for Responsible Investment (PRI) defines active ownership as "the use of the rights and position of ownership to influence the activities or behaviour of investee companies. Active ownership can be applied differently in each asset class. For listed equities, it includes engagement and voting activities."[40]

ENGAGEMENT

A key component of stewardship worth highlighting is investor engagement, meaning "any interactions between the investor and current or potential investee companies on ESG issues and relevant strategies, with the goal of improving (or identifying the need to influence) ESG practices and/or improving ESG disclosure."[41] Investor engagement on ESG issues has gained significant traction in recent years, with the investor community becoming increasingly outspoken about the financial risks and opportunities linked to issues such as climate change.

VOTING

Shareholder votes are important channels to carry the opinions and action desired by an equity holder. As such, voting in line with investor ESG expectations is an important stewardship tool. An important debate is currently underway related to the use of proxy advisors to delegate the voting responsibilities of an investor. If delegated entirely, the investor would effectively be foregoing the ability to exercise their shareholding interests to the fullest.

Appendix C

Key indicators of the evolution of stewardship:

- In 2006, the PRI was established and codified the six PRI principles. The organization had already recognized the importance of active ownership and included stewardship as one of its core principles.[42]

- The G20/OECD Principles of Corporate Governance, most recently updated in 2015, encourage long-term investor engagement and collective action.[43]

- The EU Shareholder Rights Directive promotes the exercise of shareholder rights in the European Union. Its latest revision in 2017 requires an 'engagement policy' to ensure that decisions take into account social and environmental issues and focus on long-term stability.[44]

- State Street Global Advisors urged boards of directors to pay attention to ESG scores, noting that "a company's ESG score will increasingly determine if trillions in global institutional and retail capital will flow toward them or away from them."[45]

- 230 investors representing over $16 trillion in assets under management issued a joint statement calling on companies to take urgent action to stop deforestation in light of the devastating fires in the Amazon.[46]

- Three large asset owners – GPIF, Calstrs and USS – went beyond the traditional silence of asset owners and published a joint statement calling for an end to focusing on short-term returns.[47]

- The growth of the Climate Action 100+ (CA100+) group, an investor network launched in 2017 that now represents over $40 trillion in assets under management.[48] CA100+ members have undertaken coordinated action targeting carbon intensive industries, using mechanisms such as prolonged engagements and shareholder proposals to request better corporate disclosure and performance on climate risk. In 2020, the world's largest institutional investor, BlackRock, joined CA100+ amid growing pressure for the organization to match its rhetoric on climate risk with action.[49]

- Financial news outlets providing coverage of mounting investor pressure on companies, including the following headlines:

  - *"Exxon, Chevron to face climate change pressure from investors"* (Bloomberg, 2019).[50]

  - *"BP agrees to greater climate disclosure: Investor backlash against energy companies grows for their role in global warming"* (Financial Times, 2019).[51]

  - *"3 Ways Investors Can Pressure Companies to Take Sustainability Seriously"* (Barron's, 2019).[52]

Appendix D

Below are some key resources practitioners may find helpful:

Ceres

The report in collaboration with BlackRock, **21st Century Engagement: Investor Strategies for Incorporating ESG Considerations into Corporate Interactions**, is a guide for US investors on engaging with companies and policymakers on sustainability issues and includes tactics and case studies from 37 experts.

Ceres Engagement Tracker tracks all shareholder proposals on proxy statements relating to ESG issues. The tracker is a publicly available resource.

The **SEC Sustainability Disclosure Search** sheds light on how companies are disclosing material risks and opportunities they face from sustainability issues.

The Ceres **Roadmap for Sustainability** is a resource to guide companies toward corporate sustainability leadership.

Focusing Capital on the Long Term (FCLT)

The **Interactive Portal for Global Stewardship Codes** compares existing stewardships codes.

The **Model Stewardship Code for Long-term Behavior** highlights principles and approaches to promote long-term thinking and value creation.

The **Stewardship Checklist for Long-term Success** helps investors implementing policies and procedures aligned with codes.

The **Conversation Guide for Stewardship Teams** is a manual enabling stewardship teams to communicate effectively with portfolio managers.

Brochures on:

- **Tools for Strategic Engagement** broken down by firm type
- **Practical Tools to Address Investment Challenges** (particularly multi-horizon risks)
- **Top Ten Terms for Long-Term Mandates**
- **Contract Provisions and KPIs for Long-Term Mandates**

Investor Stewardship Group

PRI's **Signatory Directory** allows public access to reported data on the implementation of responsible investment practices for thousands of companies. It includes interactive data charts tailored by market and other criteria.

The **Fiduciary Duty in the 21st Century Final Report** provides detailed country-specific analysis of current ESG-related fiduciary policies and regulatory landscapes and recommendations for reform.

The Active Ownership 2.0 proposes a standard for improved stewardship.

Publications on developments in the Responsible Investment space, for instance the paper on **passive responsible investments.**

International Corporate Governance Network (ICGN)

The flagship Global Stewardship Principles report provides a framework to implement stewardship practices.

The Global Stewardship Codes Network shares information and views on implementation of codes.

ICGN Guidance on Investor Fiduciary Duty offers guidance for addressing systemic risk beyond duty of care and loyalty.

Council of Institutional Investors

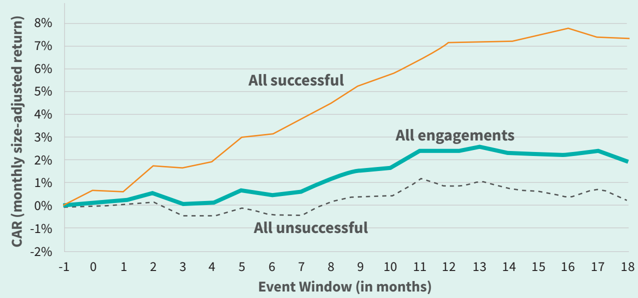
Provides guidance reports on several topics:

- Sustainability Reporting Frameworks: A Guide for CIOs
- Board Evaluation Disclosure
- Clearing the Bar: Shareholder Proposals and Resubmission Thresholds
- CII Roundtable Report: Real Talk on Executive Compensation

Appendix E

The table below offers a summary of existing studies linking stewardship to financial performance benefits:

Authors	Year	Summary of findings
Hoepner, Oikonomou, Sautner, Starks, and Zhou	2019	The authors examine whether engagement on environmental, social and governance (ESG) issues can benefit shareholders by reducing firms' downside risk, measured using the lower partial moment and value at risk. Using a proprietary database, they provide evidence supporting this hypothesis. They further find that the measured risk effects vary across engagement success and engagement themes. Engagement appears most effective in lowering downside risk when addressing environmental topics (primarily climate change). The authors find corroborating evidence that successful engagement reduces the firm's exposure to a downside-risk factor.[53]
Becht, Franks, and Wagner	2019	The results show that engagement with portfolio firms has a significant influence on trading decisions. One conclusion is that monitoring and engagement by the asset manager contributes to an informational advantage, which in turn contributes to alpha. The authors use proprietary data from Standard Life Investments, one of the largest UK active asset managers.[54]
Kordsachia	2019	The author finds that socially responsible investors' (SRI) ownership of listed European companies is linked with greater firm value and lower firm risk. The research provides evidence that SRIs engage in active monitoring that results in shared gains in terms of higher firm market valuation and lower stock price volatility. It is argued that SRI investors possess a unique multi-attribute value function, which not only facilitates active, long-term monitoring, but also creates greater interest alignment between them and other stakeholders of the firm.[55]
Barko, Cremers, and Renneboog	2018	The authors study investor activism promoting environmental, social and governance (ESG) improvements using a proprietary dataset. Targets have a higher market share, analyst coverage, stock returns and liquidity. The engagements lead to ESG rating adjustments. Activism is more likely to succeed when targets have a good ex-ante ESG track record, lower ownership concentration and growth. Successful engagements positively affect sales growth, without changing profitability. A portfolio of targeted firms earns superior returns to that of matched firms, e.g., targets in the ex-ante lowest ESG quartile outperform non-engaged peers by 4.7%. Similarly, successful engagements generate higher returns than unsuccessful ones. Their panel spans a decade (2005-2014), 660 engaged companies from around the globe and 847 separate engagements. The engagements in their sample primarily concern social matters (43.3%) and environmental issues (42.3%), while only relatively few concern governance issues (14.4%).[56]

Authors	Year	Summary of findings
Principles for Responsible Investment	2017	Evidence from collaborative dialogues involving 225 investment organizations (all signatories to the PRI) over the period 2007-2017 shows that after successful engagements have occurred, target companies experience improved profitability (as measured by return on assets), while unsuccessful engagements demonstrate no change.[57]
Grewal, Serafeim and Yoon	2016	Harvard Business School Research shows that filing shareholder proposals is effective at improving the performance of the company on the focal ESG issue, even though such proposals nearly never received majority support. Proposals on material issues are associated with subsequent increases in firm value.[58]
Dimson, Karakas and Li	2015	A key academic study from 2015 on corporate social responsibility engagements with US public companies over the period 1999-2009 found that after successful engagements, companies experience improved accounting performance and governance. The graph below plots the cumulative monthly abnormal returns (CARs) around investor engagements from one month prior to the engagement month to 18 months afterward. The authors find a positive cumulative abnormal return for successful engagements (the average one-year size-adjusted abnormal return after initial engagement is +7.1% for successful engagements) and a zero return for unsuccessful ones, concluding that ESG improvements increase the market value of engaged companies.[59] 
Becht, Franks, Mayer, and Rossi	2008	An examination of private engagements conducted by fund manager Hermes demonstrated financial outperformance associated with investor engagement rather than stock picking.[60]

Appendix F

The table below outlines additional studies that document positive ESG outcomes:

Authors	Year	Summary of findings
Chevrollier, Zhang, Van Leeuwen, and Nijhof	2020	The authors find that – consistent over time – a stronger orientation on stewardship is positively associated with higher ESG performance. Additionally, the political model of economy significantly alters the relationship indicating the effect of strategic orientation on ESG performance.[61]
Aguilera, Bermejo, Capapé, Cuñat	2019	The authors observed significantly positive changes in corporate governance practices after governance expectations were communicated to investee companies. They based their study on Norway's sovereign wealth fund and its portfolio firms after the fund defined specific governance expectations and announced that it would rebalance its portfolio accordingly.[62]
Cerulli Associates	2019	Research from Cerulli Associates surveyed asset owners on their stewardship practices. The results show that active ownership practices can improve corporate policies, practices and accountability. The authors explain that communication between investors and a company's leadership on ESG risks and opportunities might sustain or improve performance and shareholder value. The research concluded that active stewardship can strengthen corporate ESG performance and policies.[63]

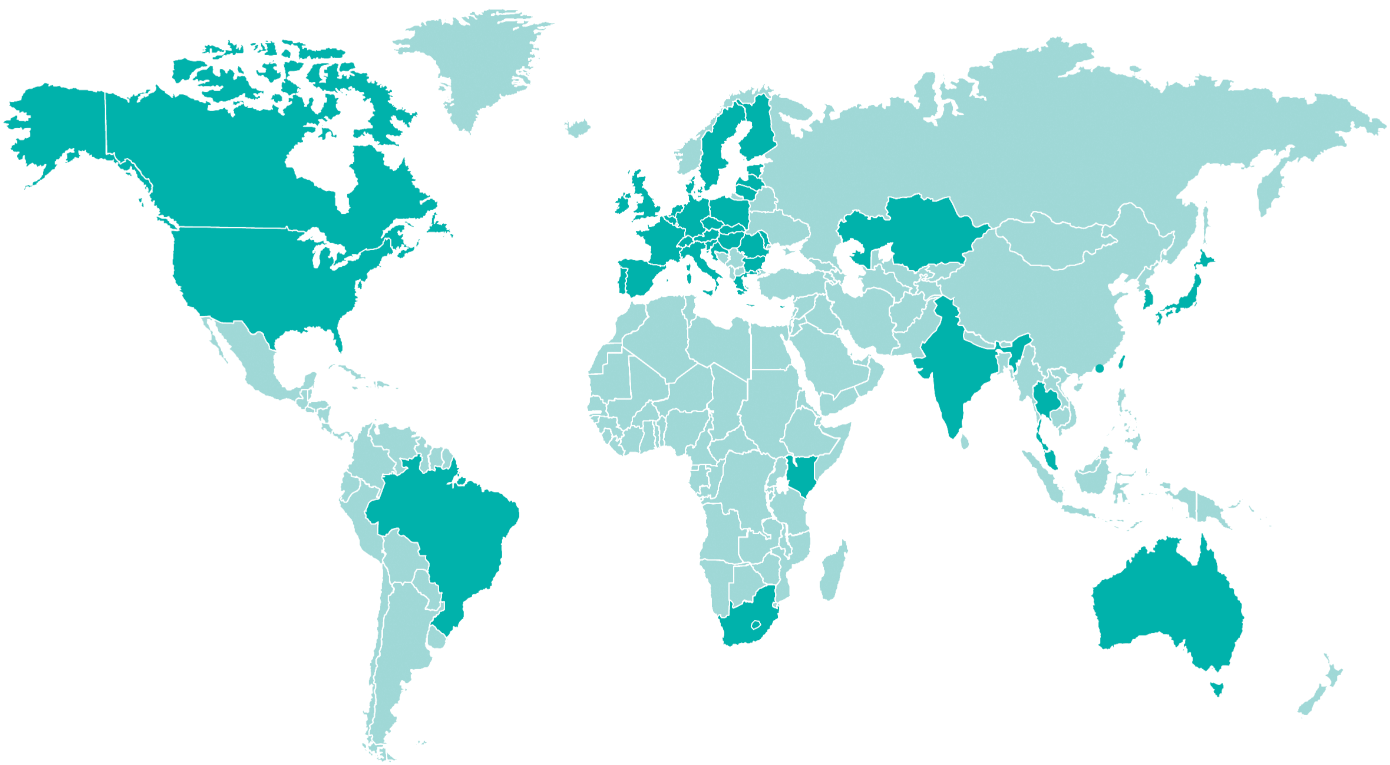
Appendix G

Stewardship Codes

Stewardship codes have grown in number since 2010. These codes generally seek to promote investor engagement and transparency in the investment process, clarify governance expectations and responsibilities and encourage the disclosure of how the latter are discharged. The focus is often placed on the following key areas: monitoring and engaging of investee companies and issuers, considering environment, social and governance factors, conflicts of interest and voting.

In 2010, the very first code was introduced in the UK, following a post-crisis review of corporate governance in financial institutions. Since then, codes have proliferated, with 24 stewardship codes created around the world.[64]

Map of existing country-specific stewardship codes



21 country-specific codes:

1. Australia
2. Brazil
3. Canada
4. Denmark
5. Germany
6. Hong Kong
7. India
8. Italy
9. Japan
10. Kenya
11. Malaysia
12. Netherlands
13. Norway
14. Singapore
15. South Africa
16. South Korea
17. Switzerland
18. Taiwan
19. Thailand
20. United Kingdom
21. USA

Three codes spanning several countries:

22. International Corporate Governance Network (ICGN)
23. Organization for Economic Cooperation and Development (OECD)
24. European Union (EU)

Case study: UK Stewardship Code

The UK Stewardship Code was first published in 2010 by the Financial Reporting Council and has been revised in 2012 and 2020. The Code consists of 12 Principles for asset managers and asset owners and six Principles for service providers. These are supported by reporting expectations, which indicate the information that should be publicly reported in order to become a signatory.[65] The code requires all UK-authorized asset managers and voluntary signatories to disclose a "comply or explain" statement of commitment.[66] It has a strong focus on the activities and outcomes of stewardship, not just policy statements. In the 2020 revision, new expectations were introduced about how investment and stewardship is integrated, including on ESG issues. The Code asks investors to explain how they have exercised stewardship across asset classes. For example, for listed equity, fixed income, private equity, infrastructure investments and in investments outside the UK.[67]

Case study: Japanese Stewardship Code

Japan's Stewardship Code was first developed in 2014,[68] revised in 2017,[69] and finalized in 2020. The code was produced by the Council of Experts Concerning the Japanese Version of the Stewardship Code, established by the Financial Services Agency. The code encourages companies to promote sustainable growth of investee companies through "constructive engagement." The code mandates that investors have a clear and public policy for stewardship, and that they regularly report to beneficiaries as to how that policy is being adhered to, which may include reporting the results of how they voted on management proposals at shareholders meetings. The code is not legally binding, but signatories are subject to a "comply or explain" approach.[70]

Appendix H

To provide a solid picture of current stewardship practices, our research captured information for the top 20 asset owners and top 20 asset managers under the following categories:

- Membership and initiatives, including uptake of leading ESG disclosure frameworks
- Stewardship reporting
- Identification of material ESG issues to be prioritized in stewardship and engagement
- Number of dedicated resources for stewardship and ESG activities
- Disclosures on third parties such as proxy advisors, outsourced engagement and ESG data providers

Key data sources used for the analysis

- PRI transparency reports
- Stewardship/Responsible Investment/ESG reports
- Organizational policies
- ESG-related disclosures from investor websites
- Websites of relevant NGO initiatives

Sample: Global Top 20 Asset Owners and Asset Managers by AUM

Asset Owner	Headquarters	AUM (2019, US $ trillions) findings	Asset Manager	Headquarters	AUM (2019, US $ trillions)
Government Pension Investment Fund	Japan	1.37	BlackRock	US	6.52
Government Pension Fund	Norway	0.98	Vanguard Asset Management	US	5.6
China Investment Corporation	China	0.94	State Street Global Advisors	US	2.80
Abu Dhabi Investment Authority	United Arab Emirates	0.70	Fidelity Investment	US	2.70
Kuwait Investment Authority	Kuwait	0.59	J.P. Morgan Asset Management	US	2.10
Federal Retirement Thrift	US	0.58	Capital Group	US	1.86
National Pension	South Korea	0.57	BNY Mellon Investment Management	US	1.84
Hong Kong Monetary Authority Investment Portfolio	Hong Kong	0.51	PIMCO	US	1.76
SAMA Foreign Holdings	Saudi Arabia	0.51	Goldman Sachs	US	1.60

Asset Owner	Headquarters	AUM (2019, US $ trillions) findings	Asset Manager	Headquarters	AUM (2019, US $ trillions)
Stichting Pensioenfonds ABP	Netherlands	0.46	Amundi	France	1.60
SAFE Investment Company	China	0.44	AXA	France	1.60
GIC Private Limited	Singapore	0.39	Morgan Stanley	US	1.60
California Public Employees' Retirement System	US	0.38	PGIM	US	1.45
Temasek Holdings	Singapore	0.37	Credit Suisse	Switzerland	1.44
National Social Security	China	0.33	Deutsche Bank (DWS)	Germany	1.36
Qatar Investment Authority	Qatar	0.32	Legal and General Investment Management	UK	1.32
Public Investment Fund / Sanabil Investments	Saudi Arabia	0.29	BNP Paribas Asset Management	France	1.21
Canada Pension (Managed by CPP Investments)	Canada	0.29	Northern Trust	US	1.16
Central Provident Fund	Singapore	0.29	Bank of America	US	1.01
Pensioenfonds Zorg en Welzijn (PFZW)	Netherlands	0.25	T. Rowe Price	US	1.08

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About the Authors

The **High Meadows Institute** is focused on the role of business leadership in society. Our mission is to contribute to sustainable economic and social progress in a global economy and society. The High Meadows Institute was founded in 2013 by a small group of senior business and finance leaders with deep experience in the private and non-profit sectors. The Institute works in close partnership with other leading think tanks and academic and business organizations to advance its mission.

KKS Advisors is a leading consultancy firm providing innovative solutions that enable organizations to capture the enduring benefits of a sustainability approach. Applying our unique, research-backed approach, we work with corporations, foundations, NGOs and investors on sustainable strategies that deliver lasting impact. Our vision is to reshape markets, creating a world where business and investment decisions are made for the long term, taking environmental, social and governance factors into account. With offices in London, Boston and Athens, and associates around the world, our reach is global, and our focus is on efforts which foster systemic change.

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