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New report shows stewardship emerging as a central concept in ESG investing

BOSTON – A new study released today by High Meadows Institute, *Investor Stewardship: The Path Forward*, finds that stewardship has emerged as a central concept in ESG investing and is expected to become a priority for major investors going forward as the need to manage social and environmental risks become increasingly vital. The report provides an overview of the evolution and current practice of investment stewardship before exploring challenges to advancement and forecasting future developments in the field.

Among the key finding:

- Stewardship is linked to both improved ESG performance and greater financial performance
- While the majority of top asset managers now have active stewardship teams and are working on integrating ESG into the investment process, only a few major asset owners are similarly engaged
- Challenges to advancing stewardship include lack of standardization of ESG reporting standards, availability of talent and the difficulty of measuring success
- While some expected that the COVID-19 crisis would negatively impact stewardship activities, this has not been the case, with many large institutional investors continuing to build out their stewardship teams and step up their corporate engagement. It remains to be seen, however, how the pandemic will affect the growth and practice of investment stewardship long term

The report outlines nine key trends that are expected to play out in the coming years, including increased oversight and regulation, a push for standardized ESG disclosures, increased accountability of investors making sustainability commitments and stronger incentives for collective action and collaboration. Case studies focus on asset owners and asset managers who have integrated stewardship into their investment strategy and set goals for improving sustainability and ESG practices.

To read the report, as well as many other publications, visit High Meadow Institute’s website:
<https://www.highmeadowsinstitute.org/publications/>

High Meadows Institute is a Boston-based think tank and policy institute focused on the role of business leadership in creating a sustainable society. Founded in 2013, HMI’s mission is to increase the contribution of business leadership in addressing complex environmental and societal challenges, working in close partnership with thought leaders, academic and business leadership organizations and other policy institutes to drive positive change.

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