

CONVERSATION GUIDE FOR STEWARDSHIP TEAMS

For stewardship teams to connect with counterparts in investment research and portfolio management about the long-term potential of stewardship codes

Stewardship codes can help investors articulate their guiding principles and enhance long-term value creation for beneficiaries. Increasingly, asset owners and asset managers alike are dedicating real resources to implementing stewardship codes — including the central tasks of monitoring key metrics and regularly engaging with investees. These responsibilities can rest with centralized stewardship teams or become a shared responsibility across departments.

Drawing on the expertise of our members, FCLTGlobal has compiled this conversation guide to help stewardship, proxy voting, responsible investing, and environmental, social, and governance (ESG) teams collaborate with their counterparts in portfolio management and investment research to apply stewardship codes in a way that advances long-term thinking.

Investee Communication

- In what circumstances is it most valuable to provide investees with feedback?
- How do you provide feedback to companies on their long-term strategies? On which types of issues?
- What other tools do we have beyond providing companies with frequent or systematic feedback to best drive greater long-term value creation?
- Under what circumstances would you write to the board or otherwise escalate if a company did not listen to your feedback?
- Would it be helpful to have a predefined or centralized escalation process?

ESG Considerations and Stakeholder Perspectives

- Which ESG factors have a material impact on your investment decisions and processes (e.g., robustness of the supply chain, corporate culture, other intangibles)?
- Would your investment decisions benefit from a greater understanding of the potential risks and opportunities related to relevant investee stakeholders?

Long-Term Alignment

- How do we track the effectiveness of our strategic decision-making on stewardship?
- Do we present data effectively to frame our decision-making?
- How should we coordinate investee communication and meetings?

Acknowledging the Stumbling Blocks

- What are our chief concerns about investment stewardship codes — and how can we best address them?