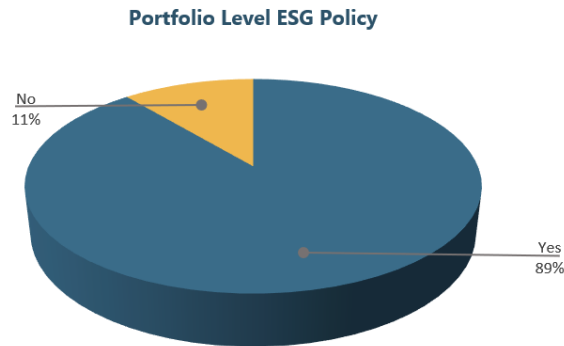


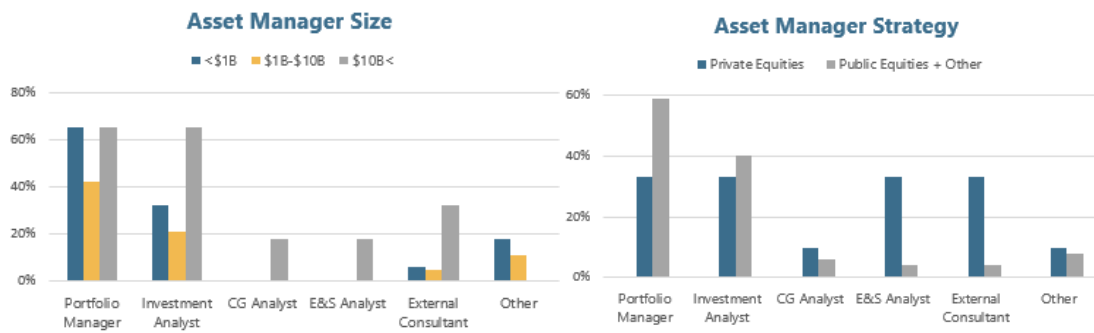
ESG Integration Practices: Research Results – Part 2

Last month we summarized the [key findings](#) around investment sourcing and decision-making of our [empirical study](#) of ESG integration and stewardship policies and practices of selected fund managers, conducted earlier this year. This Part 2 summary of the study’s results is focused on patterns of engagement with investee companies.

The vast majority of respondents to our survey (89%) reported following some form of policy for engagement with portfolio companies.

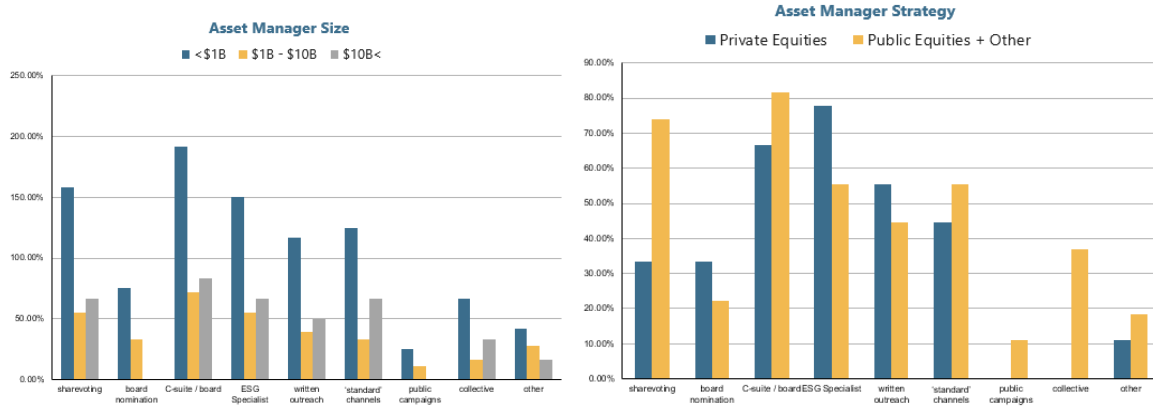


Questioned which staff members typically conduct discussions with portfolio companies around ESG issues, private equity firms and larger public equity managers were the most likely to indicate reliance on specialized ESG staff. Private equity firm respondents were more likely to employ external consultants to conduct engagements with portfolio companies, and smaller public equity investment houses tended to say they relied on investment analysts and portfolio managers, rather than specialized ESG staff, to communicate with portfolio companies on ESG topics.



We asked respondents to our survey to indicate their most common portfolio engagement activities. The three most frequently reported were discussions with Board and C-suite members, sharevoting, and interaction with portfolio company ESG specialists. We suspect that the surprising number of respondents who actively engaged with Board and C-suite members is

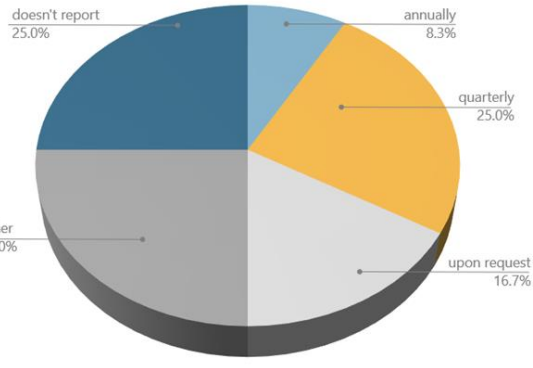
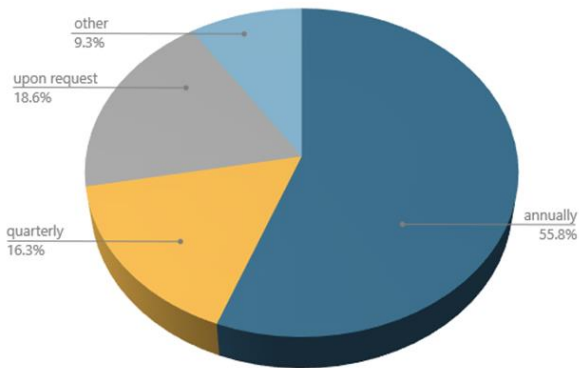
a result of sample bias. Both sample selection and likelihood of responses probably leaned toward more activist or active-ish investment firms.



Finally, the results of the study indicate a clear link between public commitments to stewardship and reporting of engagement activities and outcomes to beneficiaries. Respondents who signed up to recognized ESG-related standards and frameworks, such as PRI, were more likely to report on their activities, and to do so with greater frequency than non-signatories.

PRI Signatories

Non-PRI Signatories



The third and final part of our summary of results will look at the qualitative feedback that asset owner and asset manager participants in the study were kind enough to share with us.

Watch this space!