

# CASE STUDY: RI POSITIONING REVIEW

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## OVERVIEW

Impactive Associates was retained in October 2017 by a prominent asset management firm to carry out a full review of its responsible investment activities, which included an assessment and recommendations for enhancing its internal and external communications, including RFP content. Following a thorough information-gathering exercise and analysis of its existing activities and processes, the client was provided with clear and actionable recommendations to implement authentic and consistent communications to its stakeholders.

## THE CLIENT

This London-based asset management firm with £30 billion AuM serves both institutional and retail clients. While the firm is a signatory to the UN-backed Principles for Responsible Investment (PRI) and the UK Stewardship Code, it considered that it was not fulfilling its true potential in attracting additional AuM and was lagging behind competitors in terms of ESG-related brand and presence. The principals were also concerned that there was a lack of clarity internally about the relevance of ESG to the core business, with significant inconsistencies in approach across investment teams and their support resources. The firm was planning to launch a new ESG fund in the near future and needed to lay the right foundations to give it the best chance for success.

## THE BRIEF

We were approached by the head of business development and the corporate governance team leader and asked to assess the quality of the firm's existing ESG practices relative to industry best practice and peers. This covered a broad spectrum of activities, including reporting, communications and messaging. The company was keen to take on board external advice in order to mobilise the appropriate changes and internal process enhancements.

## WHAT WE DID

Our work was carried out in three stages:

### 1. Understanding the business

We believe that it is crucial to gather a holistic understanding of a business in order to diagnose the gaps and provide practical solutions. After signing an NDA, we were provided with access to the following internal materials for analysis:

- Fund presentations
- Stewardship policy
- Investment analysis notes
- Company meeting notes
- RFP responses
- 3rd party ESG reports
- Consultant questionnaires
- Quarterly client reporting
- Proxy voting activities
- UNPRI reporting

This was supplemented with research into the company's publicly available materials as well as social media presence with regard to RI messaging. In addition, we had one-on-one discussions with key professionals and were able to gain deeper insights into the perception and understanding of ESG across the organisation.

### 2. Analysis

Having gathered the information we needed, we went away and did what we do best - figure out what is going on in our client's business, drawing on our many years of experience as responsible investment practitioners. We paid particular attention to the internal and external messaging, information capturing mechanisms and benchmarking the client against their peers.

### 3. Recommendations

The client was provided with a document outlining our findings and contained clear and actionable recommendations to take messaging to the next level. The recommendations included a "basic" and "advanced" option, whereby a choice could be made as to the intensity and resourcing required depending on the desired outcome.

Example recommendations relating to communications:

Issue identified	Basic recommendation	Advanced recommendation
Lack of clarity on ESG’s relevance in the firm’s purpose and beliefs	<ul style="list-style-type: none"> <li>Review current situation and desired outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Workshop to define principles and roadmap for adoption</li> </ul>
Lack of marketing materials reflecting the firm’s thinking on ESG/sustainability issues	<ul style="list-style-type: none"> <li>Publish ad-hoc articles and materials on website</li> </ul>	<ul style="list-style-type: none"> <li>Define and implement consistent thought leadership strategy, working closely with marketing team and FMs</li> </ul>
Stewardship activities reported to clients according to minimum requirements	<ul style="list-style-type: none"> <li>Enhance existing process for capturing and reporting stewardship activity, particularly engagement activity</li> </ul>	<ul style="list-style-type: none"> <li>Develop a bespoke IT solution for enhanced client reporting</li> </ul>
Lack of knowledge and confidence in articulating ESG and RI issues across various teams	<ul style="list-style-type: none"> <li>Ad-hoc training</li> </ul>	<ul style="list-style-type: none"> <li>Bespoke workshops and continuous development for existing staff and new recruits</li> </ul>

The client also benefitted from a debrief meeting during which our findings were presented to key decision makers including the CIO.

## THE RESULT

The client used our analysis and recommendations in their executive committee meetings to agree the most appropriate next steps. They have subsequently enhanced their internal processes through improved information flows and additional research inputs. They are currently in the midst of some key senior management changes and we have committed to continue to help them as they progress and build their ESG profile.



*Thank you for your presentation last week, as I mentioned I found it really useful. I would like to include it in my Exec papers for discussion – would you be able to send me a soft copy – I have written notes all over mine!*

**Head of Business Development**

