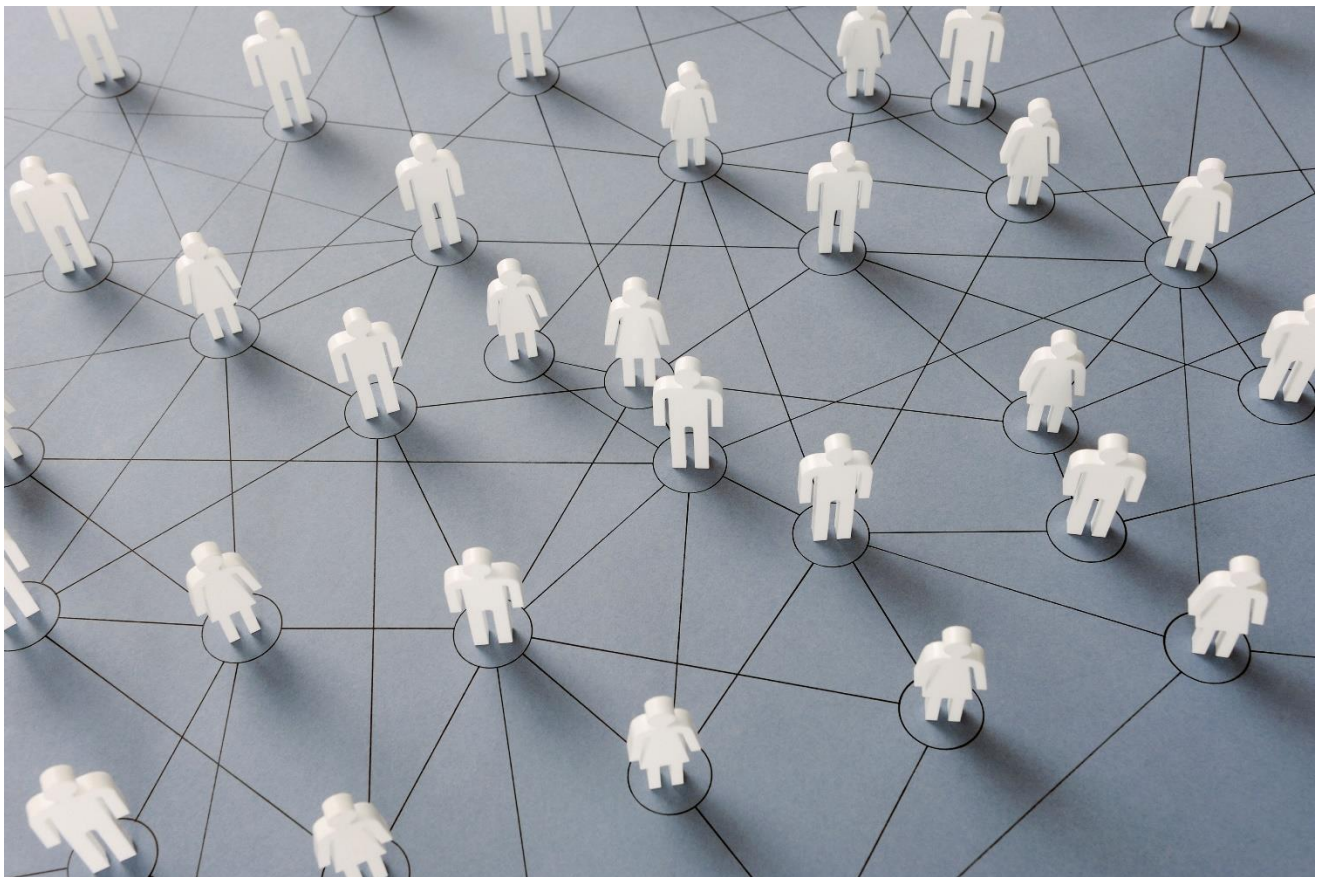


Global Stewardship Resourcing Survey

Understanding the current size and shape of stewardship resources in the investment industry



May 2023

A joint Thinking Ahead Institute / PRI Stewardship Resourcing Research Project

Overview

About the project

- The joint PRI/TAI stewardship resourcing research project aims to inform best practices on issuer and macro/system-level stewardship including establishing a calculation methodology to enable the benchmarking of appropriate levels of stewardship resources.
- For the purpose of this project, we are defining stewardship broadly as the use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend.

About the survey

- The following survey is designed to better understand current stewardship practices, resourcing and key stewardship costs.
- We acknowledge that some of the questions in this survey may be difficult to answer with precision. Our aim is to gather **ballpark estimates** to gain insight into the current landscape of stewardship resources within the investment industry. Data collected will be part of the foundation for us to draw a rough estimation of the desired level of resources that our industry should prepare to allocate to stewardship activities.
- **All survey results will be aggregated and anonymised to ensure the confidentiality of responses submitted by individual organisations and responses will not be utilised for performance evaluation or assessment.**
- We believe this data and the accompanying narrative can help individual organisations to develop stronger stewardship practices. We are extremely grateful for your participation in this survey in a project we think can make a big industry contribution.

What you will need to complete the survey

- This survey consists of 10 questions(20+ data points) and the types of data include:
 - 1) Asset and asset allocation data
 - 2) HR data on staff-related costs and/or the number of staff
 - 3) For AO: external manager fee related costs.
 - 4) An approximate understanding of different types of stewardship-related activities carried out by the organisation
- We understand that the survey may require input from multiple people in your organisation. **You can copy and save a unique URL provided at the bottom of each page. Share this unique URL with your colleagues for their input or revisit the survey later to continue from where you left off.**
- Please click here to download a copy of the survey questions. To ensure you have a record of your survey responses for future reference, you will be able to download a copy of the completed survey upon submission.
- If you have any questions, please contact Jessica Gao (jessica.gao@wtwco.com) and Clara Melot (clara.melot@unpri.org).

This survey focuses on understanding the size and shape of stewardship resources in the investment industry with the aim of driving broader change. Your participation is crucial in making this happen and we greatly appreciate your contribution to this effort.

Are you?

Asset manager

Asset owner

leading to two separate sets of questions

Name:

Organisation:

Email address:

This information is gathered to allow us to send you a copy of your responses for future use and to ensure that any duplicated survey responses can be reconciled into a single entry (i.e. one entry per organisation). Answers can be amended on request while the survey is open. Individual survey answers collected will be treated as strictly confidential and findings will only be shared in aggregate form.

Section 1: Ballpark profiling

1. What is the organisation's primary operating region?:

The geographic region of an organisation's operations can have implications for its stewardship and sustainability practices.

- a) Africa
- b) Asia
- c) Canada
- d) Europe including the UK
- e) Latin America
- f) Oceania
- g) US

2. What is the latest available **size** of your organisation in terms of AUM in USD?

The size in AUM has implications for stewardship resources

Free text box	USD bn
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3. What is the approximate split of the organisation's total assets by asset class?

The asset class mix affects stewardship opportunity

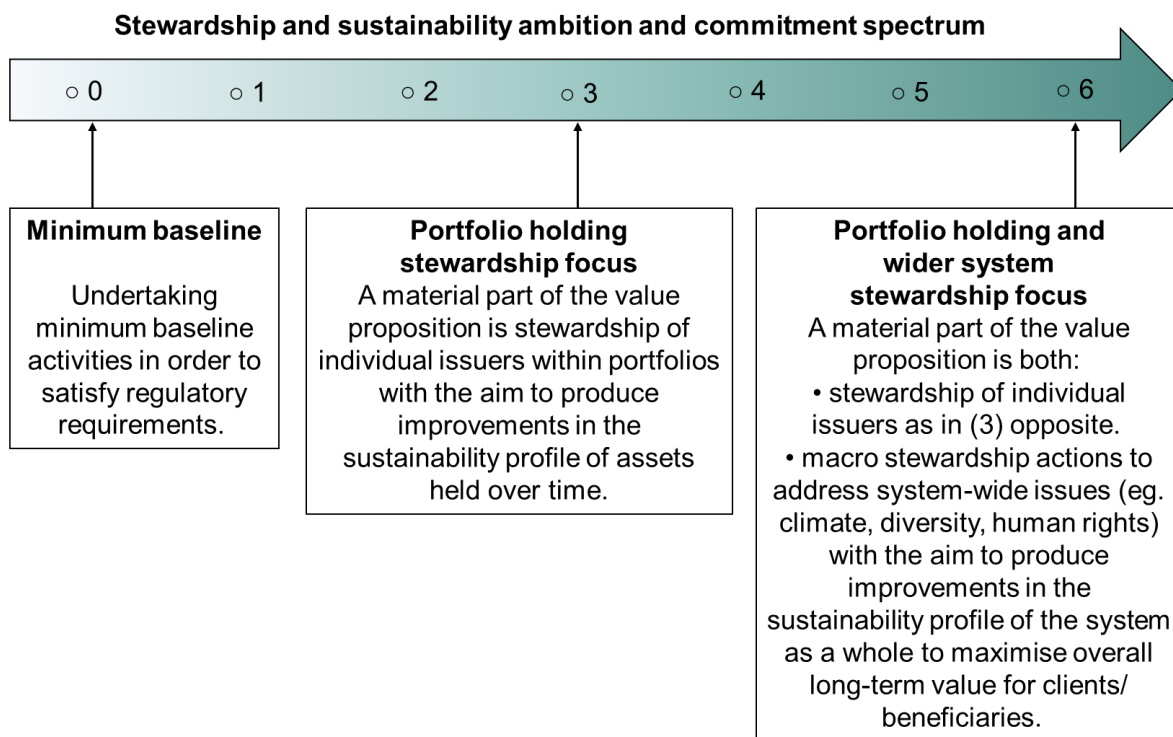
(A) Listed equity	%
(B) Bonds/Fixed income	%
(C) Private equity	%
(D) Real estate	%
(E) Infrastructure	%
(F) Hedge funds	%
(G) Forestry	%
(H) Farmland	%
(I) Other	%
(J) Off-balance sheet	%
Total	100%

A further breakdown by different types of bonds	
Bonds/fixed income - corporate	%
Bonds/fixed income - supranational, sub-sovereigns and agency	%
Bonds/fixed income - securitised	%
Bonds/fixed income - private debt	%
	100%

A further breakdown by strategies	Active	Passive	
Listed equities	%	%	100%
Fixed income	%	%	100%

This question maps to PRI reporting indicator OO 4 / OO 5 (2023). You will get a copy of your answers upon submission if you wish to reuse them for PRI reporting.

4. An organisation's **ambition and commitment** to stewardship have implications on its allocation of stewardship resources. Where do you see your organisation best fit with its stewardship and sustainability ambition and commitment (these describe the organisation's intentionality levels when it comes to stewardship). Please select from 0 to 6 depending on your organisation's current level of ambition and commitment to stewardship (the level of stewardship emphasis increases from 0 to 6)



5. How many investor networks/coalitions or collaborative initiatives* **related to stewardship** is your organisation a member/signatory of?

As a dropdown list:

- | | | |
|-------|---------|---------|
| ▪ 0 | ▪ 6-10 | ▪ 31-40 |
| ▪ 1-2 | ▪ 11-20 | ▪ 41-50 |
| ▪ 3-5 | ▪ 21-30 | ▪ >51 |

* Examples of investor networks/coalitions or collaborative initiatives: PRI, AIGCC, Ceres, IIGCC, International Corporate Governance Network, Investor Group on Climate Change, NAZAM, NZAOA, CA100+, CORE coalition, Advance, ERPA, Transition Pathway Initiative, United Nations Global Compact etc

My organisation is a signatory of a stewardship code: Yes/No

Section 2: Ballpark cost estimates

- Questions in section two require an estimate of the resources related to your stewardship practices. We understand these are challenging questions to answer and that you may only have imprecise figures or incomplete data. **Please still submit the survey even if you couldn't respond to all the questions.** Your input is valuable and will contribute to the overall insights.
- When estimating the ballpark figures for stewardship-related costs/resources, the following factors could be considered:
 - 1) **Job titles and staff objectives:** Take into account the roles and responsibilities of staff involved in stewardship activities. Consider if specific objectives and targets are set for staff members related to stewardship activities.
 - 2) **Output-based considerations:** Estimation of the resources needed to produce these outputs, such as research reports, engagement activities, or voting exercises.
 - 3) **Sentiment:** Take into consideration the overall sentiment towards stewardship within the organisation. Evaluate the level of importance and priority placed on stewardship activities
- In this survey, you will be asked to describe “stewardship resources” at the organisational level. When evaluating these resources, the following should be included:
 - Collaborative engagement and other collaborative activities
 - ESG-related litigation (costs incurred in relation to legal action by investors targeting entities for their management of ESG issues and impacts)
 - Industry/market-level engagement
 - Issuer engagement
 - Policy engagement
 - Resources spend on ESG metrics/research (including commercial organisations, think tanks and NGOs) to inform stewardship activities
 - Reporting on stewardship activities (whether mandatory or voluntary)
 - Selection, appointment and monitoring of asset managers undertaking stewardship on your behalf
 - The cost of using a third-party provider for engagement activities
 - The cost of using a third-party provider for voting activities
 - Training of internal teams on stewardship
 - Training of teams involved in stewardship on ESG
 - Voting
- The following should be excluded:
 - Interactions with companies for data collection and/or for research purposes related to buy/ sell/ hold decisions;
 - Standard questionnaires sent to companies for the purposes of information gathering and investment decision-making;
 - Attendance at company presentations, AGMs or other company meetings without interactions or discussion, or where interactions are not seeking change or improved disclosure; and
 - Bulk disclosure requests for ESG information, typically conducted via a third party.
 - Legal and compliance costs incurred in order to operate stewardship functions with appropriate internal controls

6. Both cost-based and FTEs-based answers will be considered. However, please provide cost-based data where possible as it allows better analysis and only uses FTEs as an option if approximate cost data is not available.

Asset manager version

Key costs	Understanding stewardship-related resources using cost-based estimations, as a percentage of total frontline and mid-office investment costs	A drop-down list for a, b, c, d, e	Confidence level <i>The level of confidence is a qualitative judgement that reflects your degree of certainty in the accuracy of your answer.</i>
a.	Costs* of staff with stewardship as their main job responsibility	0% 0-0.1%	Low, medium, high
b.	Costs* of other in-house investment professionals conducting stewardship-related activities as part of their role <i>(This is the cost of the stewardship portion of their time only. For example, portfolio managers/general analysts/ESG specialists spend 5% of their time on stewardship-related activities, only 5% of their total staff-related costs should be counted. The remaining 95% of their total staff-related costs should not be taken into account)</i>	0.1-0.5% 0.5-1% 1-2% 2-3% 3-4% 4-5% 5-6%	Low, medium, high
c.	Costs* of 3 rd party stewardship providers/services/resources/groups (eg. costs of stewardship-related data, costs of stewardship-related services provided by 3 rd parties, relevant memberships and subscription costs)	6-7% 7-8% 8-9% 9-10%	Low, medium, high
d.	Costs* of staff responsible for reporting, and client services for communicating, stewardship activities <i>(This is the cost of the stewardship portion of their time only. For example, an individual spends 5% of their time on stewardship-related reporting, only 5% of their total staff-related costs should be counted. The remaining 95% of their total staff-related costs should not be taken into account)</i>	10-20% 20-30% 30-50% >50%	Low, medium, high
e.	Alternative Sum of a, b, c, d <i>Please only provide a total number if you can't provide estimated numbers for the above categories.</i>		Low, medium, high

*When considering staff-related costs, it should include base pay, normalised performance-based compensation and any overhead costs associated with employing staff.

Please provide stewardship-focused aggregated full-time equivalents (FTEs) only if you are unable to provide the cost-based stewardship resources estimate above.

	Alternative option: Understanding stewardship-related resources through FTEs numbers when cost-based estimations cannot be completed	No. of FTEs
Base	FTE number of total in-house frontline and mid-office investment staff	____ FTEs
a.	FTE number of staff with stewardship as their main job responsibility	____ FTEs
b.	FTE number of other in-house investment professionals conducting stewardship-related activities <i>(This FTE figure should only represent the portion of individual's time that is spent on stewardship-related activities. For example, a portfolio manager/general analyst/ESG specialist spending 5% of her/his time on stewardship-related activities should only be counted as 0.05 of one full-time equivalent staff. The remaining 95% of their time should not be taken into account)</i>	____ FTEs
c.	FTE number of staff responsible for reporting, and client services for communicating, stewardship activities <i>(This FTE figure should only represent the portion of an individual's time that is spent on stewardship-related activities. For example, an individual spending 5% of her/his time on stewardship-related reporting should only be counted as 0.05 of one full-time equivalent staff. The remaining 95% of their time should not be taken into account)</i>	____ FTEs
d.	Alternative Sum of a, b, c <i>Please only provide a total number if you can't provide estimated numbers for the above categories.</i>	____ FTEs

e. Costs of specialist 3rd party stewardship providers/services/resources/groups (eg. costs of stewardship-related data, costs of stewardship-related services provided by 3rd parties, relevant memberships and subscription costs) as a percentage of total frontline and mid-office investment costs. Choose from:

0%	3-4%	9-10%
0-0.1%	4-5%	10-20%
0.1-0.5%	5-6%	20-30%
0.5-1%	6-7%	30-50%
1-2%	7-8%	>50%
2-3%	8-9%	

Asset owner version (including OCIOs and Fund of fund managers)

6. Both cost-based and FTEs-based answers will be considered. However, please provide cost-based data where possible as it allows better analysis and only uses FTEs as an option if approximate cost data is not available.

key costs	Understanding stewardship-related resources using cost-based estimations, as a percentage of total frontline and mid-office investment cost (excluding external asset manager fees)	A drop-down list for a, b, c, d, e	Confidence level <i>The level of confidence is a qualitative judgement that reflects your degree of certainty in the accuracy of your answer.</i>
a.	Costs* of staff with stewardship as their main job responsibility, including external managers' Selection Appointment and Monitoring (SAM) related duties.	0% 0-0.1% 0.1-0.5% 0.5-1% 1-2% 2-3% 3-4% 4-5% 5-6% 6-7% 7-8% 8-9% 9-10% 10-20% 20-30% 30-50% >50%	Drop-down boxes for each category with options – low, medium, high
b.	Costs* of other in-house investment professionals conducting stewardship-related activities as part of their role, including external managers' Selection Appointment and Monitoring (SAM) related duties. <i>(This is the cost of the stewardship portion of their time only. For example, portfolio managers/general analysts/ESG specialists spends 5% of their time on stewardship-related activities, only 5% of their total staff-related costs should be counted. The remaining 95% of their total staff-related costs should not be taken into account)</i>		
c.	Costs* of 3 rd party stewardship providers/services/resources/groups (eg. cost of stewardship-related data, cost of stewardship-related services provided by 3 rd parties, stewardship-related consultants fees, relevant memberships and subscription costs)		
d.	Costs* of staff responsible for reporting, and client services for communicating, stewardship activities <i>(This is the cost of the stewardship portion of their time only. For example, an individual spends 5% of their time on stewardship-related reporting, only 5% of their total staff-related costs should be counted. The remaining 95% of their total staff-related costs should not be taken into account)</i>		
e.	Alternative Sum of a, b, c, d <i>Please only provide a total number if you can't provide estimated numbers for the above categories.</i>		

*When considering in-house staff-related costs, it should include base pay, normalised performance-based compensation and any overhead costs associated with employing staff.

f.	In order to understand asset owners' costs of delegation of stewardship activities to asset managers, please could you please provide the following. <i>We will then exclusively use this information with a project-calculated figure to convert fund management costs into estimated stewardship costs (as a percentage of total frontline and mid-office investment costs excluding external asset manager fees).</i>		Confidence level <i>The level of confidence is a qualitative judgement that reflects your degree of certainty in the accuracy of your answer.</i>
	What is your overall approximate external asset manager fees (including performance-related fees) as a percentage of your AUM?	%	low, medium, high
	What are your approximate internal frontline and mid-office investment costs (excluding external asset manager fees) as a percentage of your AUM	%	low, medium, high

Please provide stewardship-focused aggregated full-time equivalents (FTEs) as a percentage of the front-line and mid-office investment team only if you are unable to provide the cost-based stewardship resources estimate.

	Estimation of the stewardship-related resources through stewardship-focused aggregated full-time equivalents (FTEs)	No. of FTEs
Base	Number of total in-house frontline and mid-office investment staff	____ FTEs
a.	FTE number of staff with stewardship as their main job responsibility, including external managers' Selection Appointment and Monitoring (SAM) related duties.	____ FTEs
b.	FTE number of other in-house investment professionals conducting stewardship-related activities, including external managers' Selection Appointment and Monitoring (SAM) related duties. <i>(This FTE figure should only represent the portion of individual's time that is spent on stewardship-related activities. For example, a portfolio manager/general analyst/ESG specialist spending 5% of her/his time on stewardship-related activities should only be counted as 0.05 of one full-time equivalent staff. The remaining 95% of their time should not be taken into account)</i>	____ FTEs
c.	FTE number of staff responsible for reporting, and client services for communicating, stewardship activities <i>(This FTE figure should only represent the portion of an individual's time that is spent on stewardship-related activities. For example, an individual spending 5% of her/his time on stewardship-related reporting should only be counted as 0.05 of one full-time equivalent staff. The remaining 95% of their time should not be taken into account)</i>	____ FTEs
d.	Alternative: Sum of a, b, c <i>Please only provide a total number if you can't provide estimated numbers for the above categories.</i>	____ FTEs
e.	Costs of 3 rd party stewardship providers/services/resources/groups (eg. costs of stewardship-related data, costs of stewardship-related services provided by 3rd parties, relevant memberships and subscription costs) as a percentage of total frontline and mid-office investment cost (excluding external asset manager fees)	0% 0-0.1% 0.1-0.5% 0.5-1% 1-2% 2-3% 3-4% 4-5% 5-6% 6-7% 7-8% 8-9% 9-10% 10-20% 20-30% 30-50% >50%
f.	In order to understand asset owners' costs of delegation of stewardship activities to asset managers, please could you please provide the following. <i>We will then exclusively use this information with a project-calculated figure to convert fund management costs into estimated stewardship costs (as a percentage of total frontline and mid-office investment costs excluding external asset manager fees).</i>	
	What is your overall approximate external asset manager fees (including performance-related fees) as a percentage of your AUM?	%
	What are your approximate internal frontline and mid-office investment costs (excluding external asset manager fees) as a percentage of your AUM	%

7. What is the approximate split of overall stewardship resources to the following categories?
For asset owners, the overall stewardship resources should cover cost items a, b, c, and d of question 6, excluding stewardship activities carried out by external asset managers on behalf of the asset owners.

		0 %	0-5 %	5-10 %	10-20 %	20-30 %	30-40 %	40-50 %	50-60 %	Over 60 %	Confidence level The level of confidence is a qualitative judgement that reflects your degree of certainty in the accuracy of your answer
a.	Engagement (further breakdown below)										
b.	Voting										
c.	Stewardship reporting										
d.	ESG data/metrics										
e.	Other										
	Free text box										

8. What proportion of your total stewardship resources is allocated to collaborative stewardship activities?

Choose from: 0%, 0-5%, 5-10%, 10-20%, 20-30%, 30-40%, 40-50%, 50-60%, Over 60%

9. Further breakdown of engagement activities

	Engagement breakdown	0%	0-5 %	5-10 %	10-20 %	20-30 %	30-40 %	40-50 %	50-60 %	over 60 %	Confidence level The level of confidence is a qualitative judgement that reflects your degree of certainty in the accuracy of your answer
a.	Engagement at issuer level										
b.	Engagement at industry/market level										
c.	Engagement at policy/system level										

10. How does the average level of seniority* of your organisation's staff with stewardship-related responsibilities compare to the average seniority level of your organisation's general investment team?

- a) More senior
- b) About the same
- c) Less senior

**Seniority level will reflect industry experience, position in organisational hierarchy, decision-making authority*

End of survey

To ensure you have a record of your survey responses for future reference, you can download a copy of the completed survey upon submission.

Definitions

Ballpark estimation

A ballpark estimation is an approximate or rough calculation or estimate of something, typically used when an exact or precise figure is not necessary or cannot be produced. It is often based on limited information or assumptions, and is intended to give a general sense of the scale or magnitude of something. Ballpark estimation of stewardship resources refers to an approximate estimation or rough idea of the financial and human resources allocated by an organisation for stewardship activities to provide a general idea of the resources invested in stewardship, without requiring a highly detailed or rigorous analysis.

Collaboration (stewardship)

Collaboration in the context of stewardship refers to investors or their service providers working together, and/or with other stakeholders, to pool resources and enhance their effectiveness in pursuing their stewardship objectives.

Collaboration can include informal means, such as sharing insights on how to approach an issue with peers, as well as formal mechanisms such as collaborative engagements or initiatives, or the use of an external service provider (e.g. engagement overlay service) that pools resources from multiple investors.

Engagement

Engagement refers to interactions between the investor and current or potential investees (which may be companies, governments, municipalities, etc.) on ESG issues. Engagements are undertaken to influence (or identify the need to influence) ESG practices and/or improve ESG disclosure.

Front-line investment cost:

The direct costs associated with managing investment portfolios or executing investment transactions, such as investment research costs, trading costs, portfolio management costs, due diligence costs, and monitoring costs. It excludes marketing and general administrative cost.

Front-line investment resources:

The assets or resources that are directly used in managing investment portfolios or executing investment transactions, such as investment research capabilities, trading infrastructure, portfolio management tools, due diligence capabilities, and monitoring capabilities.

Front-line investment team:

The group of professionals who are directly involved in managing investment portfolios or executing investment transactions. The front-line investment team is responsible for conducting research, analysing investment opportunities, executing trades, managing portfolios, and monitoring investment performance.

Industry/market-level engagements:

- 1) promote responsible and sustainable business practices within the investment industry and across different sectors of the real economy.
- 2) address systemic risks and potentially promote industry-wide reforms and long-term value creation for all stakeholders. This can take different forms, including:
 - collaborating with industry associations
 - conducting research and analysis to identify industry-wide risks and opportunities and proposing solutions to address these issues
 - engaging with peers and competitors to share best practices, coordinate on industry-wide initiatives, and drive collective action
 - supporting investor-led initiatives, such as investor letters or shareholder resolutions, to encourage companies to adopt responsible and sustainable business practices.

Instrumental IFSI:

Investing for sustainability impact to the extent that achieving the relevant sustainability impact is “instrumental” in realising the investor’s financial goals.

Mid-office investment cost

The mid-office investment cost refers to the expenses related to these operational functions, such as the cost of risk management software, compliance monitoring tools, data and analytics systems, reporting and client services. This does not include the costs of the marketing team.

Policy/system level engagements and stewardship:

Engaging with policymakers and other stakeholders to influence the development and implementation of laws, regulations, and policies that affect companies and markets. The goal of policy engagement is to create a more enabling environment for responsible and sustainable investment practices. Policy engagement can happen in different forms, including:

- direct advocacy by engaging with policymakers directly through meetings, letters or public statements to express views on specific policy proposals or issues
- collaboration with other stakeholders to advance a shared policy agenda
- conducting research and analysis to inform policy development and advocacy.
- provide information and education to policymakers and other stakeholders about the potential benefit/drawbacks of specific policy proposals (using domain knowledge)
- using voting and shareholder resolutions to advocate for policy changes at individual companies or to encourage industry-wide reforms.

Overall policy level engagement can be carried out directly or through a third party such as a trade association or industry body.

System level stewardship (also referred to as macro-stewardship and systematic stewardship) is the term for all policy/system-level engagement activities as described above.

Specialist stewardship staff

Stewardship specialists are staff members within investment firms who are dedicated to carrying out stewardship activities such as engaging with companies on environmental, social, and governance issues, voting on shareholder resolutions, and monitoring portfolio holdings for ESG risks and opportunities.

Stewardship

The PRI defines stewardship as: the use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend.

While often highly valuable to ESG integration, not all interactions between investors and their investees are classified as engagement or stewardship. Interactions that are not seeking change or an improvement in public disclosure are not engagement.

Systematic/systemic (sustainability) issues:

Issues that pose systematic risks to the common economic, environmental and social assets on which returns and beneficiary interests, depend. Systematic risk (interchangeable with "market risk" or "market-wide risk") refers to risks transmitted through financial markets and economies that affect aggregate outcomes, such as broad market returns. Because systematic risk occurs at a scale greater than a single company, sector or geography, it cannot be hedged or mitigated through diversification. However, systematic sustainability issues can, and should, be influenced through responsible investment activities.

(Proxy) voting

The exercise of voting rights on management and/or shareholder resolutions to formally express approval, or disapproval, on relevant matters. This includes being responsible for how votes are cast on topics that management raises and submitting resolutions as a shareholder for other shareholders to vote on, in jurisdictions where this is possible. Investors can vote in person during an Annual General Meeting (AGM), or by proxy – using a person or firm, such as an investment manager, to vote on their behalf.

About the Thinking Ahead Institute

The Thinking Ahead Institute was established in January 2015 and is a global not-for-profit investment research and innovation member group made up of engaged institutional asset owners and service providers committed to changing and improving the investment industry for the benefit of the end saver. It has 50 members around the world and is an outgrowth of WTW Investments' Thinking Ahead Group, which was set up in 2002.

About the PRI

The PRI is the world's leading proponent of responsible investment. It works:

- to understand the investment implications of environmental, social and governance (ESG) factors;
- to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

The PRI acts in the long-term interests:

- of its signatories;
- of the financial markets and economies in which they operate;
- and ultimately of the environment and society as a whole.

The PRI is truly independent. It encourages investors to use responsible investment to enhance returns and better manage risks, but does not operate for its own profit; it engages with global policymakers but is not associated with any government; it is supported by, but not part of, the United Nations.

About the Stewardship Resourcing Technical Working Group

The Stewardship Resourcing Technical Working group was created to understand existing stewardship resourcing practices, inform project activities and socialise its findings. This working group is jointly facilitated by PRI and TAI, with PRI as its Chair and TAI as Lead consultant and Co-chair.

See a list of Technical Working Group members [here](#).

See the Technical Working Group terms of reference [here](#).