

Realigning stewardship: an investment consultant's perspective

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The Investment Association's (IA) February 2026 publication, *Realigning Stewardship: Delivering Sustainable Value Through Stewardship*, arrives at an important moment for the investment industry. As the backdrop for asset owners, managers and companies evolves, the IA paper aims to 'reset' the conversation. It explains what stewardship is, discusses the challenges faced by the industry and gives 10 recommendations for strengthening practice. This note details our own perspective on the current stewardship landscape and its future direction.

At its core, the IA report reiterates that stewardship underpins sustainable long-term value creation. It outlines challenges around communication and the integration of stewardship efforts: unrealistic expectations of what engagement can achieve, insufficient understanding of differences across investment strategies, and integration gaps between stewardship and the investment process. It also notes an increasingly heavy reporting load, which takes resource away from stewardship activity.

The IA highlights what stewardship has already delivered: greater gender diversity on boards and leadership teams, embedded climate-related considerations, enhanced governance within asset owner teams and companies, and empirical evidence that high-quality engagement has enhanced financial returns through strengthened governance. Highlighting the areas in which progress has been seen is important to reflect on and celebrate.

Where we agree

Against this changing backdrop, stewardship and investment strategies must evolve too. This requires greater communication and integration of stewardship into the investment process. In our view, the IA's diagnosis of challenges facing stewardship (above) is broadly fair. Continued articulation of different stakeholders' roles in the investment value chain, their responsibilities and their influence is important. The IA's recommendations for investment consultants resonate strongly with our own practices. For instance:

- ▶ On **Recommendation 4**, to focus on outcomes of activity. We were surprised by the IA's suggestion that investment consultants place undue emphasis on voting statistics. We focus on outcomes – not quantity of activity – and believe case studies provide greater colour on stewardship activity. These help asset owners assess how activity aligns with expectations.
- ▶ On **Recommendation 9**, to be transparent and align with the UK Stewardship Code. As proud signatories of the UK Stewardship Code, we welcome the updates that recognise investment consultants' roles in supporting investors to achieve their objectives.

We also agree that progress is needed to support asset owners in setting and communicating expectations, embedding those into manager relationships and investment solutions, and focusing on decision-useful stewardship activity.

Where we see things differently

Recently, we've seen some asset managers take a more passive approach to stewardship. This involves defaulting to align with company management, offering greater choice to investors and being less vocal on politically contentious issues. We worry that diffuse responsibility and unclear messaging weakens accountability of company management, including in relation to long-term sustainability issues.

We know asset owners agree. In our recent survey, most **(59%)** respondents realise that the landscape is tougher for asset manager stewardship, yet acknowledge the importance of responsible investment; most **(67%)** investors' expectations of managers have increased in the past 24 months; and a vast majority **(90%)** recognise that ESG issues are becoming more complex.

Increasing complexity is most apparent on issues that affect markets as a whole – particularly where corporate activity stresses planetary boundaries and global policy lags. The IA report discusses communicating with a clear voice but over-emphasises different strategies necessitating different focuses. While varied services can meet a range of client needs, many sustainability issues are evidence based and objectively material, and don't respect asset class boundaries. **Asset managers must be more vocal on climate action to reflect asset owners' interests.** We anticipate that future responsible investment dialogue will focus on manager capabilities on evolving risks.

Corporate activity has stressed planetary boundaries, but the impacts do not respect asset class or mandate definitions. Asset managers must be more vocal and consistent on sustainability issues to reflect the interests of asset owners.

We recognise that in this context, realistic expectations are needed. Asset owners shouldn't expect their managers to single-handedly solve global issues. We also agree that considering issues through a governance and materiality lens best aligns interests. But asset owners should challenge managers on changing stances, encourage them to evolve their capabilities and award mandates to those most effectively representing their interests.

A constructive reset

Overall, the IA provides a helpful reset for the industry. Their recommended actions for asset owners (setting clear expectations, assessing manager capabilities, embedding stewardship into decision-making, and prioritising outcomes and transparency) align closely with the support we offer.

There's a lot of work being done to serve UK pension schemes and savers. As we look ahead, we focus on how this work can be made more effective and robust, and we're excited to support asset owners in **being better stewards.**

Contact us

If you'd like to discuss what these themes mean for your portfolio, please contact your usual Hymans Robertson consultant or any member of our Responsible Investment team.

For and on behalf of Hymans Robertson LLP



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