

Metzler Asset Management: Direct Engagement – Silent Active Ownership

October 2021 in Frankfurt/Main

Direct Engagement – Silent Active Ownership

Responsible investing does not end with the investment decision. Once we have identified what could be most damaging to long-term shareholder or bondholder value, we hold intensive discussions with representatives of the companies in which we invest.

The aim is to encourage them to make improvements in ESG and adopt best practices for managing ESG issues. Our engagement addresses different ESG risks, and we influence companies from a wide range of sectors and countries.

The following topics are often included in our discussions:

- Environmental standards
- Human rights
- Safety at the workplace
- Corporate governance.

When we encourage companies to adopt a best practice approach to ESG issues, we refer them to the relevant international codes and standards, such as the ILO Core Conventions, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact. However, such standards are often only the starting point for building a common understanding of ESG issues. Our engagement is tailored to the individual companies and is geared to the specific circumstances of each ESG issue. We use a variety of tools and methods to communicate, including face-to-face meetings, conferences, phone calls and emails.

Each of our portfolio managers participates in around 200 company meetings a year. We keep records of these meetings in a database. In these discussions, we address the financial and economic aspects of the company's business model as well as ESG aspects in consultation with our Sustainable Investment Office (SIO). Our silent active ownership approach is not about making public appearances at annual general meetings; it's about constructive discussions with decision-makers like the CEO or CFO. Our portfolio managers and SIO see themselves as sparring partners.

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