

K. Rajaraman
Chairperson



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FOREWORD

It gives me immense pleasure to present the ICSI Guiding Principles on Stewardship (IGPS), a landmark initiative that underscores the critical role of Institutional Investors and Service Providers in shaping the future of responsible investment. The launch of these guiding principles at the ICSI Middle East Conference to be held on 4-6 September, 2024 at Abu Dhabi, UAE on the theme 'Responsible Investment for Sustainable Future' reflects the growing importance of stewardship in the global financial ecosystem and highlights India's commitment to aligning with international best practices.

2. As we navigate an increasingly complex and interconnected world, the need for robust stewardship frameworks has never been more pressing. The IGPS offers a comprehensive and principle-based approach to stewardship, emphasizing the integration of Environmental, Social, and Governance (ESG) considerations into investment decision-making processes. By doing so, it ensures that the interests of investors are safeguarded while promoting sustainable development goals that are essential for long-term value creation.

3. The stewardship responsibilities outlined in the IGPS go beyond mere compliance; they represent a commitment to fostering transparency, accountability, and ethical governance. These principles empower Institutional Investors and Service Providers to actively engage with investee entities, advocate for responsible business practices, and contribute to the overall resilience and sustainability of the financial markets.

4. The International Financial Services Centres Authority (IFSCA) supports this initiative, recognizing the significant impact that effective stewardship can have on the global financial landscape. The IGPS aligns with our vision of promoting responsible and sustainable financial practices, and I am confident that it will serve as a valuable tool for all stakeholders in the investment community.

5. I commend the Institute of Company Secretaries of India (ICSI) for their foresight and dedication in developing these guiding principles. I am sure that the IGPS will undoubtedly play a pivotal role in enhancing the governance standards of institutional investments, not only in India but across the world.

6. I encourage all Institutional Investors and Service Providers to adopt these principles and to actively participate in building a more responsible and resilient investment ecosystem.

(K. RAJARAMAN)

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PREFACE

Stewardship is all about responsible management of resources on behalf of varied stakeholders by focusing on long-term value creation and sustainable benefits which enhances overall economic, social and environmental wellbeing. Stewardship improves the overall investment ecosystem while protecting the interest of ultimate Investors.

Institutional Investors make huge investments in capital markets on behalf of their clients and/or beneficiaries. Worldwide, they are expected to invest responsibly by stepping up their monitoring activities and engagement efforts with Investee entities on various Environmental, Social and Governance (ESG) parameters. These actions are generally referred to as “Stewardship Responsibilities” with an objective to safeguard the interest of clients and/or beneficiaries.

Institutional Investors, while discharging their stewardship responsibilities, may also avail the services of Service Providers such as investment consultants, proxy advisors, data and research providers, etc. to get the best information about entities. As a result, Service Providers also play a key role in the investment decisions as they provide necessary information that support the Institutional Investors to fulfil their stewardship responsibilities.

Globally several frameworks are evolved to codify the stewardship responsibilities of Institutional Investors. By taking a step ahead in line with Institute’s vision of “to be a global leader in promoting good corporate governance”, we are pleased to introduce **ICSI Guiding Principles on Stewardship (“IGPS”)**, which is the culmination of various practices followed while exercising stewardship responsibilities in different jurisdictions.

The IGPS aim to sets out certain best practices in relation to Institutional Investors’ and Service Providers’ stewardship obligations, policies and processes. The IGPS followed a principle-based approach which are kept jurisdiction neutral for their global relevance.

I place on record my sincere thanks to all members of the ESG and Sustainability Board (ESGSB) of ICSI for their valuable contribution

during formulation of IGPS under the leadership of CS Ranjeet Pandey, Chairman-ESGSB, CS Ashish Garg, Co-Chairman, ESGSB and with the presence of my Council colleague CS R. Venkata Ramana, on the ESGSB.

I commend the dedicated efforts put in by CS Rakesh Kumar, Deputy Director, ICSI and CS Alex VS, Executive (Academics), ICSI in bringing out these principles under the guidance of CS Banu Dandona, Director, ICSI and overall supervision of CS Asish Mohan, Secretary, ICSI.

I urge upon Institutional Investors and Service Providers to adopt the IGPS to promote the responsible investment and reporting thereon in true letter and spirit.

Improvement is a continuous process and equally applicable to these principles which can be reviewed for further advancement of responsible investment ecosystem. I would personally be grateful to receive your constructive feedback for further advancement of these principles.

(CS B. Narasimhan)

President

The Institute of Company Secretaries of India