ABC’s STEWARDSHIP DISCLOSURE FRAMEWORK

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| **In one sentence, how do you aim to enhance and protect value for clients?** |  | |
| **Which categories of investment products does your stewardship approach apply to?** |  | |

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| PENSIONS AND LIFETIME SAVINGS ASSOCIATION STEWARDSHIP DISCLOSURE FRAMEWORK FOR ASSET MANAGERS | | | | | | |
| Asset managers are asked to self-certify against the below stewardship categories by highlighting the appropriate boxes, where relevant providing a link to relevant disclosures in the box below, and where necessary for understanding providing a succinct explanation in the right hand side box. Completed frameworks will be made publicly available on the NAPF website for pension funds and others to view at a glance the stewardship policies and activities of the responding asset manager. | | | | | | |
| CATEGORY | | A | B | C | D | EXPLANATION |
| STEWARDSHIP COVERAGE | ASSET CLASSES | Adopts a stewardship approach across the full range of asset classes in which the firm invests – this includes where appropriate public equities, fixed income and real-estate. | Firm adopts a stewardship approach only for certain asset classes in which it invests. | Firm’s stewardship approach applies only to public equities. | The firm does not adopt a stewardship approach. |  |
| GEOGRAPHIES | Adopts a stewardship approach (including voting and corporate engagement) in all geographies in which it invests. | Firm adopts a stewardship approach (including voting and corporate engagement) for certain geographies in which it invests. | Firm’s stewardship approach (including voting and corporate engagement) applies only to the UK. | The firm does not adopt a stewardship approach (including voting and corporate engagement). |  |
| PUBLIC TRANSPARENCY | STEWARDSHIP POLICY DISCLOSURE | Stewardship policy is reviewed and updated annually, is publicly available on the firm’s website and includes relevant information for each relevant asset class and geography. | Stewardship policy is reviewed and updated annually and is publicly available on the firm’s website. | Stewardship policy was reviewed and updated in the last 2 years and available on the firm’s website. | Stewardship policy is not publicly disclosed. |  |
| <<Insert web link here>> | | | |
| VOTING DISCLOSURE | Comprehensive public disclosure of full voting record with explanations given for key votes and votes against management. | Public disclosure of full voting record but no explanations given. | Summary voting record available. | Voting record available to clients only. |
| VOTING DISCLOSURE TIMING | At least monthly disclosure of voting records - no more than one month in arrears. | At least quarterly disclosure of voting records - no more than a quarter in arrears. | At least annual disclosure of voting records. | No public disclosure on voting activity. |
| <<Insert web link here>> | | | |
| ENGAGEMENT REPORTING | Public disclosure of key company engagement activities and outcomes on a quarterly basis. | Public disclosure of key company engagement activities on annual basis. | Company engagement record available to clients only. | No disclosure on company engagement activity. |
| <<Insert web link here>> | | | |
| INDEPENDENT ASSURANCE | Independent assurance obtained on voting, engagement and ESG integration processes and reports made available to clients. | Independent assurance obtained on voting or engagement processes. | Internal assurance process established for voting and engagement processes. | No assurance reports on any voting or engagement processes. |
| INTEGRATING ESG | INVESTMENT DECISIONS | Demonstrable systematic integration of ESG factors within company analysis through internal and external research and culminating in evidenced impact on investment decisions. | Demonstrable regular consideration of ESG factors within company analysis and investment decision process. | Minor consideration - i.e. as adjunct or final check – of ESG factors within company analysis and investment decision process. | No active consideration of ESG factors as part of the investment process. |  |
| ENGAGEMENT ACTIVITIES | Demonstrable systematic process for identifying and prioritising assets/companies across the portfolio for proactive engagement undertaken in an integrated fashion upon detailed analysis of a full range of E, S and G risks/opportunities. | Demonstrable process for identifying companies for engagement based upon analysis of a broad range of ESG risks/opportunities. | Demonstrable record of engaging, commonly reactively, with investee companies on ESG risks/opportunities. | No active consideration of ESG factors and/or no engagement with investee companies. |  |
| MANAGING CONFLICTS | STEWARDSHIP CONFLICTS POLICY | Specific publicly disclosed stewardship conflicts of interest policy is in place which documents all material conflicts - including those related to engagement and proxy voting – with associated plans to manage, mitigate and ensure client interests are prioritised. | Specific stewardship conflicts are included within the publicly disclosed firm level general conflicts of interest policy with information given as to how such conflicts are mitigated. | Specific stewardship conflicts are acknowledged and processes in place to manage and mitigate these however, such policy is not publicly available. | There is no specific stewardship conflicts of interest policy. |  |
| <<Insert web link here>> | | | |
| COLLABORATION | ACTIVITY | Regularly and proactively collaborates with peers, and, on occasion, plays a leadership role on company engagements during the past 12 months. | Has supported collaborative company engagements in past 12 months. | Is willing in principle to participate in collaborative engagements but rarely does so. | Does not act with other investment institutions. |  |
| VOTING | PORTFOLIO HOLDINGS | Votes 100% of voting rights - where such rights remain with the investment manager - across global portfolio holdings. | Votes 90%+ of voting rights - where such rights remain with the investment manager - across global portfolio holdings. | Votes 60%+ of voting rights - where such rights remain with the investment manager - across global portfolio holdings | Votes less than 60%+ of voting rights - where such rights remain with the investment manager - across global portfolio holdings. |  |
| PROXY INPUT | Demonstrably casts all (100%) votes in a considered basis with active fund manager input. No votes are cast automatically. | Up to 25% of votes are cast in an automated fashion (e.g. in accordance with a custom voting template). | Up to 50% of votes are cast in an automated fashion (e.g. in accordance with a custom voting template). | More than 50% of votes are cast in an automated fashion (e.g. in accordance with a custom voting template). |
| CLIENT INPUT | There is scope for clients to direct votes in segregated and pooled accounts. | Clients may direct voting in segregated accounts or elect for external party to advise and implement voting policy. | There is scope and opportunity for client input into voting policy but not vote decision. | There is no scope for client input into vote decisions or voting policy. |
| STOCK LENDING | There is a policy on stock lending and stock is recalled for all votes (or stock is not lent). | There is a policy on stock lending and stock is recalled for all key votes. | There is a policy on stock lending and stock is able to be recalled. | Stock lending occurs and stock is rarely actively recalled. |
| ESCALATION | ESCALATION | Systematically utilises when necessary all powers at disposal in order coherently to support the highest standards of governance at investee companies. This includes voting on the re-election of directors; the adoption of the annual report and accounts; the (re)appointment of the auditors; attending AGMs and tabling shareholder resolutions. | Regularly demonstrates a willingness to utilise full range of powers at disposal when necessary including in particular escalating voting to individual directors, supporting shareholder resolutions and attending AGMs. | Occasionally may escalate engagement activities when necessary by for example escalating voting to individual directors. | Rarely, if ever escalates engagement activities. |  |
| REPORTING TO CLIENTS | TIMING | There is real-time or weekly client specific reporting of stewardship activities. | There is at least quarterly client specific reporting of stewardship activities. | There is at least annual reporting of stewardship activities. | There is no specific reporting of stewardship activities. |  |
| CONTENT | Reporting is integrated into the broader reporting process and demonstrates how stewardship activities and ESG integration are connected in the investment process and have combined to enhance or protect value.  Reporting includes at a minimum:   * evidence of engagement activities undertaken with identified case studies and progress against objectives; and * benchmark relative, portfolio level ESG analysis including examples of factors identified and impact on buy/sell decisions. | Reporting includes evidence of activities undertaken – with case studies - an outline of on-going activity, forward looking objectives and analysis of ESG risks within the portfolio. | Reporting includes a summary of stewardship activity undertaken and successes achieved. | There is no specific reporting to clients on stewardship activities |
| COMPENSATION / INCENTIVES FOR INVESTMENT STAFF | | Pay structures for investment staff are aligned with the interests of their clients and includes a significant proportion of compensation based on at least 5 year portfolio performance with a policy on co-investment. | Significant proportion of compensation for investment staff based on at least 3 year portfolio performance. | Significant proportion of compensation for investment staff based on at least 2 year portfolio performance. | Compensation for investment staff has no portfolio performance link. |  |
| POLICY ACTIVITIES | | Demonstrably leads key policy debates in all relevant geographies. | Demonstrably contributes to policy debates in main geographic regions. | Rarely contributes to relevant policy debates. | Does not contribute to relevant policy debates. |  |
| STEWARDSHIP RATING | | This Framework does not seek to pass judgement on the particular stewardship policies and activities of the responding asset manager. It is envisaged that the completed Framework will equip asset owners to have a more constructive dialogue with investment managers about their investment and engagement processes and how each firm aligns their interests with those of their clients. | | | | |