NAPF

Securing the future of pensions

NAPF Stewardship Disclosure Framework: a progress report

March 2014

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Executive summary

This report assesses the response to the NAPF's publication in October 2013 of a Stewardship Disclosure Framework and the request that each asset management Stewardship Code signatory complete and return a Framework for their firm.

The objective of the Disclosure Framework is to give pension funds a ready insight into their current and prospective investment managers' approach to undertaking stewardship activity on their behalf.

There has been a strong and encouraging response to the publication of the Framework from many asset managers. In addition, the initiative has been welcomed by pension funds with many indicating that they are already utilising the completed Frameworks when reviewing their managers.

51 asset managers, representing nearly £10.5 trillion of assets under management, have now responded to our request for greater transparency – all of the completed Frameworks can be found on the NAPF website – www.napf.co.uk/stewardship

However, many large asset managers have yet to respond.

A number of the 204 asset managers which are signatories to the UK Stewardship Code are very small or are more consumer-facing; as such it is understandable that they may be slower to consider the need publicly to demonstrate their approach to stewardship to the NAPF and its members, although a number have done so.

There are however, a number of large asset management firms which manage a significant amount of UK pension fund money but have yet to respond. We believe that these firms should follow the example set by their peers and take the opportunity offered by our Framework to be more transparent about how they steward their investments on behalf of their clients.

Some of the Stewardship Code signatory firms which have yet to respond include some of the largest asset managers in the world and some of the largest in the UK. The NAPF has identified the largest asset managers by AUM which are signatories to the Stewardship Code (in some cases this may be a subsidiary of the parent company); this universe at the end of 2012 represented in excess of £19 trillion of AUM. Those firms from this universe which have yet to respond are:

BNP Paribas Investment Partners

Cohen & Steers

Credit Suisse

Fidelity Worldwide Investment

Fisher Investments

Mitsubishi UFJ Asset Management

Mondrian Investment Partners

Morgan Stanley Investment Management

Neuberger Berman

Nomura Asset Management

Northern Trust Global Investments

Old Mutual Global Investors

Pictet Asset Management

Wellington Management Company

William Blair & Company

NAPF – driving better stewardship

Pension funds have long-term investment horizons given that they are investing to meet liabilities which stretch out many decades ahead. As a result, there is a necessity to manage any longer term risks through asset allocations and active ownership practices that are sensitive to longer term factors.

As institutional shareholders, pension funds are in a position to exert influence over the companies (and assets) in which they invest – whether as owners or creditors – to protect and promote members' interests and to help improve and protect the risk-adjusted returns on their investments.

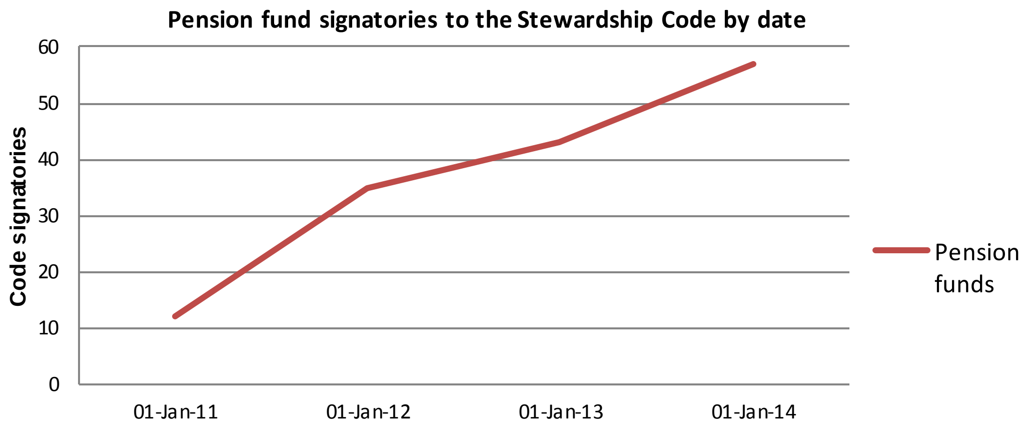
Whilst UK equities are a declining proportion of most pension schemes' portfolios, most funds continue to have a material interest in the health of UK companies through both their equity and corporate bond holdings.

Figures from the 2013 NAPF Annual Survey suggest that the percentage of UK defined benefit (DB) pension scheme assets invested in equities is now around 30% with the percentage invested in UK equities down to 8.8% (schemes have nearly 15% of their assets invested in corporate bonds). The rise of defined contribution (DC) pension schemes means however, that there is likely to be a shift back towards equities over the coming years. Given the demographics of the memberships of most DC arrangements, these schemes are commonly biased towards equities with the figures from the NAPF Annual Survey suggesting that there is an average allocation to equities of 71% in the growth phase of the average default fund.

The Stewardship Code

The Stewardship Code aims to promote the long term success of companies in such a way that the ultimate providers of capital such as pension funds also prosper. The NAPF has been a supporter of the Stewardship Code since its inception and subsequent formal adoption by the Financial Reporting Council (FRC) in 2010.

Encouragingly, a growing number of asset owners have also become signatories to the Stewardship Code and the NAPF continues to encourage others to follow suit. There was a 30% increase in pension fund signatories to the Code during 2013. The NAPF believes that a greater weight of pension fund signatories will further influence behavioural changes that lead to better stewardship by asset managers and companies. Current signatories include some of the largest private sector pension schemes in the UK such as the pension schemes of BT, Barclays, British Airways, Marks and Spencer, Nationwide, RBS and Whitbread, as well as a number of Local Authority and other public sector funds.



NAPF Stewardship Policy

The NAPF published its first Stewardship Policy in 2012 and supplemented this with an updated Responsible Investment Guide in May 2013. Both documents clearly state that:

- The management of material environmental, social and governance (ESG) factors and effective stewardship activities can affect long term investment performance.

- Monitoring and engaging with investee companies along with the informed use of votes, while not a legal duty, is a responsibility of owners and an implicit fiduciary duty of pension fund trustees and investment managers to whom they commonly delegate this function.

The UK Stewardship Code states that the primary responsibility for stewardship activities – active monitoring of and engagement with companies – generally lies with the asset manager. The NAPF Stewardship Policy explains that there are three simple actions which can be expected of pension funds as the owners and providers of capital to ensure that they fulfil their stewardship responsibilities:

1. Include a section on 'stewardship' within the fund's Statement of Investment Principles.

2. Include stewardship criteria in manager searches.

3. Incorporate monitoring of stewardship activities into manager reviews.

As articulated within the Stewardship Code, effective stewardship benefits companies, investors and the economy as a whole. In addition, robust independent research makes it increasingly clear that active stewardship and integration of ESG factors within investment decisions may lead to improved risk-adjusted performance and are likely to provide protection against potential value destruction.

In the case of most pension funds the consideration of ESG factors and the activities associated with stewardship are delegated to their investment managers who owe a duty of care to their clients to consider issues adequately and undertake such actions as are appropriate to the investment strategy.

Pension funds are embracing their responsibilities

The results of the NAPF's ninth annual survey of pension funds' engagement with investee companies published in December demonstrated that pension funds are getting to grips with their responsibilities:

- 96% of respondents agreed that institutional investors (including pension funds) have stewardship responsibilities which include engaging with companies and voting.

- 71% of respondents had an investment policy which includes the exercising of stewardship responsibilities such as engagement and voting.

- 71% of respondents also indicated that they take the stewardship activities and policies of managers into account during manager selection.

- And, encouragingly, 43% of respondents indicated that they are asking more stewardship questions during reviews and a further quarter are spending more time reviewing reporting.

Stewardship Central

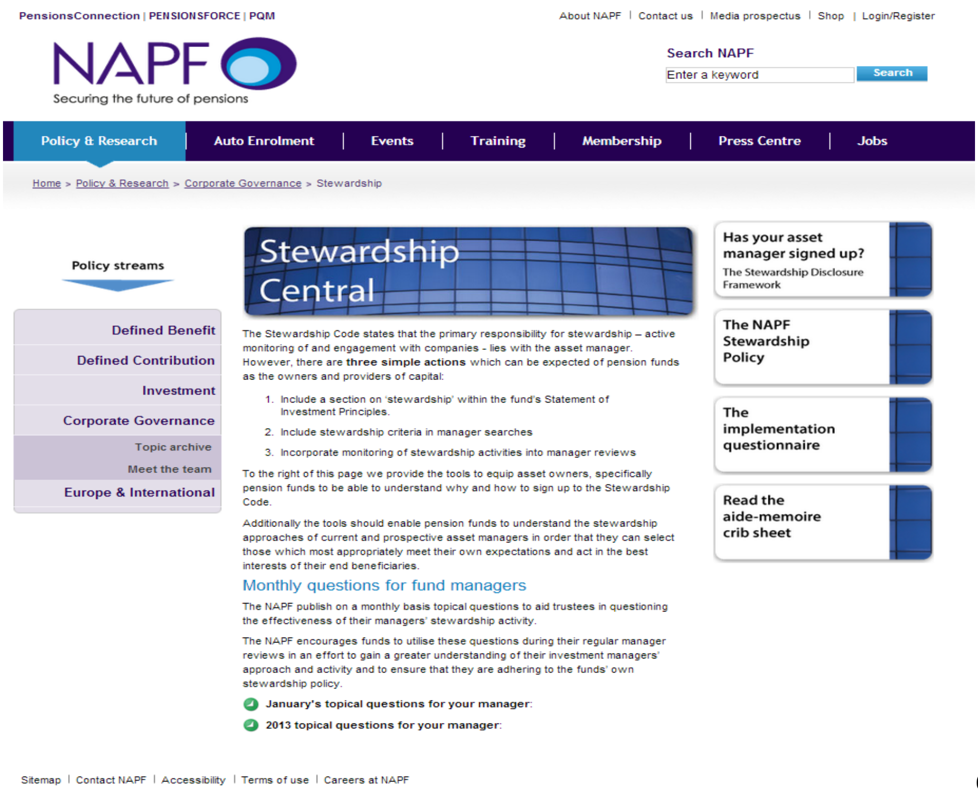
The NAPF has over the course of the past two years developed a range of tools to assist our pension fund members in fulfilling their responsibilities – namely fostering and driving the market for the effective undertaking of stewardship activities.

In October last year the NAPF created a new section on its public website named Stewardship Central. This site brings together in one place a number of tools designed to equip asset owners, specifically pension funds to be able to understand why and how to sign up to the Stewardship Code. These include the NAPF Stewardship Policy and an Implementation Questionnaire.

Additionally the tools endeavour to enable pension funds to get a full understanding of the approach of their current or prospective asset managers and get a sense as to whether they are genuinely committed to a stewardship approach on behalf of their clients.

Given the delegated model for stewardship, it is important for pension funds to develop the relationship with their appointed managers by monitoring their activities and holding them to account for delivering through regular dialogue.

Over time funds should be endeavouring to understand how their investment managers invest and how their ownership rights have been exercised; gaining an understanding of their approach to integrating ESG issues gives funds a helpful insight into the day to day investment process at the investment manager. Within the regular manager reviews, funds are encouraged to ensure that managers are adhering to the funds' stewardship policy, this may include questioning the effectiveness of engagement activity and how managers plan to engage with key holdings which have performed poorly over a period of time. The NAPF's fortnightly newsletter Policy Watch and the Stewardship Central site provide monthly topical corporate Governance questions for funds to utilise in order to quiz their managers alongside our Quizzing Fund Managers crib-sheet, the aim is to aid trustees in questioning the effectiveness of their managers' stewardship activity.



NAPF Stewardship Disclosure Framework

As well as signalling to the market their belief that companies should adhere to the highest standards of governance and that their managers should integrate the Code's Principles into their investment processes, it is important that pension funds utilise their leverage to drive the market for stewardship.

A few years back, if an investment manager was a signatory to the Principles for Responsible Investment (PRI) that was considered advanced; it is now commonly seen as a minimum requirement. The focus is shifting to measuring better the effectiveness of actually integrating ESG factors within investment decisions and monitoring the quality of engagements with companies.

Pension funds are encouraged to get beneath any generic marketing material provided by prospective investment managers and question them about their experience and approach to stewardship in a bid to gain a greater understanding of the investment managers' stewardship approach and gauge whether they are aligned to the funds' own policy.

However, it is difficult to assess from the UK Stewardship Code statements of the 204 asset managers who signatories to the Stewardship Code how their approaches vary. As such it is understandably difficult for pension funds to fully embrace this agenda.

Launched in October 2013

The NAPF Stewardship Disclosure Framework aims to shine some light into this cloudy area and equip pension fund trustees, and others, with the information they require to better compare and contrast asset manager approaches to stewardship.

On October 16 last year the NAPF wrote to all of the asset management signatories to the UK Stewardship Code to highlight the publication of its Stewardship Disclosure Framework. Firms were asked to complete and return a version for their firm which would then be made available on the NAPF Stewardship Central website.

The structure and form of the Disclosure Framework was developed after careful consultation with pension funds, investment managers and stewardship professionals. It does not seek to pass explicit judgement on the particular approach of any individual asset manager. Instead, a clearer picture of how each firm approaches the stewardship of their investments should better equip their asset owner clients, specifically pension funds, to have a more constructive dialogue with their current and prospective investment managers. In turn, funds are able to incorporate more easily the relevant stewardship factors into their manager selection and review processes.

Enhancing and protecting value

The Disclosure Framework in the first instance asks asset managers to explain in one sentence how they aim to enhance and protect value for their clients. A seemingly simple question, but not an easy one to answer succinctly. The question was designed to encourage the respondent to give thought to their investment strategy and how this is aligned with protecting and enhancing value for clients. Are they conviction investors? Do they screen out particular types of company from their investment universe or give greater weight to certain characteristics? Do they commit time and resource to engage with investee companies to bring about positive change or do they favour selling?

The NAPF's Stewardship Best Practice Principles encourage pension funds to develop an investment policy which includes an understanding of their stewardship objectives and risks. It is important that pension funds are able to map their own principles and objectives against the philosophy of their asset managers to understand whether there is a sufficient alignment of approach.

Below are a few snippets of the some of the answers given so far:

"engages constructively and discretely with investee companies to enhance and protect client's capital."	*"investment in attractively valued companies that are well managed."*
"embedded regular dialogue, corporate governance and engagement activities with its material investee companies to try and satisfy itself that those companies intend to continue to look after shareholders' value."	
"the employment of ethical behaviour and integrity."	*"by acting as a catalyst for change."*

A clearer and fuller picture

The Disclosure Framework asks managers to self-certify themselves - "A" to "D" – across nine categories. The categories largely mirror the Principles of the Stewardship Code, with the addition of 8 and 9 below.

1. **Public transparency** - Does the firm regularly disclose their engagement and voting reports or is this activity not disclosed publicly?

2. **Integrating ESG -** Is there systematic integration of ESG factors within company analysis and investment decision processes or are such considerations not relevant to the firms' investment strategy?

3. **Managing conflicts -** Are specific stewardship conflicts - including those in relation to collaborative engagement activities and proxy voting – clearly disclosed and managed?

4. **Monitoring, engagement and escalation -** Is there integrated and proactive engagement on a full-spectrum of factors – including including strategy, risk, capital structure, M&A activity and material ESG issues - and are the full range of shareholder rights utilised when engagement fails?

5. **Collaboration -** Is the firm willing to collaborate with others? Does it actually do so?

6. **Voting** - Where possible does the firm always vote its proxies and do they always vote on a considered basis?

7. **Reporting to clients** - Does the firm regularly report to clients with evidence of the activities it has undertaken in relation to the relevant portfolio and an analysis of the risks within that portfolio or is the reporting generalised and unspecific?

8. **Compensation of investment staff** - Are the interests of the investment staff aligned with their clients via their own remuneration structure?

9. **Policy activities** - Does the firm engage in relevant public policy debates in an effort effectively to shape the regulatory environment and protect the interests of clients?

Four months on....who has responded?

There has been an encouraging response from many asset managers - 51 asset managers have completed and returned a Disclosure Framework for their firm and their responses can be found on the NAPF website.

- The 51 asset manager respondents represent nearly £10.5 trillion of global assets under management.
- Respondents range from the world's largest asset manager – Blackrock – to relatively small specialist investment boutiques such as SVM. Respondents include 30 of the 50 largest Code signatories by AUM.
- A range of strategies are represented, these include those of large index fund managers such as Legal and General Investment Management as well as specialist high conviction approaches such as that of WHEB.

The NAPF applauds those firms below which have responded to the call for improved public transparency.

Asset management firms which have returned an NAPF Stewardship Disclosure Framework	
7IM	Kempen Capital Management (UK) Ltd
Aberdeen Asset Management PLC	Lazard Asset Management Limited
Aberforth Partners LLP	Legal & General Investment Management
Adelphi Capital LLP	Liontrust
Artemis Investment Management LLP	M & G Investment Management Limited
Aviva Investors	Newton Investment Management
AXA Investment Managers	Oldfield Partners LLP
Baillie Gifford & Co	RBC Asset Management UK Limited
Baring Asset Management Ltd	Royal London Asset Management
BlackRock	Russell Investments
Cantillon Capital Management LLP	Schroder Investment Management Limited
Capital International	Slater Investments Limited
Dimensional Fund Advisors Ltd	Standard Life Investments
F&C Investments	SVG Investment Managers
GAM Holdings AG	SVM Asset Management
Generation Investment Management LLP	T.Rowe Price
Goldman Sachs Asset Management International	Taube Hodson Stonex Partners LLP

Governance for Owners	Thomas Miller Investment
Henderson Global Investors	Threadneedle Asset Management
Hermes Fund Managers	TOBAM
HSBC Global Asset Management (UK)	ToscaFund Asset Management LLP
Insight Investment	UBS Global Asset Management
Invesco Perpetual	Unigestion (UK) Ltd
Investec Asset Management	Walter Scott & Partners Limited
J.P. Morgan Asset Management	WHEB Asset Management
Kames Capital	

More Frameworks are on their way

In addition to the 51 formal responses which have already been received - and which are available to be viewed on the NAPF Stewardship Central website - a number of firms have committed to returning a Framework by the end of March 2014.

- The six firms which have committed to returning a completed Framework by the end of March represent in excess of £3 trillion of assets under management.

Largest asset management firms which have committed to return an NAPF Stewardship Disclosure Framework by the end of March 2014	
Allianz Global Investors	Jupiter Asset Management
Ashmore Investment Management	State Street Global Advisors
Franklin Templeton Investments	Vanguard Asset Management

Four months on….who has not responded?

Whilst the response of the 51 responding asset managers is to be applauded, it does mean there are many large firms which have yet to return a completed Stewardship Disclosure Framework or make a commitment to do so. This is disappointing.

It is right to acknowledge that the FCA requires all UK authorised asset managers to report on whether or not they apply the Stewardship Code Principles. As such, many of the asset managers which have a published statement in response to the Stewardship Code may not consider the NAPF Stewardship Disclosure Framework relevant to their business model. In a few cases the signatory is the wholly owned investment management subsidiary of a pension scheme. In other cases, the firm's investments may be focused primarily towards non-equity or non-listed investments. In some instances, the firm may be a manager of managers and thus not be engaged themselves in any direct stewardship activities. Alternatively, the asset management firm may be more consumer-focused and may not be seeking to manage money for institutional clients.

Given the vast range of business models, investment strategies and sizes represented by those asset managers it is no surprise that it is difficult to identify from the list of statements on the FRC website those firms which are 'stewardship investors'. As such, some degree of natural filtering is beneficial in assisting identification of those firms which are aspiring most actively to the principles of the Stewardship Code.

The target constituency in the first instance for the NAPF Stewardship Disclosure Framework is those large asset managers that manage equity mandates for pension funds. From this perspective it is disappointing that not all of the largest firms have followed the example set by some of their peers and undertaken to be more transparent about their approach to stewardship. The NAPF encourages all asset managers to consider and disclose how the Principles of the Stewardship Code are applicable to their own investment approach.

The largest asset managers by AUM which are signatories to the Stewardship Code that have yet formally to respond include the following and in total represent (at year end 2012) approaching £4.5 trillion of AUM.

Largest asset management firms which have not yet returned an NAPF Stewardship Disclosure Framework	
BNP Paribas Investment Partners	Neuberger Berman
Cohen & Steers	Nomura Asset Management
Credit Suisse	Northern Trust Asset Management
Fidelity Worldwide Investment	Old Mutual Global Investors
Fisher Investments	Pictet Asset Management
Mitsubishi UFJ Asset Management	Wellington Management Company
Mondrian Investment Partners	William Blair & Company
Morgan Stanley Investment Management	

Summary of initial responses

Timely reporting but room for improving content

Of those asset managers which have completed a Framework, approximately two thirds have asserted that on at least a quarterly basis they:

- Disclose publicly their voting records.
- Report to their clients on their stewardship activities.

However, whilst the timeliness of reporting in respect of both voting records and stewardship activities is very positive, there is scope for further improvements to the content of these disclosures - an issue the NAPF will explore further during 2014, alongside exploring the extent of existing best practice.

- With respect to voting records, the common public disclosure is of a summary of the voting record or a full voting record but with no explanations given for the voting decision in relation to key votes.
- With respect to reporting to clients of stewardship activities eight asset managers have thus far indicated that they meet the deliberately stretching criteria for the "A" grade. This level of reporting specifies the provision of evidence of activities undertaken – with identified case studies – an illustration of progress against objectives, disclosure of holding periods and an analysis of risks within the portfolio. Furthermore it is expected that the stewardship reporting should be integrated into the firms' broader reporting process, explaining how their stewardship activities enhanced and protected value to the fund.

Independent assurance lacking

The guidance to Principle 7 of the Stewardship Code states that: "Asset managers that sign up to this Code should obtain an independent opinion on their engagement and voting processes having regard to an international standard or a UK framework such as AAF 01/06. The existence of such assurance reporting should be publicly disclosed. If requested, clients should be provided access to such assurance reports."

- Despite this guidance, about half of respondents have indicated that they currently obtain no assurance reports on any voting or engagement processes.

Full range of powers not being exercised

The guidance to Principle 4 of the Stewardship Code suggests that if companies do not respond constructively when institutional investors intervene then institutional investors should consider whether to escalate their action. The suggested actions include: collaborating with other investors, going public with concerns and tabling shareholder resolutions. The NAPF Corporate Governance Policy and Voting Guidelines similarly encourages shareholders to make systematic use of all of the powers at their disposal as necessary in order to support the highest standards of governance at the companies in which they invest.

- Only five asset managers have thus far indicated that they systematically utilise all the powers at their disposal when engagement fails. Around half of respondents indicate that they occasionally escalate engagement activities by utilising powers such escalating voting and attendance at AGMs.

Stewardship Disclosure Framework for Asset Managers						
"Asset managers, with day-to-day responsibility for managing investments, are well positioned to influence a company's long-term performance through stewardship."						
Asset managers are asked to self-certify against the below stewardship categories by highlighting the appropriate boxes and where relevant providing a link to further relevant disclosures or information in the box below. Completed frameworks should be returned to the NAPF where they will then be made publicly available for pension funds and other potential clients and stakeholders to view at a glance the stewardship policies and activities of the responding asset manager.						
Category		**A**	**B**	**C**	**D**	**Explanation for exemption**
In one sentence, how do you aim to enhance and protect value for clients?		**Median response of the 51 respondents as of 3 March 2014**				
Public transparency *SC Principle (1&7)*	Stewardship policy disclosure	Stewardship policy reviewed and updated in the last 12 months; available on the firm's website and covers all asset classes and geographies where the firm is present.	Stewardship policy reviewed and updated in the last 12 months and available on the firm's website.	Stewardship policy reviewed and updated in the last 2 years and available on the firm's website.	Stewardship policy is not publicly disclosed.	
	Level of stewardship disclosure	Disclosure is sufficient to enable 1) investee companies to understand (ex-ante) when, on which topics, and with whom they can engage; and, 2) clients to distinguish the stewardship approaches of different products.	Disclosure is sufficient to enable investee companies to understand with whom they can engage and clients can grasp the stewardship approach of the firm.	Brief summary of stewardship policy and approach available on the firm's website. Basic contact details for engagement enquiries.	Stewardship policy is not publicly disclosed.	
	Voting disclosure	Comprehensive public disclosure of full voting record with explanations given for key votes.	Public disclosure of summary voting record or no explanations given.	Voting record available to clients only.	No disclosure on voting activity.	
	Voting disclosure timing	At least quarterly vote reporting.	At least annual vote reporting.	Ad hoc vote reporting.	No disclosure on voting activity.	
	Engagement Reporting	Public disclosure of key engagement activities on a quarterly basis.	Public disclosure of key engagement activities on an annual basis.	Engagement record available to clients only.	No disclosure on engagement activity.	
	Independent assurance	Independent assurance obtained on both voting and engagement processes – for example AAF 01/06 - and publicly available.	Independent assurance obtained on voting or engagement processes – for example AAF 01/06.	Third party assurance systems independently verified.	No assurance reports on any voting or engagement processes.	
Integrating ESG *SC Principle 1*		Demonstrable systematic integration of ESG factors within company analysis and investment decision process and company engagement activities.	Demonstrable regular consideration of ESG factors within company analysis and investment decision process and engagement activities.	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.	
Managing conflicts *SC Principle 2*	Policy	A specific stewardship conflicts of interest policy is in place. All material conflicts are documented - including engagement and proxy voting - and are mitigated.	A specific stewardship conflicts of interest policy is in place. All material conflicts are mitigated.	Summary of specific stewardship conflicts of interest policy is documented.	There is no separate stewardship conflicts of interest policy.	
	Disclosure	Is disclosed publicly e.g. on the firm's website and a description provided as to how conflicts are mitigated.	Is disclosed publicly e.g. on the firms' website.	Is available on request to the client.	There is no separate conflict of interest policy.	
Monitoring, engagement and	Engagement approach	Fund manager (together with CG-ESG teams if separate) engages in an integrated manner proactively on a full-spectrum of factors -	Firm - not always in an integrated manner - engages proactively on a wide-spectrum of factors, for example including strategy,	Firm engages reactively on material issues of strategy, risk, capital structure and ESG issues.	Very little engagement with investee companies.	

escalation *SC Principle 3&4*		including strategy, risk, capital structure, M&A activity and material ESG issues.	risk, capital structure, M&A activity and material ESG issues.			
	Escalation	Systematically utilises all powers at disposal when engagement fails, including shareholder resolutions, attending AGMs, escalating votes and public statements.	Regularly utilises powers at disposal when engagement fails, including shareholder resolutions, attending AGMs, escalating votes and public statements.	Occasionally escalates engagement activities by utilising powers such escalating voting and attendance at AGMs.	Rarely, if ever, escalates engagement activities.	
Collaboration *SC Principle 5*	Disclosure	Has a disclosed approach collective engagement and is a member of a range of collaborative engagement and policy initiatives.	Has a disclosed approach to collective engagement and is a member of collaborative engagement fora.	Has a disclosed approach to collective engagement.	No disclosure on collaborative activities.	
	Activity	Demonstrably proactively leads collaborative company engagements in past 12 months.	Been an active member of collaborative company engagements in past 12 months.	Is willing to participate in collaborative engagements.	Does not act with other investment institutions.	
Voting *SC Principle 6*	Portfolio Holdings	Votes 90%+ of global portfolio holdings.	Votes 80%+ of all portfolio holdings.	Votes 50%+ of all portfolio holdings.	Votes less than 50% of global portfolio holdings.	
	Proxy input	Demonstrably vote all shares on a considered basis with fund manager involvement.		Votes cast always follow recommendations of external voting advisory service.		
	Client Input	There is scope for client input over vote decision whether in segregated or pooled accounts.	Client may direct voting in segregated account or elect for external party to advise and implement voting policy.	There is scope for client (or ext. party) to input into voting policy but not vote decision.	There is no scope for client input over vote decision or policy.	
	Stock Lending	There is a policy on stock lending and stock is recalled for all votes (or 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 policies are not disclosed.	
Reporting to clients *SC Principle 7*	Timing	There is client specific reporting of stewardship activities on at least a quarterly basis.	There is client specific reporting of stewardship activities on at least an annual basis.	There is reporting of stewardship activities to clients on an ad hoc basis or only on request.	There is no client specific reporting of stewardship activities.	
	Content	Reporting includes: evidence of activities undertaken – with identified case studies - an illustration of progress against objectives; disclosure of holding periods and an analysis of ESG risks within the portfolio. Stewardship is integrated into broader reporting process and how activities have enhanced and protected value is explained.	Reporting includes evidence of activities undertaken – with case studies - and an outline of on-going activity.	Reporting includes a summary of activity undertaken and successes achieved.	There is no reporting to clients on stewardship activities	
Compensation / incentives for investment staff		Significant proportion of compensation for investment staff 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 actively contributes and leads key policy debates on stewardship in all relevant geographies.	Demonstrably contributes to key policy debates on stewardship in main geographic regions.	Rarely contributes to policy debates on stewardship.	Does not contribute to policy debates on stewardship.	
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 better equip asset owners, specifically pension funds to have a more constructive dialogue with investment managers, selecting those which most appropriately meet their own expectations and policies and act in the best interests of their end beneficiaries.				