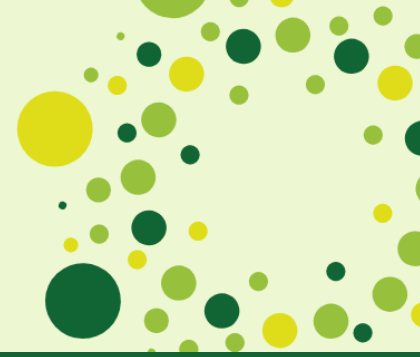


## Appendix 2 - Specification of Requirements



Below is the Specification which was issued to providers when setting up the National LGPS Framework for Stewardship Services. You can customise the Specification of Requirements to suit your specific requirements. Your particular requirements should be captured in **Appendix 3 – Invitation to Further Competition, Section 2.**

To help you define your specification you should review **Appendix 9 – Provider Catalogues** to understand each Provider's response to the Specification of Requirements.

### Lot 1 - Voting Services

#### **Voting Services including but not limited to:**

##### Coverage and Policy:

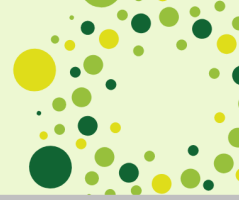
- Ability to provide global voting coverage
- Formalisation of a voting policy informed by client beliefs leading to an agreed voting template. Assisting in the formulation of agreed voting templates in line with client requirements
- Providing support on voting and voting related engagement issues
- Benchmarking fund manager voting intentions relative to the client's voting policy
- Supporting clients with stewardship-related compliance e.g. UNPRI, UK Stewardship code, etc.

##### Execution:

- Delivery of voting execution and voting related engagement in line with client policies
- Advising on best practice in voting policy and execution
- Ability to align voting with engagement activities
- Ability to allow individual funds to vote differently to Pool

##### Reporting:

- Identifying evolving voting themes which may impact upon client policies and reputation



- Key analysis and reporting of trends in voting behaviour and activity and post-vote reporting
- Supporting clients with internal and external communication with regards to stewardship policies
- Ability to meet bespoke reporting requirements

## **Lot 2 - Engagement Services**

### **Engagement Services including but not limited to:**

#### **Coverage and Policy:**

- Assisting the client to engage with investee entities across the portfolio as defined by the client
- Identifying and prioritising fund engagement activities by issue and company
- Identifying key engagement risks within client portfolios
- Identifying the optimal engagement strategy in line with the client's investment portfolio
- Identifying opportunities for clients to collaborate to secure more cost-efficient and effective engagement outcomes
- Analysing the effectiveness of active ownership policies
- Ability to provide a service tailored to different geographies and the ability to engage with companies worldwide decided on by ESG criteria
- Identifying industry developments which may impact upon client policies and reputation

#### **Execution:**

- Undertaking engagement activity on behalf of clients
- Supporting the integration of engagement best practice into investment processes and decision-making
- Supporting the client in their engagement with policymakers and regulators with

regard to active ownership

- Co-ordination of Collaborative initiative and Shareholder resolutions
- Ability to align engagement activities with voting
- Supporting the Scheme with defining objectives of engagements at manager or issuer level, and what plans there are for escalation should these fail

Reporting:

- Provision of regular monitoring reports and analysis of engagement activities undertaken
- Analysing the effectiveness of engagement activity
- Supporting clients with stewardship-related compliance e.g. UNPRI, UK Stewardship Code etc.
- Supporting clients with internal and external communication with regards to engagement policies
- Ability to meet bespoke reporting requirements

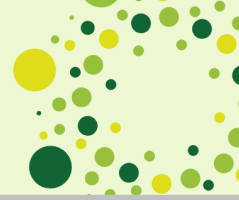
Training:

- Provision of ongoing training for clients in relation to engagement

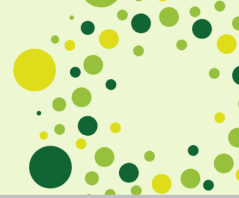
**Lot 3 - Voting and Engagement Services**

**Voting and Engagement Services including but not limited to:**

- Ability to provide full global voting coverage
- Formalisation of a voting policy informed by client beliefs leading to an agreed voting template. Assisting in the formulation of agreed voting templates in line with client requirements
- Delivery of voting execution and voting related engagement in line with client policies
- Providing support on voting and voting related engagement issues
- Identifying evolving voting themes which may impact upon client policies and reputation
- Advising on best practice in voting policy and execution



- Key analysis and reporting of trends in voting behaviour and activity and post-vote reporting
- Benchmarking fund manager voting intentions relative to the client's voting policy
- Supporting clients with stewardship-related compliance e.g. UNPRI, UK Stewardship Code etc.
- Supporting clients with internal and external communication with regards to stewardship policies
- Ability to meet bespoke reporting requirements
- Ability to align voting and engagement activities
- Ability to allow individual funds to vote differently to Pool
- Assisting the client to engage with investee entities across the portfolio as defined by the client
- Identifying and prioritising fund engagement activities by issue and company
- Identifying key engagement risks within client portfolios
- Identifying the optimal engagement strategy in line with the client's investment portfolio
- Identifying opportunities for clients to collaborate to secure more cost-efficient and effective engagement outcomes
- Undertaking engagement activity on behalf of clients
- Supporting the integration of engagement best practice into investment processes and decision-making
- Supporting the client in their engagement with policymakers and regulators with regard to active ownership
- Provision of ongoing training for clients in relation to engagement
- Provision of regular monitoring reports and analysis of engagement activities undertaken
- Analysing the effectiveness of engagement activity
- Identifying key stewardship risks within client portfolios
- Analysing the effectiveness of active ownership policies



- Co-ordination of Collaborative initiative and Shareholder resolutions
- Ability to provide a service tailored to different geographies and the ability to engage with companies worldwide decided on by ESG criteria
- Identifying industry developments which may impact upon client policies and reputation
- Supporting the Scheme with defining objectives of engagements at manager or at issuer level, and what plans there are for escalation should these fail

#### **Lot 4 - Stewardship Reporting and Projects**

##### **Discrete pieces of specialist, stewardship-related project work including, but not limited to:**

- Advice on preparing stewardship due diligence tools for specific asset classes e.g. real estate, forestry etc.
- Advice on contentious issues related to Responsible Investment
- Reviewing and helping develop stewardship policies and partnerships
- Integrating responsible investment policies into investment decision-making
- Supporting clients in their stewardship-related interactions with stakeholders
- Supporting the analysis and reporting of stewardship-related data
- Provision of research at sectoral, regional, asset class and/or investment level of environmental, social, governance and other stewardship matters in relation to current or prospective client investments
- Advice and reporting including gap-analysis in line with relevant regulatory standards and recognised external frameworks e.g. UNPRI, TCFD, UK Stewardship code, Paris Alignment, SDG alignment
- Analysing the effectiveness of active ownership policies and engagement activity
- Identifying industry developments which may impact upon client policies and reputation
- Supporting the Scheme with defining engagement beliefs and priorities
- Supporting the integration of stewardship best practice into investment processes and decision-making (in respect of both internal and external management)