



Responsible Pensions?

UK Occupational Pension Schemes'
Responsible Investment Performance 2009

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Table 1
UK Pension Schemes' Responsible Investment Ranking 2009

Pension Scheme	Policy and Practice on RI (20 points max)	Transparency (10 points max)	Overall percentage	UNPRI	Rank
Universities Superannuation Scheme	20	10	100%	Yes	1 =
British Telecommunications plc Pension Scheme	20	10	100%	Yes	1 =
Strathclyde Pension Fund	17.5	9.5	90%	Yes	3
Merseyside Pension Fund	16.5	6	75%	Yes	4
British Airways Pension Scheme	13.5	8	72%	No	5
British Broadcasting Corporation Pension Scheme	13	8	70%	Yes	6
West Midlands Pension Fund	11.5	7.5	63%	No	7
Railways Pensions Trustee Company Pension Schemes	12.5	5.5	60%	No	8 =
West Yorkshire Pension Fund	11.5	6.5	60%	No	8 =
BP plc Pension Scheme	15	2.25	58%	Yes	10
Greater Manchester Pension Fund	12.5	4	55%	No	11
Royal Mail Pensions Trustees Ltd. Pension Plan	10	5	50%	No	12
National Grid plc UK Pension Scheme	9.5	2.75	41%	No	13
Co-operative Group Pension Scheme	10	1.5	38%	No	14
Barclays Bank plc UK Retirement Fund	9	2	37%	No	15
The Shell Contributory Pension Fund	6	4.5	35%	No	16
HBOS plc Pension Scheme	7.5	0.75	28%	No	17
Marks and Spencer Group Defined Benefit Scheme*	7.5	0	25%	No	18
Royal Bank of Scotland Group Pension Fund	7	0	23%	No	19 =
Transport for London TFL Pension Fund*	4.5	2.5	23%	No	19 =
HSBC Bank plc (UK) Pension Scheme	5	1.75	22.5%	No	21
AVIVA Staff Pension Scheme	6	0	20%	No	22
Corus UK Ltd. British Steel Pension Scheme*	3	2	17%	No	23
Prudential plc Defined Benefit Scheme*	1.5	3	15%	No	24
E.ON UK plc Group of the Electricity Supply Pension Scheme*	1	1	7%	No	25

We have separated the remaining 5 schemes below from the rest in our table. These schemes chose not to actively participate in our survey, nor were we able to discern any significant level of information on their schemes from their website (where available) or from other sources.

Coal Pension Trustees Pension Schemes*	0	1.5	5%	No	
IBM Pension Scheme*	0	1	3%	No	
Unilever UK Pension Fund*	0	1	3%	No	
BAe Systems Pension Scheme*	0	0	0%	No	
Lloyds TSB Group plc Group Pension Scheme*	0	0	0%	No	

* Did not actively participate in the survey.

Executive Summary

Occupational pension schemes' valuations may have been severely damaged over the last 12 months by the ongoing financial crisis, but they remain one of the largest and most influential asset owning groups in the UK and of fundamental importance to the economy. At a time when pension schemes and their fund managers face scrutiny over their apparent failure to exercise effective investor due diligence – in particular as owners of major banks and financial institutions at the centre of the current economic crisis – an examination of the responsible investment policy, practice and transparency of the UK's largest occupational schemes could not be more timely.

Responsible Investment focuses on those environmental, social and governance (“ESG”) issues that can be material to long term shareholder value, and requires these factors to be assessed and integrated into research and investment decisions. It sees active, carefully considered voting of shareholdings, and engagement with companies when issues of concern have been identified, as fundamental to fiduciary duty, rather than optional extras. These matters cannot be addressed effectively by pension schemes without detailed policies, implementation procedures, and performance monitoring, and the schemes can not be held accountable on these matters by their stakeholders without adequate transparency. Such an approach is integral to maximising long term shareholder value as well as addressing any underlying moral concerns regarding corporate behavior.

In response to the heightened public interest in investor accountability, as well as the growing international consensus on the importance

of responsible investment to long term shareholder value,¹ this report examines the depth of commitment to responsible investment amongst leading occupational schemes in the UK.

Key Findings:

Importance of ESG issues: “a truth universally acknowledged” but not universally acted upon:

All of the schemes surveyed (with the exception of five schemes for which no data was available), acknowledge in their Statement of Investment Principles the potential importance of ESG factors in the investment process. However, this is often not fully reflected in detailed policy, implementation and performance monitoring.

Leaders and laggards

There is a striking disparity between the observable “best” and “worst” schemes. Scores ranged from 100% to 0%, with 12 schemes scoring 50% or more. The British Telecommunications Pension Scheme, Universities Superannuation Scheme and Strathclyde Pension Fund continue to show strong commitment and action on responsible investment. A full “league table” is shown opposite.

Corporate CSR policies not apparently matched by schemes' Responsible Investment policies.

There are a number of pension funds which, given their sponsoring companies' public profile on corporate social responsibility, could be expected to have pension schemes that are responsible investment leaders, but in practice appear to fall short of expectations. This

¹ Illustrated by the ever growing number of signatories to the UN Principles of Responsible Investment, currently standing at 378, representing USD 14 trillion assets under management – see www.unpri.org

group includes the AVIVA Staff Pension Scheme, Marks and Spencer Group Defined Benefit Scheme and the Co-operative Group Pension Scheme.

Contrasting sectors – the benefits of regulation? Local authorities and banks:

There is a striking divergence between the performance of the 5 local authority schemes surveyed and the 5 schemes from the banking sector. The lowest scoring local authority scheme outperforms the highest scoring bank pension fund by a clear margin. Local authorities' pension schemes are required by law to provide a higher level of public disclosure, which we believe promotes enhanced attention to responsible investment policy, implementation and performance measurement. Local authorities are required to be transparent as major recipients of public funds, which raises the issue of how transparent the pension schemes of banks that are now effectively under public ownership should be. Banks' credibility as responsible institutions is certainly not enhanced by the relatively poor performance of their pension schemes on responsible investment.

Disappointing levels of transparency:

The research shows that investment transparency remains far from universal, despite present concerns about investor accountability. Our findings provide evidence of the link between transparency and effective responsible investment: there is a discernable correlation between pension schemes that are more transparent and those with well-defined policy and practice for managing ESG-related risks and opportunities.

Scrutiny of fund managers needs further improvement:

Fourteen schemes stated that they currently assess, (or intend to do so in future) a fund manager's responsible investment credentials as part of their manager-selection criteria. This is encouraging but should become standard practice for all schemes which rely on external fund managers to execute their responsible investment policy.

The UN Principles for Responsible Investment – a positive influence:

Although only 6 of the top 30 UK pension schemes were UN PRI signatories as at the date of our survey, these 6 were all among the top ten performers. This mirrors the findings of our recent fund manager survey, where 9 of the top 10 RI performers were also UNPRI signatories.²

Responsible Investment in action – climate change is being considered, but only by a minority:

Our survey this year added an "un-scored" question, in an effort to look at an illustration of responsible investment in action, and chose to focus on climate change, as there is no single ESG issue more likely to impact future shareholder value. We were surprised to find only 5 schemes which state that they will assess a fund manager's ability to manage climate change related risks and opportunities as part of the selection process, and 7 that require their fund managers to actively consider climate change related risks and opportunities as part of their ongoing investment mandate.

² See http://www.fairpensions.org.uk/fairpensions_pdf/FundManagerRanking08.pdf

Main Report – Introduction

Occupational pension schemes' valuations may have been severely damaged over the last 12 months by the ongoing financial crisis, but they remain one of the largest and most influential asset owning groups in the UK and of fundamental importance to the economy. At a time when pension schemes and their fund managers are being questioned for their apparent failure to exercise effective investor due diligence, in particular as owners of major banks and financial institutions at the centre of the current economic crisis, an examination of the responsible investment ("RI") policy, practice and transparency of 30 of the UK's largest occupational schemes could not be more timely.

In response to this heightened public interest in pension fund accountability, and prompted by the growing consensus on the importance of responsible investment to long term shareholder value³, FairPensions' 2009 Pension Scheme Survey seeks to examine the real depth of commitment to responsible investment amongst leading UK occupational schemes.

We have significantly enhanced the scope of our survey since the 2007 report, maintaining a section on transparency, but also now analysing in detail the extent of RI policy and practice.

We have also enlarged the size of the survey,

from 20 to 30 of the UK's largest schemes, comprising £351bn assets under management, with an estimated 4.8 million membership⁴. The schemes' individual scorecards, together with FairPensions' recommendations, are detailed in appendix 1.

In an industry where the majority of schemes delegate investment of funds to external managers, it is vitally important that schemes provide their fund managers with detailed policies, define their expectations, and scrutinise performance – having assessed a fund manager's RI capabilities prior to appointment. Our survey's enhanced scope is also strongly informed by the findings of our recent (November 2008) report on the responsible investment performance of leading fund managers.⁵ The latter indicated that with notable exceptions, many of the largest and most influential asset managers operating in the UK cannot yet be judged satisfactory in terms of protecting and enhancing value for clients in relation to ESG factors – the responsibility is on their clients to ensure this happens. For pension schemes, with fiduciary duty lying ultimately with trustees, the onus is on them to ensure fund managers can and do deliver responsible investment.

Responsible Investment:

Responsible Investment focuses on those environmental, social and governance ("ESG") issues that can be material to long term shareholder value, and requires these factors to be assessed and integrated into research and investment decisions. It sees active, considered voting of shareholdings, and engagement with companies when issues of concern have been identified, as fundamental to fiduciary duty, rather than optional extras. These matters cannot be addressed effectively without detailed policy, implementation procedures, and performance monitoring, and the schemes can not be held accountable on these matters by their stakeholders without adequate transparency. Such an approach is integral to maximising long term shareholder value as well as addressing any underlying moral concerns regarding corporate behaviour.

³ Illustrated by the ever growing number of signatories to the UN Principles of Responsible Investment – see www.unpri.org

⁴ See appendix 2

⁵ 'Investor Responsibility? UK Fund Managers' Performance and Accountability on 'Extra-Financial' Risks' FairPensions, November 2008. http://www.fairpensions.org.uk/fairpensions_pdf/FundManagerRanking08.pdf

Key findings

Responsible Investment – Policy, Implementation and Monitoring:

Strong basic acknowledgement of the importance of ESG consideration:

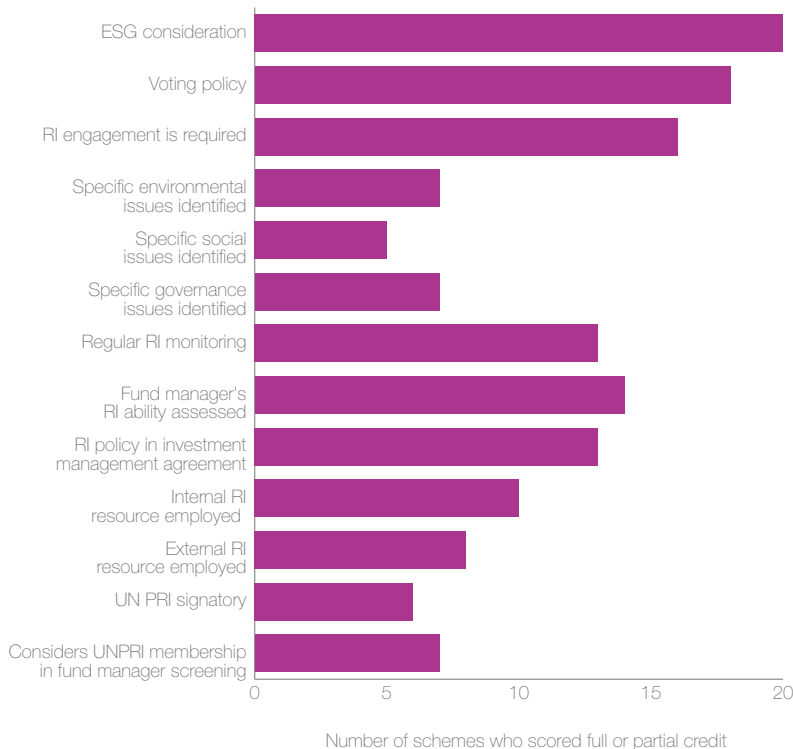
Our survey finds that amongst the largest UK occupational pension funds (measured by size of assets held) there is an almost universal acknowledgement that ESG issues can have an impact on value. All schemes for which significant information was available make some form of acknowledgement in their Statement of Investment Principles concerning ESG factors, requiring that they receive due consideration in the investment process.

Although this may have much to do with the regulatory requirement requiring schemes to state whether or not they give consideration to ESG factors, this widespread affirmation of RI should nonetheless send a powerful signal to schemes' fund managers.

Dilution of the basic message on ESG when detailed policy is examined

The recognition in principle that ESG issues can have an impact on longer term financial performance seems in many cases not fully reflected in detailed policy, implementation and performance monitoring. This inevitably could cast doubt on the depth of commitment to RI

Chart 1: Commitment to RI through Policy and Practice



at a number of major schemes. There is an identifiable vanguard of schemes which appear to be putting in place policies, resources and procedures to manage risks (or ensure that fund managers do) but the majority still have much to do.

The chart opposite focuses on the performance of the 20 schemes which actively participated in our survey. What is particularly encouraging is the 100% “consideration of ESG factors in their SIP” score, complemented in most cases by at least some detailed policy on the “basics” of responsible share ownership, in particular voting policy (18 schemes) and a requirement for active engagement (16 schemes). However, only 7 schemes have actually identified specific ESG risks or opportunities as priorities for their fund managers. Also, given that performance monitoring should be of paramount importance where responsibility has been delegated, it is surprising that more

than a third of schemes do not appear to require regular written performance monitoring regarding ESG activity undertaken on their behalf. The depth of commitment to any policy is questionable if performance is not regularly monitored.

Scrutiny of fund managers needs further improvement:

Whether or not a pension scheme assesses their fund managers’ ability to comply with the scheme’s ESG policy, as an integral part of the appointment process, should provide a good “proxy” for the priority a pension scheme places on responsible investment. Fourteen schemes stated that they currently assess, or intend to assess at next appointment, a potential new fund manager’s RI credentials. This is a development that should be noted by fund managers who wish to win pension scheme business in the future, but should also act as a positive example to other schemes.

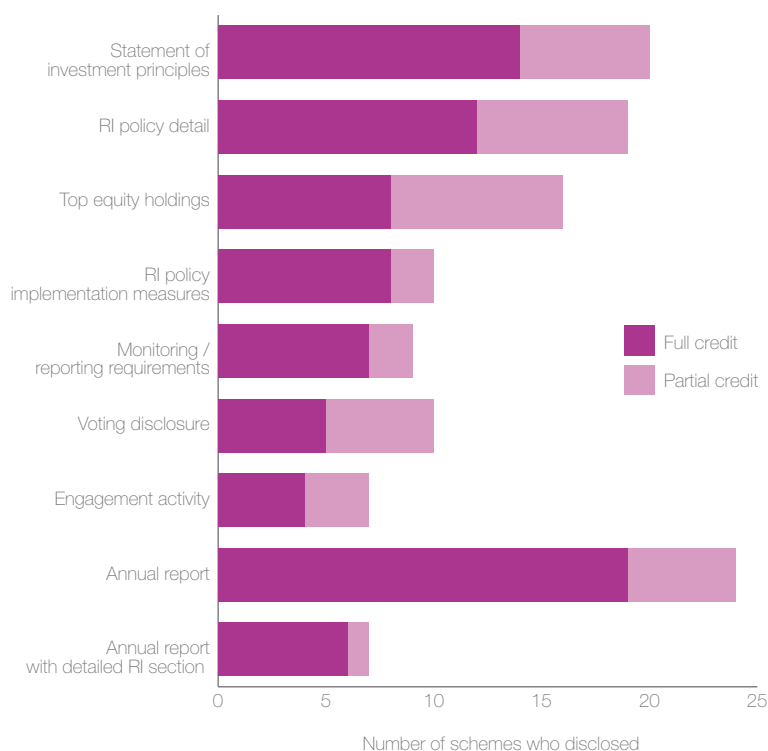
Leaders, Laggards, and “Surprising Anomalies”:

Our research has identified clear leaders in RI – the British Telecommunications Pension Scheme, Universities Superannuation Scheme and Strathclyde Pension Fund. These schemes provide strong examples to other asset owners of what can be achieved, in line with international best practice, regarding RI policy, practice and transparency.

Laggards are more difficult to identify where there is little or no information in the public domain, and where schemes have not separately provided us with additional information – for example the BAE scheme, those administered by the Coal Trustees or the IBM scheme. These may be exemplary in their RI policy detail and implementation, although our research elsewhere suggests that a lack of public transparency is often allied with ineffective policy, and these schemes do not exhibit some of the visible indicators of good practice, such as being signatories to the UN Principles for Responsible Investment.

Perhaps more interesting is a small group of schemes which might have been expected to be amongst the highest scorers, given the strong RI or CSR stances taken by their sponsor parent groups, but are seemingly failing to meet such expectations. This group includes the schemes of Marks and Spencer, Aviva and the Co-operative Group. The highest scoring of these (the Co-operative Group Scheme) attained only 38.3% in our survey, and the Aviva and Marks and Spencer schemes also scored poorly in transparency, with no public website found for either at the date of survey.

Chart 2. Transparency Scores – Pension Scheme disclosure



Note: In chart 2 credit for transparency is awarded depending on whether information is available to the general public via the pension scheme's website (full credit) or automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter / annual report (partial credit).

Responsible Investment – Transparency

The potential for strong transparency exists, but it remains elusive:

Without transparency there can be no true accountability, either to pension scheme members or to the broader public who are impacted by the consequences of investors' decisions. Whether external scrutiny assists a transition to improved policy and practice, or vice versa, it is clear that the two correlate strongly. A lack of transparency inevitably begs questions about what is being masked, and is out of step with industry best practice.⁶

This year's survey has underlined that transparency remains far from mainstream, despite its central position in enabling effective accountability. However a foundation exists

which can be built upon: for 25 of the 30 schemes surveyed FairPensions was able to find at least some form of public website, albeit with a limited number of these sites providing relevant detailed information. The box shows the website addresses of schemes that scored particularly well on transparency, and so act as good examples to other schemes.

There does appear to be a discernable positive trend towards increased availability of publicly-accessible websites. Although we could not find a public website at the date of our survey for schemes of the HSBC, Aviva, HBOS, Marks & Spencer and Lloyds TSB schemes, we are aware that at least one of these, the Lloyds TSB scheme, is in the process of creating one. The challenge is to make use of the websites to enhance detail and accountability.

⁶ For example see the Revised Myners Guidelines: http://www.hm-treasury.gov.uk/d/consult_myners_response_pu632.pdf <http://www.hm-treasury.gov.uk/d/consult_myners_response_pu632.pdf> and the Institutional Shareholders' Committee Statement of Principles: <http://institutionalshareholderscommittee.org.uk/sitebuildercontent/sitebuilderfiles/ISCStatementofPrinciplesJun07.pdf> <<http://institutionalshareholderscommittee.org.uk/sitebuildercontent/sitebuilderfiles/ISCStatementofPrinciplesJun07.pdf>>

Extensive public disclosure of RI policy, implementation and performance remains a minority virtue. Nineteen of the thirty schemes make their annual report available publically, but only fourteen publish their full or summary Statement of Investment Principles, and only 12 provide further detailed disclosure of their RI policy.

Whilst transparently publishing an RI policy is fundamental to accountability, it is only where schemes report on policy implementation that a true picture of a scheme's effectiveness as a responsible investor can be gauged.

Disappointingly we could find only 8 schemes that publicly disclose policy implementation and the monitoring measures put in place to ensure their RI policy is effectively enacted. Even fewer, 5 schemes, publish full voting records, and only 5 disclose either detailed or partial engagement initiatives undertaken by them or on their behalf by their fund managers. Lack of transparency on implementation and monitoring makes it difficult for stakeholders to assess individual schemes' true commitment to Responsible Investment.

Leaders in Transparency

All of the top three pension schemes in our survey have detailed sections of their websites concerning responsible investment, where key documents and extensive information are publically available. We would recommend their websites to other pension schemes as strong examples of RI transparency in action:

Universities Superannuation Services' website: <http://www.usshq.co.uk/>

British Telecommunications Pension Scheme's website: http://www.btpensions.net/BTPS/btps_home.htm

Strathclyde Pension Fund's website: <http://www.spfo.org.uk/>

Other key findings

Contrasting sectors – the benefits of regulation? Local Authorities vs. Banks:

FairPensions' 2007 report on the transparency of pension schemes⁷ noted a marked disparity between pension schemes of local authorities (which were among the leaders in transparency) and those of the banking sector, which displayed little commitment to transparency. The contrast between the two sectors is even more striking when detailed policy and practice is considered – no bank scheme has outperformed any local authority scheme on either section (see chart 3 on page 12).

We believe the disparity stems from a combination of government regulation and the interplay between transparency and improved policy and practice. Each survey that FairPensions has conducted, whether it has focused on pension schemes or fund managers, has shown a consistent link between investment transparency and higher standards of RI.

As public institutions and major recipients of public funding, local authority pension schemes are required by law to provide a high level of public disclosure regarding their pension funds⁸. We believe this transparency requirement encourages enhanced attention to policy detail, implementation and performance measurement. This should in turn benefit the long term investment performance of local authority pension schemes.

This finding raises the issue of the accountability of UK bank pension schemes, given that a number of banks have recently become beneficiaries of sizeable public funding, and that two of the UK's largest banking groups

7 UK Pension Scheme Transparency Survey on Environmental, Social and Governance Issues December 2007 http://www.fairpensions.org.uk/fairpensions_pdf/2007%20Pension%20Fund%20Transparency%20Survey%20on%20Environmental,%20Social%20and%20Governance%20Issues.pdf

8 Statutory Instrument 2008 No. 239 Pensions, England and Wales, The Local Government Pension Scheme (Administration) Regulations 2008 – schemes must for example publish their Governance Compliance Statement (para 31), Annual Report incorporating (inter alia) a Funding Strategy Statement and their Statement of Investment Principles (para 34), and their Pension Administration Strategy (para 65) – see http://www.opsi.gov.uk/si/si2008/ukSI_20080239_en_1

Chart 3: Local Authorities vs. the Banking Sector – RI Policy and Practice & Transparency



are now effectively in public ownership. Given the poor performance of the banking sector's pension schemes on transparency, should there be pension scheme transparency regulation that now embraces the banking sector (if not the whole pension industry)?

United Nations Principles for Responsible Investment

Given the continued growth globally in signatory numbers of the UN PRI, we were surprised that only 6 of the UK's 30 leading occupational pension schemes were signatories⁹ at the date surveyed, (the BBC, British Telecom, BP, Strathclyde, USS, and Merseyside

schemes). These schemes are all ranked amongst the top ten performers in our survey, suggesting a positive relationship between UN PRI membership and effective policy and practice on RI. This also corresponds with the findings of our most recent fund manager report¹⁰ where nine of the ten top RI performers were UN PRI signatories.

In addition to pension scheme signatory status of the UN PRI, our survey examined whether the largest UK schemes have begun to use a fund manager's membership (or otherwise) of the UN PRI as a significant factor in their fund manager selection process. We found that 7 schemes that do so, or state that they plan

⁹ A number of schemes have parents who are UN PRI members, however they are of course separate legal entities.

to in future. Whilst this is a minority, we believe that UNPRI membership will become an increasingly important measure by which to rate (and hire) fund managers.

We would continue to recommend that UK pension schemes become signatories. Membership provides practical support and valuable opportunities for investor collaboration.

Responsible Investment policy in action? Climate Change

Having expanded our survey's focus to include in-depth consideration of RI policy and practice, we felt this presented a good opportunity to examine on an un-scored basis (i.e. simply for illustration) the schemes on their commitment to addressing investment risks and opportunities on a "live" ESG issue. We chose to focus on climate change, since its potential physical, regulatory and market impacts could significantly affect future shareholder value.

We asked schemes whether they assessed capacity to analyse and act on climate change risks and opportunities as part of the fund manager selection process, and whether they required fund managers to actively consider climate change as part of their ongoing mandate.

Three schemes (Royal Mail, Strathclyde and USS) appear to be considering fund managers' capacity to assess and act on climate change with portfolio companies (or are planning to do so in the future), whilst four schemes (British Airways, Strathclyde, USS and West Yorkshire) require fund managers to actively consider climate change related risks and opportunities in their research and investment decisions.

That some pension funds are now using a fund manager's ability to assess and act on climate change as a criterion for vetting and instructing fund managers is a positive finding (which fund managers and advisors would do well to note), but it is of concern that such a high profile area of risk and opportunity has not yet been examined properly by more pension schemes. Perhaps some funds are so confident of their fund managers' awareness and ability to protect or enhance value that they feel no need to enquire further; however, the findings of FairPensions' 2008 survey of fund managers indicates that such confidence, if it does exist, is frequently not warranted.

We intend to follow up this subject further in 2009, by surveying leading fund managers regarding their attitudes to climate change, and actions taken on behalf of their clients to protect their portfolios.

¹⁰ See http://www.fairpensions.org.uk/fairpensions_pdf/FundManagerRanking08.pdf

Conclusion

This is our third Responsible Investment survey of major UK occupational pension schemes, but our first attempt to look beyond transparency to scrutinise the depth of commitment to Responsible Investment, as evidenced by detailed policy, effective policy implementation and performance monitoring. We are grateful that despite the more rigorous nature of this year's questionnaire, and the pressure on resources at many schemes resulting from the financial climate, 20 of the 30 pension schemes we approached actively participated in the process (and we were able to obtain at least some detailed information on a further 5). This has helped to ensure the validity of our findings, which we hope will be of value to the individual schemes themselves, enable these schemes to assess themselves against their peers, and stimulate discussion and action across the remainder of the sector.

It is encouraging that for all schemes where information was available, there is recognition of the potential importance of ESG issues in the investment process. In most instances, this basic position is developed with further detail encompassing responsible investment components such as voting and engagement policies. However, we have found that in many cases even basic policies are not backed up by careful vetting of fund managers' capacity to deliver. As FairPensions' 2008 report into the responsible investment performance of UK fund managers demonstrates, managers must be regularly scrutinised since capability and commitment varies hugely across the industry. We hope to see considerable further improvement by pension schemes in the vetting of managers pre-appointment, reference to RI in investment management agreements, and detailed monitoring of them post appointment.

Full transparency regarding schemes' policies, implementation of policies and resulting impact also remains elusive, but a foundation exists to be built upon since 83% of the schemes surveyed now have a public website. As in previous surveys we have identified a close correlation between transparency and effective responsible investment, which will continue to strongly inform the direction of our work.

The link between transparency and stronger RI performance has been best highlighted in this year's report through the marked contrast between local authority and banking sector schemes. As a group the former has outperformed the latter by a considerable margin in all sections of the survey. Of course local authorities are obliged to be transparent by statute; banks are not. Whilst this allows us to make a slightly tongue-in-cheek point that banks benefitting from public ownership should be embraced by similar legislation, it raises the more substantial question of the nature and role of responsible investment regulation governing pension investment overall. We believe this deserves and will receive serious public scrutiny in the period ahead.

Appendix 1 – Pension Fund Scorecards

AVIVA Staff Pension Scheme

No website found.

Part 1. RI Policy, Implementation and Monitoring (20 points)		Score	Notes
1	Statement of Investment Principles: The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2	Detailed RI policy: (Total 9 points) The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a	The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b	The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations). The voting policy requires voting of all shares:	1/1	A
	i held in UK companies only.	0/0.5	
	or ii held in all companies globally (where practical).	0.5/1	A
c	The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d	The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions. Specific Environmental issues identified.	0/1	NE
	Specific Social issues identified.	0/1	NE
	Specific Governance issues identified.	0/1	NE
e	The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:	0/2	NE
	i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
	ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3	RI Policy review: (Total 1 point) The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years:	0.5/1	A
4	Integration of ESG policy into fund manager selection: Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5	Integration of RI policy into Investment Management Agreements: The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6	The pension fund's ESG policy is applied to non-equity asset classes: In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a	at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	
b	or – all non-equity asset classes.	0/2	NE
7	Engagement Resources:		
a	The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b	The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8	UN Principles for Responsible Investment:		
a	The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b	The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9	RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a	When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b	The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
		6/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded
Available to the general public via the pension fund's website	100% score awarded

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0/1	NW
b Only part or a summary SIP is disclosed	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements)		
a Detailed policy disclosed (1 point) or	0/1	NW
b Outline policy only	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NW
b 20 or more, largest equity holdings are disclosed	0/0.5	
4 Disclosure of policy implementation / monitoring		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NW
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NW
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NW
b Partial disclosure	0/0.5	
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NW
b Sample engagement initiatives are disclosed at least annually	0/1	NW
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available	0/1	NW
b The Annual Report has a detailed section on responsible investment	0/1	NW
	0/10	
TOTAL SCORE	6/30	(20%)

Key to notes

A Acknowledged
NE No evidence found.

W Found on website
NW No public website found
NWE No evidence found on website

Recommendations:**RI policy, implementation and monitoring**

From the information provided it appears that the Aviva Staff Pension Scheme has an underlying commitment to responsible investment, however it is not clear whether careful attention is being paid to the implementation and monitoring of a detailed policy. If this is not the case, we recommend that steps are taken which should include:

- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- Incorporating assessment of the capacity of fund managers to carry out the Scheme's ESG policy into its fund manager selection process, and into its investment management agreements.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

Given that basic transparency is fundamental to responsible investment, we recommend that the Aviva Staff Pension Scheme creates a scheme website, which would include public disclosure of:

- The Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Specific and detailed ESG engagement strategy, and reporting.
- The Scheme's annual reports, which should include a detailed section on responsible investment.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	0/2	NE
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	0/1	NE
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	0/1	NE
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	NE
or ii held in all companies globally (where practical).	0/1	NE
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues	0/1	NE
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years:	0/1	NE
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	0/20	

*Did not actively participate in the survey.

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded
Available to the general public via the pension fund's website	100% score awarded

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0/1	NWE
b Only part or a summary SIP is disclosed	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements)		
a Detailed policy disclosed(1 point) or	0/1	NWE
b Outline policy only	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NWE
b 20 or more, largest equity holdings are disclosed	0/0.5	
4 Disclosure of policy implementation / monitoring		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure	0/0.5	
6 Disclosure of engagement activity:		NWE
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	
b Sample engagement initiatives are disclosed at least annually	0/1	
7 The pension fund's Annual Report:		NWE
a The pension fund's full Annual Report is made available	0/1	
b The Annual Report has a detailed section on responsible investment	0/1	
	0/10	
TOTAL SCORE	0/30	(0%)

Key to notes

A Acknowledged
NE No evidence found.

W Found on website
NW No public website found
NWE No evidence found on website

Recommendations

RI policy, implementation and monitoring

With no SIP, Annual Report or policy documents available publicly, or otherwise disclosed to FairPensions, it is unclear whether the BAE Systems Pension Scheme has any detailed RI policy, and if so, whether it pays careful attention to policy implementation and performance monitoring. If this is not the case then we would recommend that steps are taken which include:

- Establishing a detailed RI policy.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- Incorporating assessment of the capacity of fund managers to carry out the Scheme's ESG policy into its fund manager selection process, and into its investment management agreements.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

- We would recommend a dedicated public section for RI on the Scheme's website, to include disclosure of:
 - The Statement of Investment Principles.
 - Detailed statements of RI policy, policy implementation and performance monitoring.
 - Full voting records and summary voting analysis.
 - Specific and detailed ESG engagement strategy, and reporting.
 - The Scheme's annual reports, which should include a detailed section on responsible investment.

Part 1. RI Policy, Implementation and Monitoring (20 points)		Score	Notes
1	Statement of Investment Principles: The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2	Detailed RI policy: (Total 9 points) The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a	The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b	The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors. (i.e. not simply voting in line with investee company management recommendations). The voting policy requires voting of all shares:	1/1	A
	i held in UK companies only.	0/0.5	
	or ii held in all companies globally (where practical).	1/1	A
c	The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	NE
d	The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions. Specific Environmental issues identified.	0/1	NE
	Specific Social issues identified.	0/1	NE
	Specific Governance issues identified.	0/1	NE
e	The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
	i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
	ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3	RI Policy review: (Total 1 point) The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years:	1/1	A
4	Integration of ESG policy into fund manager selection: Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1/1	A
5	Integration of RI policy into Investment Management Agreements: The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6	The pension fund's ESG policy is applied to non-equity asset classes: In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a	at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	
b	or – all non-equity asset classes.	2/2	A
7	Engagement Resources:		
a	The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b	The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8	UN Principles for Responsible Investment:		
a	The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	NE
b	The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9	RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a	When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
b	The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
		9/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded
Available to the general public via the pension fund's website	100% score awarded

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0.5/1	Available on intranet only.
b Only part or a summary SIP is disclosed	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements)		
a Detailed policy disclosed (1 point) or	0.5/1	Available on intranet only.
b Outline policy only	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NWE
b 20 or more, largest equity holdings are disclosed	0/0.5	NWE
4 Disclosure of policy implementation / monitoring		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0.5/1	Available on intranet only.
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure	0/0.5	
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available	0.5/1	Available on intranet only.
b The Annual Report has a detailed section on responsible investment	0/1	NWE
	2/10	
TOTAL SCORE	11/30 (37%)	

Key to notes

A Acknowledged
NE No evidence found.

W Found on website
NW No public website found
NWE No evidence found on website

Recommendations

This is the first year that the Barclays Bank UK Retirement Fund has actively participated in our survey, and they are to be commended for their recent establishment of a dedicated website, which clearly acknowledges the importance of responsible investment and shareholder activism.

Our recommendations for further improvement would include:

RI policy, implementation and monitoring

- Specific requirement for active engagement with investee companies on ESG issues.
- Identifying specific ESG risks and opportunities for incorporation into research and investment decisions.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- The use of internal and/or external dedicated resources to undertake ESG engagement on behalf of the fund.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

Given the fundamental importance of transparency to responsible investment, significantly increasing the public areas of its website, to include public disclosure of:

- The Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.
- The Fund's annual reports, which should include a detailed section on responsible investment.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	1/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	1/1	A.
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	1/1	A
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1/1	A
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	
b or – all non-equity asset classes.	1/2	A
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	1/1	A
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	1/1	A
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
	15/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded
Available to the general public via the pension fund's website	100% score awarded

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0.5/1	Available on intranet only.
b Only part or a summary SIP is disclosed	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements)		
a Detailed policy disclosed (1 point) or	0/1	NWE
b Outline policy only	0.25/0.5	Available on intranet only.
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	
b 20 or more, largest equity holdings are disclosed	0.5/0.5	W
4 Disclosure of policy implementation / monitoring		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NWE
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure	0/0.5	NWE
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available	1/1	W
b The Annual Report has a detailed section on responsible investment	0/1	
	2.25/10	
TOTAL SCORE	17.25/30	(58%)

Key to notes

A Acknowledged
NE No evidence found or disclosed to FairPensions.

W Found on website
NW No public website found
NWE No evidence found on website

Recommendations

The BP Pension Scheme exhibits a commendable position on RI policy, implementation and monitoring, however it is noticeably weaker with regard to transparency. Our recommendations for improvement would include:

RI policy, implementation and monitoring

- Expansion of RI policy across non-equity asset classes.
- Consideration of use of dedicated internal and / or external resources to undertake ESG engagement.

Transparency

Given the fundamental importance of transparency to responsible investment, significantly increasing the public areas of its website, to include public disclosure of:

- The Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed engagement initiatives and outcomes.

Part 1. RI Policy, Implementation and Monitoring (20 points)		Score	Notes
1	Statement of Investment Principles: The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2	Detailed RI policy: (Total 9 points) The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a	The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b	The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors. (i.e. not simply voting in line with investee company management recommendations). The voting policy requires voting of all shares:	1/1	A
	i held in UK companies only.	0/0.5	
	or ii held in all companies globally (where practical).	1/1	A
c	The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d	The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions. Specific Environmental issues identified.	0.5/1	A
	Specific Social issues identified.	0.5/1	A
	Specific Governance issues identified.	0.5/1	A
e	The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
	i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
	ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3	RI Policy review: (Total 1 point) The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years:	1/1	A
4	Integration of ESG policy into fund manager selection: Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1/1	A
5	Integration of RI policy into Investment Management Agreements: The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6	The pension fund's ESG policy is applied to non-equity asset classes: In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a	at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	
b	or – all non-equity asset classes.	1/2	A
7	Engagement Resources:		
a	The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	1/1	A
b	The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	
8	UN Principles for Responsible Investment:		
a	The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b	The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9	RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a	When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
b	The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
		13.5/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded
Available to the general public via the pension fund's website	100% score awarded

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W.
b Only part or a summary SIP is disclosed	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements)		
a Detailed policy disclosed(1 point) or	1/1	W.
b Outline policy only	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	1/1	W.
b 20 or more, largest equity holdings are disclosed	0/0.5	
4 Disclosure of policy implementation / monitoring		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	1/1	W.
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	1/1	W.
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	1/1	W.
b Partial disclosure	0/0.5	
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	
b Sample engagement initiatives are disclosed at least annually	1/1	W.
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available	1/1	W.
b The Annual Report has a detailed section on responsible investment	0/1	
	8/10	
TOTAL POINTS	21.5/30	(72%)

Key to notes

A Acknowledged

NE No evidence found or disclosed to FairPensions.

W

Found on website

NW

No public website found

NWE

No evidence found on website

Recommendations

The British Airways Pension Scheme exhibits a creditable position on RI policy, implementation and monitoring, and is particularly strong with regard to transparency. Our recommendations for further improvement would include:

RI policy, implementation and monitoring

- Adoption of a systematic approach to identifying specific ESG risks and opportunities for incorporation into research and investment decisions.
- Further expansion of RI policy across additional non-equity asset classes.
- Consideration of membership of the UN PRI.

Transparency

- Expanded disclosure of engagement initiatives and outcomes.
- Expanded detail regarding RI policy and its effectiveness for the Annual Report.

Part 1. RI Policy, Implementation and Monitoring (20 points)		Score	Notes
1	Statement of Investment Principles: The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2	Detailed RI policy: (Total 9 points) The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a	The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b	The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations). The voting policy requires voting of all shares:	1/1	A
	i held in UK companies only.	0/0.5	
	or ii held in all companies globally (where practical).	1/1	A
c	The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d	The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions. Specific Environmental issues identified.	0/1	NE
	Specific Social issues identified.	0/1	NE
	Specific Governance issues identified.	0/1	NE
e	The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
	i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	
	ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3	RI Policy review: (Total 1 point) The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4	Integration of ESG policy into fund manager selection: Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0.5/1	A
5	Integration of RI policy into Investment Management Agreements: The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6	The pension fund's ESG policy is applied to non-equity asset classes: In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a	at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	1/1	A
b	or – all non-equity asset classes.	0/2	
7	Engagement Resources:		
a	The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b	The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	1/1	A
8	UN Principles for Responsible Investment:		
a	The pension fund is a signatory of the UN Principles for Responsible Investment.	1/1	A
b	The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0.5/1	A
9	RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a	When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
b	The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
		13/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded
Available to the general public via the pension fund's website	100% score awarded

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements)		
a Detailed policy disclosed (1 point) or	1/1	W
b Outline policy only	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	1/1	W
b 20 or more, largest equity holdings are disclosed	0/0.5	
4 Disclosure of policy implementation / monitoring		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	1/1	W
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	1/1	W
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	1/1	W
b Partial disclosure	0/0.5	
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available	1/1	W
b The Annual Report has a detailed section on responsible investment	1/1	W
	8/10	
TOTAL SCORE	21/30	
	(70%)	

Key to notes

A Acknowledged

NE No evidence found or disclosed to FairPensions.

W

Found on website

NW

No public website found

NWE

No evidence found on website

Recommendations

The BBC Pension Scheme exhibits a creditable position on RI policy, implementation and monitoring, and is particularly strong with regard to transparency. Our recommendations for further improvement would include:

RI policy, implementation and monitoring

- Identifying specific ESG risks and opportunities for incorporation into research and investment decisions.
- Further expansion of RI policy across non-equity asset classes.
- Consideration of use of dedicated internal staff to undertake ESG engagement.

Transparency

- By disclosing full details of engagement activity, the website would comprehensively cover all main RI policy and practice issues.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	1/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	1/1	A
Specific Social issues identified.	1/1	A
Specific Governance issues identified.	1/1	A
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	1/1	A
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1/1	A
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	
b or – all non-equity asset classes.	2/2	A
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	1/1	A
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	1/1	A
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	1/1	A
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	1/1	A
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
	20/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded
Available to the general public via the pension fund's website	100% score awarded

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements)		
a Detailed policy disclosed (1 point) or	1/1	W
b Outline policy only	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	1/1	W
b 20 or more, largest equity holdings are disclosed	0/0.5	
4 Disclosure of policy implementation / monitoring		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	1/1	W
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	1/1	W
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	1/1	W
b Partial disclosure	0/0.5	
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	2/2	W
b Sample engagement initiatives are disclosed at least annually	0/1	
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available	1/1	W
b The Annual Report has a detailed section on responsible investment	1/1	W
	10/10	
TOTAL SCORE	30/30 (100%)	

Key to notes

A Acknowledged
NE No evidence found or disclosed to FairPensions.

W Found on website
NW No public website found
NWE No evidence found on website

Recommendations

The BT Pension Scheme to be commended for their substantial commitment to Responsible Investment, as evidenced through their detailed policies and practice, and their strong understanding of the fundamental importance of transparency.

Coal Pension Trustees – British Coal Staff Superannuation Scheme and Mineworkers' Pension Scheme*

<http://www.bcsss-pension.org.uk> and <http://www.mps-pension.org.uk/>

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	0/2	NE
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	0/1	NE
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	0/1	NE
The voting policy requires voting of all shares:		
i held in UK companies only	0/0.5	NE
or ii held in all companies globally (where practical).	0/1	NE
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	NE
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:	0/2	NE
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	0/1	NE
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure)	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	0/20	

*Did not actively participate in the survey.

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded
Available to the general public via the pension fund's website	100% score awarded

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0/1	Available only upon request.
b Only part or a summary SIP is disclosed	0/0.5	NWE
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements)		
a Detailed policy disclosed (1 point) or	0/1	NWE
b Outline policy only	0/0.5	NWE
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	
b 20 or more, largest equity holdings are disclosed	0.5/0.5	W
4 Disclosure of policy implementation / monitoring		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NWE
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure	0/0.5	NWE
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available	1/1	W
b The Annual Report has a detailed section on responsible investment	0/1	NWE
	1.5/10	
TOTAL SCORE	1.5/30 (5%)	

Key to notes

A Acknowledged

NE No evidence found or disclosed to FairPensions.

W

Found on website

NW

No public website found

NWE

No evidence found on website

Recommendations**RI policy, implementation and monitoring**

With no SIP or policy documents available publicly, or otherwise disclosed to FairPensions, it is unclear whether schemes administered by the Coal Pension Trustees have any detailed RI policy, and if so, whether comprehensive attention is paid to policy implementation and performance monitoring. If this is not the case then we would recommend that steps are taken which include:

- Establishing a detailed RI policy.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- Incorporating assessment of the capacity of fund managers to carry out the Scheme's ESG policy into its fund manager selection process, and into its investment management agreements.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

We would recommend a dedicated public section for RI on the schemes' websites, to include disclosure of:

- The Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Specific and detailed ESG engagement strategy, and reporting.
- The Scheme's annual reports, which should include a detailed section on responsible investment.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	1/1	
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions	1/1	A
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	
b or – all non-equity asset classes.	2/2	A
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
	10/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded
Available to the general public via the pension fund's website	100% score awarded

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0/1	
b Only part or a summary SIP is disclosed	0.5/0.5	W
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements)		
a Detailed policy disclosed (1 point) or	0/1	
b Outline policy only	0.5/0.5	W
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NWE
b 20 or more, largest equity holdings are disclosed	0/0.5	NWE
4 Disclosure of policy implementation / monitoring		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NWE
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure	0/0.5	NWE
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available	0.5/1	W
b The Annual Report has a detailed section on responsible investment	0/1	NWE
	1.5/10	
TOTAL SCORE	11.5/30	(38%)

Key to notes

A Acknowledged

NE No evidence found or disclosed to FairPensions.

W Found on website

NW No public website found

NWE No evidence found on website

Recommendations

From the information provided it appears that the Co-operative Pension Scheme has an underlying commitment to responsible investment, but has not yet fully translated this into detailed policy, implementation, monitoring or transparency. Our recommendations would include:

RI policy, implementation and monitoring

- Identifying specific ESG risks and opportunities for incorporation into research and investment decisions.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- The use of internal and/or external dedicated resources to undertake ESG engagement on behalf of the fund.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

Given the fundamental importance of transparency to responsible investment, significantly increasing the public areas of its website, to include public disclosure of:

- The full Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.
- The scheme's full annual reports, which should include a detailed section on responsible investment.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	0/1	NE
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	0/1	NE
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	NE
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	0/1	NE
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	3/20	

*Did not actively participate in the survey.

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0/1	
b Only part or a summary SIP is disclosed.	0.5/0.5	W
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	0/1	NWE
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NWE
b 20 or more, largest equity holdings are disclosed.	0.5/0.5	W
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NWE
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure.	0/0.5	NWE
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	0/1	NWE
	2/10	
TOTAL SCORE	5/30	(17%)

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations**RI policy, implementation and monitoring**

It is not clear from the information available to FairPensions how comprehensive the Scheme's RI policy is, or whether the Scheme is paying careful attention to the implementation and monitoring of such. If this is not the case, we recommend that steps are taken which should include:

- Establishing a detailed RI policy, incorporating active voting and engagement requirements.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- Incorporating assessment of the capacity of fund managers to carry out the Scheme's RI policy into its fund manager selection process, and into its investment management agreements.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

Given the fundamental importance of transparency to responsible investment, we would recommend significantly expanding the depth of detail publicly disclosed via its website, including:

- The full Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.
- A detailed section on responsible investment in the Scheme's annual report.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	1/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	0/1	NE
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	0/1	NE
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	NE
or ii held in all companies globally (where practical).	0/1	NE
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	NE
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:	0/2	NE
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	0/1	NE
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	1/20	

*Did not actively participate in the survey.

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

- | | |
|--|---------------------|
| Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report | 50% score awarded. |
| Available to the general public via the pension fund's website | 100% score awarded. |

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed.	0/0.5	NWE
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	0/1	NWE
b Outline policy only.	0/0.5	NWE
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NWE
b 20 or more, largest equity holdings are disclosed.	0/0.5	NWE
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NWE
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure.	0/0.5	NWE
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	0/1	Website has 2006 annual report only.
b The Annual Report has a detailed section on responsible investment.	0/1	NWE
	1/10	
TOTAL SCORE	2/30	(7%)

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations**RI policy, implementation and monitoring**

It is not clear from the information available to FairPensions how comprehensive the Scheme's RI policy might be, or whether the Scheme is paying careful attention to the implementation and monitoring of such. If this is not the case, we recommend that steps are taken which should include:

- Establishing a detailed RI policy, incorporating active voting and engagement requirements.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- Incorporating assessment of the capacity of fund managers to carry out the Scheme's RI policy into its fund manager selection process, and into its investment management agreements.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

Given the fundamental importance of transparency to responsible investment, we would recommend significantly expanding the depth of detail publicly disclosed via its website, including:

- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.
- Up to date annual report, incorporating a detailed section on responsible investment within it.

Part 1. RI Policy, Implementation and Monitoring (20 points)		Score	Notes
1	Statement of Investment Principles: The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2	Detailed RI policy: (Total 9 points) The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
	a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	0.5/1	A
	b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations). The voting policy requires voting of all shares:	1/1	A
	i held in UK companies only.	0/0.5	
	or ii held in all companies globally (where practical).	1/1	A
	c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
	d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions. Specific Environmental issues identified.	0/1	NE
	Specific Social issues identified.	0/1	NE
	Specific Governance issues identified.	0/1	NE
	e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
	i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
	ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	1/1	A
3	RI Policy review: (Total 1 point) The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4	Integration of ESG policy into fund manager selection: Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0.5/1	A
5	Integration of RI policy into Investment Management Agreements: The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6	The pension fund's ESG policy is applied to non-equity asset classes: In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
	a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	1/1	A
	b or – all non-equity asset classes.	0/2	
7	Engagement Resources:		
	a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	1/1	A
	b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0.5/1	
8	UN Principles for Responsible Investment:		
	a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
	b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	
9	RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
	a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
	b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
		12.5/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	1/1	W
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	1/1	W
b 20 or more, largest equity holdings are disclosed.	0/0.5	
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NWE
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure.	0/0.5	NWE
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	0/1	NWE
	4/10	
TOTAL SCORE	16.5/30	(55%)

Key to notes

A Acknowledged
NE No evidence found.

W Found on website
NW No public website found
NWE No evidence found on website

Recommendations

The Greater Manchester Pension Fund exhibits a creditable position on certain key aspects of RI policy, although is less comprehensive with regard to certain aspects of transparency. Our recommendations for further improvement would include:

RI policy, implementation and monitoring

- Identifying specific ESG risks and opportunities for incorporation into research and investment decisions.
- Further expansion of RI policy across non-equity asset classes.
- Consideration of direct membership of the UN PRI, and its use as a screen re future fund manager selection.

Transparency

- Disclosure regarding RI policy implementation and performance monitoring.
- Disclosure of full voting records and summary voting analysis.
- Disclosure of detailed ESG engagement initiatives and outcomes.
- A detailed section on responsible investment in the Scheme's annual report.

HBOS plc Final Salary Pension Scheme

No website found.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	0/1	NE
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	NE
or ii held in all companies globally (where practical).	0/1	NE
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0.5/1	A
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1/1	A
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	1/2	A
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	Not a signatory at date of survey.
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	NE
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	7.5/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

- | | |
|--|---------------------|
| Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report | 50% score awarded. |
| Available to the general public via the pension fund's website | 100% score awarded. |

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0/1	NW
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	0/1	NW
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	
b 20 or more, largest equity holdings are disclosed.	0.25/0.5	Available on intranet only.
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NW
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NW
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NW
b Partial disclosure.	0/0.5	NW
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NW
b Sample engagement initiatives are disclosed at least annually.	0/1	NW
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	0.5/1	Available on intranet only.
b The Annual Report has a detailed section on responsible investment.	0/1	NW
	0.75/10	
TOTAL SCORE	8.25/30	(28%)

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

From the information provided it appears that the HBOS Pension Scheme has an underlying commitment to responsible investment, but has not yet fully translated this into detailed policy, implementation, monitoring or transparency. Our recommendations would include:

RI policy, implementation and monitoring

- adoption of a detailed voting policy with regard to ESG issues.
- Identification of specific ESG risks and opportunities for incorporation into research and investment decisions.
- The use of internal and/or external dedicated resources to undertake ESG engagement on behalf of the scheme.
- Consideration of membership of the UN PRI, and its use as a screen in fund manager selection.

Transparency

Given that transparency is fundamental to responsible investment, we recommend that the Scheme creates a public website, which would include disclosure of:

- The Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Specific and detailed ESG engagement strategy, and reporting.
- The Scheme's annual reports, which should include a detailed section on responsible investment.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	0/1	NE
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	NE
or ii held in all companies globally (where practical).	0/1	NE
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	NE
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	1/1	A
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	5/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0.5/1	Available on intranet only.
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	0/1	
b Outline policy only.	0.25/0.5	Available on intranet only.
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	
b 20 or more, largest equity holdings are disclosed.	0/0.5	Top 10 only, listed on intranet
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NW
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NW
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NW
b Partial disclosure.	0/0.5	NW
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NW
b Sample engagement initiatives are disclosed at least annually.	0.5/1	Available on intranet only.
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	0.5/1	Available on intranet only.
b The Annual Report has a detailed section on responsible investment.	0/1	NW
	1.75/10	
TOTAL SCORE	6.75/30	(22.5%)

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

From the information provided it appears that the HSBC Pension Scheme has an underlying commitment to responsible investment, but has not yet fully translated this into detailed policy implementation, monitoring or transparency.

Recommendations would include:

RI policy, implementation and monitoring

- Inclusion of a detailed voting policy with regard to ESG issues.
- Specific requirement for active engagement with investee companies on ESG issues.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored.
- Assessment of fund managers' capacity to carry out the Scheme's ESG policy in its selection process.
- The use of internal and/or external dedicated resources to undertake ESG engagement on behalf of the scheme.
- Consideration of membership of the UN PRI.

Transparency

Given the fundamental importance of transparency to responsible investment, we would recommend the creation on a public website, alongside or instead of its intranet site, to include public disclosure of:

- The Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.
- The scheme's annual reports, which should include a detailed section on responsible investment.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	0/2	NE
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	0/1	NE
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	0/1	NE
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	NE
or ii held in all companies globally (where practical).	0/1	NE
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	NE
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	0/1	NE
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	0/20	

*Did not actively participate in the survey.

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0/1	NWE
b Only part or a summary SIP is disclosed.	0/0.5	NWE
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	0/1	NWE
b Outline policy only.	0/0.5	NWE
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NWE
b 20 or more, largest equity holdings are disclosed.	0/0.5	NWE
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NWE
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure.	0/0.5	NWE
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	0/1	NWE
	1/10	
TOTAL SCORE	1/30 (3%)	

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations**RI policy, implementation and monitoring**

With no SIP or policy documents available publicly, or otherwise disclosed to FairPensions, it is unclear whether the scheme has any detailed RI policy, and if so, whether comprehensive attention is paid to policy implementation and performance monitoring. If this is not the case then we would recommend that steps are taken which include:

- Establishing a detailed RI policy.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- Incorporating assessment of the capacity of fund managers to carry out the Scheme's ESG policy into its fund manager selection process, and into its investment management agreements.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

Given the fundamental importance of transparency to responsible investment, we would recommend significantly expanding the depth of detail publicly disclosed via the scheme's website, including:

- The Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.
- A detailed section on responsible investment in the scheme's annual report.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	0/2	NE
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	0/1	NE
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	0/1	NE
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	NE
or ii held in all companies globally (where practical).	0/1	NE
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	NE
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	0/1	NE
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	0/20	

*Did not actively participate in the survey.

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

- | | |
|--|---------------------|
| Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report | 50% score awarded. |
| Available to the general public via the pension fund's website | 100% score awarded. |

	Score	Notes
1 Disclosure of the Statement of Investment Principles:	0/1	NW
a Complete SIP is disclosed (1 point) or	0/0.5	
b Only part or a summary SIP is disclosed.		
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):	0/1	NW
a Detailed policy disclosed (1 point) or		
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or		
b 20 or more, largest equity holdings are disclosed.	0/1	NW
4 Disclosure of policy implementation / monitoring:	0/0.5	
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.		
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NW
5 Disclosure of voting:	0/1	NW
a Full voting record is disclosed. (1 point) or		
b Partial disclosure.	0/1	NW
6 Disclosure of engagement activity:	0/0.5	NW
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.		
b Sample engagement initiatives are disclosed at least annually.	0/2	NW
7 The pension fund's Annual Report:	0/1	NW
a The pension fund's full Annual Report is made available.	0/1	NW
b The Annual Report has a detailed section on responsible investment.	0/1	NW
	0/10	
TOTAL SCORE	0/30	(0%)

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

Lloyds TSB Group Pension Scheme has not participated in the survey this year as we understand they are in the process of developing a pension scheme website. It is very positive that they are looking to create a dedicated website – we hope the Scheme takes this opportunity to show itself as a leader in RI policy, practice and transparency, and we look forward to the site's launch.

Marks and Spencer Group Pension Scheme*

No website found

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	1/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	0.5/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	7.5/20	

*Did not actively participate in the survey.

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0/1	NW
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	0/1	NW
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NW
b 20 or more, largest equity holdings are disclosed.	0/0.5	
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.		
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NW
5 Disclosure of voting:	0/1	NW
a Full voting record is disclosed. (1 point) or		
b Partial disclosure.	0/1	NW
6 Disclosure of engagement activity:	0/0.5	
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.		
b Sample engagement initiatives are disclosed at least annually.	0/2	NW
7 The pension fund's Annual Report:	0/1	
a The pension fund's full Annual Report is made available.	0/1	NW
b The Annual Report has a detailed section on responsible investment.	0/1	NW
	0/10	
TOTAL SCORE	7.5/20	(25%)

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

From the information available it appears that the Marks and Spencer Pension Scheme has an underlying commitment to responsible investment, but has not yet fully translated this into detailed policy, implementation, monitoring and especially transparency. Our recommendations would include:

RI policy, implementation and monitoring

- Identification of specific ESG risks and opportunities for incorporation into research and investment decisions.
- Incorporating assessment of the capacity of fund managers to carry out the Scheme's ESG policy into its fund manager selection process, and into its investment management agreements.
- Expansion of RI policy across non-equity asset classes.
- The use of internal and/or external dedicated resources to undertake ESG engagement on behalf of the scheme.
- Consideration of membership of the UN PRI.

Transparency

Given that basic transparency is fundamental to responsible investment, we recommend that the Marks and Spencer Group Pension Scheme creates a scheme website, which would include public disclosure of:

- The Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Specific and detailed ESG engagement strategy, and reporting.
- The Scheme's annual reports, which should include a detailed section on responsible investment.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	1/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0.5/1	A
Specific Social issues identified.	0.5/1	A
Specific Governance issues identified.	0.5/1	A
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	1/1	A
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1/1	A
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	1/1	A
b or – all non-equity asset classes.	0/2	
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	1/1	A
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0.5/1	A
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	1/1	A
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0.5/1	A
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	A
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	A
	16.5/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

- | | |
|--|---------------------|
| Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report | 50% score awarded. |
| Available to the general public via the pension fund's website | 100% score awarded. |

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	1/1	W
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	1/1	W
b 20 or more, largest equity holdings are disclosed.	0/0.5	
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	1/1	W
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0.5/1	W
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	
b Partial disclosure.	0.5/0.5	W
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	0/1	NWE
	6/10	
TOTAL SCORE	22.5/30 (75%)	

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

This is the first year we have included the Merseyside Pension fund in our survey, and it is to be commended, showing a well thought through approach on many of the key areas of RI policy, implementation and monitoring. It is however less strong in a number of areas relating to transparency. Our recommendations for improvement would include:

RI policy, implementation and monitoring

- Further focus on direct identification of specific ESG risks and opportunities as priorities for fund managers.
- Further expansion of RI policy across non-equity asset classes.

Transparency

- Disclosure of full voting records and summary voting analysis.
- Disclosure of ESG engagement policy, initiatives and outcomes.
- Inclusion of a detailed section on responsible investment in its annual report.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0.5/0.5	A
or ii held in all companies globally (where practical).	0/1	
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1/1	A
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	1/1	A
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	NE
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	9.5/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0.5/1	Available only to members.
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	0.5/1	Available only to members.
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0.5/1	Available only to members.
b 20 or more, largest equity holdings are disclosed.	0/0.5	
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0.5/1	Available only to members.
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	
b Partial disclosure.	0.25/0.5	Available only to members.
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	0.5/1	Available only to members.
b The Annual Report has a detailed section on responsible investment.	0/1	NWE
	2.75/10	
TOTAL SCORE	12.25/30	(41%)

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

The National Grid Pension Scheme has the basic foundations of a responsible investment policy and practice on which to build. Our recommendations would include:

RI policy, implementation and monitoring

- Expansion of voting policy beyond only UK companies.
- Identifying specific ESG risks and opportunities for incorporation into fund managers' research and investment decisions.
- Improved measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

Given the fundamental importance of transparency to responsible investment, significantly increasing the public areas of its website, to include public disclosure of:

- The Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.
- The Fund's annual reports, which should include a detailed section on responsible investment.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	1/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	0/1	NE
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	0/1	NE
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	NE
or ii held in all companies globally (where practical).	0.5/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	NE
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:	0/2	NE
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	0/1	NE
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	1.5/20	

*Did not actively participate in the survey.

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	0/1	
b Outline policy only.	0.5/0.5	W
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NWE
b 20 or more, largest equity holdings are disclosed.	0/0.5	NWE
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0.5/1	W
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure.	0/0.5	NWE
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	0/1	NWE
	3/10	
TOTAL SCORE	4.5/30	(15%)

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations**RI policy, implementation and monitoring**

It is not clear from the information available to FairPensions whether the Prudential Scheme is paying careful attention to the implementation and monitoring of a detailed RI policy. If this is not the case, we recommend that steps are taken which should include:

- Establishing a detailed RI policy, incorporating active voting in all companies globally, and an engagement policy.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- Incorporating assessment of the capacity of fund managers to carry out the Scheme's ESG policy into its fund manager selection process, and into its investment management agreements.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

Given the fundamental importance of transparency to responsible investment, significantly expanding the disclosure of information on its website, to include:

- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.
- Inclusion of a detailed section on responsible investment within its annual reports.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	1/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	1/1	A
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	1/1	A
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	1/1	A
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of the survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0.5/1	A
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	
	12.5/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0/1	NWE
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	1/1	W
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	
b 20 or more, largest equity holdings are disclosed.	0.5/0.5	W
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	1/1	W
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	1/1	W
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure.	0/0.5	
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	1/1	W
	5.5/10	
TOTAL SCORE	18/30 (60%)	

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

The Railways Pension Scheme exhibits a creditable position on certain key aspects of RI policy, implementation and transparency. Our recommendations for further improvement would include:

RI policy, implementation and monitoring

- Identifying specific environmental and social risks and opportunities for incorporation into fund managers' research and investment decisions.
- Further expansion of RI policy across non-equity asset classes.
- Consideration of direct membership of the UN PRI.

Transparency

Public disclosure of:

- The Statement of Investment Principles.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	0/1	NE
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	1/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	0/1	NE
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	1/2	A
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	7/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0/1	NWE
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	0/1	NWE
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NWE
b 20 or more, largest equity holdings are disclosed.	0/0.5	
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure.	0/0.5	
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	0/1	NWE
b The Annual Report has a detailed section on responsible investment.	0/1	
	0/10	
TOTAL SCORE	7/30 (23%)	

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

From the information provided it appears that the RBS Pension Scheme has an underlying commitment to responsible investment, but does not seem to have translated this into detailed policy implementation, monitoring or transparency. We would recommend:

RI policy, implementation and monitoring

- Inclusion of a detailed policy with regard incorporation of ESG issues into research and investment decisions.
- Identifying specific ESG risks and opportunities for incorporation into research and investment decisions.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored.
- Incorporating assessment of the capacity of fund managers to carry out the Scheme's ESG policy into its fund manager selection process.
- The use of internal and/or external dedicated resources to undertake ESG engagement on behalf of the scheme.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

Given the fundamental importance of transparency to responsible investment, we would recommend a dedicated public section for RI on the Scheme's website, to include disclosure of:

- The Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.
- The scheme's annual reports, which should include a detailed section on responsible investment.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	1/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	NE
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1/1	A
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	
b or – all non-equity asset classes.	1/2	A
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory as at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
	10/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

- | | |
|--|---------------------|
| Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report | 50% score awarded. |
| Available to the general public via the pension fund's website | 100% score awarded. |

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	Found on website
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	1/1	W
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	
b 20 or more, largest equity holdings are disclosed.	0.5/0.5	W
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	1/1	W
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure.	0/0.5	NWE
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	0.5/1	W
	5/10	
TOTAL SCORE	15/30	
	(50%)	

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

The Royal Mail Pension Plan exhibits a creditable position on certain key aspects of RI policy, and transparency. Our recommendations for further improvement would include:

RI policy, implementation and monitoring

- Specific requirement for active engagement with investee companies on ESG issues.
- Further expansion of RI policy across non-equity asset classes.
- The use of internal and/or external dedicated resources to undertake ESG engagement on behalf of the scheme.
- Consideration of direct membership of the UN PRI, and its use as a screen re future fund manager selection.

Transparency

- Disclosure of full voting records and summary voting analysis.
- Disclosure of detailed ESG engagement initiatives and outcomes.
- A detailed section on responsible investment in the Scheme's annual report.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	0.5/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	1/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0.5/1	
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	Not a signatory at date of survey.
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	NE
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
	6/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

- | | |
|--|---------------------|
| Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report | 50% score awarded. |
| Available to the general public via the pension fund's website | 100% score awarded. |

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	1/1	W
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	1/1	W
b 20 or more, largest equity holdings are disclosed.	0/0.5	
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NWE
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure.	0.5/0.5	W
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	0/1	NWE
	4.5/10	
TOTAL SCORE	10.5/30	(35%)

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

From the information provided it appears that the Shell Pension Fund has an underlying commitment to responsible investment, but has not yet fully translated this into detailed policy, implementation, monitoring or transparency. Our recommendations would include:

RI policy, implementation and monitoring

- Specific requirement for active engagement with investee companies on ESG issues.
- Identifying specific ESG risks and opportunities for incorporation into research and investment decisions.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- Expansion of RI policy across non-equity asset classes.
- The use of internal and/or external dedicated resources to undertake ESG engagement on behalf of the scheme.
- Consideration of membership of the UN PRI.

Transparency

- Detailed disclosure regarding measures to ensure effective policy implementation and monitoring.
- Disclosure of full voting records and summary voting analysis.
- Disclosure of detailed ESG engagement initiatives and outcomes.
- Inclusion of a detailed section on responsible investment in the scheme's annual reports.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	1/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0.5/1	Partial credit.
Specific Social issues identified.	0.5/1	Partial credit.
Specific Governance issues identified.	0.5/1	Partial credit.
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	1/1	A
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1/1	A
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	
b or – all non-equity asset classes.	2/2	A
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	1/1	A
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	1/1	A
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	1/1	A
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
	17.5/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

- | | |
|--|---------------------|
| Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report | 50% score awarded. |
| Available to the general public via the pension fund's website | 100% score awarded. |

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	1/1	W
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	1/1	W
b 20 or more, largest equity holdings are disclosed.	0/0.5	
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	1/1	W
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	1/1	W
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	
b Partial disclosure.	0.5/0.5	W
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	2/2	W
b Sample engagement initiatives are disclosed at least annually.	0/1	
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	1/1	W
	9.5/10	
TOTAL SCORE	27/30 (90%)	

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

The Strathclyde Pension Fund is to be commended for its clear commitment to Responsible Investment, as evidenced through their detailed policies and practice, and their strong understanding of the fundamental importance of transparency. Minor recommendations would include:

RI policy, implementation and monitoring

- Consideration of the use of external resources to enhance the effectiveness of the fund's engagement policy.

Transparency

- Disclosure of full voting records and summary voting analysis.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A.
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	0.5/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	NE
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:	0/2	NE
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	0/1	NE
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	4.5/20	

*Did not actively participate in the survey.

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	0/1	NWE
b Outline policy only.	0.5/0.5	W
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NWE
b 20 or more, largest equity holdings are disclosed.	0/0.5	NWE
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NWE
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure.	0/0.5	NWE
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	0/1	NWE
	2.5/10	
TOTAL SCORE	7/30	(23%)

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations**RI policy, implementation and monitoring**

From the information available to FairPensions it appears that the Fund has a basic commitment to RI, however it is not clear whether careful attention is being paid to the implementation and monitoring of a detailed policy. If this is not the case, we recommend that steps are taken which should include:

- Specific requirement for active engagement with investee companies on ESG issues.
- Identifying specific ESG risks and opportunities for incorporation into research and investment decisions.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored.
- Incorporating assessment of the capacity of fund managers to carry out the Scheme's RI policy into its fund manager selection process, and into its investment management agreements.
- The use of internal and/or external dedicated resources to undertake ESG engagement on behalf of the scheme.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

Given the fundamental importance of transparency to responsible investment, we would recommend significantly expanding the depth of detail publicly disclosed via its website, including:

- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.
- A detailed section on responsible investment in the Scheme's annual report.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	0/2	NE
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	0/1	NE
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	0/1	NE
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	NE
or ii held in all companies globally (where practical).	0/1	NE
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	0/1	NE
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	0/1	NE
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	0/1	NE
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	NE
b or – all non-equity asset classes.	0/2	NE
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at the date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input type="checkbox"/>	No information provided.
	0/20	

*Did not actively participate in the survey.

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	0/1	NWE
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	0/1	NWE
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	NWE
b 20 or more, largest equity holdings are disclosed.	0/0.5	
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NWE
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	NWE
b Partial disclosure.	0/0.5	
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b Sample engagement initiatives are disclosed at least annually.	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	0/1	NWE
	1/10	
TOTAL SCORE	1/30 (3%)	

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations**RI policy, implementation and monitoring**

With no SIP or policy documents available publicly, or otherwise disclosed to FairPensions, it is unclear whether the fund has any detailed RI policy, and if so, whether comprehensive attention is paid to policy implementation and performance monitoring. If this is not the case then we would recommend that steps are taken which include:

- Establishing a detailed RI policy.
- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- Incorporating assessment of the capacity of fund managers to carry out the Scheme's ESG policy into its fund manager selection process, and into its investment management agreements.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

Given the fundamental importance of transparency to responsible investment, we would recommend significantly expanding the depth of detail publicly disclosed via the scheme's website, including:

- The Statement of Investment Principles.
- Detailed statements of RI policy, policy implementation and performance monitoring.
- Full voting records and summary voting analysis.
- Detailed ESG engagement initiatives and outcomes.
- A detailed section on responsible investment in the scheme's annual report.

Part 1. RI Policy, Implementation and Monitoring (20 points)		Score	Notes
1 Statement of Investment Principles:			
	The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)			
	The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a	The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b	The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
	The voting policy requires voting of all shares:		
	i held in UK companies only.	0/0.5	
	or ii held in all companies globally (where practical).	1/1	A
c	The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d	The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
	Specific Environmental issues identified.	1/1	A
	Specific Social issues identified.	1/1	A
	Specific Governance issues identified.	1/1	A
e	The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
	i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
	ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	1/1	A
3 RI Policy review: (Total 1 point)			
	The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:			
	Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1/1	A
5 Integration of RI policy into Investment Management Agreements:			
	The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6 The pension fund's ESG policy is applied to non-equity asset classes:			
	In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a	at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	0/1	
b	or – all non-equity asset classes.	2/2	A
7 Engagement Resources:			
a	The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	1/1	A
b	The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	1/1	A
8 UN Principles for Responsible Investment:			
a	The pension fund is a signatory of the UN Principles for Responsible Investment.	1/1	A
b	The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	1/1	A
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).			
a	When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
b	The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
		20/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

- Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report 50% score awarded.
- Available to the general public via the pension fund's website 100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	1/1	W
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	1/1	W
b 20 or more, largest equity holdings are disclosed.	0/0.5	
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	1/1	W
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	1/1	W
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	1/1	W
b Partial disclosure.	0/0.5	
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	2/2	W
b Sample engagement initiatives are disclosed at least annually.	0/1	
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	1/1	W
	10/10	
TOTAL SCORE	30/30 (100%)	

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

USS is to be commended for its substantial commitment to Responsible Investment, as evidenced through its detailed policies and practice, and their strong understanding of the fundamental importance of transparency.

Part 1. RI Policy, Implementation and Monitoring (20 points)		Score	Notes
1	Statement of Investment Principles: The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2	Detailed RI policy: (Total 9 points) The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
	a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
	b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations). The voting policy requires voting of all shares:	1/1	A
	i held in UK companies only.	0/0.5	
	or ii held in all companies globally (where practical).	1/1	A
	c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
	d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions. Specific Environmental issues identified.	0/1	NE
	Specific Social issues identified.	0/1	NE
	Specific Governance issues identified.	0/1	NE
	e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
	i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
	ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3	RI Policy review: (Total 1 point) The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4	Integration of ESG policy into fund manager selection: Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1/1	A
5	Integration of RI policy into Investment Management Agreements: The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1/1	A
6	The pension fund's ESG policy is applied to non-equity asset classes: In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
	a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	1/1	A
	b or – all non-equity asset classes.	0/2	
7	Engagement Resources:		
	a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	1/1	A
	b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0.5/1	A
8	UN Principles for Responsible Investment:		
	a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at the survey date.
	b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9	RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
	a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
	b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
		11.5/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

- Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report 50% score awarded.
- Available to the general public via the pension fund's website 100% score awarded.

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	1/1	W
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	Top 10 holdings only.
b 20 or more, largest equity holdings are disclosed.	0/0.5	
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	1/1	W
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	1/1	W
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	0/1	
b Partial disclosure.	0.5/0.5	W
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	1/2	Partial credit.
b Sample engagement initiatives are disclosed at least annually.	0/1	
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	1/1	W
	7.5/10	
TOTAL SCORE	19/30	
	(63%)	

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

The West Midlands Pension Fund exhibits a creditable position on certain key aspects of RI policy, implementation and transparency. Our recommendations for further improvement would include:

RI policy, implementation and monitoring

- Establishing clear measures to ensure fund managers' performance on ESG issues is carefully monitored and regularly assessed.
- Further expansion of RI policy across non-equity asset classes.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

- Detailed disclosure regarding measures to ensure effective policy implementation and monitoring.
- Inclusion of a detailed section on responsible investment in the scheme's annual reports.

Part 1. RI Policy, Implementation and Monitoring (20 points)	Score	Notes
1 Statement of Investment Principles:		
The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2/2	A
2 Detailed RI policy: (Total 9 points)		
The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1/1	A
b The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1/1	A
The voting policy requires voting of all shares:		
i held in UK companies only.	0/0.5	
or ii held in all companies globally (where practical).	1/1	A
c The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1/1	A
d The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions.		
Specific Environmental issues identified.	1/1	A
Specific Social issues identified.	0/1	NE
Specific Governance issues identified.	0/1	NE
e The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed. These include:		
i The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1/1	A
ii The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	0/1	NE
3 RI Policy review: (Total 1 point)		
The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1/1	A
4 Integration of ESG policy into fund manager selection:		
Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5 Integration of RI policy into Investment Management Agreements:		
The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	0/1	NE
6 The pension fund's ESG policy is applied to non-equity asset classes:		
In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	1/1	A
b or – all non-equity asset classes.	0/2	
7 Engagement Resources:		
a The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	1/1	A
b The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0.5/1	A
8 UN Principles for Responsible Investment:		
a The pension fund is a signatory of the UN Principles for Responsible Investment.	0/1	Not a signatory at date of survey.
b The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection.	0/1	NE
9 RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
b The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
	11.5/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

- | | |
|--|---------------------|
| Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report | 50% score awarded. |
| Available to the general public via the pension fund's website | 100% score awarded. |

	Score	Notes
1 Disclosure of the Statement of Investment Principles:		
a Complete SIP is disclosed (1 point) or	1/1	W
b Only part or a summary SIP is disclosed.	0/0.5	
2 Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):		
a Detailed policy disclosed (1 point) or	1/1	W
b Outline policy only.	0/0.5	
3 Disclosure of Equity holdings:		
a 100 or more, largest equity holdings are disclosed (1 point) or	0/1	
b 20 or more, largest equity holdings are disclosed.	0.5/0.5	W
4 Disclosure of policy implementation / monitoring:		
a Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	0/1	NWE
b Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	0/1	NWE
5 Disclosure of voting:		
a Full voting record is disclosed. (1 point) or	1/1	W
b Partial disclosure.	0/0.5	
6 Disclosure of engagement activity:		
a Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	2/2	W
b Sample engagement initiatives are disclosed at least annually.	0/1	NWE
7 The pension fund's Annual Report:		
a The pension fund's full Annual Report is made available.	1/1	W
b The Annual Report has a detailed section on responsible investment.	0/1	NWE
	6.5/10	
TOTAL SCORE	18/30	
	(60%)	

Key to notes

A Acknowledged.
NE No evidence found.

W Found on website.
NW No public website found.
NWE No evidence found on website.

Recommendations

The West Yorkshire Pension Fund exhibits a creditable position on certain key aspects of RI policy, implementation and transparency. Our recommendations for further improvement would include:

RI policy, implementation and monitoring

- Incorporating assessment of the capacity of fund managers to carry out the Scheme's RI policy into its fund manager selection process, and into its investment management agreements.
- Further expansion of RI policy across non-equity asset classes.
- Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection.

Transparency

- Detailed disclosure regarding measures to ensure effective policy implementation and monitoring.
- Inclusion of a detailed section on responsible investment in the scheme's annual reports.

Appendix 2 – Methodology

The 30 pension schemes in our 2009 survey represent approximately £351 billion assets under management, with some 4.86 million members, based on figures in the 2008

edition of Pension Funds and their Advisers¹¹. The schemes' individual asset size and membership are detailed in the table below.

Pension Scheme	Total assets	Membership
	£ Billions	
AVIVA Staff Pension Scheme	6.2	92,685
BAe Systems Pension Scheme*	11.7	210,154
Barclays Bank plc UK Retirement Fund	9.6	188,514
BP plc Pension Scheme	13.9	59,956
British Airways Pension Scheme	13.1	102,011
British Broadcasting Corporation Pension Scheme	8.2	58,813
British Telecommunications plc Pension Scheme	39.8	344,896
Coal Pension Trustees' Mineworkers' Pension Schemes (MPS) and British Coal Staff Superannuation Scheme*	25.0	364,730
Co-operative Group Pension Scheme	5.4	94,572
Corus UK Ltd. British Steel Pension Scheme*	9.4	160,582
E.ON UK plc Group of the Electricity Supply Pension Scheme*	5.1	50,275
Greater Manchester Pension Fund	9.6	229,867
HBOS plc Final Salary Pension Scheme	6.2	79,077
HSBC Bank plc (UK) Pension Scheme	5.9	109,950
IBM United Pensions Trust Ltd. Pension Scheme*	5.3	39,999
Lloyds TSB Group plc Group Pension Scheme*	14.7	194,453
Marks and Spencer Group Defined Benefit Scheme*	5.2	124,399
Merseyside Pension Fund	4.3	112,122
National Grid plc UK Pension Scheme	12.9	108,286
Prudential plc Defined Benefit Scheme*	4.7	43,292
Railways Pension Schemes	15.9	337,912
Royal Bank of Scotland Group Pension Fund	17.9	231,412
Royal Mail Pension Plan	23.5	451,867
Shell Contributory Pension Fund	12.1	46,045
Strathclyde Pension Fund	9.7	181,000
Transport for London TFL Pension Fund*	4.7	82,484
Unilever UK Pension Fund*	5.1	94,658
Universities Superannuation Scheme	30.1	239,144
West Midlands Pension Fund	7.9	231,997
West Yorkshire Pension Fund	7.6	203,957

*Did not actively participate in the survey

¹¹ Pension Funds and their Advisers 2008, AP Information Services

For our 2009 report we have significantly extended the scope of our questionnaire, building on our 2007 survey and maintaining a section on transparency, but also introducing a new section focused in detail on schemes' actual RI policy, implementation and monitoring i.e. attempting to move beyond transparency and examine the depth of commitment to responsible investment amongst leading occupational schemes. We have also enlarged the size of the survey, from 20 to 30 of the UK's largest schemes.

The survey was conducted in two stages. In the preliminary stage, FairPensions sent out the questionnaire to surveyees in mid December 2008, inviting them to complete the questionnaire and provide any additional information not in the public domain but relevant to the survey. Pension schemes were contacted by letter and email, and given extensive opportunity to disclose such information. FairPensions also conducted independent research on the schemes' public websites where available. Schemes that did not actively participate in the survey process have been marked with an asterisk throughout the report.

At the close of the interim period, the self marked questionnaires were evaluated against corroborating evidence, either available on the website or provided to FairPensions, and the interim rankings were compiled. These were then communicated to the schemes. FairPensions encouraged schemes to comment on the interim findings and provide any further relevant information, and this second stage saw considerable interaction between scheme managers and the FairPensions' research team.

The final deadline for feedback was 18th February 2009, after which, to ensure fairness and consistency across the survey, FairPensions did not accept further information.

For part 1 of the questionnaire where information was not publically available FairPensions required evidence for credit to be allocated – where provided, such evidence has been treated as confidential.

For part 2, focused on transparency, scores are more easily demonstrated: if material is disclosed publically on a scheme website, 100% could be scored. If information is available automatically only to scheme members, the highest score achievable was 50%.

Appendix 3 – The Survey Questionnaire

Questionnaire for FairPensions' forthcoming report: UK pension scheme policy and practice on environmental, social, and governance issues.

Please find below our survey on Responsible Investment (“RI”) policy and practice. Given the nature of this survey, which is designed to determine how leading pension funds’ commitment to managing Environmental Social and Governance (ESG) risks and opportunities is translated into policy and practice, we request that you provide evidence for each of the criteria (e.g. copy of SIP, relevant policy statements, engagement reports, link to relevant section of website), together with any explanatory comments, to allow us to give credit where appropriate. In circumstances where information is subject to regular updating (e.g. equity holdings, voting disclosure), information updated within the last 12 months will be regarded as current.

Please note we will consider all detailed information provided to us in relation to Part 1 confidential, unless it already appears in the public domain. Our final published report will simply acknowledge points in relation to any information supplied to us.

Completed questionnaires, comments and documents should be sent to: Pension Fund Research Team, FairPensions, Trowbray House, 108 Weston Street, London, SE1 3QB or via email to: research3@fairpensions.org.uk.

continued...

Part 1. RI Policy, Implementation and Monitoring (20 points)		Points	
1	Statement of Investment Principles:	(Total 2 points)	
	The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	2	<input type="checkbox"/>
	Comment:		
2	Detailed RI policy:	(Total 9 points)	
	The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a	The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	1	<input type="checkbox"/>
	Comment:		
b	The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations).	1	<input type="checkbox"/>
	The voting policy requires voting of all shares:		
	i) held in UK companies only.	0.5	<input type="checkbox"/>
	or ii) held in all companies globally (where practical).	1	<input type="checkbox"/>
	Comment:		
c	The pension fund's RI policy requires active engagement with investee companies regarding ESG issues.	1	<input type="checkbox"/>
	Comment:		
d	The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions:	(3 points)	
	Specific Environmental issues identified.	1	<input type="checkbox"/>
	Specific Social issues identified.	1	<input type="checkbox"/>
	Specific Governance issues identified.	1	<input type="checkbox"/>
	Comment:		
e	The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed (2 points). These include:		
	i) The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	1	<input type="checkbox"/>
	ii) The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers.	1	<input type="checkbox"/>
	Comment:		
3	RI Policy review:	(Total 1 point)	
	The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years.	1	<input type="checkbox"/>
	Comment:		
4	Integration of ESG policy into fund manager selection:	(Total 1 point)	
	Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	1	<input type="checkbox"/>
	Comment:		
5	Integration of RI policy into Investment Management Agreements:	(Total 1 point)	
	The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions.	1	<input type="checkbox"/>
	Comment:		
6	The pension fund's ESG policy is applied to non-equity asset classes:	(Total 2 points)	
	In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a	at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure).	1	<input type="checkbox"/>
b	or – all non-equity asset classes.	2	<input type="checkbox"/>
	Comment:		
7	Engagement Resources	(Total 2 points)	
a	The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	1	<input type="checkbox"/>
b	The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	1	<input type="checkbox"/>
	Comment:		

8	UN Principles for Responsible Investment:	(Total 2 points)	
a	The pension fund is a signatory of the UN Principles for Responsible Investment.	1	<input type="checkbox"/>
b	The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection*.	1	<input type="checkbox"/>
	Comment:		
9	RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue).		
a	When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change.	Yes	<input type="checkbox"/>
		No	<input type="checkbox"/>
b	The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions.	Yes	<input type="checkbox"/>
		No	<input type="checkbox"/>
	Comment:		

* Where the pension fund solely employs internal fund managers, credit will be given here where the pension fund itself is a UNPRI signatory.

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:

Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter/annual report	50% score awarded.
Available to the general public via the pension fund's website	100% score awarded.

		Points	
1	Disclosure of the Statement of Investment Principles:	(Total 1 point)	
a	Complete SIP is disclosed.	1 or	<input type="checkbox"/>
b	Only part or a summary SIP is disclosed.	0.5	<input type="checkbox"/>
	Comment:		
2	Disclosure of the pension fund's RI Policy (either detailed within the SIP or in separate policy statements):	(Total 1 point)	
a	Detailed policy disclosed.	1 or	<input type="checkbox"/>
b	Outline policy only.	0.5	<input type="checkbox"/>
	Comment:		
3	Disclosure of Equity holdings:	(Total 1 point)	
a	100 or more, largest equity holdings are disclosed.	1 or	<input type="checkbox"/>
b	20 or more, largest equity holdings are disclosed.	0.5	<input type="checkbox"/>
	Comment:		
4	Disclosure of policy implementation / monitoring	(Total 2 points)	
a	Details are disclosed regarding measures taken to ensure that the pension fund's RI policy is implemented.	1	<input type="checkbox"/>
b	Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund's RI policy implementation to be gauged.	1	<input type="checkbox"/>
	Comment:		
5	Disclosure of voting:	(Total 1 point)	
a	Full voting record is disclosed.	1 or	<input type="checkbox"/>
b	Partial disclosure.	0.5	<input type="checkbox"/>
	Comment:		
6	Disclosure of engagement activity:	(Total 2 points)	
a	Full details of all engagement initiatives conducted by / on behalf of the pension fund.		
	fund are disclosed at least annually.	2 or	<input type="checkbox"/>
b	Sample engagement initiatives are disclosed at least annually.	1	<input type="checkbox"/>
	Comment:		
7	The pension fund's Annual Report:	(Total 2 points)	
a	The pension fund's full Annual Report is made available.	1	<input type="checkbox"/>
b	The Annual Report has a detailed section on responsible investment.	1	<input type="checkbox"/>
	Comment:		

Notes

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