



PRI Reporting and Assessment survey 2010 Full Responses

Your organisation:

Environment Agency Pension Fund

Organisational overview

This section determines which questions in the survey are relevant to your organisation. Your organisation's characteristics also play a role in determining your peer group for benchmarking. Therefore, please ensure you provide accurate answers.

You will be provided with an *Other* category in some questions, but please only use this option if the alternative selections listed do not represent you in any way, as this may prevent you from having results comparable with peers.

You will not be able to continue the online survey until you have fully completed both this section and the 'Governance, policy and strategy' section in this respective order. However, if you wish to begin preparing your answers for the following sections you may do so by reviewing the full list of questions and explanatory notes in the manual provided on the [PRI intranet](#).

This section may require you to collect information from multiple sources. We strongly recommend you begin collecting this information as soon as possible and before commencing the survey. For support in assembling this information, you may use the Data Collection Forms which list some mainly quantitative questions that may require greater effort to obtain. You can also download these forms on the [PRI intranet](#).

This section of the survey is not scored.

Q 2 What category best describes your organisation?

Please select **one category** which best represents your **primary activity**.

Asset owners (AOs)
Non-corporate pension or superannuation or retirement or provident fund or plan

Q 3 What kind of pension / superannuation / retirement / provident fund or plan is your organisation?

Please select one: Primarily defined benefit

Q 6 Please indicate the number of staff your organisation employs and select the level of complexity that best describes your organisation?

Approximate number of staff: 12000

Level of complexity of organisation: Simple

Q 7 What were your organisation's total assets under management as of 31 December 2009, including the assets of all your consolidated subsidiaries?

	billions	millions	thousands	units
Total AUM:	1	479	685	421
Currency:	U.K. Pound Sterling (GBP)			

Date of assets under management figure

	year	month	day
Date:	2009	December	31

The amount you indicated above is roughly equal to the amount calculated below in United States Dollars. Please confirm that this figure is approximately correct before proceeding. Exchange rates are from the International Monetary Fund.

Source: *IMF Exchange Rate archive, December 2009*

	billions	millions	thousands	units
Total AUM in USD:	2	396	354	611

Q 8 Please provide an approximation of your average asset mix for 2009 or your most recent count, in %.

(+/- 5 % is sufficient, the sum of all the fields must be 100 %)

Asset class	Internal active	Internal passive	External active	External passive
Listed equity (developed markets)	%	%	40 %	18 %
Listed equity (emerging markets)	%	%	5 %	%
Fixed income - sovereign and other non-corporate issuers	%	%	%	14 %
Fixed income - corporate issuers	%	%	6 %	7 %
Private equity	%	%	5 %	%
Listed real estate or property	%	%	3 %	%
Non-listed real estate or property	%	%	%	%
Hedge funds	%	%	%	%
Commodities	%	%	%	%
Infrastructure	%	%	%	%
Cash	%	%	2 %	%
Other - please specify:	%	%	%	%

Please contact the PRI Secretariat at assessment@unpri.org before indicating that more than 10% of your assets fall into the 'Other' category. A response of 'Other' may render the benchmarking results less useful for you and your peers.

If you manage balanced or multi-asset class products with listed equity, fixed income and potentially other asset classes, the relative assets in these funds need to be separated out into the different asset classes.

Total (must add up to 100%): 100 %

Q 9 Please provide the following information based on your asset classes holdings:

B. What percentage of your assets invested in publicly listed companies are invested in companies where your organisation or external investment managers have significant control? Significant control implies that active ownership can influence change more so than proxy voting and engagement alone. 0 %

Q 10 What percentage of your externally managed assets are managed by PRI signatories? (+/- 5% is sufficient)

Percentage: 62 %

Governance, policy and strategy

This section is focused on the governance, policies and strategies guiding your organisation's approach to responsible investment (RI). 'Policy' in this section may refer to one overall RI policy or multiple policies that address various elements of RI or ESG issues. Some questions in this section are scored, while other questions are not scored but do determine the applicability of subsequent questions.

Please make sure you provide accurate answers. You will not be able to enter this section unless you have completed the "Organisational overview" section. You will not be able to continue the survey until you have finalised this section. However, if you wish to begin preparing your answers for the following sections, you may do so by reviewing the full list of questions and explanatory notes in the manual provided on the [PRI intranet](#). This section will be scored separately from the six Principles.

Q 11 Please provide a description of how your governance, policies and strategies address RI and ESG issues.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

All our fund managers have to follow our Environmental Overlay Strategy and Corporate Governance Policy. We monitor and report on their progress every quarter. We work with our fund managers to develop tools and techniques and to raise awareness of how issues beyond the financial can affect investment decisions for different types of assets.

We invest in many different types of assets: equities, bonds, gilts, property and private equity. For each type, our approach requires us to consider different approaches, constraints, risks, opportunities and potential benefits. Note that the use of pooled and indexed products can be cost-effective, but it does reduce the range of governance tools open to us.

Our main influence comes from providing a clear strategic framework. This directly affects our strategic asset allocation, manager structure, manager selection, performance benchmarks, monitoring, and reporting. We don't get involved in the day-to-day investment decisions - this is the job of our fund managers.

In term of asset allocation the proportion of equities to bonds will influence the number of companies in which we can engage as an owner, rather than a holder of the company's debt which affords fewer rights and influence. In terms of management structure we favour segregated funds, in that we are the sole asset owner. Some of our equities are pooled, in that we do not own the underlying assets directly, but units in a fund with more than one asset owner. Where we invest in pooled equities, we insist that the fund managers are able to vote on our behalf at company AGMs, which maybe differently from the view of other members of the pooled asset group.

We expect our fund managers to look out for environmental issues that could reduce investment returns and to take the necessary steps to minimise our exposure to such risks. We therefore encourage them to use research on various environmental risks and/or use 'green' performance rating/ranking tools.

Q 12 Do you have a policy or a set of policies that make specific reference to responsible investment, and if so, do they cover environmental, social, and governance issues?

Please select "Yes" or "No": Yes

If "Yes", which issue(s) does it cover? Environmental
Social
Governance

Q 13 For the following asset classes, to what extent has your policy or approach to responsible investment been incorporated into internal management processes (e.g. business planning, strategic planning, or similar)?

Extent that your approach has been incorporated into internal management processes

Please select:

"Large", "Moderate", "Small" or "Not at all"

Asset class	
Listed equity (developed markets)	Large
Listed equity (emerging markets)	Large
Fixed income - sovereign and other non-corporate issuers	Moderate
Fixed income - corporate issuers	Large
Private equity	Large
Listed real estate or property	Large

Q 14 Among the roles within your organisation:

- Who has a clear responsibility related to responsible investment implementation?
- Whether they are incentivised and/or trained on RI/ESG considerations?

	Roles present in your organisation	Responsibilities on RI/ESG	Incentives	Training
	Please check all that apply		Please choose among "Yes, for all", "Yes, for some" or "No"	
Board of trustees or board of directors and their committees	Yes	Yes	N/A	Yes, for all
Chief Executive Officer or Chief Investment Officer or equivalent	Yes			
Other senior management	Yes	Yes	No	Yes, for all
Portfolio managers	Yes	Yes	No	Yes, for all
Analysts	Yes	Yes	No	Yes, for all
Researchers	Yes	Yes	No	Yes, for all
RI or ESG specialist	Yes	Yes	No	Yes, for all
Other - please specify:				

Q 15 Select any of the following RI, ESG and/or SRI approaches that you or your external investment managers currently apply in the investment decision making process.

Please note that this question helps determine which questions you will be asked in subsequent sections, so please carefully review the definition of each possible answer.

Please select all those that are relevant
(columns are visible based on your answer to Q8 on asset classes breakdown)

Internally managed

Externally managed

Exclusion based on ethical criteria



Screening as a way to avoid the potential

negative publicity surrounding the companies/sectors in question as it may adversely reflect on you or your manager's brand/license to operate ✓

Screening based on a belief that exclusion or inclusion of certain investments from your investment universe can have a material effect on portfolio performance ✓

ESG analysis within individual investment decisions, possibly including these factors into valuation and investment performance models ✓

Themed investing ✓

None of the above (this reply excludes any of the above)

Q 16 Please indicate which of the following thematic investment strategies your organisation employs?

Please select all that apply

Cleantech ✓

Microfinance

Sustainable forestry

Global health ✓

Water ✓

Other (1) - please specify:
Education ✓

Other (2) - please specify:
Mobility/ transportation ✓

Other (3) - please specify:
Consumption ✓

Other (4) - please specify:
Financial services ✓

Other (5) - please specify:

Q 17 Please select any of the following active ownership activities that you, your external service providers or your external investment managers currently undertake on behalf of your organisation?

Please note that this question helps determine which questions you will be asked in subsequent sections, so please carefully review the definition of each possible answer.

You may select any approach you or your external managers, service providers or partner entities adopt on your behalf

(Proxy) voting related to listed equity investments in the following asset classes: Listed equity (developed markets), listed equity (emerging markets), or listed real estate/property (including the votes on listed securities held in hedge funds). ✓

File and/or co-file shareholder resolutions on listed companies.

Engagement on ESG issues with listed equity or fixed income issuers in the following asset classes: listed equity (developed markets), listed equity (emerging markets), listed real estate/property, listed securities held in hedge funds, or fixed income - corporate issuers.



Ownership and engagement activities focused on ESG issues related to investments in the following asset classes: Listed equities which permit a significant control, sovereign and other non-corporate fixed income, private equity, non listed real estate/property, hedge funds, infrastructure, or other.



None of the above (this reply excludes any of the above).

Q 18 Please add any overall comments and clarifications related to governance, policy and strategy here.

We allow our fund managers to decide when and how to vote. However we expect them to be in regular contact with senior executives at the companies in which we invest. Also, if the resolution deals with an environmental issue, we require managers to discuss the resolution with us before voting. In considering how to vote we our require our fund managers to subscribe to the principles of good corporate governance and to vote in accordance with these.

We have adopted the Corporate Governance Policy and voting guidelines of the Institutional Shareholders' Committee and the National Association of Pension Funds. We require our managers to follow the Combined Code for investments in the UK and relevant recognised standards for overseas investments.

We ask our managers to vote on our shares and our global custodian Northern Trust provides us with quarterly monitoring reports on their voting records. We focus our attention on the quality of corporate governance - and especially on corporate environmental governance - in the following regions (listed in order of significance):

United Kingdom
United States
European Union
Far East

We aim to vote on all environmental resolutions in the UK, Europe and North America and, where practical, world-wide

Principle 1 - We will incorporate ESG issues into investment analysis and decision-making processes.

This section focuses on the integration of ESG considerations into the investment process. The questions are split into three sections. Only questions relevant to your organisation will be displayed, based on your responses to Q 8 (your investment management structure and asset class breakdown).

The three sections are:

- I. Internally and actively managed investments;
- II. Externally and actively managed investments; and
- III. Passively (both internally and externally) managed investments.

Some questions in this section are scored. Any question that is scored, but is not relevant to your organisation, based on your investment management structure and asset class breakdown or other responses, will not affect your overall score for Principle 1.

You do not need to complete Principle 1 questions before completing questions for other Principles. While completing this section you are free to navigate to any of the other sections of the survey without losing answers already completed.

Q 19 Please provide a description of your organisation's approach to this Principle. For example, how do your organisation's investment analysis and decision-making processes incorporate ESG issues?

If your assets are managed both internally and externally, please describe how you address this in both portions of your assets. In addition, please describe any activities you may be doing to integrate ESG issues into the management of those investments that passively track indices (if you use this approach).

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

We believe our main areas of influence are through our strategic asset allocation, investment portfolio structure, investment manager selection, performance targets, monitoring, and reporting - and not by getting involved in the day-to-day investment decisions, which is the role of its fund managers.

Manager selection

We select fund managers using the European Union procurement process. All our mandates have our own model investment management agreement. This sets out our investment, corporate governance and environmental policies, as well as our disclosure and reporting requirements.

Potential new managers have to provide us with detailed information on how they include a financially significant level of sustainability criteria in their investment decisions. Managers have to show how they:

1. identify and select companies for investment
 2. undertake research on environmental, social and governance (ESG) issues
 3. encourage companies to improve their ESG performance
 4. use their votes at AGMs to influence corporate decisions
 5. report on their voting record and their direct engagement with companies
 6. identify specific themes - such as water availability and climate change - that can have an impact (negative or positive) on corporate performance
- identify companies with superior ESG performance that are more likely to contribute to sustainable development and financial returns.

We also invite the RI specialists of would-be managers to selection interviews. This gives us the opportunity to question

them closely on their experience and success in dealing with ESG issues. We use our SRI advisor and specialist consultant to independently assess the ESG capabilities.

A summary by asset class is detailed below;

For public equity, we have several mandates, each with a different investment strategy. Equity fund managers use specialist ESG research providers or in-house ESG research. Our assets are invested with managers which aim to select best-in-class companies using both financial and ESG criteria.

Investors in corporate bonds are less used to considering ESG and RI issues than is the case of equities. However ECM have used data on environmental footprints from Trucost to identify risks. Royal London employ EIRIS to use best-in-class principles in investment decision-making.

We invest in a specialist, sustainable private equity fund-of-funds. This includes a variety of funds in Europe and the US. There is a bias towards energy, water, waste, food and health sectors. Approximately 30% of the mandate is allocated to environmental technology funds. Our private equity fund managers will only invest in funds where the funds and the underlying companies have pledged to act in a responsible manner.

We invest in a segregated property multi-manager service that is specifically designed for our requirements. Investments include 12 UK-based property funds, giving us a broad exposure to the UK property industry. The investment manager carried out environmental risk assessments across all 12 funds before investing. Our property portfolio also includes Igloo Regeneration, a sustainability and regeneration property fund which invests in disused brown-field sites. It works with the public sector to develop and provide well-designed, mixed-use, sustainable urban communities in the UK. Our property manager carries out regular surveys of all our property fund managers.

Q 22 What percentage, by asset class, of your organisation's assets under active management externally did you specify - contractually or via other agreement - that the consideration of RI/ESG issues be integrated into the investment decision-making processes of your external investment managers?

For these assets, what is the extent of integration you agreed upon and to what extent do you monitor such integration?

Asset class	Assets under active management externally (see example in notes) (+/- 5 per cent is sufficient)	Agreed RI/ESG integration Please select: "Large", "Moderate" or "Small"	Monitor Please select: "Large", "Moderate", "Small" or "Not at all"
Listed equity (developed markets)	100 %	Large	Large
Listed equity (emerging markets)	100 %	Large	Large
Fixed income - corporate issuers	100 %	Large	Large
Private equity	100 %	Large	Large
Listed real estate or property	100 %	Large	Large

Q 23 When searching for and selecting external investment managers in 2009, to what extent did your organisation consider the capabilities of external investment managers to consider RI/ESG issues?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

Q 24 Has your organisation directly, or via a mandate with an external manager, requested that any passive index tracking investments be managed relative to indexes that are constructed using relevant ESG issues?

Please select: "Yes" or "No"

Please select:

No

Please add any other comments regarding how you are, or are not, addressing ESG issues in your passively managed investments.

Our focus in 2009 was in demonstrating the intrinsic compatibility of passive management and responsible investment. We have co-led a collaborative engagement to this effect.

We employ Hermes EOS service to overlay our passive equity stocks undertaking voting and engagement on our behalf. We advise directly and vote independently on any resolution pertaining to the environment.

Q 25 Please add any overall comments and clarifications related to Principle 1 here. Please also describe any significant activities relating to Principle 1 not already captured by your answers above

In addition to our existing requirements identifying managers who can integrate ESG into investment decision making, in our 2009 manager selection process we have included the following text and requirements:

"We are signatories of the UN Principles for Responsible Investment (UNPRI) and we would expect the manager to be a member of, or be willing to participate in, the UNPRI and support other global initiatives such as the UN Environmental Programme Finance Initiative and or Global Compact"

We request copies of their UNPRI questionnaire response and their individual assessment reports.

Principle 2 - We will be active owners and incorporate ESG issues into our ownership policies and practices.

This section is focused on active ownership and is divided into three parts. You will see only those questions relevant to your organisation.

The first part addresses voting related to listed investments. The second part addresses non-voting engagement activities undertaken by your organisation or on your behalf by third parties with listed equity and corporate fixed income issuers. For the purpose of this survey, the term 'engagement' refers to non-voting contact with companies to discuss concerns regarding ESG issues. The third part addresses ownership and engagement practices for other asset classes such as sovereign and other non-corporate fixed income issuers, private equity, non-listed real estate/property, hedge funds, and infrastructure. This third section also covers any listed equities where investors have significant control (as defined in Q9, explanatory note [B]).

The third section is necessary to account for the differing levels of influence that investors may acquire when investing in other asset classes versus those of listed equities.

The contents and parts for this section of the survey are therefore:

1. Voting and engagement activities related to listed equity investments undertaken by:
 - A. internal staff;
 - B. external parties (e.g., service providers and external managers).
2. Engagement activities related to fixed income issuers;
3. Ownership and engagement activities for sovereign and other non-corporate fixed income, private equity, non-listed real estate and property, hedge funds, and infrastructure, as well as listed equities when they represent significant control.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Please note that for this survey, proxy voting activities entail any casting of votes at AGMs as well as the filing or co-filing of resolutions. Engagement activities refer to all interactions with investee companies that are not related to voting activities. Engagement activities should seek to achieve relevant information and promote better ESG performance by companies. Such activities usually involve written communications, phone calls and meetings with management. Working with governments to modify laws, rules and regulations in favour of ESG issues should not be counted as engagement in this part of the survey and it will be addressed separately in Principle 4 and 5.

Q 26 Please provide a description of your organisation's approach to this Principle. For example, how is your organisation an active owner and how does it incorporate ESG issues in its ownership policies and practices?

Describe both your voting activities and any other engagement activities you undertake across the different asset classes you hold.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

Voting and shareholder resolutions

We allow our fund managers to decide when and how to vote. However we expect them to be in regular contact with senior executives at the companies in which we invest. Also, if the resolution deals with an environmental issue, we require managers to discuss the resolution with us before voting. In considering how to vote, we require our fund managers to subscribe to the principles of good corporate governance and to vote in accordance with these.

We have adopted the Corporate Governance Policy and voting guidelines of the Institutional Shareholders' Committee and the National Association of Pension Funds. We require our managers to follow the Combined Code for investments

in the UK and relevant recognised standards for overseas investments.

We ask our managers to vote on our shares and our global custodian Northern Trust provides us with quarterly monitoring reports on their voting records. We focus our attention on the quality of corporate governance - and especially on corporate environmental governance - in the following regions (listed in order of significance):

United Kingdom
 United States
 European Union
 Far East

Engagement

It is the job of our fund managers to work with the companies in which we invest. They are also responsible for identifying issues for this engagement. However, we are in regular contact with our managers in order to make sure that their engagements are in line with our policies. We use an extensive network of resources, including prosecution data and company environmental news, to identify issues to raise with our managers.

We also employ Hermes EOS service to engage and vote on our passively managed global equities.

Our managers and external service providers undertake about 800-1000 engagements a year on our behalf. While our own engagement activity focuses on environmental issues, around two thirds of our managers' and external providers' engagement activity focuses on business strategy and corporate governance. They also address issues such as activities in conflict zones, benefits and compensation, bribery and corruption, distribution of fair trade products, HIV/Aids, health and safety, human rights, labour issues, nanotechnology and new technology.

Q 27 Do you have a (proxy) voting policy, and, if so, does it address environmental, social and governance (ESG) issues?

Do you have a voting policy? Yes

If Yes, please select all that apply: Environmental
 Social
 Governance

Q 28 For listed equities, please indicate the ratio of (proxy) votes cast, either directly or via third parties (such as an external service providers or external investment manager), against those you could have cast in 2009 for at least one of the following measures:

- by ballots item or resolution;
- by meetings (e.g. AGMs, EGMs, special);
- by listed assets under management.

Please answer for at least one of these measures, if available please provide others as well

We do not track our listed equity voting activities

	Ballot items	Meetings	Listed assets	
Actually cast vs. all you could have cast	%	%	100 %	

Q 29 For listed equities, who makes voting decisions on behalf of your (or your client's) organisation? Please rank the importance of the different groups listed below based on the proportion of decisions made by that group.

Please note that subsequent questions will be asked specifically on the group that you list as most important and - if specified - of the second and third most important. Only the activities of the most important will be scored.

Please select from:
"Internal investment manager or other internal staff"
"Internal voting or governance group"
"External investment manager"
"External proxy voting service"
"External service provider" or
"Other third party voting support entity"

Most important: External service provider

Second most important: External investment manager

Third most important: Internal investment manager or other internal staff

Q 30 For those listed equity votes you cast:

- a. to what extent is information related to voting items gathered and analysed before voting decisions are made; and
- b. do you monitor whether voting is done in accordance with your voting instructions?

a. Information gathered and analysed

Please select
"Large", "Moderate", "Small" or "Not at all"

Large

b. Monitor voting

Please select
"Yes, for all", "Yes, for some" or
"No, we make no effort to ensure"

Yes, for all

Q 31 Do you inform your listed equity companies of your rationale when you abstain or vote against management recommendations?

Please select one: Yes, for all

If "Yes", please indicate how this disclosure is communicated to companies.

If answering "No", please explain why.

Q 33 For listed equity votes that your external manager or external service provider casts on your behalf, to what extent did you monitor that voting decisions were analysed and made in accordance with your (proxy) voting policy?

Please select
"Large", "Moderate", "Small" or "Not at all"

Please select one: Large

Q 34 How does your listed equity securities lending programme address voting?

Please select one: We do not have a securities lending programme

Q 35 To what extent do you and/or your agents review shareholder resolutions put forward by other shareholders to determine whether or not to support the resolution?

Please select
"Large", "Moderate", "Small", "Not at all" or
"We do not vote on shareholder resolutions"

Voting - managed internally Large

Voting - managed externally Large

Q 37 Do you have a written engagement policy or other documents that direct engagement with listed equity and fixed income issuers; if so, do these policies address environmental, social and governance (ESG) issues?

Asset class	Engagement policy or other documents	Do they address E, S or G
	Please select "Yes" or "No"	Please select all that apply
Listed equities	Yes	Environmental Governance
Fixed income - corporate issuers	Yes	Environmental Governance

Q 38 Who engages with listed equity or fixed income issuers on behalf of your (or your client's) organisation? Please rank the importance of the different groups listed below based on the engagements undertaken by that group.

Please note that subsequent questions will be asked specifically on the groups that you list here. Only the activities of the most important will be scored (except for question 39 where all will be scored).

Please select from:
"Internal staff"
"External engagement service provider(s)"
"External investment manager(s)"
"Other external entity"

Most important: External engagement service provider(s)

Second most important: External investment manager(s)

Third most important: Internal staff

Fourth most important: Other external entity (specify below)

If "Other external entity" is selected, please list it here.

This would be via a collaborative engagement exercise, possible led by an NGO or other campaign group. e.g CDP.

Q 39 In total, how many listed equity and fixed income issuers did your organisation engage with or were engaged with on your organisation's behalf on ESG issues in 2009, by level of engagement?

Please do not double count. Engagements that are listed in one column should not be repeated in another. Choose to list them where the highest level of effort is being applied.

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Extensive engagement	0	634	287	767
Moderate engagement	0	1	1	1
Basic engagement	38	1	1	1

We do not track these engagement activities

Q 40 Approximately what proportion of the engagements with listed equity or fixed income issuers undertaken by your organisation or on your organisation's behalf addressed environmental, social or governance (ESG) issues?

(+/- 5% rounding is sufficient)

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Environmental	100 %	17 %	26 %	100 %
Social	0 %	24 %	23 %	0 %
Governance	0 %	59 %	52 %	0 %
We do not track these engagement activities				

Q 41 To what extent do you assess and monitor the ESG engagement competency and capabilities of the following groups?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Internal staff	Large
External engagement service provider(s)	Large
External investment manager(s)	Large
Other external entity	Large

Q 42 Given your (or your client's) engagement policy and/or approach to engagement, to what extent do you or do the third parties acting on your behalf, have a process for identifying and prioritising ESG related engagement opportunities?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Internal staff	Large
External engagement service provider(s)	Large
External investment manager(s)	Large
Other external entity	Large

Q 43 To what extent do you or your third party engagement providers or investment managers set ESG engagement objectives and evaluate engagement successes?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Internal staff	Moderate
External engagement service provider(s)	Large
External investment manager(s)	Large
Other external entity	Large

Q 44 To what extent do you or your external investment manager integrate the information gained from ESG engagements into the investment decision-making process?

Please select:
"Large", "Moderate", "Small" or "Not at all"

External investment manager(s) Large

Q 45 When searching for and selecting investment managers in 2009, did you consider the capabilities of external investment managers to engage with companies on ESG issues on your behalf?

Please select one: Yes, for all of our external investment managers

Q 46 What percentage of engagements with listed equity and fixed income issuers that ended in 2009 were deemed successful?

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Engagement success	75 %	80 %	90 %	%

What measures does your organisation or its external service provider(s) and or external manager use to assess the impact and success of engagement with listed equity and fixed income issuers, and how did you perform in 2009 based on those measures?

Internal -- we deem success in that we have raised the issue and an adequate response is received. We intend to formalise and quantify the process to enable us to provide a more accurate answer during the year.

Achievement of declared objectives and milestones; financial impact; relative share price performance. Good performance on declared objectives and milestones. Sector relative share price performance flat for 2009.

In our external fund manager response to how they deem successful engagement is when at least one objective is met.

Q 47 Do you have an active ownership policy and/or strategy that addresses environmental, social and governance (ESG) issues for each of the following asset classes?

Asset class	Policy and/or strategies address
Fixed income - sovereign and other non-corporate issuers	Environmental Social Governance
Private equity	Environmental Social Governance

Q 48 Per asset class, which role is most important in bringing forth active ownership activities on your behalf and, to what extent are ESG issues addressed by this role in these ownership activities?

Select the most important: "Internal staff", "External engagement service provider(s)", "External investment manager(s)", "Other external entity" or "Nobody"

Please select the extent of active ownership activities: "Large", "Moderate" or "Small" for each of the categories selected

Asset class

Fixed income - sovereign and other non-corporate issuers	External investment manager(s)	Large
Private equity	External investment manager(s)	Large

Q 49 To what extent do you assess and monitor ESG active ownership competency and capabilities undertaken by the groups listed below in the following asset classes: Fixed income, sovereign and other non-corporate issuers, private equity, non-listed real estate/property, hedge funds and infrastructure?

	Please select: "Large", "Moderate", "Small", "Not at all" or "Not applicable"
Internal staff	Large
External engagement service provider(s)	Large
External investment manager(s)	Large
Other external entity	Large

Q 50 Please describe your organisation's , your external service providers or your external investment manager's approach to addressing ESG issues in active ownership in the following asset classes. Please include a description of the processes used to ensure ESG issues are addressed, any metrics used to gauge success, the sources of your expertise and specific examples.

Asset class	Please add your remarks
Fixed income - sovereign and other non-corporate issuers	Our corporate bond manager Royal London Asset Management. use EIRIS to assesses the extent to which a company mitigates its environmental impact through the implementation and application of environmental management systems and reporting, as well as the degree to which the company can demonstrate its improvement on a number of environmental parameters.
Private equity	<p>Robeco, undertakes an annual survey of the underlying funds in which we invest against a wide range of governance, social and environmental criteria. It is a pre-requisite of investment that the funds adhere to the Responsible Entrepreneurship Guidelines developed for the Robeco Sustainable Private Equity (RSPE) program by Robeco and its parent company, Dutch bank Rabobank.</p> <p>In 2009 report (2008 survey) the ESG requirements were considerably higher and more specific than in 2007 Survey (2008 report). Despite this a number of funds realised substantial ESG improvements and the average ESG score in 2008 (64.1%) was slightly higher than in 2007 (63.9%). In general, the investment managers reported in greater detail than in 2007 and provided 178 examples of specific ESG improvements in the portfolio companies</p>

Q 51 Please add any overall comments and clarifications related to Principle 2 here. Please also describe any significant activities relating to Principle 2 not already captured by your answers above

Summary of approach for each asset class

Global public equity: Managers investing in individual stocks look to see who comes top in their field using financial measures and environmental, social and governance (ESG) criteria. This is referred to in the industry as a 'best-in-class' approach.

Global private equity: Our managers will only invest in companies that have pledged to act in a responsible manner. They can invest up to approximately 30% of their resources in environmental technology funds.

Emerging markets equity: When we selected our manager, we looked closely at their track record and experience in dealing with ESG issues. We work closely with our manager, who is also a UN PRI signatory. Our manager employs an

outside research provider to identify companies or funds with poor or leading sustainability practices.

UK Property: Every year our managers carry out an environmental survey of all funds. Our portfolio includes Igloo Regeneration, regeneration property fund.

Global bonds: Investors in corporate bonds are less used to considering ESG issues than is the case for equities. However our bond manager (Royal London) employs EIRIS, an ESG research company, to use best-in-class principles in investment decision-making.

AVCs: We offer "ethical" funds through Standard Life.

Principle 3 - We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 3 is about ensuring that information related to ESG issues is disclosed by companies and other entities in your organisation's investment universe. It is closely related to your activities on Principle 1 and Principle 2.

This section lists questions regarding:

- Who seeks ESG disclosure information for your organisation;
- The level of detail and content that is sought;
- The information you may be seeking regarding norms, standards, codes of conduct or international initiatives related to R/ESG.

While completing this section you are free to move to other sections of the survey without losing work you have already done.

Q 52 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation seek appropriate disclosure on ESG issues by the entities in which it invests?

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

It would be very helpful if companies reported on environmental, social and governance (ESG) issues in a standardised format. This would make it much easier to make comparisons within and across sectors. It could also make it possible to include ESG data within regular financial reports. This is something we have been working hard to promote, especially among the companies in which we invest. We have also supported other initiatives for better reporting on ESG issues. Examples include the Carbon Disclosure Project and a Global Framework for Climate Risk Disclosure . In addition, we ask UK listed companies to report on their use of the Defra's environmental Key Performance Indicators (KPIs). For more information www.defra.gov.uk/environment/business/index.htm.

We also encourage better reporting by providing companies with regular feedback. In 2006 and 2007, we commissioned reports from Trucost on the impacts of FTSE All-Share companies on climate change and established how they are managing their risks from climate change. We are currently undertaking another review the results of which will form part of a major engagement exercise in 2010.

Q 53 Who asked for and/or collected from your organisation's investee companies (or other investment entities) information about their ESG policies, practices or performance in 2009?

Please select all that apply

Internal staff	<input checked="" type="checkbox"/>
External investment manager(s)	<input checked="" type="checkbox"/>
External engagement service provider(s)	<input checked="" type="checkbox"/>
External research providers	<input checked="" type="checkbox"/>
Brokers / dealers	<input type="checkbox"/>
Other - please specify:	<input type="checkbox"/>

None of the above: Investee companies, or other investment entities, were not asked to provide information about their ESG policies, practices or performance in 2009 (please specify below why not)

If investee companies were not asked, please specify why.

Q 54 To what extent did you or your external agent(s) have a dialogue with companies (or other investment entities) regarding the production, by asset class, of standardised and/or systematic reporting about their ESG policies, practices or performance in 2009?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Asset class	
Listed equity (developed markets)	Large
Listed equity (emerging markets)	Large
Fixed income - sovereign and other non-corporate issuers	Not at all
Fixed income - corporate issuers	Moderate
Private equity	Large
Listed real estate or property	Large

Q 55 In which format or mechanism have you or your third party agents requested reporting on ESG policies, practices or performance?

Please select all that apply

Integrated with regular financial reports	<input checked="" type="checkbox"/>
Standalone corporate (social) responsibility or sustainability reports	<input checked="" type="checkbox"/>
Global Reporting Initiative (GRI)	<input type="checkbox"/>
Carbon Disclosure Project (CDP)	<input checked="" type="checkbox"/>
Global Framework for Climate Risk Disclosure	<input checked="" type="checkbox"/>
Communication on Progress (COP) by the United Nations Global Compact	<input checked="" type="checkbox"/>
Country-level company form of the Extractive Industries Transparency Initiative (EITI)	<input type="checkbox"/>
Submission of a tailored survey	<input checked="" type="checkbox"/>
Other reporting framework by an industry or association - please specify:	
None of the above	

Q 56 To what extent did you or your third party agents seek information from companies regarding their practices related to norms, standards, codes of conduct or international initiatives/ declarations/ conventions related to ESG issues in 2009?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

Q 57 Please add any overall comments and clarifications related to Principle 3 here. Please also describe any significant activities relating to Principle 3 that are not already captured by your answers above.

Adequate disclosure from investee companies/ funds is of paramount importance to our investment strategy. It is the single most important aspect of our engagement programme. We support this through direct research, through work commissioned through several external providers, through collaborative projects eg Global Compact, CDP and FFDP as well as on-going engagements commissioned via our fund managers.

Principle 4 - We will promote acceptance and implementation of the Principles within the investment industry.

Principle 4 is about promoting the acceptance and implementation of the Principles for Responsible Investment (PRI) among your clients, service providers, partners, brokers/dealers and other investment industry players. In addition, it is about working with governments, regulators and international bodies to address and define approaches relating to ESG issues.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 58 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation promote the acceptance and implementation of the Principles within the investment industry?

Please describe how you support the incorporation of ESG factors in the investment industry via mandates, incentives, Request for Proposals (RfPs), policy discussions etc. Please, indicate how your organisation does this in relation to clients and/or beneficiaries, peers or other entities.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

We have encouraged our service providers and peer organisations to become signatories to the UN's Principles for Responsible Investment (UN PRI). Our publications and presentations have shown others that our investment decisions can take proper account of responsible investment and environmental, social and governance (ESG) issues. Our approach to responsible investment is driven by our view that it will lead to higher financial returns.

Since we became signatories of the Principles for Responsible Investment in 2006, we have encouraged our fund managers and service providers to adopt the principles themselves. All our fund managers and lead service providers have now signed or committed to sign the principles.

UNPRI requirements are included in our investment management agreements and manager selection materials.

Q 59 Did you include RI/ESG considerations when working with service providers and/or external investment managers in 2009 (where applicable)?

Specifically when:

- searching for service providers or external managers;**
- drafting contractual agreements;**
- structuring incentive schemes.**

	a. Searches	b. Contracts	c. Incentives	We do not work with this type of provider
Service providers or external managers	If you work with this type of service provider, please select "Yes, for all", "Yes, for some" or "No"			
External engagement service provider	Yes, for all	Yes, for all	No	
Investment consultant	Yes, for all	Yes, for all	No	
Investment research provider	Yes, for all	Yes, for all	No	

Proxy voting service provider	Yes, for all	Yes, for all	No
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External investment manager	Yes, for all	Yes, for all	No
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Other - please specify: All lead service providers	Yes, for all	Yes, for all	No
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Q 60 To what extent did you encourage peer organisations and/or your institutional clients to consider RI/ESG issues in 2009?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

Q 63 To what extent did you engage in dialogue, lobbying or initiatives pertaining to government policy and/or industry regulations related to RI/ESG issues in 2009?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

Q 64 Please add any overall comments and clarifications related to Principle 4 here. Please also describe any significant activities relating to Principle 4 not already captured by your answers above

Promotion of UNPRI and RI

Following the publication (and re-print due to demand) of our Responsible Investment Review we have focused on promoting our investment strategy as a financially robust and environmentally sustainable to other institutional investors. Howard Pearce undertook a number of presentations during the year including a presentation to the Environment Agency Board and chairing a panel session at the Environment Agency Conference. A key component of the strategy is to quantify our environmental performance relative to the benchmark which we do through environmental and carbon foot printing. Year on year the fund has continued to be more efficient than the index. We have continued to work with other groups in collaborative engagements as well as encouraging other fund managers and service providers to adopt strategies which integrate environmental issues. We were delighted that Northern Trust, our Custodian but also huge asset manager to other funds, has become a co-signatory to the United Nations Principles for Responsible Investment largely due to the support and pressure by the EAPF.

Promoting ESG in industry and Government

We have produced, collaboratively, many great outputs this year promoting the Agency's Corporate Strategy for greener business - but also greener government. On the latter the team have been instrumental in producing the sustainability sections in the Environment Agency own reports, as well as the FRAB guidelines for all government departments. Externally we have worked closely with Defra on the carbon reporting guidelines and on the CRC implementation. Supporting all this work we have published two reports. Firstly, the ICAEW report which supports the accounting profession in reporting and auditing financially material environment issues in annual report and accounts and second, an Envirowise report which helps businesses reduce their environmental impact and account for the costs and savings from those actions.

Principle 5 - We will work together to enhance our effectiveness in implementing the Principles.

Principle 5 is about collaborating with others in your implementation of responsible investment. The questions in this section are designed to capture the many ways in which signatories collaborate (for example by using the PRI Clearinghouse), and thus may overlap with areas discussed previously in the survey. However, the focus here is only those activities that involve working with others to implement the Principles.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 65 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation work with other parties to enhance its implementation of the Principles?

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

We believe that we achieve more by working with other investors and bodies that share our goals. These include the UK Social Investment Forum (UKSIF), Institutional Investors Group on Climate Change (IIGCC), and the Carbon Disclosure Project (CDP).

As part of signing up to the UN's Principles of Responsible Investment (UN PRI) we make good use of their forum, the Clearinghouse.

As discussed already, we have worked closely with our fund managers to publish research on responsible investment. This has included two reports on corporate carbon management, where we are pushing for better disclosure.

Q 66 To what extent did you collaborate with other investors in regard to the Principles, and what Principle did you collaborate most on?

Extent of Collaboration

Principle you collaborated most in

Please select:

"Large", "Moderate", "Small" or "Not at all"

Please select:

Principle 1, 2, 3, 4 or 6

Large

Principle 3

Q 67 Did you log in to the PRI Engagement Clearinghouse in 2009 and if so, how did you use it?

Logged in?

If Yes, please select all that apply

Yes

Joined a collaborative engagement led by another signatory that was posted on the Clearinghouse

Q 68 Did your organisation participate in any RI/ESG-issue related associations?

Among those you did participate in, please select:

- the first, second and third most important to your organisation, and
- for the three most important, to what extent your organisation participated.

For those not listed, please use the 'Other' field.

Associations	Please select all that apply	Please select only one "Most important", one "Second most important" and one "Third most important"	Only for these three most important, please select to what extent: "Large", "Moderate" or "Small"
Carbon Disclosure Project (CDP)	✓	Second most important	Large
Institutional Investors Group on Climate Change (IIGCC)	✓	Most important	Large
Other (1) - please specify: Forrestry Footprint Disclosure Project	✓	Third most important	Large

Q 69 Please add any overall comments and clarifications related to Principle 5 here. Please also describe any significant activities relating to Principle 5 not already captured by your answers above

We have actively supported pension and investment industry events across Europe including the Triple Bottom Line Investors, Clean Investors, Local Government Conference, Asset Allocation Summit, UK Investment summit to name but a few. At these events we have given presentations on responsible investment (RI) and promoted initiatives such as the UN PRI, IIGCC and the CDP. We also encourage other funds to consider environmental, social and governance issues (ESG) in their investment decision-making through, describing what we have done with our own fund.

We have also published guides and information on environmental accounting in the UK with Envirowise Reduce your costs with environmental management accounting and with the United Nations Expert Working Group on Environment Accounting - Clean and Competitive: Environmental Management Accounting for Business and Environmental management accounting: An introduction for government decision-making.

In 2009 we published a report with ICAEW which supports the accounting profession in reporting and auditing financially material environment issues in annual report and accounts.

Links to these documents are on our website at www.environment-agency.gov.uk/pensions.

Principle 6 - We will each report on our activities and progress towards implementing the Principles.

Principle 6 is about your organisation's reporting of responsible investment activities (as opposed to Principle 3 which relates to the reporting of your investees or potential investees). The questions in this section focus on how you disclose your activities regarding the implementation of the Principles and where that disclosed information can be found. While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 70 Please provide a description of your organisation's approach to this Principle. For example, in what ways does your organisation report your implementation of the Principles? Please include any sort of disclosure and transparency practices you have adopted.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

We have already published details of our responsible investment strategy and our notable achievements in our Annual Report and Accounts and in Fundfare, our member newsletter.

We make as much use as we can of the internet, as we believe this makes it much easier for people to find out what we are doing. Our website address is www.environment-agency.gov.uk/pensions. Our website includes:

- o our Annual Report and Accounts
- o Fundfare
- o our investment strategy implementation review
- o research reports on responsible investment
- o our voting on environmental resolutions, updated every June and October
- o details of our largest holdings
- o a review of our selection process for a global equity manager
- o links to the research undertaken by our Environmental Finance team
- o links to collaborative research we have taken part in.

In 2009 we published a Responsible Investment Review which provided a comprehensive overview of our implementation of the UNPRI principles.

Q 71 To what extent did you disclose, either to clients/beneficiaries or publicly, your policy and/or approach to incorporating ESG issues into investment analysis and decision-making processes in 2009?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Large

If you disclosed, please indicate how this disclosure can be obtained - a web address (URL) would be sufficient. If answering *not at all*, please explain why not.

Yes, you did disclose: www.environment-agency.gov.uk/pensions
how can it be obtained

Did not disclose publicly:
please explain why not

Q 72 Did you disclose your voting policy in 2009?

Please select one: Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: www.environment-agency.gov.uk/pensions
how can it be obtained

Did not disclose publicly:
please explain why not

Q 73 Did you disclose your (proxy) voting record in 2009, and if so:

- How much of your voting record did you disclose?
- Did you disclose the explanations/reasons for voting as you did?
- How frequently did you disclose?

Did you disclose? (please select one)	How much of your voting (please select one)	How much explanation? (please select one)	How frequently? (please select any applicable)
Yes - disclosed publicly	Some votes	Explained all votes	Disclosed quarterly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: Please note that we state that we will publically disclose our voting on any resolution but only actively publish those on environmental issues that we direct ourselves.
www.environment-agency.gov.uk/pensions
how can it be obtained

Did not disclose publicly:
please explain why not

Q 74 Did you disclose your non-proxy voting active ownership and engagement policies or other documents that direct these activities?

Please select one: Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: www.environment-agency.gov.uk/pensions
how can it be obtained

Did not disclose publicly:
please explain why not

Q 75 To what extent did you disclose (either to clients/beneficiaries or publicly) your non-proxy voting RI/ESG issue-related active ownership and engagement activities, results and progress in 2009?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

If you disclosed, please indicate how this disclosure can be obtained - a web address (URL) would be sufficient. If answering *not at all*, please explain why not.

Yes, you did disclose: www.environment-agency.gov.uk/pensions

how can it be obtained

Did not disclose publicly:
please explain why not

Q 76 Did you disclose (either to clients/beneficiaries or publicly) RI/ESG activities, results and progress related to Principle 3, Principle 4 or Principle 5 in 2009?

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 3 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: www.environment-agency.gov.uk/pensions and
how can it be obtained www.environment-agency.gov.uk/environmentalfinance

Did not disclose publicly:
please explain why not

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 4 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: www.environment-agency.gov.uk/pensions and
how can it be obtained www.environment-agency.gov.uk/environmentalfinance

Did not disclose publicly:
please explain why not

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 5 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: www.environment-agency.gov.uk/pensions and
how can it be obtained www.environment-agency.gov.uk/environmentalfinance

Did not disclose publicly:
please explain why not

Q 77 Please add any overall comments and clarifications related to Principle 6 here. Please also describe any significant activities relating to Principle 6 not already captured by your answers above

In 2009 we published a Responsible Investment Review which provided a comprehensive overview of our implementation of the UNPRI principles.

Feedback on the PRI

This section asks about how being part of the PRI Initiative affects your organisation. Questions in this section are all optional and mostly text-based. This is the place where your organisation can inform the PRI Secretariat of its achievements, and its challenges in implementing RI/ESG. The Secretariat will keep this information confidential and use it to:

- a. Further develop services and tools that can support your organisation in implementing the PRI and;
- b. Identify best practices that can be developed, with signatories' consent, into case studies and/or guidance tools to be shared with other signatories via the annual Report on Progress ([view last year's](#)), the [PRI Intranet](#) and other tools.

Please note this section is not designed for feedback on the Assessment survey itself. You will have the opportunity to give your feedback on the process in a separate section upon completion of the survey.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 78 Please describe the main benefits your organisation has enjoyed as a result of adopting the PRI.

It clearly demonstrates our commitment to RI and helps other asset owners and fund managers appreciate what we are trying to achieve.

Benefits of the clearinghouse information and ability to make contact with global responsible investors - pension funds, asset managers and service providers.

The ability to undertake collaborative engagements easily.

Benchmarking of our performance for RI.

Q 79 What has your organisation changed as a direct result of becoming a PRI signatory?

We were undertaking work covered by the six principles prior to the creation of the PRI. The PRI and the reporting assessment does help to provide momentum to our activities. The reporting has also required us to change our internal data management.

We published our first review of responsible investment using the six principles as a framework.

Q 80 What are the top three activities the PRI Secretariat could undertake to support and encourage further implementation of the Principles by current and prospective signatories?

Please add the first activity

The PRI needs to equip itself with more information on its constituent members.

Details of

- o Asset managers and service providers employed
- o Total AUM
- o AUM by asset type
- o Short profile of the fund
- o Short summary of key areas of interest
- o PRI contact name readily accessible to other contracts

Currently you collect some of this information as part of the assessment but it does not seem to be used to maximise the effectiveness of the PRI.

Please add the second activity

Need to publish more information of how RI and indeed PRI applies across managers with investment styles that are not readily perceived as having an RI component e.g. quant managers. There is still considerable mis-information about the non-applicability of the PRI to certain investment processes or asset types.

Please add the third activity

Regionalise PRI in person events.

Q 81 What are your top three PRI-related goals/priorities for 2010?

Please add the first goal/priority

Further develop our capacity in the implementation of RI in global bonds and emerging markets through the manager selection.

Please add the second goal/priority

Complete our third review of environmental disclosures in the FTSE all-share and implement the engagement programme that will come out of it.

Please add the third goal/priority

Further promote the applicability of RI across all investment styles, processes and asset classes. The outcome of this will be to persuade more asset managers to become co-signatories.

Q 82 What were the most significant achievements in 2009 in terms of your implementation of the Principles?

Please provide at least three.

Principle 1: the most significant achievements in 2009 in terms of your implementation

We have been able to review our entire portfolio to analyse the level of investment in green and clean technology. We have set a target of 25% of our fund contributing to green economy by 2015.

Principle 2: the most significant achievements in 2009 in terms of your implementation

A key component of the strategy is to quantify our environmental performance relative to the benchmark which we do through environmental and carbon footprinting. Year on year the fund has continued to be more efficient than the index. In 2009 our portfolio was 22% more efficient than the benchmark (MSCI All Developed World).

Principle 3: the most significant achievements in 2009 in terms of your implementation

Worked closely with Defra on the carbon reporting guidelines and on the CRC implementation. Supporting all this work we have published two reports. Firstly, the ICAEW report which supports the accounting profession in reporting and auditing financially material environment issues in annual report and accounts and second, an Envirowise report which helps businesses reduce their environmental impact and account for the costs and savings from those actions.

Principle 4: the most significant achievements in 2009 in terms of your implementation

The work undertaken to promote PRI to non-signatories asset owners and the progress made.

Principle 5: the most significant achievements in 2009 in terms of your implementation

Increase in our collaborative engagement activity and time committed to working with ESG groups e.g. IIGCC

Principle 6: the most significant achievements in 2009 in terms of your implementation

The publication of our Responsible Investment Review in July 2009.

Q 83 What were the biggest barriers in 2009 in terms to your implementation of the Principles?

Please provide at least three.

Principle 1: the biggest barriers in 2009 in terms to your implementation

The recognition of the applicability of RI in non-equity asset classes to large proportion of the investment industry.

Principle 2: the biggest barriers in 2009 in terms to your implementation

Same issue as above - finding managers who are willing to explore new ways of working to accomodate RI considerations.

Principle 3: the biggest barriers in 2009 in terms to your implementation

Lack of consistencet/ comparable disclosures by entities e.g carbon/ carbon equivalent disclosures.

Principle 4: the biggest barriers in 2009 in terms to your implementation

There is still considerable mis-information about the non-applicability of the PRI to certain investment processes or asset types.

Principle 5: the biggest barriers in 2009 in terms to your implementation

Limited internal resources to maximise the opportunities that are available through external organisations and via the clearinghouse.

Principle 6: the biggest barriers in 2009 in terms to your implementation

Managing the data in a manner that can be extracted to meet the different requirements for different audiences and different reporting years.

Q 84 Please indicate which Principle you find most difficult to implement, and which Principle you find least difficult to implement.

Most difficult to implement

Least difficult to implement

Principle 4

Principle 1