



# RI TRANSPARENCY REPORT 2018

## Environment Agency Pension Fund

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the type that best describes your organisation or the services you provide.

- Non-corporate pension or superannuation or retirement or provident fund or plan
- Corporate pension or superannuation or retirement or provident fund or plan
- Insurance company
- Foundation
- Endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Family office
- Other, specify

OO 01.3 Additional information. [Optional]

The Environment Agency Pension Fund (the Fund/ EAPF) is a defined benefit Local Government Pension Scheme with 39,500 beneficiaries and assets of around £3.5 billion. The participation rate of eligible beneficiaries is 95 per cent and the funding level at 31 March 2017 was estimated at 102 per cent.

As long-term investors, with liabilities reaching beyond 2100, our aim is to deliver a truly sustainable Pension Fund by ensuring that it is affordable, delivers financially to meet the objectives of our scheme employers and is invested responsibly.

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

6

OO 02.4 Additional information. [Optional]

The UK Government government has introduced regulations that require Local Government Pension Scheme (LGPS) Funds to pool investments, in order to improve efficiency. As a result of this, Brunel Pension Partnership Ltd (Brunel) was set up to pool investment assets across 10 LGPS Funds. These include our Environment Agency Pension Fund (EAPF) and 9 other Local Government Funds.

As the management of assets has moved to Brunel the EAPF team size has reduced. However, we see pooling as an opportunity to extend our globally recognised work on responsible investment to the benefit of the wider pool of funds and their beneficiaries.

OO 03	Mandatory	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/03/2018

OO 04.2 Indicate your total AUM at the end of your reporting year, Exclude subsidiaries you have chosen not to report on and any advisory/execution only assets.

Total AUM

3,424,465,615 GBP

4,624,721,726 USD

OO 04.5 Additional information. [Optional]

EAPF total is £3,424,465,614.52 as of 31 March 2018, which is a total of US\$ 4,803,840,364.05.

Please note that the USD conversion rate in OO 4.2 is as of December 2017.

OO 05	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes:

	Internally managed (%)	Externally managed (%)
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Listed equity	0	>50%
Fixed income	0	10-50%
Private equity	0	<10%
Property	0	<10%
Infrastructure	0	<10%
Commodities	0	0
Hedge funds	0	0
Forestry	0	<10%
Farmland	0	<10%
Inclusive finance	0	0
Cash	<10%	0
Other (1), specify	0	<10%
Other (2), specify	0	0

If you respond 'Other (1)', specify for Externally Managed

Private debt

OO 05.2 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.  
 No, we do not use fiduciary managers.

OO 06 Mandatory Descriptive General

OO 06.1 Select how you would like to disclose your asset class mix.

as percentage breakdown

'Other (1)' specified  
Private debt

as broad ranges

OO 06.3 Provide contextual information on your AUM asset class split. [Optional]

These figures are rounded approximations. For exact asset allocations please refer to our Annual Report and Financial Statements 2017/18 available at [www.eapf.org.uk](http://www.eapf.org.uk)

OO 07 Mandatory to Report, Voluntary to Disclose Gateway General

OO 07.1 Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

Externally managed	48.3	SSA
	16.6	Corporate (financial)
	29.7	Corporate (non-financial)
	5.4	Securitised

OO 08 Mandatory to Report, Voluntary to Disclose Peering General

OO 08.1 Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.

Asset class breakdown	Segregated mandate(s)	Pooled fund(s)	Total of the asset class (each row adds up to 100%)															

[a] Listed equity	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<b>100%</b>																	
[b] Fixed income - SSA	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<b>100%</b>																	
[c] Fixed income – Corporate (financial)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<b>100%</b>																	
[d] Fixed income – Corporate (non-financial)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<b>100%</b>																	
[e] Fixed income – Securitised	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<b>100%</b>																	
[f] Private equity	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<b>100%</b>																	
[g] Property	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<b>100%</b>																	
[h] Infrastructure	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<b>100%</b>																	
[k] Forestry	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<b>100%</b>																	
[l] Farmland	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<b>100%</b>																	
[o] Other (1), specify	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<b>100%</b>																	

OO 08.2 Additional information. [Optional]

Other = private debt

OO 09 Mandatory to Report, Voluntary to Disclose Peering General

OO 09.1 Indicate the breakdown of your organisation's AUM by market.

Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Total100%	

OO 10	Mandatory	Gateway	General
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**OO 10.1** Select the active ownership activities your organisation implemented in the reporting year.

**Listed equity – engagement**

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

**Listed equity – voting**

- We cast our (proxy) votes directly or via dedicated voting providers
- We require our external managers to vote on our behalf.
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

**Fixed income SSA – engagement**

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

**Fixed income Corporate (financial) – engagement**

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

**Fixed income Corporate (non-financial) – engagement**

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

**Fixed income Corporate (securitised) – engagement**

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Gateway	General
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**OO 11.1** Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

**Cash**

- We address ESG incorporation.
- We do not do ESG incorporation.

**OO 11.2** Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.

<b>Asset class</b>	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
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Listed equity	<p>Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Fixed income - SSA	<p>Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Fixed income - corporate (financial)	<p>Fixed income - corporate (financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Fixed income - corporate (non-financial)	<p>Fixed income - corporate (non-financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Fixed income - securitised	<p>Fixed income - securitised - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Private equity	<p>Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Property	<p>Property - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Infrastructure	<p>Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>

Forestry	Forestry - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Farmland	Farmland - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Other (1)	Other (1) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation

**OO 11.4** Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

We seek to appoint managers that take a long term view based on the fundamentals of companies – “investors” rather than “traders” – our selection criteria focus on investment process and the identification of long term value. We also look for stable organisations with similar values.

We explicitly assess prospective managers’ stewardship capabilities – their involvement in voting and engaging with the companies they invest in – as part of our fund manager selection process.

We are focused on long term performance, and aim not to be too concerned about short term underperformance either when selecting managers or when monitoring them.

Once appointed, we monitor and engage with managers on their stewardship activities, strategic vision and fundamental evaluation of prospective investments, and are more concerned about weaknesses in these areas than we are about a quarter of poor performance.

OO 12	Mandatory	Gateway	General
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**OO 12.1** Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

	Core modules
	<input checked="" type="checkbox"/> Organisational Overview <input checked="" type="checkbox"/> Strategy and Governance
	RI implementation directly or via service providers
	Direct - Listed Equity active ownership
	<input checked="" type="checkbox"/> Engagements <input checked="" type="checkbox"/> (Proxy) voting
	RI implementation via external managers
	Indirect - Selection, Appointment and Monitoring of External Managers
	<input checked="" type="checkbox"/> Listed Equities <input checked="" type="checkbox"/> Fixed income - SSA <input checked="" type="checkbox"/> Fixed income - Corporate (financial) <input checked="" type="checkbox"/> Fixed income - Corporate (non-financial) <input checked="" type="checkbox"/> Fixed income - Securitised <input checked="" type="checkbox"/> Private Equity <input checked="" type="checkbox"/> Property <input checked="" type="checkbox"/> Infrastructure
	Closing module

OO SAM 01.1	Provide a breakdown of your externally managed listed equities and fixed income by passive, active quant and, active fundamental and other active strategies.
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Listed equity (LE)	23.9	Passive
	16.8	Active - quantitative (quant)
	59.3	Active - fundamental and active - other
Fixed income - SSA	69.9	Passive
	0	Active - quantitative (quant)
	30.1	Active - fundamental and active - other
Fixed income - Corporate (financial)	33.4	Passive
	0	Active - quantitative (quant)
	66.6	Active - fundamental and active - other
Fixed income - Corporate (non-financial)	52.7	Passive
	0	Active - quantitative (quant)
	47.3	Active - fundamental and active - other
Fixed income - Securitised	71.4	Passive
	0	Active - quantitative (quant)
	28.6	Active - fundamental and active - other



**SG 01.1** Indicate if you have an investment policy that covers your responsible investment approach.

✓ Yes

**SG 01.2** Indicate the components/types and coverage of your policy.

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Engagement policy <input type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) <p style="margin-left: 20px;">Climate Change - TPI Framework</p> <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3** Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change and related issues

**SG 01.3a CC** Describe how your products or investment strategy might be affected by the transition to a lower-carbon economy.

In our Investment Strategy, we:

Fully integrate climate risk and opportunities in the investment strategy design and implementation, with a view to further decarbonise and reduce the climate risk of the portfolio in line with our objective.

Proactively seek low-carbon energy and other climate mitigation and adaptation opportunities where these are compatible with our financial objectives. Furthermore, we will seek to establish the proportional levels of fund investment required to meet the ambitions of the Paris Agreement and the UN Sustainable Development Goals.

Develop mechanisms to evaluate our progress in aligning the portfolio to a low- carbon transition, including the Transition Pathway Initiative (TPI) and leveraging the work being developed by others.

Climate related risk and opportunities have been part of our equity strategy since 2005 and fully integrated into broader strategic asset allocation from 2010 when we partnered with other asset owners globally, as part of the Mercer-led research, considering the implications of climate change scenarios on strategic asset allocation.

This was further enhanced in 2014 with the follow up study Investing in a Time of Climate Change. This study provided four climate change scenarios and provides the Fund with impact assets across 10 and 35 year time horizons. Our tailored report is publically available on the climate risk area of our website.

The study, our primary source of long term impact analysis, demonstrated that the fund's assets that were most sensitive to climate change over 35 years were agriculture, infrastructure, timber, emerging market equities and real estate. These are all asset classes where the fund has significant exposure and in the case of real assets is planned to increase. This provides clear prioritisation for the committee in monitoring risk. Integrating this research into our own review of our strategic asset allocation (SAA) informs the development of a robust portfolio, where the investment strategy is positioned to reduce risk and maximise investment opportunities presented by climate change.

The most recent study reinforced earlier action taken following the first study when in April 2013 we allocated investment in real assets covering real estate, infrastructure, forestry and agricultural land to Townsend Group (15% strategic asset allocation). The mandate places a high priority on long term responsible investments that meet our financial targets, with a preference to invest positively in real assets such as energy efficient buildings, renewable energy projects, public transport, water treatment facilities, eco-friendly farming, and sustainable forestry.

**SG 01.3b CC** Describe how climate-related risks and opportunities are factored into your investment strategies or products.

✓ We factor climate-related risks and strategies into our investment strategies or products.

We use the current national contributions to the Paris Agreement as our base case scenario to evaluate these risks and opportunities, though we actively consider other scenarios. Given the political momentum to ratchet up emissions reductions in order to meet the Agreement target of no more than 2oC temperature rise, we consider that it is prudent from a risk management perspective to anticipate further policy tightening around emissions and have set our climate goals accordingly.

We aim by 2020 to:

Invest 15 per cent of the fund in low carbon, energy efficient and other climate-mitigation opportunities. This will contribute to our

wider target to invest at least 25 per cent of the Fund in clean and sustainable companies and funds, across all asset classes. We trust that

this will make our portfolio more resilient to the impacts of climate change and adapt to the climate change that is already in the system.

Decarbonise the equity portfolio, reducing our exposure to 'future emissions' by 90 per cent for coal and 50 per cent for oil and gas by 2020, compared to the exposure in our underlying benchmark as at 31 March 2015. 'Future emissions' is the amount of greenhouse gases that would be emitted should these reserves

be extracted and ultimately burnt, expressed in tonnes of carbon dioxide equivalent. We think that this will reduce the risk of our portfolio by anticipating the reductions needed to move to a low-carbon economy.

Support progress towards an orderly transition to a low-carbon economy through actively working with asset owners, fund managers, companies, academia, policy makers and others in the investment industry. We recognise that active stewardship is the most effective way to tackle systemic risk.

**Working with Brunel Pension Partnership**

The Environment Agency Pension Fund are working with nine other Administering Authorities to pool investment assets through the Brunel Pension Partnership. It is anticipated that investment assets will be transitioned into portfolios managed by Brunel between April 2018 and March 2020.

The Brunel Pension Partnership Investment Principles clearly articulate the commitment of each Fund in the Partnership, and its operator (Brunel), to be responsible investors and as such recognise that social, environment and corporate governance considerations are part of the processes in the selection, non-selection, retention and realisation of assets. One of the principal benefits achieved through scale and resources arising from pooling is the improved implementation of responsible investment, risk management, reporting and stewardship.

Through working in partnership, Brunel will;

Integrate climate risk assessment in their portfolios, promote climate change resilience and evidence this work through case studies.

Actively engage, with specific objectives and key performance indicators, with carbon intensive companies in portfolios and provide analysis to the Pension Committee on the progress made by the underlying companies so that it can inform asset allocation and the consideration of any selective divestment.

Encourage asset managers, in appropriate portfolios, to invest in companies whose business strategy is aligned to a low-carbon economy and to make significant progress towards understanding and taking action on their climate risks.

Use proxy voting to support our policy and principles of good governance, including considering supporting shareholder resolutions, and co-filing where practicable.

We do not factor climate-related risks and strategies into our investment strategies or products.

Other RI considerations, specify (1)

In October 2015, we made the commitment to ensure that our Fund's investment portfolio and processes are compatible with keeping the global average temperature increase to remain below 2°C relative to pre-industrial levels, in-line with international government agreements. We have now updated the policy and included the base case scenario that the Paris Agreement will be delivered and placed our work on climate change within a wider context of a commitment to use the UN's Sustainable Development Goals (SDGs) as part of our decision making.

The policy increases the call on others in the finance sector, in particular investment consultants, actuaries, credit rating agencies, external audit and risk advisors 'to demonstrate how their own advice, tools, processes and skills and knowledge are fit for purpose to support their clients with respect to managing the financial implications of climate change.

Other RI considerations, specify (2)

**SG 01.4 Describe your organisation's investment principles and overall investment strategy, and how they consider ESG factors and real economy impact.**

Through actively working with asset owners, fund managers, companies, academia, policy makers and others in investment industry we address a wide range of environmental, social and governance risks. We aim to be flexible and respond to opportunities and risks as they emerge but we also identify key themes or ESG risks that as a fund will be more actively involved these include;

- Fiduciary duty - promoting the implementation of the Law Commission recommendations.
- Long termism - furthering the implementation of the Kay review recommendations.
- Sustainable capitalism - communicating positive case studies from our portfolio.
- Climate change - engaging with pension funds and other stakeholders to develop and share best practice.
- Water risk - promote the risk identification and integration
- Human capital - promoting business case for diversity/ inclusion and consideration of the Living Wage.

**SG 01.5 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]**

Responsible Investment (Section in ISS)

We are long-term investors who aim to deliver a truly sustainable Pension Fund; ensuring that it is affordable; delivers financially to meet the objectives of our scheme employers; and is invested responsibly.

Being responsible investors to us is to;

Consider a wide range of issues e.g. environmental or social impacts and what financial impact they could have both in the short and long term.

Look to work with and influence others.

Act as good owners of the companies, assets and funds in which we invest.

Operate in an open and transparent way.

Our fiduciary duty is to act in the best long-term interests of our members. To do so properly requires us to recognise that environmental, social and governance issues can positively and negatively impact on the Fund's financial performance and that they should be taken into account in our funding and investment strategies, and throughout the funding and investment decision-making process. Full details are contained in our Responsible Investment Policy, and other associated policies, notably our Policy to Address the Impacts of Climate Change. Managers are expected to comply with these policies when implementing the mandates on our behalf.

The Brunel Pension Partnership Investment Principles clearly articulate our commitment, and that of each Fund in the Partnership and its operator (Brunel Company), to be responsible investors and as such recognise that social, environment and corporate governance considerations are part of the process in the selection, non-selection, retention and realisation of assets. One of the principal benefits, outlined in the BPP business case, achieved through scale and resources arising from pooling is the improved implementation of responsible investment and stewardship.

Every portfolio, in every asset class, under the Brunel Pension Partnership, explicitly includes responsible investment and an assessment of how social, environment and corporate governance considerations may present financial risks to the delivery of the portfolio objectives. The approach undertaken will vary in order to be the most effective in mitigating risks and enhancing shareholder value in relation to each portfolio and its objectives. More information is on the BPP website.

Both our Pensions Committee and Pension Board have member representatives who actively engage with beneficiaries and other stakeholders to ensure the Fund is aware and can respond effectively to all member concerns. We also actively use our website, newsletters and member webinars to engage directly. We also respond, track and report all member and stakeholder enquires as part of standard quarterly reporting. The Fund is accredited with Customer Service Excellence which requires high standards of stakeholder engagement.

We became the first Local Government Pension Scheme (LGPS) signatory of the UNPRI in July 2006. The UNPRI is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact. The principles reflect the view that ESG issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfil their fiduciary duty. The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

We do not exclude investments in order to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.

The EAPF is a signatory of the UK Stewardship Code and our Stewardship Code Compliance Statement evidences our compliance with both the UK Code and other global best principles of good stewardship.

#### Stewardship (Section in ISS)

##### Engagement

Our Responsible Investment Policy set outs the areas of engagement that, as a Fund, we have selected to have particular focus. These include promoting ESG as part of delivering and fiduciary duty, sustainable capitalism, water risk, climate risk and human capital management.

The fund is a member of the 30% Club Investor group, which promotes gender diversity on the boards and executive committees of [UK] listed companies, and promotes wider diversity and inclusion in the companies in which we invest.

To complement and support the implementation of our themes we work with our managers, specialist engagement provider Hermes EOS and other service providers. We are also members of the Local Authority Pension Fund Forum (LAPFF).

All the assets of the pension fund are selected by external fund managers. This means that it is our external fund managers who make the detailed decisions in which companies we invest in. This is important in avoiding conflicts of interest for our employers, but also gives us the flexibility to select the best managers for each set of assets. The skills needed to decide environmental and other issues vary from one asset class to another. We place a high importance, and indeed time and energy, in selecting good quality managers who deliver financially and can manage the wide variety of risks that come with making investments.

##### Voting

The Fund believes that voting is integral part of the responsible investment and stewardship process and as such is delegated to managers to vote on all the Fund's shares at their discretion. We demand high standards in stewardship from our managers and their approach and associated policies are evaluated as part of the manager selection process. Voting reports are included in quarterly reports and voting execution is evaluated as part of on-going manager's monitoring. For environmental issues we have written specific guidance and reserve the right to direct the voting in accordance with these guidelines.

##### Stewardship in pooling

As part of the Brunel Pension Partnership (BPP) we are actively exploring opportunities to enhance our stewardship activities. More information is on the BPP website. One of the principal benefits, outlined in the BPP business case, achieved through scale and resources arising from pooling, is the improved implementation of responsible investment and stewardship. Once established and fully operation the Brunel company will deliver best practice standards in responsible investment and stewardship as outline in the BPP Investment Principles.

No

SG 02	Mandatory	Core Assessed	PRI 6
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SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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Policy setting out your overall approach

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.eapf.org.uk/investments/policies">https://www.eapf.org.uk/investments/policies</a>
<input type="checkbox"/> Attachment (will be made public)

Formalised guidelines on environmental factors

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.eapf.org.uk/en/investments/policies">https://www.eapf.org.uk/en/investments/policies</a>
<input type="checkbox"/> Attachment (will be made public)

Screening / exclusions policy

Other, specify (1)

Other, specify (1) description
Climate Change - TPI Framework

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="http://www.lse.ac.uk/GranthamInstitute/tpi/">http://www.lse.ac.uk/GranthamInstitute/tpi/</a>
<input type="checkbox"/> Attachment (will be made public)

We do not publicly disclose our investment policy documents

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.eapf.org.uk/en/investments/policies">https://www.eapf.org.uk/en/investments/policies</a>
<input type="checkbox"/> Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.eapf.org.uk/en/investments/policies">https://www.eapf.org.uk/en/investments/policies</a>
<input type="checkbox"/> Attachment

Time horizon of your investment

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.eapf.org.uk/en/investments/policies">https://www.eapf.org.uk/en/investments/policies</a>
<input type="checkbox"/> Attachment

Governance structure of organisational ESG responsibilities

ESG incorporation approaches

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.eapf.org.uk/en/investments/policies">https://www.eapf.org.uk/en/investments/policies</a>
<input type="checkbox"/> Attachment

Active ownership approaches

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.eapf.org.uk/en/investments/policies">https://www.eapf.org.uk/en/investments/policies</a>
<input type="checkbox"/> Attachment

Reporting

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.eapf.org.uk/annual-reports-and-accounts">https://www.eapf.org.uk/annual-reports-and-accounts</a>
<input type="checkbox"/> Attachment

Climate-related issues

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.eapf.org.uk/en/investments/policies">https://www.eapf.org.uk/en/investments/policies</a>
<input type="checkbox"/> Attachment

Climate change and related issues

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.eapf.org.uk/en/investments/policies">https://www.eapf.org.uk/en/investments/policies</a>
<input type="checkbox"/> Attachment

Other RI considerations, specify (1)

In October 2015, we made the commitment to ensure that our Fund's investment portfolio and processes are compatible with keeping the global average temperature increase to remain below 2°C relative to pre-industrial levels, in-line with international government agreements. We have now updated the policy and included the base case scenario that the Paris Agreement will be delivered and placed our work on climate change within a wider context of a commitment to use the UN's Sustainable Development Goals (SDGs) as part of our decision making. The policy increases the call on others in the finance sector, in particular investment consultants, actuaries, credit rating agencies, external audit and risk advisors 'to demonstrate how their own advice, tools, processes and skills and knowledge are fit for purpose to support their clients with respect to managing the financial implications of climate change.

URL/Attachment
----------------

URL

<https://www.eapf.org.uk/en/investments/policies>

Attachment

We do not publicly disclose any investment policy components

**SG 02.3** Indicate if your organisation's investment principles, and overall investment strategy is publicly available

Yes

<https://www.eapf.org.uk/en/investments/policies>

No

**SG 02.4** Additional information [Optional].

We believe we have a credible plan to deliver strong long term financial returns as the impacts of climate change materialise. We believe financial risk and opportunities will come from the physical impacts, regulation and policy alongside increased competition from alternatives and technological innovation.

We have set ourselves a global leading objective..... to ensure that our Fund's investment portfolio and processes are compatible with keeping the global average temperature increase to remain below 2°C relative to pre-industrial levels, in-line with international government agreements.

We have set three targets for 2020

- Invest 15 per cent of the fund in low carbon, energy efficient and other climate mitigation opportunities.
- Decarbonise the equity portfolio, reducing our exposure to "future emissions"\* by 90 per cent for coal and 50 per cent for oil and gas by 2020 compared to the exposure in our underlying benchmark as at 31 March 2015.
- Supported progress towards an orderly transition to a low carbon economy through actively working with asset owners, fund managers, companies, academia, policy makers and others in the investment industry.

Please see our website for more information - <https://www.eapf.org.uk/en/investments/policies>

**SG 03** Mandatory Core Assessed General

**SG 03.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

**SG 03.2** Describe your policy on managing potential conflicts of interest in the investment process.

Declaration of conflict of interests is a standing agenda item at the start of all Pensions Committee and Investment Sub Committee meetings. A public register of Pension Committee members' declaration of interests is also maintained and audited annually. The need to avoid conflicts of interest is also highlighted in our investment management agreements (IMAs) and contracts with external parties.

We have further reinforced (with financial penalties) our approach in relation to direct investment where the sponsor may have a regulatory role.

No

**SG 04** Voluntary Descriptive General

**SG 04.1** Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.

Yes

No

**SG 04.2** Describe your process on managing incidents

Fund managers are required to monitor and report on incidents that occur within portfolio companies as part of the IMA. In addition we have a dedicated person who uses publications and other sources to identify incidents, escalating them internally if needed. Fund managers will be alerted to the incident and we track it until the incident is resolved.

**SG 05** Mandatory Gateway/Core Assessed General

**SG 05.1** Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

Quarterly or more frequently

Biannually

Annually

Less frequently than annually

Ad-hoc basis

It is not set/reviewed

**SG 06** Voluntary Descriptive General

**SG 06.1** List the main responsible investment objectives that your organisation set for the reporting year.

Responsible investment processes

Provide training on ESG incorporation

Key performance indicator

The key strategic training focus for the Pensions Committee as a whole has been asset pooling and preparing for our participation in the pool.

Progress achieved

RI and ESG integration is a key part of committee training in which officers also participate.

Brunel Partnership also engaged on their approach with the fund and then presented their approach to RI and ESG integration direct to officers and to the Investment Sub Committee.

- Provide training on ESG engagement

Key performance indicator
---------------------------

The key strategic training focus for the Pensions Committee as a whole has been asset pooling and preparing for our participation in the pool.

Progress achieved
-------------------

ESG engagement is a part of committee training in which officers also participate.

Brunel Partnership also engaged on their approach with the fund and then presented their approach to RI and ESG integration direct to officers and to the Investment Sub Committee.

- Improved communication of ESG activities within the organisation

Key performance indicator
---------------------------

Providing regular communications on our progress on delivering our commitments to responsible investment, climate change and stewardship.

Progress achieved
-------------------

The Pension Committee and Investment Sub Committee receive reports to enable them to monitor ESG issues every quarter.

We see ESG as part of our fiduciary duty and we assisted Share Action in a project on fiduciary duty and beneficiary engagement.

We worked with our Internal Environment Management team on an approach to the UN's #CleanSeas initiative and our internal approach to plastics.

Customer Service Excellence - we retained our accreditation.

We continue to update members through:

Newsletter (post)

Spotlight (online)

Intranet highlight

Internal email newsletter

Manager cascade briefing

and direct members to the website for further details.

- Improved engagement to encourage change with regards to management of ESG issues

Key performance indicator
---------------------------

Increase the response rate by listed companies to the CDP Water Program by 20% from the 2015 baseline by 2020.

Progress achieved
-------------------

In 2016/17 we wrote to letters to c160 companies (owned by the EAPF) encouraging them to provide water risk information to the market via CDP. In 2017/18 we received the results that a further 19 companies will disclose to CDP.

In 2017/18 we joined the CDP water non-disclosure campaign for a second year and we will be able to report on the results next year.

- Improved ESG incorporation into investment decision making processes

Key performance indicator
---------------------------

Brunel Partnership investment principles incorporate best practice in responsible investment and stewardship.

Progress achieved
-------------------

EAPF have worked in partnership with 9 other LGPS administering authorities and Brunel Partnership to help shape a responsible investment strategy that improves ESG incorporation into the investment decision making process and particularly in asset classes beyond listed equities.

- Other, specify (1)

#CleanSeas

Key performance indicator
---------------------------

EAPF asset managers to join UN's #CleanSeas initiative

Progress achieved
-------------------

EAPF have continued to work directly with managers, for example encouraging them to consider joining the UN's #CleanSeas initiative. So far 4 managers have pledged to #CleanSeas (an additional 1 was already pledged).

- Other, specify (2)

- Other, specify (3)

Financial performance of investments
--------------------------------------

- Increase portfolio performance by consideration of ESG factors

Key performance indicator
---------------------------

To be invested in a SUSTAINABLE ENHANCED VALUE EQUITY INDEX (SEVE) that accounts for carbon and other ESG factors.

Progress achieved
-------------------

We are now invested in the SEVE and we await results to be able to report further.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

**ESG characteristics of investments**

- Over or underweight companies based on ESG characteristics

**Key performance indicator**

See SEVE above.

**Progress achieved**

See Annual Report and Financial Statements 2017/18.

- Improve ESG ratings of portfolio
- Setting carbon reduction targets for portfolio

**Key performance indicator**

See our updated Policy to Address the Impacts of Climate Change

**Progress achieved**

We have made significant progress on all climate change related objectives.

See Annual Report and Financial Statements for full progress report.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

**Other activities**

- Joining and/or participation in RI initiatives

**Key performance indicator**

To be able to evidence participation in RI initiatives.

**Progress achieved**

As secretariat EAPF organises the UK Pension Scheme RI Roundtable of public and private pension schemes which meets several times a year and assists RI initiatives as a group (e.g. AMNT initiative on investment consultants and ESG) or puts forward initiatives for individual fund consideration (e.g. Future-Fit).

See CDP water non-disclosure campaign above.

See ShareAction - project on fiduciary duty and beneficiary engagement above.

- Encouraging others to join a RI initiative

**Key performance indicator**

To be able to evidence encouraging others to join RI initiatives.

**Progress achieved**

See UN's #CleanSeas above.

See Future-Fit above.

- Documentation of best practice case studies

**Key performance indicator**

To be able to evidence documentation of best practice case studies.

**Progress achieved**

Through our real estate manager EAPF provided a case study to the IIGCC for the UNEP Finance Initiative Property Working Group (PWG).

- Using case studies to demonstrate engagement and ESG incorporation to clients
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

SG 07	Mandatory	Core Assessed	General
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**SG 07.1** Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

**Roles present in your organisation**

- Board members or trustees
  - Oversight/accountability for responsible investment

- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - Chief Responsible Investment Officer
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
- ESG portfolio manager
- Investment analysts
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)

**Other description (1)**

Main stream and specialist consultants

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)

**SG 07.2 For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.**

We integrate management of Environmental Social and Governance (ESG) issues throughout the investment and funding strategy; this includes asset allocation, mandate design, risk management, fund manager appointment and monitoring, collaborative engagement and transparent reporting.

All the assets of the pension fund are selected by external fund managers. This means that it is our external fund managers who make the detailed decisions in which companies we invest in. This is important in avoiding conflicts of interest for our employers, but also gives us the flexibility to select the best managers for each set of assets. The skills needed to decide environmental and other issues vary from one asset class to another. We place a high importance, and indeed time and energy, in selecting good quality managers who deliver financially and can manage the wide variety of risks that come with making investments.

**SG 07.3 Indicate the number of dedicated responsible investment staff your organisation has.**

2

**SG 07.4 Additional information. [Optional]**

Please note that we had 2 direct dedicated responsible investment staff until November 2017. From November 2017 we have the RI resources of the Brunel Partnership to assist us.

SG 07 CC	Voluntary	Descriptive	General
SG 07.1 CC	Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for climate-related issues.		
	Roles present in your organisation		
	<input checked="" type="checkbox"/> Board members or trustees <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Oversight/accountability for climate-related issues</li> <li><input checked="" type="checkbox"/> Assessment and management of climate-related issues</li> <li><input type="checkbox"/> No responsibility for climate-related issues</li> </ul> <input checked="" type="checkbox"/> Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Oversight/accountability for climate-related issues</li> </ul>		



- Assessment and management of climate-related issues
- No responsibility for climate-related issues
- Other Chief-level staff or head of department, specify
  - Chief Responsible Investment Officer
    - Oversight/accountability for climate-related issues
    - Assessment and management of climate-related issues
    - No responsibility for climate-related issues
- Portfolio managers
  - ESG portfolio manager
  - Investment analysts
  - Dedicated responsible investment staff
    - Oversight/accountability for climate-related issues
    - Assessment and management of climate-related issues
    - No responsibility for climate-related issues
- External managers or service providers
  - Oversight/accountability for climate-related issues
  - Assessment and management of climate-related issues
  - No responsibility for climate-related issues
- Investor relations
- Other role, specify (1)
- Other role, specify (2)

**SG 07.1a CC** For the board level roles or for which you have climate-related issues oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Our Policy to Address the Impact of Climate Change ('the policy') is owned by the EAPF Pension Committee on behalf of the Environment Agency Board (Administering Authority). As a core part of the investment strategy and risk management processes, the Pension Committee Chair includes updates on the delivery of the policy as part of their regular updates to the Environment Agency Board. Progress against the policy is reported in the Annual Report and Financial Statements approved by the Environment Agency Board (as well as the Audit, Risk and Assurance Committee). Further detail on the pension fund governance structure is outlined in the in our Annual Report and Financial Statements.

Climate related risk and opportunities have been part of our equity strategy since 2005 and fully integrated into broader strategic asset allocation from 2010 when we partnered with other asset owners globally, as part of the Mercer-led research, considering the implications of climate change scenarios on strategic asset allocation. This was further enhanced in 2014 with the follow up study Investing in a Time of Climate Change. This study provided four climate change scenarios and provides the Fund with impact assets across 10 and 35 year time horizons. Our tailored report is publicly available on the climate risk area of our website. The Pensions Committee has extensive training and engagement on the outcomes of the study.

The Pension Committee and Investment Sub-committee will receive reports to enable them to monitor climate related issues every quarter. All committee members receive training on our work to address climate change and regularly represent the Fund externally with other stakeholders. Whilst the majority of the resources allocated to climate issues are captured as part of staff time or integrated into standard work items, for example fund manager selection, there are specific budget allocations to climate change for carbon metrics reporting and the Transition Pathway Initiative (TPI).

**SG 07.1b CC** For the management-level roles which assess and manage climate-related issues, provide further information on the structure and process involved.

The Pension Committee and Investment Sub-committee will receive reports to enable them to monitor climate related issues every quarter. All committee members receive training on our work to address climate change and regularly represent the Fund externally with other stakeholders. Whilst the majority of the resources allocated to climate issues are captured as part of staff time or integrated into standard work items, for example fund manager selection, there are specific budget allocations to climate change for carbon metrics reporting and the Transition Pathway Initiative (TPI).

The Chief Investment Officer and Chief Responsible Investment and Risk Officer are both the manger-level roles and the principal leads in the assessment and management of climate related issues.

As outlined in our policy we view the financial risks and opportunities arising from climate change to be both physical and those arising from transition risk, by which we mean impacts driven through changes in policy, regulations and the market. Our strategy has a particular focus on identifying financial opportunities arising from technological changes and innovations that provide competition and substitution.

The Fund uses a range of tools to help us establish the level of risk relating to climate change issues. These are more developed and quantitative in some asset classes more than others. In listed equities and bonds, fossil fuel exposure analysis and carbon footprinting provides us with useful information on the absolute exposure and the relative carbon intensity of holdings. The carbon metric table below summarises the indicators that underpin the reporting against the targets in our climate change goals.

For private market (unlisted) investments, we place an emphasis on guidelines and the pre-investment due diligence process. We positively invest in funds which either focus on low carbon solutions e.g. energy efficiency or have policies and processes that are more robust than the industry norm to manage climate related issues e.g. water stress. For example, in real estate we require our funds to participate in the Global Real Estate Sustainability Benchmark (GRESB). In 2017, 14 or 15 funds received Green Star status. However, these processes do not in themselves provide enough information to assess all the climate related financial risks and we continue to work with our managers and the industry to explore effective solutions suitable for investing in private markets.

For organisational structure and composition of our committees please see our Annual Report - [www.eapf.org.uk](http://www.eapf.org.uk)

SG 08	Voluntary	Additional Assessed	General
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SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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**Board members/Board of trustees**

- Responsible investment included in personal development and/or training plan

SG 08.2	Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.
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Responsible investment is incorporated within all in-house training for the Trustees and Head of the Pension Fund as well as others stakeholders within our wider organisation. This includes:

Strategic Asset Allocation (SAA), incorporating the research impact of climate change on SAA (outcome and results).

- Climate change implementation.
- Investment strategy, including ESG risks and opportunities from different asset classes.
- RI in fixed income and illiquid credit ( direct lending/private debt)
- Engagement and voting
- ESG risk assessment and management
- A review of our thematic sustainable investments
- Climate risk

Externally, new Pension Committee members also attended broader trustee training courses which included modules on responsible investment and specifically corporate governance.

Staff with specific responsibility for responsible investment attend events and seminars on responsible investment or specific sub-topics. These normally average 8 – 10 each per year.

- None of the above

**Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Other C-level staff or head of department**

Chief Responsible Investment Officer

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Dedicated responsible investment staff**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Other role (1) [from SG 07]**

Main stream and specialist consultants

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

SG 08.3	Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.
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Specific objectives relating to the implementation of the responsible investment strategy are incorporated in the annual performance review of;

- Chief Pensions Officer
- Chief Investment Officer\*
- Chief Responsible Investment and Risk Officer\*
- Project and Risk Officer
- Environmental Finance team

The annual appraisal of the Pensions Committee and Investment Sub Committee also include reputation of the fund in relation to the implementation of responsible investment.

(please note that the roles marked with a \* ceased to exist part way through the 2017/18 year but were still available through the Brunel Partnership.

SG 08.4	Describe the level of experience board members/trustees/chief-level staff have with incorporating ESG factors into investment decision-making processes.
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Extensive experience, support and expectations regarding incorporation of RI/ESG factors. The RI implications are considered in all investment decisions.

**SG 09.1** Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)  
Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]  
We actively participate in the UNPRI and have representatives on the Reporting and Assessment Steering committee, the Policy & Research Committee and the Asset Owner Group (applied direct for part of 2017/18 and is now relevant through the Brunel Partnership).

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)  
Basic

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]  
We had a 1-to-1 meeting with 3 CDP representatives to discuss the CDP programmes and exchange information.

CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)  
Basic

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]  
We had a 1-to-1 meeting with 3 CDP representatives to discuss the CDP programmes and exchange information and have followed this up by sharing further information with the CDP.

CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)  
Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]  
We will work directly with CDP to write to non-responders in which we are invested. In 2017/18 we influenced a further 19 companies to report to CDP.  
We felt that the fund should set targets to mitigate water risk. We set 2 targets but specifically in relation to CDP we looked for a way to measure progress against the CDP Water Program.  
Targets  
Increase the response rate by listed companies to the CDP Water Program by 20% from the 2015 baseline by 2020.  
Reduce impact of water by 20% from the March 2015 baseline relative to the world index (MSCI All Country World Index).

- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- EVCA – Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)  
Basic

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]  
GRESB is an industry-driven organization committed to assessing the sustainability performance of real estate portfolios around the globe. The dynamic benchmark is used by institutional investors to engage with their investments with the aim to improve the sustainability performance of their

investment portfolio, and the global property sector at large. Our real assets fund manager, The Townsend Group, covering real estate, use GRESB to assess and measure ESG activities in distinct portfolios relative to a market benchmark. Townsend hope to one day use this data to measure possible correlations between ESG initiatives and performance. Townsend became a GRESB Partner and Advisory Board Member in 2012 and having this seat allows them to have an active voice in the development of the GRESB questionnaires on behalf of themselves and their clients, such as EAPF. The Townsend Group is committed to engaging with the industry at large on sustainability initiatives and how they may impact real estate performance at the investment level and believes that quantitative data is crucial to making a well-informed investment decision. Working with GRESB in developing a uniform standard of reporting that is widely adopted by all industry participants.

- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)

<b>Your organisation's role in the initiative during the reporting period (see definitions)</b>
Advanced
<b>Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]</b>
<p>We were a signatory to the Global Investor Statement on Climate Change which is a joint statement stressing the urgent need for policy action to stimulate private sector investment in climate change solutions, create jobs, and is essential for ensuring the long-term sustainability and stability of the world economic system.</p> <p>Throughout the year we supported the IIGCC through their IIGCC Property Working Group which aims to raise awareness amongst trustees, and encourage fund managers, in considering climate change risks property portfolios - through our real estate manager EAPF provided a case study to the IIGCC for the UNEP Finance Initiative Property Working Group (PWG).</p> <p>We signed a letter to governments of the G7 and G20 nations reiterating support already conveyed by investors for the Paris Agreement, and further calling on governments to continue to support and fully implement the Agreement.</p> <p>We completed the Climate Investment Solutions Programme survey.</p> <p>We signed up to Climate Action 100+.</p> <p>IIGCC Policy Group which leads on EU level advocacy on public policies relating to climate change.</p>

- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum

<b>Your organisation's role in the initiative during the reporting period (see definitions)</b>
Advanced
<b>Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]</b>
<p>Representation on the executive of LAPFF (applied direct for part of 2017/18 and is now relevant through the Brunel Partnership) and actively involved in the delivery of the LAPFF workplan objectives.</p> <p>We represented LGPS investors at the AGM of Hargreaves Lansdown and asked the Board about remuneration for the CEO, specifically awards given when he joined the Company. We also asked about the Company's plans to implement the findings of the Taskforce for Climate-Related Financial Disclosure (TCFD).</p>

- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

UKSIF

<b>Your organisation's role in the initiative during the reporting period (see definitions)</b>
Advanced
<b>Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]</b>
<p>For Ownership Day we provided a speaker for the Investor Reactions Panel - speaking about the recent rule changes for LGPS funds including the new pools.</p> <p>Extensive support for UKSIF/AMNT project relating to investment consultants (ongoing).</p>

- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

UK Pension Scheme RI Roundtable

<b>Your organisation's role in the initiative during the reporting year (see definitions)</b>
Advanced
<b>Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]</b>
<p>As secretariat EAPF organises the UK Pension Scheme RI Roundtable of public and private pension schemes which meets several times a year and assists RI initiatives as a group (e.g. AMNT initiative on investment consultants and ESG) or puts forward initiatives for individual fund consideration (e.g. Future-Fit).</p>

- Other collaborative organisation/initiative, specify

Transition Pathway Initiative

Your organisation's role in the initiative during the reporting year (see definitions)
Advanced
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
<p>We spoke to other pension funds and found a common need for a tool to determine if companies we are invested in align to a 2°C scenario , so set up and co-led a project (with Church of England Pension Fund) collaborating globally with other pension funds and investors (representing over £2 Trillion), to deliver a tool that will enable asset owners and other stakeholders to make informed judgements about the way companies with the biggest impact on climate change are adapting their business models to prepare for the transition to a low carbon economy.</p> <p>The initiative, called Transition Pathway Initiative (TPI), was launched on the 11 January 2017. TPI involves asset owners working together with the Grantham Research Institute on Climate and data from FTSE Russell.</p> <p>TPI was launched at the London Stock Exchange in January 2017 and received worldwide coverage.</p> <p>To go to the TPI website please click here - <a href="http://www.TransitionPathwayInitiative.org">www.TransitionPathwayInitiative.org</a></p>
<input type="checkbox"/> Other collaborative organisation/initiative, specify
<input type="checkbox"/> Other collaborative organisation/initiative, specify

SG 09.2	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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Indicate approximately what percentage (+/- 5%) of your externally managed assets are managed by PRI signatories.
100%

SG 10	Mandatory	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
---------	--

Yes

SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
---------	--

Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description
-------------

This is our principle external activity. We respond to requests for education/training but also identify need and offer to assist. Below is a small sample of the resultant training: 2017-05 - RI/ESG training - investment manager 2017-06 - RI/ESG training - investment manager 2017-10 - RI/ESG training - investment manager

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Provided financial support for academic or industry research on responsible investment

Description
-------------

Key sponsor of Transition Pathway Initiative and London School of Economics Grantham Institute.

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Provided input and/or collaborated with academia on RI related work

Description
-------------

We frequently work with academia and a sample is shown below: Transition Pathway Initiative and London School of Economics Grantham Institute. University of Oxford, Cambridge, Westminster and Stamford. University of Dublin - project not yet public.

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually

- Ad hoc
- Other

Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description
-------------

In many different ways to many different groups promote reporting to TCFD recommendations.

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Spoke publicly at events and conferences to promote responsible investment

Description
-------------

UKSIF Ownership Day 2017. 2017-12 - Novethic annual event - ESG strategies for responsible investors

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Wrote and published in-house research papers on responsible investment

Encouraged the adoption of the PRI

Description
-------------

Investment managers are encouraged to join PRI as part of our IMA.

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Wrote and published articles on responsible investment in the media

Description
-------------

2017/18 - at least 7 responses to media for RI related content.

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

A member of PRI advisory committees/ working groups, specify

Description
-------------

We actively participate in the UNPRI and have representatives on the Reporting and Assessment Steering committee, the Policy & Research Committee and the Asset Owner Group (applied direct for part of 2017/18 and is now relevant through the Brunel Partnership).

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually

- Ad hoc
- Other
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Other, specify
- No

**SG 10.3** Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

Contributing to the wider development of RI is a critical element of our organisational and investment philosophy in that we believe these efforts will in turn benefit the fund through the better provision of solutions by the government, regulators, industry bodies and the fund management industry.

Even though we are small fund with a team of 4 dealing with all aspects of investment management and RI we are keen to contribute to the development of RI.

In 2017/18 we engaged in peer to peer support. One example of which is sharing our Policy to Address the Impacts of Climate Change, where we received feedback that the policy was being used to inform the thinking of others. The policy was one of a number of our outputs placing RI in the media, both technical but also mainstream. We have received numerous approaches on our approach to RI and are supporting a number of funds both in the UK and globally.

Members of our team conduct training and outreach (eg investment consultants and in relation to pooling) but we have also supported the commercial investment community in better understanding RI and/or RI issues. Equally we encourage our fund managers to engage with us on RI issues. We have also provided feedback on the development of innovative investment approaches, both commercial and academic.

Members of our team have taken part in a number of speaking events and panels, particularly in relation to climate change.

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
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**SG 11.1** Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.

- Yes
  - Yes, individually
  - Yes, in collaboration with others

**SG 11.2** Select the methods you have used.

- Endorsed written submissions to governments, regulators or public policy-makers developed by others
- Drafted your own written submissions to governments, regulators or public-policy markers
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

**SG 11.3** Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- Yes, publicly available  
<http://www.eapf.org.uk>
- No
- No

**SG 11.4** Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.

UK Government - Emma Howard Boyd Chair of the EAPF Investment Sub Committee appeared in front of the Environmental Audit Committee giving evidence on the subject of green finance.

Our principal direct public policy engagement have related to:

Fiduciary duty  
FSB Task Force on Climate disclosure  
LGPS investment regulations  
Stewardship (FRC)

In addition LAPFF/ Hermes undertake public policy engagement on our behalf.

Through LAPFF, the Fund has engaged mainly on corporate governance, reliable accounts and climate change. Specifically, LAPFF has engaged policymakers on the failings of IFRS 9, climate risk and new regulations regarding the management and investment of funds for the Local Government Pension Scheme.

Hermes Equity Ownership Services (EOS) engages on our behalf with regulators and policy-makers on matters relevant to long-term value of holdings. Hermes EOS contributes to the development of policy and best practice on corporate governance, corporate responsibility and stakeholder rights to protect and enhance the value of its clients shareholdings over the longer term. Hermes EOS actively participates in debates on public policy matters to protect and enhance value for clients by increasing stakeholder rights and boosting protection for minority stakeholders. This work extends across company law, which in many markets sets a basic foundation for stakeholder rights; securities laws, which frame the operation of markets and developing codes of best practice for governance, management of key risks and disclosure. In addition to undertaking this work on a country-specific basis we address regulations with a global remit, which are currently in areas of accounting and auditing standards. By playing a full role in shaping these standards we can ensure that they work in the interests of stakeholders rather than being moulded to the narrow interests of other market participants (such as companies, lawyers and accounting firms which tend to be more active than investors in these debates) whose interest may be markedly different.

SG 12	Mandatory	Core Assessed	PRI 4
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**SG 12.1** Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants

**SG 12.2** Indicate how your organisation uses investment consultants in the selection, appointment and/or monitoring of external managers.

We use investment consultants in our selection and appointment of external managers

Asset class
<input checked="" type="checkbox"/> Listed Equity (LE)
<input checked="" type="checkbox"/> Fixed income - SSA
<input checked="" type="checkbox"/> Fixed income - Corporate (financial)
<input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)
<input checked="" type="checkbox"/> Fixed income - Securitised
<input checked="" type="checkbox"/> Private equity (PE)
<input checked="" type="checkbox"/> Infrastructure (INF)
<input checked="" type="checkbox"/> Property (PR)
<input type="checkbox"/> Other asset classes

**SG 12.3** Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants.

- Responsible investment is considered when evaluating investment consultants' investment beliefs, strategies and policies in the selection process.
- Responsible investment is considered when evaluating investment consultants' public commitment to, and promotion of, responsible investment in the selection process.
- Responsible investment is considered when reviewing investment consultants' approach to investment manager ratings, research and recommendations in the monitoring process.
- Consultants' responsibilities in terms of responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with the investment consultants.
- We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

We use investment consultants in our monitoring of external managers

Asset class
<input checked="" type="checkbox"/> Listed Equity (LE)
<input checked="" type="checkbox"/> Fixed income - SSA
<input checked="" type="checkbox"/> Fixed income - Corporate (financial)
<input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)
<input checked="" type="checkbox"/> Fixed income - Securitised
<input checked="" type="checkbox"/> Private equity (PE)
<input checked="" type="checkbox"/> Infrastructure (INF)
<input checked="" type="checkbox"/> Property (PR)
<input type="checkbox"/> Other asset classes

**SG 12.3** Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants.

- Responsible investment is considered when evaluating investment consultants' investment beliefs, strategies and policies in the selection process.
- Responsible investment is considered when evaluating investment consultants' public commitment to, and promotion of, responsible investment in the selection process.
- Responsible investment is considered when reviewing investment consultants' approach to investment manager ratings, research and recommendations in the monitoring process.
- Consultants' responsibilities in terms of responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with the investment consultants.
- We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

We do not use investment consultants for selection, appointment and monitoring of external managers.

**SG 12.4** Indicate whether you use investment consultants for any the following services. Describe the responsible investment components of these services.

- Custodial services
- Investment policy development

**Describe how responsible investment is incorporated**  
 RI is integrated into all our investment practices so the investment consultant is expected to incorporate this in all their advice.

- Strategic asset allocation

**Describe how responsible investment is incorporated**  
 RI is integrated into all our investment practices so the investment consultant is expected to incorporate this in all their advice.

- Investment research



Describe how responsible investment is incorporated
RI is integrated into all our investment practices so the investment consultant is expected to incorporate this in all their advice.
<input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify (2) <input type="checkbox"/> Other, specify (3) <input type="checkbox"/> None of the above
<input type="checkbox"/> No, we do not use investment consultants.

<b>SG 13</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	<b>Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.</b>
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- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We consider scenario analysis that includes factors representing the investment impacts of future climate-related risks and opportunities

	<b>Is this scenario analysis based on a 2°C or lower scenario?</b>
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- Yes
- No
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

<b>SG SG 13.1a CC</b>	<b>Pleased describe the resilience of your organisation's strategy, considering different future climate scenarios.</b>
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Strategy affected	Changes to strategy	Description of scenario and time-horizon	How analysis has been used
Whole fund	<ul style="list-style-type: none"> <li>• We have moved our index global equities to be run against the new MSCI Low Carbon Target World Index. The amount involved is around £280m, over 10% of the Fund.</li> <li>• Design of new Low Carbon Value Exposure £150m</li> <li>• Our investments in the clean technology and other funds focus on climate solutions. Circa 12.5% committed.</li> </ul>	<p>Mercer used 4 scenarios to 2050 which reflected the economic cost of emissions, physical damages and policy developments. For each of the scenarios, Mercer modelled the impacts on the Fund, based on the asset allocation in 2014, over a 10 and 35 year time horizon. The 4 scenarios were; • Transformation (2°C) • Co-ordination (3°C) • Fragmentation (lower damages) (4°C) • Fragmentation (higher damages) (4°C) We continue to use Mercer's study, Investing in a Time of Climate Change6, as our primary source of long term impact analysis to provide clear prioritisation for the committee in monitoring risk. Integrating this research into our own review of our strategic asset allocation (SAA) informs the development of a robust portfolio, where the investment strategy is positioned to reduce risk and maximise investment opportunities presented by climate change. The EAPF Mercer report is available on our website.</p>	To determine strategy and mandate design.

<b>SG 13.2</b>	<b>Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.</b>
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	<b>We do the following</b>
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- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

<b>SG 14</b>	<b>Mandatory to Report, Voluntary to Disclose</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>SG 14.1</b>	<b>Describe the process used to identify short, medium and long-term risks and opportunities that could have a material impact on your organisation and its activities.</b>
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We have been progressively integrating the assessment of the effect of the impacts of ESG issues into our investment strategy for over a decade. These impacts can arise from multiple factors, for example emissions and water security. Each year, increasing scientific analysis of the impact on the world and in the financial markets allows us to develop this work, share it and continually improve. We work with academics and researchers to use our work as a case study and we will continue to support further research and studies to enable investors globally, regardless of size of assets, to integrate ESG and in particular the impacts of climate change into their investment decision making. We endeavour to use this experience to support our employers, in particular the Environment Agency, with programmes to engage with policy makers and the financial sector.

<b>SG 14.1 CC</b>	<b>Describe the processes used to determine which climate-related short, medium and long-term risks and opportunities could have a material impact on your organisation and its activities.</b>
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Climate related risk and opportunities have been part of our equity strategy since 2005 and fully integrated into broader strategic asset allocation from 2010 when we partnered with other asset owners globally, as part of the Mercer-led research, considering the implications of climate change scenarios on strategic asset allocation.

This was further enhanced in 2014 with the follow up study Investing in a Time of Climate Change. This study provided four climate change scenarios and provides the Fund with impact assets across 10 and 35 year time horizons. Our tailored report is publicly available on the climate risk area of our website.

The study, our primary source of long term impact analysis, demonstrated areas to address. Integrating this research into our own review of our strategic asset allocation (SAA) informs the development of a robust portfolio, where the investment strategy is positioned to reduce risk and maximise investment opportunities presented by climate change.

The most recent study reinforced earlier action taken following the first study when in April 2013 we allocated investment in real assets covering real estate, infrastructure, forestry and agricultural land to Townsend Group (15% strategic asset allocation).

**SG 14.2** Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you act on.

- Changing demographics
- Climate change and related issues

**SG 14.2a cc** Please describe how you define "short", "medium" and "long term", and describe your material climate-related issues over these time horizons.

	Definition	Description of material climate-related issues
Short term	5 years	We view the financial risks and opportunities arising from the impacts of climate change to include, but not be limited to: • The physical impacts of a changing climate (e.g. increasing temperatures, changing weather patterns, sea level rise and severe weather events) on businesses directly or indirectly through their supply chain. • The impact of policy and regulation e.g. carbon pricing, limits on carbon and other emissions, such as mercury. • The impacts of technology leading to increased competition and substitution e.g. lower cost of alternative energy, climate mitigation and adaptation technology and innovations. • The new investment opportunities from low- carbon infrastructure and real estate.
Medium term	10 years	see above
Long term	35 Years	see above

**SG 14.3** Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.4** Indicate which of the following tools you use to manage emissions risks and opportunities

- Scenario analysis
  - Disclosure on emissions risk to clients/trustees/management/beneficiaries
  - Climate-related targets
  - Encourage internal and/or external portfolio managers to monitor emissions risk
  - Emissions risk monitoring and reporting are formalised into contracts when appointing managers
  - Weighted average carbon intensity
  - Carbon footprint (scope 1 and 2)
  - Portfolio carbon footprint
  - Total carbon emissions
  - Carbon intensity
  - Exposure to carbon-related assets
  - Other emissions metrics
  - Other, specify
  - None of the above
- Resource scarcity
  - Technology developments
  - Other, specify(1)
  - Other, specify(2)
  - None of the above

**SG 14.4a CC** Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology	Metric Trend	Limitations / Weaknesses
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Climate-related targets						
Weighted average carbon intensity						
Carbon footprint (scope 1 and 2)						
Portfolio carbon footprint						
Total carbon emissions						
Carbon intensity						
Exposure to carbon-related assets						

**SG 14.4b CC** Please describe in further detail your key targets.

Target type	Time Frame	Base Year	KPI	Target Methodology	Limitations / Weaknesses	Attachments
Files: link, link						
Files: link, link						

**SG 14.5** If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

An extensive range of carbon metrics published on our website. Please see <https://www.eapf.org.uk/en/investments/climate-risk>

**SG 14.6** Additional information [Optional]

Please see our full Policy to Address the Impacts of Climate Change - <https://www.eapf.org.uk/investments/policies>

**SG 14.7 CC** Describe your risk management processes for identifying, assessing, and managing climate-related risks.

- Our process for climate-related risks is integrated into overall risk management

**Please describe**

We have been progressively integrating the assessment of the effect of the impacts of climate change into our investment strategy for over a decade. These impacts can arise from multiple factors, for example emissions and water security. Each year, increasing scientific analysis of the impact on the world and in the financial markets allows us to develop this work, share it and continually improve. We work with academics and researchers to use our work as a case study and we will continue to support further research and studies to enable investors globally, regardless of size of assets, to integrate impacts of climate change into their investment decision making. We endeavor to use this experience to support our employers, in particular the Environment Agency, with programmes to engage with policy makers and the financial sector.

- Our process for climate-related risks is not integrated into our overall risk management

**SG 14.9 CC** Do you conduct engagement activity with investee companies to encourage better disclosure and practices around climate-related risks?

- Yes

**Please describe**

Actively support the adoption of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations through engaging with companies, regulators, policy makers and other intermediaries to demand higher disclosure standards and increased transparency for, and by, investors. We commit to continue to demonstrate best practice in our own climate related financial disclosures.

We will continue to actively support the organisations working for better disclosures and integration of climate risk and impacts of climate change. Advocate disclosure requirements by key financial intermediaries – in particular investment consultants, actuaries, credit rating agencies, external audit and risk advisors - to demonstrate how their own advice, tools, processes and skills and knowledge are fit for purpose to support their clients with respect to managing the financial implications of climate change.

Advocate for the inclusion of disclosures about the potential financial impacts of climate-related risks and opportunities in a prospectus and other related listing documents consistent with the requirements of the Sustainable Stock Exchange Initiative.

Directly contribute to academic and industry research that seeks to explore and evidence how the industry can better integrate the impacts of climate change into 'standard' industry tools and techniques.

Specific priorities for us are:

- Actuarial valuation and funding strategy development
- Strategic asset allocation
- Benchmark and indexation.

- No, we do not engage

**SG 14.10 CC** Describe how you use data from climate-related disclosures.

TPI, co-founded by the EAPF and the Church of England National Investing bodies, is an asset owner-led initiative, supported by asset managers and owners worldwide. The combined investments of all the asset owners totals trillions of pounds. The initiative assesses how companies are preparing for the transition to a low-carbon economy.

The TPI involves the launch of a tool, developed with the Grantham Institute at the London School of Economics, which ranks companies by two measures:

How well their management is dealing with climate change risks  
How effective they are at achieving carbon reduction

Investors using the tool are currently able to compare the performance of the 20 largest companies in the global oil and gas and electricity utilities sectors online and for free. More companies' assessments will be rolled out in 2017 and beyond. The tool, methodology and results is freely available at [www.transitionpathwayinitiative.org](http://www.transitionpathwayinitiative.org)

The engagement programme, in combination with tool itself, will enable us to fulfil all our policy commitments relating to the companies in which we invest. This will be complemented by the engagement work led by our asset managers, IIGCC and PRI which is also aligned to the TPI framework.

**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

**SG 15.2** Indicate the percentage of your total AUM invested in environmental and social themed areas.

34%

**SG 15.3** Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

**Area**

Clean technology (including renewable energy)

**Asset class invested**

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Forestry
- Farmland
- Cash
- Other (1)

**other description (1)**

We do not have the asset class breakdown readily available as we measure exposure by theme.  
34% of AUM

**Brief description and measures of investment**

We have specific thematic allocation to clean technology implemented through specialist teams for infrastructure, public and private equity.

We have flagged this under infrastructure as this is the asset class under which the most intense increase in allocation is occurring.

We set ourselves the target of at least 25% of our investments in clean technology and other sustainable opportunities. We currently have in the region of 30%.

Investments include;

- Property opportunities targeting energy efficiency, urban regeneration and sustainability
- Venture capital funding the next generation of technologies that provide new solutions – such as electric vehicles and LED lighting
- Long term sustainable infrastructure, such as renewable energy and energy efficiency
- Listed companies demonstrating best practice in sustainability, improving efficiency and reducing social and environmental impacts

Green buildings

**Brief description and measures of investment**

Low Carbon workplace fund. Since the launch at LCW in 2010 four projects have now been acquired, refurbished and completed to Carbon Trust standards generating high levels of occupier interest leading to 85% of the space being pre-let even prior to the completion of work.

Most of our property investments are highly rated ('Green Star') under GRESB. The fund average for GRESB would be 'Green Star'.

Sustainable forestry

**Brief description and measures of investment**

To ensure the investment followed an ESG approach aligned to that of EAPF, TFG in conjunction with EAPF negotiated a set of ESG investment criteria which all investors will benefit from. This included an undertaking to have investments FSC, PEFC or equivalent certifications in place; no investments in natural tropical rainforests or conversions; no investments in the Amazon Biome and other areas supporting predominantly high cerrado; no investments which would lead to resettlements and/or deterioration of socially/culturally important sites; and ensuring progress is reported annually on ESG matters.

Sustainable agriculture

**Brief description and measures of investment**

We Invest in agriculture through professionally managed funds. Key issues include concern over "land grab", or more generally growing high value groups in stressed situations, as well as management issues such as water use, run off, and chemical use. Livestock production, particularly cattle, has particularly significant environmental impacts.

In guidelines we provide to the manager selecting the funds we include the requirement to apply the following frameworks;

- The Principles for Responsible Investment in Farmland
- The UN-PRI established a Farmland Working Group to address these concerns and to incorporate existing work done by a group of institutional investor signatories to the PRI on the topic of farmland investment.
- UN Committee on World Food Security (CFS) Voluntary Guidelines on Tenure
- The Voluntary Guidelines represent significant progress made in the governance of natural resources and food security.
- Roundtable for Sustainable Palm Oil (RSPO)

- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No

SG 16	Mandatory	Descriptive	General
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**SG 16.1** Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Cash	Any cash/money funds are through a PRI signatory.

SG 17	Mandatory	Descriptive	General
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**SG 17.1** Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Forestry	To ensure the investment followed an ESG approach aligned to that of EAPF, our adviser The Townsend Group in conjunction with EAPF negotiated a set of ESG investment criteria which all investors will benefit from. This included an undertaking to have investments FSC, PEFC or equivalent certifications in place; no investments in natural tropical rainforests or conversions; no investments in the Amazon Biome and other areas supporting predominantly high cerrado; no investments which would lead to resettlements and/or deterioration of socially/culturally important sites; and ensuring progress is reported annually on ESG matters.
Farmland	<p>We invest in agriculture through professionally managed funds. Key issues include concern over "land grab", or more generally growing high value groups in stressed situations, as well as management issues such as water use, run off, and chemical use. Livestock production, particularly cattle, has particularly significant environmental impacts.</p> <p>In guidelines we provide to the manager selecting the funds we include the requirement to apply the following frameworks;</p> <ul style="list-style-type: none"> <li>• The Principles for Responsible Investment in Farmland</li> <li>• The UN-PRI established a Farmland Working Group to address these concerns and to incorporate existing work done by a group of institutional investor signatories to the PRI on the topic of farmland investment.</li> <li>• UN Committee on World Food Security (CFS) Voluntary Guidelines on Tenure</li> <li>• The Voluntary Guidelines represent significant progress made in the governance of natural resources and food security.</li> <li>• Roundtable for Sustainable Palm Oil (RSPO)</li> </ul>
Other (1) [as defined in Organisational Overview module]	Private debt - fully integrating ESG into the investment process.

SG 18	Voluntary	Descriptive	General
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**SG 18.1** Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

**SG 18.2** Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

In October 2015, the Environment Agency Pension Fund published its leading Policy to Address the Impacts of Climate Change where we made the commitment to ensure that our Fund's investment portfolio and processes are compatible with keeping the global average temperature increase to remain below 2°C relative to pre-industrial levels, in-line with international government agreements. We have now updated the policy and included the base case scenario that the Paris Agreement will be delivered and placed our work on climate change within a wider context of a commitment to use the UN's Sustainable Development Goals (SDGs) as part of our decision making.

The policy increases the call on others in the finance sector, in particular investment consultants, actuaries, credit rating agencies, external audit and risk advisors 'to demonstrate how their own advice, tools, processes and skills and knowledge are fit for purpose to support their clients with respect to managing the financial implications of climate change.

The three key targets are that by 2020

- Invest 15 per cent of the fund in low carbon, energy efficient and other climate mitigation opportunities.
- Decarbonise the equity portfolio, reducing our exposure to "future emissions"\* by 90 per cent for coal and 50 per cent for oil and gas by 2020 compared to the exposure in our underlying benchmark as at 31 March 2015.
- Supported progress towards an orderly transition to a low carbon economy through actively working with asset owners, fund managers,

companies, academia, policy makers and others in the investment industry.

\* 'Future emissions' is the amount of greenhouse gases that would be emitted should these reserves be extracted and ultimately burnt, expressed in tonnes of carbon dioxide equivalent.

Significant progress has been made on all of the following policy commitments. In 2017 the key areas have been progressing

- Disclosure of climate-related financial disclosures.
- Actuarial valuation and funding strategy development.
- Develop mechanisms to evaluate our progress in aligning the portfolio to 2 degrees, leveraging the work being developed by others.
- Actively engage, with specific objectives and key performance indicators, with carbon intensive companies in their portfolios.

**Transition Pathway Initiative (TPI)**

Transition Pathway Initiative was launched in January 2017 with the opening of the London Stock Exchange. TPI was conceived by and is co-Chaired by ourselves and the Church of England Pension Fund but developed in conjunction with the London School of Economics, FTSE-Russell and a group of other global asset owners.

TPI has expanded hugely and is supported by over 25 major asset owners and asset managers globally. Since January 2017, TPI has assessed 138 companies across seven sectors with high CO2 emissions, accounting for up to a quarter of emissions from all listed companies.

TPI website - [www.TransitionPathwayInitiative.org.uk](http://www.TransitionPathwayInitiative.org.uk)

No

SG 19	Mandatory	Core Assessed	PRI 6
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**SG 19.1** Indicate whether your organisation proactively discloses asset class specific information. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

**Listed equity - Engagement**

**Do you disclose?**

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

**The information disclosed to clients/beneficiaries is the same**

- Yes
- No

**Disclosure to public and URL**

**Disclosure to public and URL**

- Details on the overall engagement strategy
- Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals
- Number of engagements undertaken
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the progress achieved and outcomes against defined objectives
- Examples of engagement cases
- Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)
- Details on whether the provided information has been externally assured
- Outcomes that have been achieved from the engagement
- Other information

Quarterly or more frequently

<https://www.eapf.org.uk/investments/stewardship/voting-and-engagement>

**Listed equity – (Proxy) Voting**

**Do you disclose?**

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

**The information disclosed to clients/beneficiaries is the same**

- Yes
- No

Disclosure to public and URL	
	Disclosure to public and URL
<input type="radio"/> Explain all voting decisions <input checked="" type="radio"/> Explain some voting decisions <input type="radio"/> Only explain abstentions and votes against management <input type="radio"/> No explanations provided	
Quarterly	
<a href="https://www.eapf.org.uk/investments/stewardship/voting-and-engagement">https://www.eapf.org.uk/investments/stewardship/voting-and-engagement</a>	

### Selection, Appointment and Monitoring

Do you disclose?	
<input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public	
	The information disclosed to clients/beneficiaries is the same
<input checked="" type="radio"/> Yes <input type="radio"/> No	

Disclosure to public and URL	
	Disclosure to public and URL
<input checked="" type="checkbox"/> How responsible investment considerations are included in manager selection, appointment and monitoring processes <input checked="" type="checkbox"/> Details of the responsible investment activities carried out by managers on your behalf <input checked="" type="checkbox"/> E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership <input type="checkbox"/> Other	
Quarterly or more frequently	
<a href="https://www.eapf.org.uk/annual-reports-and-accounts">https://www.eapf.org.uk/annual-reports-and-accounts</a>	

**SAM 01.1** Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf for all your listed equity and/or fixed income assets:

Active investment strategies					
Active investment strategies	Listed Equity	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised
Screening	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Thematic	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

  

Passive investment strategies					
Passive investment strategies	Listed Equity	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Fixed income -Securitised
Screening	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Thematic	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 02.1** Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG incorporation requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No RI information covered in the RFPs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 02.2** Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach

Strategy								
	LE	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)	FI - Securitised?	Private equity	Property	Infrastructure
Assess the time horizon of the investment manager's offering vs. your/beneficiaries' requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the investment approach and how ESG objectives are implemented in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's firm-level vs. product-level approach to RI	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the ESG definitions to be used	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

  

ESG people/oversight								
	LE	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?	FI - Securitised?	Private equity	Property	Infrastructure
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



Review the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's RI-promotion efforts and engagement with the industry	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Process/portfolio construction/investment valuation								
	LE	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?	FI - Securitised?	Private equity	Property	Infrastructure
Review the process for ensuring the quality of the ESG data used	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the use of ESG data in the investment decision making process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the impact of ESG analysis on investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree manager's ESG risk framework	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review how ESG materiality is evaluated by the manager	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review process for defining and communicating on ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG reporting frequency and detail	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 02.3** Indicate the selection process and its ESG/RI components

- Review ESG/RI responses to RfP, RfI, DDQ etc.
- Review responses to PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (LP DDQ)
- Review publicly available information on ESG/RI
- Review assurance process on ESG/RI data and processes
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers covering ESG/RI themes
- Site visits to potential managers offices
- Other, specify

**SAM 02.4** When selecting external managers does your organisation set any of the following:

	LE	FI - SSA	FI - Corporate (financial)?	FI - Corporate (non-financial)?	FI - Securitised?	Private equity	Property	Infrastructure
ESG performance development targets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG weight	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Real world economy targets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 03** Mandatory Additional Assessed PRI 2

**SAM 03.1** Indicate how your organisation typically evaluates the manager's active ownership practices in the majority of the manager selection process.

Engagement					
	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitized
Review the manager's engagement policy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's engagement process (with examples and outcomes)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ensure that engagement outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other engagement issues in your selection process specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Proxy) voting	
	LE
Review the manager's voting policy	<input checked="" type="checkbox"/> Review the manager's voting policy - LE
Review the manager's ability to align voting activities with clients' specific voting policies	<input checked="" type="checkbox"/> Review the manager's ability to align voting activities with clients' specific voting policies - LE
Review the manager's process for informing clients about voting decisions	<input checked="" type="checkbox"/> Review the manager's process for informing clients about voting decisions - LE
Ensure that voting outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/> Ensure that voting outcomes feed back into the investment decision-making process - LE
Review the number of votes cast as a percentage of ballots/AGMs or holdings and available rationale	<input checked="" type="checkbox"/> Review the number of votes cast as a percentage of ballots/AGMs or holdings and available rationale - LE
Other active ownership voting issues in your selection process; specify	<input type="checkbox"/> Other active ownership voting issues in your selection process; specify - LE
None of the above	<input type="checkbox"/> None of the above - LE

**SAM 03.2** Describe how you assess if the manager's engagement approach is effective.

- Impact on investment decisions
- Financial impact on target company or asset class
- Impact on ESG profile of company or the portfolio
- Evidence of changes in corporate practices(i.e. ESG policies and implementation activities)
- Other, specify
- None of the above

**SAM 03.3** Describe how you assess if the manager's voting approach is effective/appropriate

- Impact on investment decisions
- Impact on ESG profile of company or the portfolio
- Evidence of changes in corporate practices(i.e. ESG policies and implementation activities)
- Other, specify
- None of the above

**SAM 04** **Mandatory** **Core Assessed** **PRI 1**

**SAM 04.1** Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment and/or commitment process

- Sets standard benchmarks or ESG benchmarks
- Defines ESG objectives
- Sets incentives and controls linked to the ESG objectives
- Requires reporting on ESG objectives
- Requires the investment manager to adhere to ESG guidelines, regulations, principles or standards
- None of the above
- None of the above, we invest only in pooled funds and have a thorough selection process

**SAM 04.2** Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.

Asset class
<input checked="" type="checkbox"/> Listed equity (LE)

<b>Benchmark</b>	
<input checked="" type="checkbox"/>	Standard benchmark
<input checked="" type="checkbox"/>	ESG benchmark, specify
	For our passive equities we use MSCI Low Carbon Target.
<b>ESG Objectives</b>	
<input checked="" type="checkbox"/>	ESG related strategy, specify
	We ask candidates to explain their technical capacity to take account of environmental, social and governance issues at the Expression of Interest, Request for Proposal and interview stages.
<input checked="" type="checkbox"/>	ESG related investment restrictions, specify
	We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.
<input checked="" type="checkbox"/>	ESG integration, specify
	We interview the key decision-makers in the candidate's investment team. These include: • the fund manager who will be responsible for the portfolio on a day-to-day basis • the ESG lead • the client contact. We firmly request that potential managers avoid providing generic marketing material about their company's strengths and experiences. Our selection process focuses on the particular details that are relevant to us. We question them in great depth about their experience and approach to ESG issues. In particular we look at: • their practical experience • their level of understanding • the relative importance of ESG issues in their decision-making processes.
<input checked="" type="checkbox"/>	Engagement, specify
	Quarterly and annually an account of the manager's engagement undertaken on ESG issues.
<input checked="" type="checkbox"/>	Voting, specify
	Quarterly and annually an account of the manager's voting undertaken on ESG issues.
<input checked="" type="checkbox"/>	Promoting responsible investment
	This is part of the requirements of tender documentation and is ensured through legal requirements.
<input checked="" type="checkbox"/>	ESG specific improvements
	The action here is bespoke depending on the manager.
<input checked="" type="checkbox"/>	ESG guidelines/regulation, principles/standards, specify
	We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.
<input type="checkbox"/>	Other, specify
<b>Incentives and controls</b>	
<input type="checkbox"/>	Fee based incentive
<input checked="" type="checkbox"/>	Communication and remedy of breaches
<input checked="" type="checkbox"/>	Termination
<input type="checkbox"/>	No fee/ breach of contract
<b>Reporting requirements</b>	
<input type="radio"/>	Monthly
<input checked="" type="radio"/>	Quarterly
<input type="radio"/>	Bi-annually
<input type="radio"/>	Annually
<input type="radio"/>	Ad-hoc/when requested
<input checked="" type="checkbox"/>	Fixed income - SSA (SSA)
<b>Benchmark</b>	
<input checked="" type="checkbox"/>	Standard benchmark, specify
	FTSE Index Linked >15year
<input type="checkbox"/>	ESG benchmark, specify
<b>ESG Objectives</b>	
<input checked="" type="checkbox"/>	ESG related strategy, specify
	We ask candidates to explain their technical capacity to take account of environmental, social and governance issues at the Expression of Interest, Request for Proposal and interview stages.
<input checked="" type="checkbox"/>	ESG related investment restrictions, specify
	We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

- ESG integration, specify

We interview the key decision-makers in the candidate's investment team. These include: • the fund manager who will be responsible for the portfolio on a day-to-day basis • the ESG lead • the client contact. We firmly request that potential managers avoid providing generic marketing material about their company's strengths and experiences. Our selection process focuses on the particular details that are relevant to us. We question them in great depth about their experience and approach to ESG issues. In particular we look at: • their practical experience • their level of understanding • the relative importance of ESG issues in their decision-making processes.

- Engagement, specify

Quarterly and annually an account of the manager's engagement undertaken on ESG issues.

- Voting, specify

- Promoting responsible investment

This is part of the requirements of tender documentation and is ensured through legal requirements.

- ESG specific improvements

The action here is bespoke depending on the manager.

- ESG guidelines/regulation, principles/standards, specify

We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

- Other, specify

#### Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

#### Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

- Fixed income - Corporate (financial)

#### Benchmark

- Standard benchmark, specify  
iBoxx Sterling Non Gilt
- ESG benchmark, specify

#### ESG Objectives

- Other, specify
- ESG related strategy, specify

We ask candidates to explain their technical capacity to take account of environmental, social and governance issues at the Expression of Interest, Request for Proposal and interview stages.

- ESG related investment restrictions, specify

We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

- ESG integration, specify

We interview the key decision-makers in the candidate's investment team. These include: • the fund manager who will be responsible for the portfolio on a day-to-day basis • the ESG lead • the client contact. We firmly request that potential managers avoid providing generic marketing material about their company's strengths and experiences. Our selection process focuses on the particular details that are relevant to us. We question them in great depth about their experience and approach to ESG issues. In particular we look at: • their practical experience • their level of understanding • the relative importance of ESG issues in their decision-making processes.

- Engagement, specify

Quarterly and annually an account of the manager's engagement undertaken on ESG issues.

- Voting, specify

- Promoting responsible investment

This is part of the requirements of tender documentation and is ensured through legal requirements.

- ESG specific improvements

The action here is bespoke depending on the manager.

- ESG guidelines/regulation, principles/standards, specify

We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

#### Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

#### Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

- Fixed income - Corporate (non-financial)

#### Benchmark

- Standard benchmark, specify  
iBoxx Sterling Non Gilt
- ESG benchmark, specify

#### ESG Objectives

- Other, specify
- ESG related strategy, specify

We ask candidates to explain their technical capacity to take account of environmental, social and governance issues at the Expression of Interest, Request for Proposal and interview stages.

- ESG related investment restrictions, specify

We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

- ESG integration, specify

We interview the key decision-makers in the candidate's investment team. These include: • the fund manager who will be responsible for the portfolio on a day-to-day basis • the ESG lead • the client contact. We firmly request that potential managers avoid providing generic marketing material about their company's strengths and experiences. Our selection process focuses on the particular details that are relevant to us. We question them in great depth about their experience and approach to ESG issues. In particular we look at: • their practical experience • their level of understanding • the relative importance of ESG issues in their decision-making processes.

- Engagement, specify

Quarterly and annually an account of the manager's engagement undertaken on ESG issues.

- Voting, specify

- Promoting responsible investment

This is part of the requirements of tender documentation and is ensured through legal requirements.

- ESG specific improvements

The action here is bespoke depending on the manager.

- ESG guidelines/regulation, principles/standards, specify

We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

#### Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

#### Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly

Monthly

Fixed income - Securitised

#### Benchmark

Standard benchmark, specify

iBoxx Sterling Non Gilt

ESG benchmark, specify

#### ESG Objectives

ESG related strategy, specify

We ask candidates to explain their technical capacity to take account of environmental, social and governance issues at the Expression of Interest, Request for Proposal and interview stages.

ESG related investment restrictions, specify

We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

ESG integration, specify

We interview the key decision-makers in the candidate's investment team. These include: • the fund manager who will be responsible for the portfolio on a day-to-day basis • the ESG lead • the client contact. We firmly request that potential managers avoid providing generic marketing material about their company's strengths and experiences. Our selection process focuses on the particular details that are relevant to us. We question them in great depth about their experience and approach to ESG issues. In particular we look at: • their practical experience • their level of understanding • the relative importance of ESG issues in their decision-making processes.

Engagement, specify

Quarterly and annually an account of the manager's engagement undertaken on ESG issues.

Voting, specify

Promoting responsible investment

This is part of the requirements of tender documentation and is ensured through legal requirements.

ESG specific improvements

The action here is bespoke depending on the manager.

ESG guidelines/regulation, principles/standards, specify

We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

#### Incentives and controls

Fee based incentive

Communication and remedy of breaches

Termination

No fee/ breach of contract

#### Reporting requirements

Ad-hoc/when requested

Annually

Bi-annually

Quarterly

Monthly

Private equity

#### Benchmark

Standard benchmark, specify

MSCI World

ESG benchmark, specify

#### ESG Objectives

ESG related strategy, specify

We ask candidates to explain their technical capacity to take account of environmental, social and governance issues at the Expression of Interest, Request for Proposal and interview stages.

ESG related investment restrictions, specify

We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

perspective.

- ESG integration, specify

We interview the key decision-makers in the candidate's investment team. These include: • the fund manager who will be responsible for the portfolio on a day-to-day basis • the ESG lead • the client contact. We firmly request that potential managers avoid providing generic marketing material about their company's strengths and experiences. Our selection process focuses on the particular details that are relevant to us. We question them in great depth about their experience and approach to ESG issues. In particular we look at: • their practical experience • their level of understanding • the relative importance of ESG issues in their decision-making processes.

- Engagement, specify

Quarterly and annually an account of the manager's engagement undertaken on ESG issues.

- Voting, specify

- Promoting responsible investment

This is part of the requirements of tender documentation and is ensured through legal requirements.

- ESG specific improvements

The action here is bespoke depending on the manager.

- ESG guidelines/regulation, principles/standards, specify

We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

#### Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

#### Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

- Property

#### Benchmark

- Standard benchmark, specify  
Retail Price Index
- ESG benchmark, specify

#### ESG Objectives

- Other, specify
- ESG related strategy, specify

We ask candidates to explain their technical capacity to take account of environmental, social and governance issues at the Expression of Interest, Request for Proposal and interview stages.

- ESG related investment restrictions, specify

We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

- ESG integration, specify

We interview the key decision-makers in the candidate's investment team. These include: • the fund manager who will be responsible for the portfolio on a day-to-day basis • the ESG lead • the client contact. We firmly request that potential managers avoid providing generic marketing material about their company's strengths and experiences. Our selection process focuses on the particular details that are relevant to us. We question them in great depth about their experience and approach to ESG issues. In particular we look at: • their practical experience • their level of understanding • the relative importance of ESG issues in their decision-making processes.

- Engagement, specify

Quarterly and annually an account of the manager's engagement undertaken on ESG issues.

- Voting, specify

- Promoting responsible investment

This is part of the requirements of tender documentation and is ensured through legal requirements.

- ESG specific improvements

The action here is bespoke depending on the manager.

- ESG guidelines/regulation, principles/standards, specify

We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

#### Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

#### Reporting requirements

- Monthly
- Quarterly
- Bi-annually
- Annually
- Ad-hoc/when requested

Infrastructure

#### Benchmark

- Standard benchmark, specify  
Retail Price Index
- ESG benchmark, specify

#### ESG Objectives

- Other, specify
- ESG related strategy, specify  
We ask candidates to explain their technical capacity to take account of environmental, social and governance issues at the Expression of Interest, Request for Proposal and interview stages.
- ESG related investment restrictions, specify  
We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.
- ESG integration, specify  
We interview the key decision-makers in the candidate's investment team. These include: • the fund manager who will be responsible for the portfolio on a day-to-day basis • the ESG lead • the client contact. We firmly request that potential managers avoid providing generic marketing material about their company's strengths and experiences. Our selection process focuses on the particular details that are relevant to us. We question them in great depth about their experience and approach to ESG issues. In particular we look at: • their practical experience • their level of understanding • the relative importance of ESG issues in their decision-making processes.
- Engagement, specify  
Quarterly and annually an account of the manager's engagement undertaken on ESG issues.
- Voting, specify
- Promoting responsible investment  
This is part of the requirements of tender documentation and is ensured through legal requirements.
- ESG specific improvements  
The action here is bespoke depending on the manager.
- ESG guidelines/regulation, principles/standards, specify  
We have our own model investment management agreement (IMA). This makes it clear how managers should implement our RI Policy - as well as our disclosure and reporting requirements. It is straightforward to use our own IMA in segregated mandates. When we use collective investment vehicles (pooled funds) we work with the providers to make sure we are able to monitor such portfolios from an ESG perspective.

#### Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

#### Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly



Monthly

**SAM 04.4** Indicate which of these actions your organisation might take if any of the requirements are not met

- Discuss requirements not met and set project plan to rectify
- Place investment manager on a "watch list"
- Track and investigate reason for non-compliance
- Re-negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify
- No actions are taken if any of the ESG requirements are not met

**SAM 05** Mandatory Core Assessed PRI 1

**SAM 05.1** When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
ESG objectives linked to investment strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Compliance with investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG portfolio characteristics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
How ESG materiality has been evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Information on any ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Metrics on the real economy influence of the investments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PRI Transparency Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PRI Assessment Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
RI-promotion and engagement with the industry to enhance RI implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general RI considerations in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 05.2** When monitoring external managers, does your organisation set any of the following to measure compliance/progress

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG weight	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG performance minimum threshold	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Real world economy targets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 06** Mandatory Additional Assessed PRI 1

**SAM 06.1** When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls

Engagement		LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised

Report on engagements undertaken (summary with metrics, themes, issues, sectors or similar)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Report on engagement ESG impacts (outcomes, progress made against objectives and examples)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Information on any escalation strategy taken after initial unsuccessful dialogue	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Alignment with any eventual engagement programme done internally	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Information on the engagement activities' impact on investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations relating to engagement in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Proxy) voting	
	LE
Report on voting undertaken (with outcomes and examples)	<input checked="" type="checkbox"/> Report on voting undertaken (with outcomes and examples) - LE
Report on voting decisions taken	<input checked="" type="checkbox"/> Report on voting decisions taken - LE
Adherence with the agreed upon voting policy	<input checked="" type="checkbox"/> Adherence with the agreed upon voting policy - LE
Other RI considerations relating to (proxy) voting in investment management agreements; specify	<input type="checkbox"/> Other RI considerations relating to (proxy) voting in investment management agreements; specify - LE
None of the above	<input type="checkbox"/> None of the above - LE

SAM 07	Mandatory	Core Assessed	PRI 2
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**SAM 07.1** For the listed equities for which you have given your external managers a (proxy) voting mandate, indicate the approximate percentage (+/- 5%) of votes that were cast during the reporting year.

Votes cast (to the nearest 5%)

100%

Specify the basis on which this percentage is calculated.

- Of the total number of ballot items on which they could have issued instructions
- Of the total number of company meetings at which they could have voted
- Of the total value of your listed equity holdings on which they could have voted

We do not collect this information.

**SAM 07.2** For the listed equities for which you have given your external managers a mandate to engage on your behalf, indicate the approximate percentage (+/- 5%) of companies that were engaged with during the reporting year.

25Proportion (to the nearest 5%)

**SAM 07.3** Additional information [OPTIONAL]

Proportion varies manager to manager and in part may be dependent on the number of companies in the portfolio. 25% is a fair median of the range. We therefore encourage all our equity fund managers to: · engage regularly with the top management of companies, either directly or through a specialist provider · assess each company's ESG practices · ensure these practices are in line with our own assessment of ESG risk. The fund manager must also identify issues for engagement. Our managers and external service providers typically undertake about 500 ESG related engagements a year on our behalf. Engagement activity relating to wider business and investment issues are also undertaken by our managers as part of their investment decision making process and these engagements are in addition to the 500. In addition we select engagement targets from our own research and portfolio analysis and ask our managers to engage on these topics and report back. Typically these engagement targets come from: · Portfolio companies identified with high environmental or carbon impact relative to their peers identified through the annual footprinting exercise. · Portfolio companies identified via our review into stranded carbon assets. · Portfolio companies where the disclosures on ESG issues is poor potentially leading to an overestimate of the company's impact and on our portfolio environmental and carbon footprints · Portfolio companies identified through as target companies e.g. CDP, WDP and FFDP · Portfolio companies where we have high exposure, operating in high risk areas, undertaking controversial activities, following a prosecution for ESG activity, etc. · Portfolio companies targeted by the media or campaign groups · Portfolio companies subject to environmental shareholder resolutions where we believe the company's response and action should be improved. · Specific member or stakeholder request. We therefore encourage all our equity fund managers to: · engage regularly with the top management of companies, either directly or through a specialist provider · assess each company's ESG practices · ensure these practices are in line with our own assessment of ESG risk. The fund manager must also identify issues for engagement. Our managers and external service providers typically undertake about 500 ESG related engagements a year on our behalf. Engagement activity relating to wider business and investment issues are also undertaken by our managers as part of their investment decision making process and these engagements are in addition to the 500. In addition we select engagement targets from our own research and portfolio analysis and ask our managers to engage on these topics and report back. Typically these engagement targets come from: · Portfolio companies identified with high environmental or carbon impact relative to their peers identified through the annual footprinting exercise. · Portfolio companies identified via our review into stranded carbon assets. · Portfolio companies where the disclosures on ESG issues is poor potentially leading to an overestimate of the company's impact and on our portfolio environmental and carbon footprints · Portfolio companies identified through as target companies e.g. CDP, WDP and FFDP · Portfolio companies where we have high exposure, operating in high risk areas, undertaking controversial activities, following a prosecution for ESG activity, etc. · Portfolio companies targeted by the media or campaign groups · Portfolio companies subject to environmental shareholder resolutions where we believe the company's response and action should be improved. · Specific member or stakeholder request.

SAM 08	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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**SAM 08.1** Describe how you ensure that best RI practice is applied to managing your assets

Encourage improved RI practices with existing investment managers

**Measures**

Annual review meeting where we question RI practices and make suggestions of best practice where appropriate. Continual monitoring of reporting and make suggestions of best practice where appropriate. Selective monitoring of AGMs and/or voting and dialogue on specific voting decisions. Encourage consideration of initiatives, for example recently asked all managers to consider joining #CleanSeas.

Move assets over to investment managers with better RI practices

**Measures**

We invested £150m in a tax transparent fund launched by Robeco, Sustainable Enhanced Value Equities (SEVE), which will provide a low-carbon approach to value investing. With the majority of the fund's equities in sustainable equities, the EAPF has to ensure it is not taking on uncompensated risks. While comfortable with positive bias to quality, low volatility, small cap and growth, we have concerns about 'anti-value bias'. To mitigate anti-value bias in equity holdings, we previously invested in passive value. However this exposed us to investments which might be considered value-traps (with stranded assets in negative climate risk scenarios) and was becoming an obstacle to further progress in reducing our exposure to climate risk. In SEVE we still get very strong value characteristics but significantly reduce the carbon footprint. The carbon footprint of our incumbent manager was reduced by around two-thirds. The fund aims to reduce the measures on 'pure value' characteristics - carbon, waste, water, energy - by 20% versus the benchmark.

Other, specify

None of the above

**SAM 09**      **Mandatory**      **Additional Assessed**      **PRI 1,6**

**SAM 09.1**      **Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.**

Add Example 1

Topic or issue	Mixed response to prior request for information on diversity.
Conducted by	Internal staff
Asset class	All asset classes
Scope and process	Human Capital is one of the RI themes for us in 2017/18. In 2016/17 we had asked managers to provide information on diversity with a mixed response. At our manager review meetings we again asked for information on diversity but we explained clearly what was required and gave a response deadline. If a response was not received then we followed this up.
Outcomes	Managers were clear that diversity was something that EAPF saw as important. We ensured that managers looked at their approach to diversity and that they articulated this (i.e. to us). By seeing different approaches to diversity we are now better informed when monitoring this subject going forwards.

Add Example 2

Topic or issue	Water non-disclosure
Conducted by	Internal staff
Asset class	Listed Equity
Scope and process	EAPF was directly involved in the CDP water non-disclosure campaign, where we wrote to c160 companies in our portfolio asking them to consider disclosure. We informed investment managers of each company within their portfolio that we had written to and asked them to engage directly also.
Outcomes	Water risk was highlighted to investment managers as a key consideration for us. Investment managers were encouraged to engage with companies on this matter. An additional 19 companies now report to CDP on water

Add Example 3

Topic or issue	Concern re misuse of plastic
Conducted by	Internal staff
Asset class	All asset classes
Scope and process	Following recent publicity on the misuse of plastic EAPF looked for a meaningful campaign on which to direct attention and address the issue. We felt the UN initiative #CleanSeas served this purpose. We wrote to all our managers informing them of our intention to join #CleanSeas and encouraging them to do the same.
Outcomes	Misuse of plastics was highlighted to investment managers as a key consideration for us. We received a lot of useful information back from managers so we are better informed when monitoring this subject going forwards. To-date 4 managers have joined #Cleanseas (an additional 1 was already a member) with others considering joining.



- Add Example 4
- Add Example 5
- We are not able to provide examples

LEA 01	Mandatory	Core Assessed	PRI 2
LEA 01.1	Indicate whether your organisation has a formal engagement policy.		
<input checked="" type="checkbox"/> Yes			
LEA 01.2	Attach or provide a URL to your engagement policy.		
<input type="checkbox"/> Attachment provided: <input checked="" type="checkbox"/> URL provided: <a href="http://www.eapf.org.uk/investments/policies">http://www.eapf.org.uk/investments/policies</a>			
LEA 01.3	Indicate what your engagement policy covers:		
<input checked="" type="checkbox"/> Conflicts of interest <input checked="" type="checkbox"/> Insider information <input checked="" type="checkbox"/> Alignment with national stewardship code requirements <input checked="" type="checkbox"/> Due diligence and monitoring process <input checked="" type="checkbox"/> Prioritisation of engagements <input checked="" type="checkbox"/> Transparency of engagement activities <input checked="" type="checkbox"/> Environmental factors <input checked="" type="checkbox"/> Social factors <input checked="" type="checkbox"/> Governance factors <input type="checkbox"/> Other, describe <input type="checkbox"/> None of the above			
LEA 01.4	Provide a brief overview of your organization's approach to engagement		
<p>Our service provider Hermes EOS engages with companies on behalf of its clients on environmental, social and ethical, governance, strategy, risk and communication issues with the goal of achieving beneficial change with respect to risk management, value creation and reputation. Engagements are objective-driven and follow a structured, milestone-driven approach. Interactions are sought at the board, senior management and specialist level, which is complemented by collaborations with other investors where appropriate. The work is carried out by a multinational team with diverse experience and skills. All company engagements are sought to be complementary to Hermes EOS' public policy, best practice and voting work.</p>			
<input type="checkbox"/> No			

LEA 02	Mandatory	Gateway	PRI 1,2,3								
LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.										
<table border="1"> <thead> <tr> <th>Type of engagement</th> <th>Reason for interaction</th> </tr> </thead> <tbody> <tr> <td>Individual/Internal staff engagements</td> <td> <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues  <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure  <input type="checkbox"/> Other, specify  <input type="checkbox"/> We do not engage via internal staff                 </td> </tr> <tr> <td>Collaborative engagements</td> <td> <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues  <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure  <input type="checkbox"/> Other, specify  <input type="checkbox"/> We do not engage via collaborative engagements                 </td> </tr> <tr> <td>Service provider engagements</td> <td> <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues  <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure  <input type="checkbox"/> Other, specify  <input type="checkbox"/> We do not engage via service providers                 </td> </tr> </tbody> </table>				Type of engagement	Reason for interaction	Individual/Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff	Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements	Service provider engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers
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LEA 02.2	Additional information. [Optional]										
<p>Going forwards we will use the Transition Pathway Initiative (TPI) to drive our engagement and we encourage our managers and service providers to make use of the TPI where applicable.</p> <p>See LEA 1.4 for further information on the engagement service provided by Hermes EOS</p>											

LEA 03	Mandatory	Core Assessed	PRI 2
LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.		
<input checked="" type="checkbox"/> Yes			
LEA 03.2	Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.		
<input checked="" type="checkbox"/> Geography / market of the companies <input checked="" type="checkbox"/> Materiality of ESG factors <input checked="" type="checkbox"/> Systemic risks to global portfolios			

- Exposure (holdings)
- In response to ESG impacts that have already occurred.
- As a response to divestment pressure
- Consultation with clients/beneficiaries
- Consultation with other stakeholders (i.e. NGOs, trade unions etc.)
- As a follow-up from a voting decision
- Client request
- Other, describe

No

LEA 04	Mandatory	Core Assessed	PRI 2
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LEA 04.1	Indicate if you define specific objectives for your engagement activities.
----------	--

- Yes
  - Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out by internal staff.

LEA 04.2	Indicate if you monitor the actions that companies take during and following your engagements activities carried out by internal staff.
----------	---

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out by internal staff.

LEA 04.3	Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities carried out by internal staff.
----------	---

- Define timelines for your objectives
- Tracking and/or monitoring progress against defined objectives
- Tracking and or monitoring progress of actions taken when original objectives are not met
- Revisit and, if necessary, revise objectives on continuous basis
- Other, please specify
- We do not monitor and evaluate progress of engagement activities carried out by internal staff

LEA 05	Mandatory	Core Assessed	PRI 2
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LEA 05.1	Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements
----------	--

Yes

LEA 05.2	Describe the criteria used to identify and prioritise collaborative engagements.
----------	--

- Potential to learn from other investors
- Ability to add value to the collaboration
- Geography / market of the companies targeted by the collaboration
- Materiality of ESG factors addressed by the collaboration
- Systemic risks to global portfolios addressed by the collaboration
- Exposure (holdings) to companies targeted by the collaboration
- In reaction to ESG impacts addressed by the collaboration that have already occurred.
- As a response to divestment pressure
- As a follow-up from a voting decision
- Consultation with clients/beneficiaries
- Consultation with other stakeholders (i.e. NGOs, trade unions etc.)
- Other, describe

No

LEA 06	Mandatory	Core Assessed	PRI 2
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LEA 06.1	Indicate if you define specific objectives for your engagement activities carried out collaboratively.
----------	--

- Yes
  - Yes, for all engagement activities
  - Yes, for the majority of engagement activities

- Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out collaboratively.

**LEA 06.2** Indicate if you monitor the actions companies take during and following your collaborative engagements.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out collaboratively

**LEA 06.3** Indicate if you do any of the following to monitor and evaluate the progress of your collaborative engagement activities.

- Define timelines for your objectives
- Tracking and/or monitoring progress against defined objectives
- Tracking and or monitoring progress of actions taken when original objectives are not met
- Revisit and, if necessary, revise objectives on continuous basis
- Other, please specify
- We do not monitor and evaluate progress of engagement activities carried out by internal staff

**LEA 06.4** Additional information. [Optional]

In partnership with our fund managers, we set out engagement priorities including collaborative engagements, for the forthcoming year. Our conduit for engagement is through our managers. In the first instance, we ask each manager to define their own engagement programme based on their own risk assessment of their holdings. To this we add engagements which come out of the footprinting, collaborative engagement we are currently engaged e.g. CDP and those arising from internal research e.g. stranded assets. Unsurprisingly there is a lot of overlap with the managers own assessment and prioritisation is essential. In addition to engagements that are planned. Event risk issues will inevitably add or reprioritise to the engagement targets.

We undertook at great deal of collaborative engagement work, but the focus was on industry best practice, nation, European and international policy e.g. climate risk and supporting other pensions funds and other parts of the industry on the implementation on responsible investment. One way we facilitate this is as the secretariat for the UK Responsible Investment Roundtable of asset owners.

We also focus our corporate engagement via fund managers and our engagement provider on specific directed engagements on fossil fuel companies and those with high scope 2 emissions.

Going forwards we will use the Transition Pathway Initiative (TPI) to drive our engagement and we encourage our managers and service providers to make use of the TPI where applicable.

**LEA 07** Mandatory Core Assessed PRI 2,4

**LEA 07.1** Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- Yes

**LEA 07.2** Indicate the role(s) you play in engagements that your service provider conducts on your behalf.

- Discuss the topic (or ESG issue(s)) of engagement
  - Discuss the rationale for engagement
  - Discuss the objectives of the engagement
  - Select the companies to be engaged with
  - Discuss the frequency/intensity of interactions with companies
  - Discuss next steps for engagement activity
  - Participate directly in certain engagements with your service provider
  - Other, specify
- Monitor and review outcomes that have been achieved from the engagement.
- We play no role in engagements that our service provider conducts.

- No

**LEA 07.3** Additional information. [Optional]

We actively monitor and review the activities of our service provider Hermes EOS through quarterly calls and regular reports. Hermes EOS provide a client facing portal which allows us to refer to the full history of engagement with each company and track progress.

We have representatives on both the Advisory Board and Advisory Council for our service provider which directs the engagement priorities of the service provider. In addition, we will also agree specific engagement targets relating to the fund's overall engagement priorities.

We are represented on the executive of LAPFF and actively involved in the delivery of the LAPFF workplan objectives. We input into the engagement priorities for the coming year. Through LAPFF, the Fund has engaged mainly on corporate governance, reliable accounts and climate change.

**LEA 08** Mandatory Core Assessed PRI 2,6

**LEA 08.1** Do you monitor and review the outcomes of the engagement activities undertaken by your service providers on your behalf?

- Yes, periodically
- Yes, ad hoc basis
- We do not monitor or review them

LEA 09.1	Indicate if insights gained from your engagements are shared with your internal or external investment managers.
----------	--

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
Collaborative engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
Service provider engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No

LEA 09.2	Additional information. [Optional]
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This would form part of our quarterly investment reviews or via additional meetings or calls with the fund managers. We also cascade relevant articles or research that we would like our managers to review as part of their awareness of our ESG risk assessment process.

LEA 10.1	Indicate if you track the number of your engagement activities.
----------	---

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Yes, we track the number of our engagements in full <input type="checkbox"/> Yes, we partially track the number of our engagements <input type="checkbox"/> We do not track
Collaborative engagements	<input checked="" type="checkbox"/> Yes, we track the number of our engagements in full <input type="checkbox"/> Yes, we partially track the number of our engagements <input type="checkbox"/> We do not track and cannot estimate our engagements
Service provider engagements	<input checked="" type="checkbox"/> Yes, we track the number of our engagements in full <input type="checkbox"/> Yes, we partially track the number of our engagements <input type="checkbox"/> We do not track and cannot estimate our engagements

LEA 10.2	Additional information. [OPTIONAL]
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Information on the engagement activity is regularly reported to our investment committee and in summary in our Annual Report and Accounts.  
 Hermes EOS' regular reporting provides full disclosure on the number of engagements conducted on our behalf

LEA 11.1	Indicate the amount of your listed equities portfolio with which your organisation engaged during the reporting year.
----------	---

	Number of companies engaged (avoid double counting, see explanatory notes)	Proportion (to the nearest 5%)	Specify the basis on which this percentage is calculated						
Individual / Internal staff engagements	161	10Proportion (to the nearest 5%)	<table border="1"> <tr> <td colspan="2">Specify the basis on which this percentage is calculated</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>of the total number of companies you hold</td> </tr> <tr> <td><input type="checkbox"/></td> <td>of the total value of your listed equity holdings</td> </tr> </table>	Specify the basis on which this percentage is calculated		<input checked="" type="checkbox"/>	of the total number of companies you hold	<input type="checkbox"/>	of the total value of your listed equity holdings
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<input type="checkbox"/>	of the total value of your listed equity holdings								
Collaborative engagements	121	10Proportion (to the nearest 5%)	<table border="1"> <tr> <td colspan="2">Specify the basis on which this percentage is calculated</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>of the total number of companies you hold</td> </tr> <tr> <td><input type="checkbox"/></td> <td>of the total value of your listed equity holdings</td> </tr> </table>	Specify the basis on which this percentage is calculated		<input checked="" type="checkbox"/>	of the total number of companies you hold	<input type="checkbox"/>	of the total value of your listed equity holdings
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<input checked="" type="checkbox"/>	of the total number of companies you hold								
<input type="checkbox"/>	of the total value of your listed equity holdings								



Service provider engagements	415	30Proportion (to the nearest 5%)	Specify the basis on which this percentage is calculated <input checked="" type="checkbox"/> of the total number of companies you hold <input type="checkbox"/> of the total value of your listed equity holdings
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**LEA 11.2** Indicate the proportion of engagements that involved multiple, substantive and detailed discussions or interactions with a company during the reporting year relating to ESG issue.

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input type="checkbox"/> > 50% <input type="checkbox"/> 10-50% <input checked="" type="checkbox"/> <10% <input type="checkbox"/> None
Collaborative engagements	<input checked="" type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> None
Service provider engagements	<input checked="" type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> None

**LEA 11.3** Indicate the percentage of your collaborative engagements for which you were a leading organisation during the reporting year.

Type of engagement	% Leading role
Collaborative engagements	<input type="checkbox"/> >50% <input checked="" type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> None

**LEA 11.4** Indicate the percentage of your service provider engagements that you had some involvement in during the reporting year.

Type of engagement	% of engagements with some involvement
Service provider engagements	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> None

<b>LEA 12</b>	Voluntary	Additional Assessed	PRI 2
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**LEA 12.1** Indicate which of the following your engagement involved.

- Letters and emails to companies
  - In some cases
  - In majority cases
  - In all cases
- Meetings and/or calls with the appropriate team
  - In some cases
  - In majority cases
  - In all cases
- Visits to operations
- Participation in roadshows
- Other, specify

**LEA 12.2** Additional information. [Optional]

EAPF is the Secretariat for UK Pension Fund RI Roundtable. We led a collaborative engagement with four large fund managers on their voting and policy positions. These included face-to-face meetings. We will continue to engage going forwards.

The engagement undertaken on our behalf by our fund managers and Hermes EOS can be described as comprehensive covering a variety of engagement techniques but primarily face to face meetings with senior/executive management.

<b>LEA 13</b>	Voluntary	Descriptive	PRI 2
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**LEA 13.1** Indicate whether you track the number of cases during the reporting year in which a company changed its practices, or made a formal commitment to do so, following your organisation's and/or your service provider's engagement activities.

Yes

**Do you track number of companies that changed or made a formal commitment to change in the reporting year following your organisation's and/or your service provider's engagement activities?**

Yes, we do track information

**LEA 13.2** Indicate the number of companies that changed or made a formal commitment to change in the reporting year following your organisation's and/or your service provider's engagement activities.

	Number of companies	% of total portfolio
Individual / Internal staff engagements	19	
Collaborative engagements	15	
Service provider engagements	162	

We do not track this information

No

**LEA 13.3** Additional information [Optional].

CDP Water non-disclosure - of the companies engaged 19 now report to CDP.

**LEA 14** Voluntary Additional Assessed PRI 2

**LEA 14.1** Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.

Add Example 1

ESG factors	Environment
ESG issue	CDP water non-disclosure
Conducted by	Collaborative
Objectives	EAPF has a target of a target 20 per cent increase in the response rate of listed companies between 2015 and 2020 to CDP's Water Program.
Scope and Process	EAPF emailed individually senior members of 161 non-disclosing companies, with some EAPF and CDP follow-up.
Outcomes	19 new companies now disclose to the CDP on water.

Add Example 2

ESG factors	Governance
ESG issue	The incorporation by asset managers of ESG considerations into proxy voting
Conducted by	Collaborative
Objectives	For fund managers to have a consistent approach to ESG proxy voting and specifically in relation to climate change.
Scope and Process	UK Pension Fund RI Roundtable selected 4 large fund managers for engagement. Following an initial written approach, around 6-8 public and private pension fund were represented at face-to-face meetings and/or phone calls with the fund managers.
Outcomes	Outcomes were mixed but in general the Roundtable were pleased with the positive way the fund managers reacted to the initiative and we will monitor voting in the 2018/19 season and beyond.

Add Example 3

ESG factors	Environment
ESG issue	Businesses to commit to renewable energy and decarbonisation
Conducted by	Collaborative
Objectives	Initially we collaborated on Share Action's RE100 and EP 100 which was superceded later in the year with Investor Decarbonisation Initiative (IDI) with an objective of strong decarbonisation action - encouraging companies to set a science-based target.

Scope and Process	<p>The Investor Decarbonisation Initiative, coordinated by ShareAction, brings together institutional investors to encourage companies to set bold and credible climate targets.</p> <p>Advocacy on the fuller range of actions companies can take to align with the 2C limit set out in the Paris Agreement.</p> <p>Advocacy on science-based target setting is key part of engagements – asking companies to set emissions reductions targets in line with a 2C pathway.</p> <p>For companies to showcase their leadership.</p> <p>With endorsement by asset owners Share Action engage with companies with large market cap and/or high emissions, and identified as potential brand leaders or sector influencers that fall outside CA 100+ (so for example not oil and gas companies (ShareAction has a different workstream focused on the oil and gas sector)).</p>
Outcomes	Numerous examples of two-way engagement with companies and a desire from companies for a renewables strategy with measurable targets

- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

LEA 15	Mandatory	Core Assessed	PRI 1,2,3
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**LEA 15.1** Indicate whether your organisation has a formal voting policy.

Yes

**LEA 15.2** Indicate what your voting policy covers:

- Conflicts of interest
- Share blocking
- Securities lending process
- Prioritisation of voting activities
- Decision making processes
- Environmental factors
- Social factors
- Governance factors
- Filing/co-filing resolutions
- Extraordinary meetings
- Regional voting practices
- Transparency of proxy voting activities
- Company dialogue pre/post vote
- Other, describe
- None of the above

**LEA 15.3** Attach or provide a URL to your voting policy. [Optional]

<https://www.eapf.org.uk/en/investments/policies>

**LEA 15.4** Provide a brief overview of your organization's approach to (proxy) voting.

The Environment Agency Active Pension Fund (EAPF) is fully committed to responsible investment. We believe well governed companies produce better and more sustainable returns than poorly governed companies.

The Fund believes that voting is integral part of the responsible investment and stewardship process and as such is delegated to managers to vote on all the Fund's shares at their discretion. We demand high standards in stewardship from our managers and their approach and associated policies are evaluated as part of the manager selection process. Voting reports are included in quarterly reports and voting execution is evaluated as part of on-going manager's monitoring. For environmental issues we have written specific guidance and reserve the right to direct the voting in accordance with these guidelines.

No

LEA 16	Mandatory	Descriptive	PRI 2
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**LEA 16.1** Indicate how you typically make your (proxy) voting decisions.

**Approach**

- We use our own research or voting team and make voting decisions without the use of service providers.
- We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

	Based on		
	<input type="radio"/> the service provider voting policy signed off by us <input type="radio"/> our own voting policy <input type="radio"/> our clients' requests or policy <input checked="" type="radio"/> other, explain see 18.2		
	<input type="radio"/> We hire service provider(s) that make voting decisions on our behalf.		
LEA 16.2	Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made (if applicable).		
	<p>Over many years we directed voting on environmental resolutions ourselves through our fund managers. In that time we were pleased to notice that fund manager environmental voting was coming into line with that of our own. Using our environmental voting policy as their guide, in 2017 we told fund managers that we would no longer direct voting on environmental resolutions. We monitor voting in all areas.</p>		
LEA 16.3	Additional information.[Optional]		
	<p>We use a combination of manager policies which have been evaluated, Hermes EOS policy on our passive portfolios and our own voting policy. Our voting policy can be found at <a href="https://www.eapf.org.uk/investments/policies">https://www.eapf.org.uk/investments/policies</a></p>		
LEA 17	Mandatory	Additional Assessed	PRI 2
LEA 17.1	Of the voting recommendations that your service provider made in the reporting year, indicate the percentage reviewed by your organisation, giving reasons.		
	Percentage of voting recommendations your organisation reviewed		
	<input type="radio"/> >40%, <input type="radio"/> 20-40%, <input type="radio"/> 5-20%, <input checked="" type="radio"/> <5%		
	Reasons for review		
	<input checked="" type="checkbox"/> Specific ESG issues <input checked="" type="checkbox"/> Votes for significant holdings <input checked="" type="checkbox"/> Votes against management and/or abstentions <input checked="" type="checkbox"/> Conflicts of interest <input checked="" type="checkbox"/> Corporate actions such as M&A, disposal, etc. <input checked="" type="checkbox"/> Votes for companies with which we have an active engagement <input checked="" type="checkbox"/> Client requests <input checked="" type="checkbox"/> Ad-hoc oversight of Service Provider <input checked="" type="checkbox"/> Shareholder resolutions <input type="checkbox"/> Share blocked securities <input type="checkbox"/> Other, explain		
LEA 18	Voluntary	Descriptive	PRI 2
LEA 18.1	Describe your involvement in any projects to improve the voting trail and/or to obtain vote confirmation .		
	<p>This is an on-going area of engagement with the industry at large and regulators. We consistently raise this in consultation responses and this is an area of on-going concern.</p>		
LEA 19	Voluntary	Additional Assessed	PRI 2
LEA 19.1	Indicate if your organisation has a securities lending programme.		
	<input type="radio"/> Yes <input checked="" type="radio"/> No		
	LEA 19.2	Describe why your organisation does not lend securities?	
		<p>We don't have a securities lending programme for a combination of counter party risk and our commitment to the highest standards of stewardship through our ability to vote all our direct holdings.</p>	
LEA 20	Mandatory	Core Assessed	PRI 2
LEA 20.1	Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting		
	<input type="radio"/> Yes, in most cases <input checked="" type="radio"/> Sometimes, in the following cases: <ul style="list-style-type: none"> <li><input type="checkbox"/> Votes for selected markets</li> <li><input checked="" type="checkbox"/> Votes relating to certain ESG issues</li> <li><input checked="" type="checkbox"/> Votes for significant shareholdings</li> </ul>		

- Votes for companies we are engaging with
- On request by clients
- Other
- Neither we nor our service provider raise concerns with companies ahead of voting

**LEA 20.2** Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.

- Yes, in most cases
- Sometimes, in the following cases.
  - Votes in selected markets
  - Votes on certain issues
  - Votes for significant shareholdings
  - Votes for companies we are engaging with
  - On request by clients
  - On request by companies
  - Other
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers do not abstain or vote against management recommendations

**LEA 21** **Mandatory** **Core Assessed** **PRI 2**

**LEA 21.1** For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

We do track or collect this information

Votes cast (to the nearest 1%)
87%

**Specify the basis on which this percentage is calculated**

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

**LEA 21.2** Explain your reason(s) for not voting certain holdings

- Shares were blocked
- Notice, ballots or materials not received in time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- On request by clients
- Other

An administrative error at a third-party proxy provider (for the avoidance of doubt the error was not made by Hermes EOS) meant that an active account was closed down. Extenuating circumstances compounded the error not being picked up and resolutions for the account were not voted for 8 months - with of course our intention that 100% of shares are voted.

We do not track or collect this information

**LEA 21.3** Additional information. [Optional]

Our service provider Hermes EOS submits vote recommendations on all ballots available to vote in the portfolios for which we have subscribed to their proxy voting service

**LEA 22** **Mandatory** **Additional Assessed** **PRI 2**

**LEA 22.1** Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.

Yes, we track this information

**LEA 22.2** Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	92.4%
Against (opposing) management recommendations	7.4%
Abstentions	0.2%

**LEA 22.3** Describe the actions you take in relation to voting against management recommendations.

Our service provider will follow up with the company.

No, we do not track this information

LEA 23	Voluntary	Descriptive	PRI 2
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**LEA 23.1** Indicate if your organisation directly or via a service provider filed or co-filed any ESG shareholder resolutions during the reporting year.

Yes

**LEA 23.2** Indicate the number of ESG shareholder resolutions you filed or co-filed.

4

**LEA 23.3** Indicate what percentage of these ESG shareholder resolutions resulted in the following.

- Went to vote 75%
- Were withdrawn due to changes at the company and/or negotiations with the company 0%
- Were withdrawn for other reasons 25%
- Were rejected/not acknowledged by the company 0%

**LEA 23.4** Of the ESG shareholder resolutions that you filed or co-filed and that were put to vote (i.e. not withdrawn) how many received:

210

**LEA 23.5** Describe the ESG shareholder resolutions that you filed or co-filed and the outcomes achieved.

Hermes EOS is not in a position to disclose details of shareholder proposal discussions relating to resolutions which do not go to a shareholder vote. However in order to withdraw a proposal we expect a company to engage in constructive dialogue and take steps which materially address all or part of our underlying concerns. In the reporting period Volkswagen AG saw a shareholder proposal (co-)filed by Hermes EOS which was subsequently withdrawn.

No

**LEA 23.7** Additional information. [Optional]

Hermes EOS encourages boards to engage with serious, committed long-term shareholders, including Hermes EOS on behalf of its clients. Where boards interact in an active and engaged way with shareholders on issues that affect companies' long-term value, Hermes EOS will see less need to file or support shareholder resolutions. In Hermes EOS' experience, shareholder proposals can be a natural starting point or a catalyst for related dialogue with issuers and thus avail themselves of these opportunities, where appropriate, whether or not Hermes EOS recommends voting in favour of the resolution itself. Hermes EOS expects boards to address the issues raised by shareholder proposals which receive significant support or where they are material to the company. In addition, Hermes EOS views any failure to implement a shareholder proposal that has received majority support as a clear indication of a board of directors not fulfilling its obligations to the owners of the company.

LEA 24	Voluntary	Descriptive	PRI 2
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**LEA 24.1** Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

Add Example 1

ESG Factors	<input type="checkbox"/> Environment <input checked="" type="checkbox"/> Social <input type="checkbox"/> Governance
ESG issue	Diversity
Conducted by	Service provider
Objectives	EOS regards shareholder meetings as an annual health check of a company. Often a vote against management will precipitate further engagement with the company. In line with our intelligent voting approach, EOS seeks to have dialogue before recommending voting against or abstaining on any resolution. Diversity was a focus of their engagements in 2017, at the board level and across the wider company. EOS firmly backed gender diversity as the most straightforward and visible entry point to encourage the strengthening of boards and source talent from beyond the traditional pool of candidates, thus facilitating greater diversity overall. Hermes EOS therefore engaged with numerous companies globally on this topic, encouraging them to increase the diversity on their boards and beyond.
Scope and Process	Having the right board composition is at the heart of good governance and key to introducing change at companies. Getting the board right often is the first step in addressing social or environmental issues that the company may be exposed to, which is why it is a significant feature in EOS' engagement. EOS voting recommendations with regard to diversity complemented their engagement programme.
Outcomes	In the UK, EOS opposed the election of nomination committee or board chairs where the proposed board composition fell significantly short of the 2015 target set by the Lord Davies review of a quarter of the directors of FTSE100 companies being women and where companies could not demonstrate credible plans to achieve the goal of 33% women directors by 2020. In the US, EOS supported shareholder proposals seeking greater diversity.

Add Example 2

ESG Factors	<input type="checkbox"/> Environment <input type="checkbox"/> Social <input checked="" type="checkbox"/> Governance
ESG issue	Remuneration
Conducted by	Service provider
Objectives	Companies should design and implement remuneration policies that align the interests of management with the interests of shareholders and incentivise executives to optimise long-term value.
Scope and Process	A vote against management in relation to remuneration may indicate that the remuneration policy or report proposed by the board do not demonstrate sufficient alignment with the interests of long-term shareholders. This may be due to a lack of sufficient performance metrics or indicate that the quantum put forward by the company is excessive in view of the company's performance. This, in turn, may be because of overly complex remuneration policies whose outcomes were not fully understood by remuneration committees. A lack of or too much discretion can be another reason for a vote against. Remuneration has been a key theme of EOS' engagement work, which has been supported by voting related discussions with companies. In 2017, EOS engaged with many companies where it identified a misalignment between executive remuneration and the interests of shareholders. EOS also contacted those where it recommended voting against the remuneration scheme put forward by management to outline the concerns and agree an acceptable way forward.
Outcomes	Encouragingly, companies in some markets appear to have listened to the concerns of shareholders on remuneration, and so in 2017 EOS saw some progress, for example a simplification of previously highly complex pay structures and reductions in variable pay. Nevertheless, it opposed pay proposals at a record number of companies due to excessive quantum and variable pay, insufficient disclosure of performance targets, a lack of stretching targets, misalignment between pay and performance and over-complexity. Hermes EOS recommended voting against the remuneration policy of one company, for example, because of a significant increase in the maximum opportunity under the variable remuneration plan without accompanying higher performance targets. Following consultations with shareholders, including EOS, the company announced the withdrawal of the proposal to adopt the new remuneration policy. Another company decided to propose to its board that total variable pay be reduced by 40% following Hermes EOS' engagement and opposition to its remuneration report and the retrospective binding vote to approve the short-term variable pay of the executive board

Add Example 3

ESG Factors	<input type="checkbox"/> Environment <input type="checkbox"/> Social <input checked="" type="checkbox"/> Governance
ESG issue	Rights of minority shareholders
Conducted by	Service provider
Objectives	In EOS' view, adherence to the principle of one-share one-vote is a prerequisite for stewardship. All companies should follow this principle, which ensures proportionality between equity ownership and voting powers and economic risk-bearing. It also ensures management accountability.
Scope and Process	On our behalf EOS engaged with companies with dual-class share structures in an attempt to enhance the rights of minority shareholders, increase transparency, as well as push for effective boards and investor dialogue. Hermes EOS took a stance on the issue through their voting recommendations at the AGMs of companies too.
Outcomes	EOS, for example, opposed the election of the chair of the governance committee at a company with dual-class share structures. Encouragingly, in Brazil some companies moved away from multiple-share class structures. Hermes EOS supported the proposals submitted to the AGMs of two companies there to convert their non-voting into voting shares and to amend their articles of association to incorporate the requirements of the Novo Mercado, the B3 stock exchange segment with higher corporate governance standards.

- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

CM1 01.1	Mandatory	Core Assessed	General
CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:		
	<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the implementation of RI processes (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal audit conducted by internal auditors of the implementation of RI processes and/or RI data that have been reported to the PRI this year) <input type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above		
CM1 01.2 & 01.8	Mandatory	Descriptive	Planned assurance of this year's PRI Transparency Report
CM1 01.2	Do you plan to conduct third party assurance of this year's PRI Transparency report?		
	<input type="radio"/> Whole PRI Transparency Report will be assured <input type="radio"/> Selected data will be assured <input checked="" type="radio"/> We do not plan to assure this year's PRI Transparency report		
CM1 01.3 & 01.9	Mandatory	Descriptive	General
CM1 01.3	We undertook third party assurance on last year's PRI Transparency Report		
	<input type="radio"/> Whole PRI Transparency Report was assured last year <input type="radio"/> Selected data was assured in last year's PRI Transparency Report <input checked="" type="radio"/> We did not assure last year's PRI Transparency report, or we did not have such a report last year.		
CM1 01.4, 10-12	Mandatory	Descriptive	General
CM1 01.4	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:		
	<input type="checkbox"/> We adhere to an RI certification or labelling scheme <input checked="" type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report		
CM1 01.11	Provide a link to the public report (such as a sustainability report) that you carry out third party assurance over and for which you have used extracts of in this year's PRI Transparency Report. Also include a link to the auditor's report.		
	<a href="https://www.eapf.org.uk/annual-reports-and-accounts">https://www.eapf.org.uk/annual-reports-and-accounts</a> <a href="http://www.notpublic.com">http://www.notpublic.com</a>		
	<input type="checkbox"/> ESG audit of holdings <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above		
CM1 01.6	Mandatory	Descriptive	General
CM1 01.6	Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year)		
	What RI processes have been assured		
	<input checked="" type="checkbox"/> Data related to RI activities		
	Corresponding indicator number		
	Numerous		
	<input checked="" type="checkbox"/> RI policies		
	Specify		
	Numerous		
	Corresponding indicator number		
	Numerous		
	<input checked="" type="checkbox"/> RI related governance		
	Corresponding indicator number		
	Numerous		
	<input type="checkbox"/> Engagement processes <input type="checkbox"/> Proxy voting process		



- Manager selection process for externally managed assets
- Manager appointment process for externally managed assets
- Manager monitoring process for externally managed assets
- Other

When was the process assurance completed(dd/mm/yy)

18/07/2017

Assurance standard used

- IIA's International Standards for the Professional Practice of Internal Auditing
- ISAE 3402
- ISO standard
- AAF 01/06
- SSE18
- AT 101 (excluding financial data)
- Other

Specify

Accounts presented to Parliament pursuant to Section 46 of the Environment Act 1995 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003