



UK pension funds launch a Guide to Responsible Investment Reporting in Public Equity

Sixteen UK pension funds with assets over £200 billion have today published A Guide to Responsible Investment Reporting in Public Equity. This collective group of pension funds believe that Responsible Investment (RI) reporting can help improve the transparency and accountability between asset owners and fund managers. The guide has been developed as part of the supporting pension funds' wider efforts to include RI in fund manager selection and monitoring processes including, for example: requests for proposals, manager searches, due diligence and investment mandate terms.

The pension funds supporting this guide believe better reporting of Environmental, Social and Governance (ESG) data and stewardship activities in public equities could help determine the extent to which these factors contribute to long-term risk adjusted returns. The guide will be utilised by them to help inform their engagement with, and monitoring of, both current and prospective fund managers. It is hoped the guide will also be used by other pension funds.

While some of the specific reporting expectations will be more relevant for some investment strategies and styles than others, the guide provides fund managers with a set of emerging best practice standards in RI reporting.

The guide is divided into two parts of core RI reporting activity:

1. ESG integration: the transparent processes for considering ESG factors in the manager's investment process including examples. We expect ESG integration to be applied in different ways depending on the fund manager's investment style and process.
2. Stewardship: the policies and processes for identifying companies for engagement and for voting stocks; voting and engagement activities, and evidence of outcomes from those activities. Building on the Financial Reporting Council's Stewardship Code, we regard stewardship activities as a core requirement for both passive and active public equity managers.

Daniel Ingram, Head of Responsible Investment, BT Pension Scheme Management, said:

"We encourage public equity fund managers to use this guide as an opportunity to take a step back and reflect on their approach to responsible investment. We ask the portfolio managers in particular to share with us their valuable insights on responsible investment at both the portfolio and stock level."

Dawn Turner, Head of Pension Fund Management, Environment Agency Pension Fund, said:

"Communication is key to long-term relationships. Long-term relationships are key to financial performance. We want good quality, meaningful reporting from our fund managers to support this. The guide provides an excellent tool to make real progress."

Mark Chaloner, Assistant Director (Investments), West Midlands Pension Fund said:

"This landmark guide sends a clear signal to the marketplace as to what asset owners expect regarding their responsible investment reporting from fund managers of listed equity. The reporting mechanism in this asset class is evolving and this guide opens the dialogue in this space. We look forward to working in partnership with fund managers over the coming months and years."

David Styles, Director of Corporate Governance, Financial Reporting Council, the UK's independent regulator responsible for promoting high quality corporate governance and reporting, said:

"A Guide to Responsible Investment Reporting in Public Equity provides a useful framework for discussion between owners and managers about continuing reporting expectations. The FRC welcomes this initiative to increase the level of accountability through the investment chain and encourages owners and managers to work together to improve the standard of reporting on responsible investment."

The Guide to Responsible Investment Reporting in Public Equity is supported by the following pension funds:

- BBC Pension Trust Ltd
- BT Pensions Scheme
- Environment Agency Pension Fund
- Kingfisher Pension Scheme
- Lothian Pension Fund
- Merseyside Pension Fund
- National Employment Savings Trust (NEST)
- Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC)
- Pension Protection Fund
- The Pensions Trust
- RPMI Railpen
- Strathclyde Pension Fund
- The Superannuation Arrangements of the University of London (SAUL)
- Unilever Pension Fund
- USS Investment Management Limited
- West Midlands Pension Fund

The Guide was edited by Daniel Ingram at BT Pension Scheme (lead editor), Faith Ward at Environment Agency Pension Fund, Leanne Clements at West Midlands Pension Fund and Karianne Lancee at Unilever Pension Fund.

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Notes to Editors:

About BT Pension Scheme

BT Pension Scheme ("BTPS" or the "Scheme") is the UK's largest corporate defined benefit (DB) pension scheme with assets of over £40 billion (as of 30 June 2014) and over 300,000 scheme members. BT Pension Scheme Management Limited (BTPSM) provides a range of investment management and advisory services to the Trustee.

This press release is issued and approved by BT Pension Scheme Limited of 1 Portsoken Street, London E1 8HZ. This document is not an offer to sell or an invitation to apply for any product or service of BTPSM Limited.

About The Environment Agency Pension Active Fund

The Environment Agency Pension Active Fund (EAPF) is a defined benefit Local Authority Government Pension Scheme with over 23,000 members and assets of £2.4 billion. It provides for the future pensions of its members working for Natural Resources Wales, Shared Services Connected Limited and Environment Agency.

About West Midlands

The West Midlands Pension Fund provides pension services to over 267,000 current and former employees of the seven West Midlands district councils and over 400 employers participating in the Fund.

It is one of the largest funds in England and Wales, employing 115 FTE members of staff and as at 31st March 2014 was valued at over £10 billion. The West Midlands Pension Fund strives to be a best practice organisation, delivering a customer-focused service, while providing value for money to its stakeholders.