



LEA 02	Disclosures Monetary	Reason Gateway	Principle PRI 1,2,3
<p><b>Type of engagement</b> Individual/ internal staff engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> <li><input type="checkbox"/> We do not engage in internal staff</li> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> </ul>		
<p><b>Type of engagement</b> Collaborative engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> <li><input type="checkbox"/> We do not engage in collaborative engagements</li> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> </ul>		
<p><b>Type of engagement</b> Service provider engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> <li><input type="checkbox"/> We do not engage in service providers</li> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> </ul>		

# RI TRANSPARENCY REPORT

## 2014/15

### BT Pension Scheme

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	-	n/a							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	-	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Public							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓						✓
SAM 07	Appointment considerations (listed assets)	✓	Public				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	✓	Public		✓					
SAM 10	Selection processes (non-listed assets)	✓	Public	✓						✓
SAM 11	Appointment considerations (non-listed assets)	✓	Public				✓			
SAM 12	Monitoring processes (non-listed assets)	✓	Public	✓						✓
SAM 13	Description of RI considerations in 'other' asset classes	✓	Public	✓						✓
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓						✓
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	-	n/a		✓					
SAM 16	Disclosure of RI considerations	✓	Public							✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Private		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 04	Objectives for engagement activities	🔒	n/a		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	✓	Public		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

# BT Pension Scheme

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the category which best represents your primary activity.

- 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 or endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Other, specify

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).

FTE

46

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.

30/06/2014



OO 04.2

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

	trillions	billions	millions	thousands	hundreds
Total AUM		40	349	000	000
Currency	GBP				
Assets in USD		66	720	578	528

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges
- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

## Allocation of investments

<span style="color: green;">●</span> Inflation linked	<b>25.0%</b>
<span style="color: blue;">●</span> Overseas equities	<b>22.5%</b>
<span style="color: grey;">●</span> Fixed interest and cash	<b>17.4%</b>
<span style="color: grey;">●</span> Property	<b>11.2%</b>
<span style="color: orange;">●</span> Other alternatives*	<b>9.2%</b>
<span style="color: green;">●</span> Absolute return	<b>6.6%</b>
<span style="color: orange;">●</span> UK equities	<b>4.9%</b>
<span style="color: teal;">●</span> Private equity	<b>3.2%</b>



\* Other alternatives includes investment allocations in commodities, credit opportunities and emerging market debt.

To upload the image click the Save button below

## Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 10.1**

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- None of the above

OO 11	Mandatory	Gateway	General
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**OO 11.2**

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Fixed Income – other
- Private debt
- Private equity
- Property
- Infrastructure
- Commodities
- Hedge funds
- Cash
- None of the above

OO 12	Mandatory	Gateway	General
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**OO 12.1**

The modules and sections that you will be required to complete are listed below.

*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.*

### **Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

### **RI implementation directly or via service providers**

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

**RI implementation via external managers**

Indirect - Selection, Appointment and Monitoring of External Managers

- Listed Equities
- Fixed Income - Corporate
- Private Debt
- Private Equity
- Property
- Infrastructure

**Closing module**

- Closing module

# BT Pension Scheme

## Reported Information

## Public version

## Overarching Approach

## PRI disclaimer

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

- Yes
- No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
- No

OA 02	Mandatory	Core Assessed	PRI 6
-------	-----------	---------------	-------

**OA 02.1** Indicate if your responsible investment policy is publicly available.

- Yes

**OA 02.2** Provide a URL to your responsible investment policy.

URL

<http://www.btpensions.net/156/responsible-investment>

- No

**OA 02.3** Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
  - Yes, all
  - Yes, some

**OA 02.4** List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Voting policy	<a href="http://www.btpensions.net/151/voting-disclosure">http://www.btpensions.net/151/voting-disclosure</a>
Stewardship policy	<a href="http://www.btpensions.net/153/frcs-uk-stewardship-code">http://www.btpensions.net/153/frcs-uk-stewardship-code</a>

No

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
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Our responsible investment priorities depend on materiality to the investment strategy, market, sector, length of holding period as well as costs& benefits.

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

see annual report p15 for a description of how the Trustee Directors identify, manage and monitor any conflicts of interest <http://www.btpensions.net/41/scheme-report-and-accounts>

In addition BT Pension Scheme Management Limited (BTPSM), the Executive conducts its business according to the principle that it must manage Conflicts of Interests fairly and effectively both between itself and its Client - the BT Pension Scheme (the Scheme), and between the Scheme and other parties it deals with. It aims to act professionally and independently at all times with the Scheme's best interests in mind, and takes all reasonable steps to: (i) Identify circumstances that may give rise to Conflicts of Interest entailing a material risk of damage to the Scheme's interests (ii) Establish appropriate mechanisms and systems to monitor and manage those conflicts.

No

## Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
  - Biannually
  - Annually
  - Every two years or less
  - It is not reviewed
- No

## Governance and human resources

OA 07

Voluntary

Descriptive

General

OA 07.1

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

The Trustee has set out its position on responsible investment in the Statement of Investment Principles which was prepared following written advice from BTPSM and in consultation with the Scheme's Sponsor, BT Group plc. The Trustee Board delegates oversight of responsible investment to the Trustee Responsible Investment Oversight Committee which was inaugurated in February 2014. There are four Trustee members of the Committee. The purpose of the Committee is (1) Oversee the Scheme's responsible investment strategy with the objective of securing tangible long-term benefits for Scheme members (2) Oversee BTPSM's implementation of Scheme's responsible investment strategy. The Committee is supported by BTPSM staff including the Head of Responsible Investment who leads on the day-to-day management and implementation of responsible investment working closely with other BTPSM teams including strategy, manager selection and risk as well as outsourced providers including Hermes EOS.

I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

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
- Portfolio managers
- 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
- Other role, specify
- Other role, specify

OA 08.2

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]



	Number
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1

## Promoting responsible investment

<b>OA 10</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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<b>OA 10.1</b>	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.
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**Select all that apply**

- Principles for Responsible Investment

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

- Basic
- Moderate
- Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--	--

BTPS is a founding signatory to the PRI and continues to support various working groups. We have informally and formally supported a number of PRI working groups including: fixed income, hedge funds and infrastructure. Through Hermes EOS we also actively use the PRI Clearinghouse.

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The chair of the IIGCC is a BTPS trustee. BTPSM is actively involved in the policy working group and climate risk groups of the IIGCC. We engage policymakers to reduce potential portfolio risk from climate policy uncertainty.

- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

NAPF

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

BTPS works collaboratively with NAPF on public policy engagements including the IORP II Directive. We have delegated our position on the NAPF's shareholder affair's committee to Hermes EOS.

- Other collaborative organisation/initiative, specify

UK pension funds roundtable

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We work as an informal group of UK pension schemes share best practice on responsible investment implementation.

Other collaborative organisation/initiative, specify

ILPA

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We work with other pension funds to advance the interests of private equity Limited Partners.

Other collaborative organisation/initiative, specify

ESG peer exchange

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We work together with some of the world's largest pension funds representing over \$1tn to identify and share best practice on ESG integration.

**OA 10.2** Additional information. [Optional]

BTPS encourages its managers and service providers to collaborate via many of the initiatives outlined above for example Hermes Real Estate is an active participant and reports against the GRESB framework. This is the most efficient model for BTPS to avoid duplication of efforts yet still maintain relationships with these organisations. We monitor progress by asking our managers and service providers to report back on their work with these organisations and flag any areas BTPS might consider lending support to directly.

<b>OA 11</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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**OA 11.1**

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

**OA 11.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

<b>OA 12</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 4,5,6</b>
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**OA 12.1**

Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

Yes

- Yes, individually
- Yes, in collaboration with others

**OA 12.2**

Select the methods you have used.

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

**OA 12.3**

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

- Yes, publicly available
- No

No

## ESG issues in asset allocation

<b>OA 13</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>OA 13.1</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
----------------	--

Yes

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Other, specify

<b>OA 13.2</b>	Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
----------------	---

A core part of the Scheme's RI strategy is to build our understanding of long-term risks and opportunities which could help inform the Scheme's investment decision making. For example in response to the Mercer 2011 climate study BTPS co-sponsored, we are beginning to consider the potential impact of different climate scenarios across assets and liabilities and the most cost effective mitigation strategies for the Scheme.

No

OA 14	Voluntary	Descriptive	PRI 1
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<b>OA 14.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
----------------	---

Yes

<b>OA 14.3</b>	Please specify which thematic area(s) you invest in and provide a brief description.
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	Area
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- Clean technology (including renewable energy)

	Asset class invested
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- Listed equity
- Fixed income - corporate
- Private debt
- Private equity
- Property
- Infrastructure

	Brief description of investment
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BTPS acts in the best interests of its members and invests in the low-carbon economy where the Scheme's long-term risk adjusted return requirements are met. To date investments have been made including but not exclusively as follows:

- As part of its infrastructure investment allocation the Scheme has invested a 144MW in an onshore wind farm in the UK;
- \$500million allocation to a specialist global renewable energy manager; and

- In 2011, BTPS and the UK Government seeded the Hermes GPE Environmental Innovation fund with £75million and £50million respectively making investments in UK-based, low carbon and clean technology funds.

- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No

# BT Pension Scheme

## Reported Information

### Public version

#### Indirect – Manager Selection, Appointment and Monitoring

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

<b>SAM 01</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1-6</b>
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**SAM 01.1** Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

The Scheme aims to build long-lasting, trust-based relationships with its investment managers. We expect our asset managers to be aligned to our RI mission statement, beliefs and policies. We therefore explore our manager's approaches and processes on integrating RI as we construct portfolios, undertake due diligence, design investment mandates and monitor investments.

<b>SAM 02</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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**SAM 02.1** Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

Yes

No

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

we use consultants to help conduct operational due diligence on investment managers

<b>SAM 03</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>General</b>
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**SAM 03.1** Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply



Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - corporate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Private equity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Private debt	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Property	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Infrastructure	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

### Overview

SAM 04

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

SAM 04.1

Provide a breakdown of your externally managed listed equities, corporate fixed income and government fixed income by passive, active quant, active fundamental and other active strategies.

Listed equity (LE)

Type of strategy	As % of externally managed listed equity
Passive	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Active - quantitative (quant)	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%

Fixed income - corporate (FIC)

Type of strategy	As % of externally managed corporatefixed income
Passive	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

SAM 05

Mandatory

Gateway

PRI 1,2

SAM 05.1

Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:

Active investment strategies

Active investment strategies	LE	FIC	
Screening	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Passive investment strategies

<b>Passive investment strategies</b>	<b>LE</b>		
Screening	<input checked="" type="checkbox"/>		
Thematic	<input checked="" type="checkbox"/>		
Integration	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

**SAM 05.2** Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.

	<b>LE</b>	<b>FIC</b>
We engage directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We require our external managers to engage on our behalf	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 05.3** Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.

	<b>LE</b>
We cast our (proxy) votes directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>
We require our external managers to cast our (proxy) votes on our behalf	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

**Selection**

**SAM 06** **Mandatory** **Core Assessed** **PRI 1-6**

**SAM 06.1** Indicate whether your organisation, and/or your investment consultant, in the manager selection process for listed assets, typically do any of the following:

General

	LE	FIC	
Review the manager's responsible investment policies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss managers' governance and management of responsible investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Discuss the role managers have played in collaborative initiatives	<input type="checkbox"/>	<input type="checkbox"/>	
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss the type of ESG reporting you expect	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>	<input type="checkbox"/>	
Other general aspects in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

ESG incorporation

	LE	FIC	
Evaluate the quality and coverage of ESG research used by managers	<input type="checkbox"/>	<input type="checkbox"/>	
Assess how the manager incentivises brokers to provide ESG research	<input checked="" type="checkbox"/>	n/a	
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Evaluate index providers' ESG incorporation when designing the index	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other ESG incorporation issues in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

### Engagements

	LE	FIC	
Discuss the managers' engagement processes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Discuss the role managers have played in influencing companies' ESG practices and performance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Discuss how information gained through engagement is incorporated into investment decision-making	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other engagement issues in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

### (Proxy) voting

	<b>LE</b>
Discuss the managers' voting processes	<input checked="" type="checkbox"/>
Discuss how information gained through research for (proxy) voting is used in investment-decision making	<input checked="" type="checkbox"/>
Other (proxy) voting issues in your selection process, specify	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

## Appointment

<b>SAM 07</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 4</b>
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<b>SAM 07.1</b>	When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in investment management agreements/contracts for your listed assets:
-----------------	--

	General
--	---------

	<b>LE</b>	<b>FIC</b>	
Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other general RI considerations in investment management agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

	ESG incorporation
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	<b>LE</b>	<b>FIC</b>	
Specific requirements relating to the incorporation of ESG issues into investment decision-making	<input type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations relating to ESG incorporation in investment management agreements, specify	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

### Engagement

	LE	FIC
Specific requirements relating to engagement	<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"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

### (Proxy) voting

	LE
Specific requirements relating to (proxy) voting	<input checked="" type="checkbox"/>
Other RI considerations relating to (proxy) voting in investment management agreements, specify	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

### Reporting

	LE	FIC	
Reporting on the agreed responsible investment activities	<input type="checkbox"/>	<input type="checkbox"/>	
Reporting on the ESG characteristics of the portfolio	<input type="checkbox"/>	<input type="checkbox"/>	
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations relating to reporting in investment management agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

#### SAM 07.2

Provide additional information relevant to your organisation's manager appointment process and considerations included in contractual agreements for listed assets.

We prefer less prescriptive methods for setting our expectations to investment managers regarding responsible investment. We will engage with a manager and follow up in writing with our requirements and may include requirements in the mandate. From a reporting perspective, along with 16 other UK pension funds, in 2015 we published a landmark Guide to RI reporting in public equity which we expect our managers to draw on.

## Monitoring

SAM 08

Mandatory

Core Assessed

PRI 1

SAM 08.1

Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:

General

	LE	FIC	
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Highlight examples of good responsible investment practice by other managers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Review the manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	<input type="checkbox"/>	<input type="checkbox"/>	
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input type="checkbox"/>	<input type="checkbox"/>	
Request information on whether your manager's approach to ESG issues has impacted financial performance	<input type="checkbox"/>	<input type="checkbox"/>	
Request information on whether your manager's approach to ESG issues has impacted risk or volatility	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Request information on whether your manager's approach to ESG issues has impacted ESG performance	<input type="checkbox"/>	<input type="checkbox"/>	
Other general aspects of your monitoring, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

ESG incorporation



	LE	FIC	
Request information on ESG incorporation in specific investment decisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other ways you monitor ESG incorporation, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

Engagements

	LE	FIC
Review the ESG information relevant to the engagements	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Discuss the number of engagements and their comprehensiveness	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the type of role played (i.e. leading or supporting)	<input type="checkbox"/>	<input type="checkbox"/>
Review the progress of ongoing engagements and/or outcomes of completed engagements	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other ways you monitor engagement activities, specify	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

(Proxy) voting

	<b>LE</b>
Review the number or percentage of votes cast	<input checked="" type="checkbox"/>
Request an explanation of reasons for votes cast	<input type="checkbox"/>
Discuss whether companies were informed of the reasons for votes against management recommendations or abstentions/withheld votes	<input checked="" type="checkbox"/>
Review the number of resolutions on ESG issues filed or co-filed	<input type="checkbox"/>
Discuss the changes in company practice (outcomes) that have been achieved from voting activities	<input checked="" type="checkbox"/>
Other ways you monitor (proxy) voting activities, specify	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

<b>SAM 09</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**SAM 09.1** For the listed equities where you have given your external managers a (proxy) voting mandate, indicate the approximate percentage (+/- 5%) of votes that were cast during the reporting year.

We track or collect this information

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 track or collect this information

**Private equity (PE), property (PR) and infrastructure (INF) - non-listed assets**

**Selection**

<b>SAM 10</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1-6</b>
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**SAM 10.1**

Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:

**General**

	<b>PR</b>	<b>INF</b>
Review the manager's/general partner's responsible investment policy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the manager's governance and management of responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss minimum responsible investment expectations that managers must meet	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the role managers have played in collaborative initiatives	<input type="checkbox"/>	<input type="checkbox"/>
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input type="checkbox"/>	<input type="checkbox"/>
Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's responsible investment disclosure, including PRI reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>	<input type="checkbox"/>
Other general aspects in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

**Investment selection (pre-investment) of underlying holding**

	<b>PR</b>	<b>INF</b>
Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other pre-investment aspects reviewed in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

Investment monitoring (post-investment) of underlying holding

	PR	INF
Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other post-investment aspects reviewed in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

Appointment

<b>SAM 11</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 4</b>
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<b>SAM 11.1</b>	When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in agreements/fund formation contracts for your non-listed assets:
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General
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	PE	PR	INF
Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general RI considerations in your agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Investment selection (pre-investment) of underlying holding

	PE	PR	INF
Specific requirements relating to how ESG issues are identified and managed in investment decision-making	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations relating to investment selection in your agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Investment monitoring (post-investment) of underlying holding

	PE	PR	INF
Specific requirements relating to the manager supporting or influencing the underlying holdings' management of ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations relating to investment monitoring in your agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Reporting

	PE	PR	INF
Reporting on the agreed ESG implementation activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reporting on the ESG characteristics of the portfolio	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reporting on company incidents relating to ESG issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations relating to reporting in your agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Monitoring

SAM 12

Mandatory

Core Assessed

PRI 1-6

**SAM 12.1**

Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:

General

	PE	PR	INF
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Highlight examples of good responsible investment practice by other managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Request information on whether your manager's approach to ESG issues has impacted financial performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Request information on whether your manager's approach to ESG issues has impacted ESG performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other general aspects of your monitoring, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Investment selection (pre-investment) of underlying holding

	PE	PR	INF
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other ways ESG issues are incorporated in the pre-investment process, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Investment monitoring (post-investment) of underlying holding

	PE	PR	INF
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Request examples of ESG issues identified within the portfolio and action taken in response	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Request details of how ESG factors were considered when preparing to exit from investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other ways ESG issues are monitored in the post-investment process, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Other asset classes

<b>SAM 13</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1-6</b>
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**SAM 13.1**

Describe how your organisation, and/or your investment consultants, address responsible investment factors in manager selection, appointment and/or monitoring process for the following asset classes:

Asset Class	Description
Private debt	We are beginning to explore the materiality of different responsible investment factors for this asset class and will report further detail next year.

### Communication

<b>SAM 16</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**SAM 16.1**

Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

Yes, we disclose information publicly

provide URL

<http://www.btpensions.net/156/responsible-investment>

**SAM 16.2**

Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

Yes

**SAM 16.3**

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
- Details of the responsible investment activities carried out by managers on your behalf
- E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
- Other, specify

No

- Yes, we disclose information to clients/beneficiaries only
- We do not proactively disclose information to the public and/or clients/beneficiaries



# BT Pension Scheme

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Engagement

### Overview

LEA 02	Mandatory	Gateway	PRI 1,2,3
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LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
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Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements conducted via collaborations

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.
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☉ Yes

**LEA 05.2**

Describe how you identify and prioritise collaborative engagements.

For the Scheme's passive investments, Hermes EOS undertakes collaborative engagements with companies on BTPS' behalf, on environmental, social, strategic and governance issues with the goal of achieving beneficial change with respect to risk management, value creation and fund reputation. Collaborative engagement is objective driven and follows a structured, milestone-driven approach. Collaborative engagement interactions are sought at board and senior management level, liaising with other investors as appropriate. Collaborative work is carried out by multinational team drawn from the major investment regions around the world.

No

**LEA 06****Mandatory****Core Assessed****PRI 2****LEA 06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

Yes

- Yes, for all collaborative engagement activities
- Yes, for the majority of collaborative engagement activities
- Yes, for a minority of collaborative engagement activities

No

**LEA 06.2**

Indicate if you monitor the actions companies take following your collaborative engagements.

Yes

- Yes, in all cases
- Yes, in the majority of cases
- Yes, in the minority of cases

**LEA 06.3**

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

Collaborative engagement is objective driven and follows a structured, milestone-driven approach.

In undertaking engagements on our passive equity portfolio, Hermes EOS identifies appropriate objectives, or outcomes, for its engagements. Engagement progress is continuously monitored against these objectives over time by reference to a series of pre-defined milestones. Hermes EOS records all activity against milestones in its internal engagement database which contains records of all engagement activities and it reports to the Fund against its progress in relation to these companies. Progress evaluations are undertaken by Hermes EOS' internal engagement staff and team leaders to ensure that engagements are progressing satisfactorily against milestones, or where this is not, the case to consider whether a change of approach or strategy is required.

Using the 'milestone' approach enables us to report and objectively assess the responsiveness of companies to engagement. Engagement activities may be concluded where the objective of the engagement has been achieved or where the company does not respond to ongoing and repeated engagement effort.

Milestones are broadly measured in the following stages:

- Concern raised with company at appropriate level
- Acknowledgement of the issue
- Development of a credible strategy or plan to address the concern
- Implementation of a strategy or measures to address the concern

No

## Process for engagements conducted with/on your behalf by service providers

LEA 07	Mandatory	Core Assessed	PRI 2,4
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**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 what role you play in engagements that your service provider conducts on your behalf.

- Specify the issues for the engagement
- Specify the objectives for the engagement
- Select the companies to be engaged with
- Participate directly in the engagements with your service provider
- Actively monitor and review the activities of the service provider
- Other, specify

No

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

We provide strategic direction to EOS and oversee their activities. We provide input into their processes for setting objectives and prioritising themes and issues. BTPSM's Head of Responsible Investment sits on EOS' advisory board and conducts formal annual and monthly reviews of the Scheme's stewardship services provider.

LEA 08	Mandatory	Core Assessed	PRI 2,6
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**LEA 08.1** Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- The subject (or ESG issue(s)) of engagement
- The objectives of the engagement
- The rationale for engagement
- The frequency/intensity of interactions with companies
- Progress towards achieving engagement goals
- Outcomes that have been achieved from the engagement
- Next steps for engagement activity
- Other, specify
- None of the above

## General processes for all three groups of engagers

<b>LEA 09</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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**LEA 09.1** Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

Type of engagement	Insights shared
<b>Collaborative engagements</b>	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
<b>Service provider engagements</b>	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

<b>LEA 10</b>	<b>Mandatory</b>	<b>Gateway/Core Assessed</b>	<b>PRI 2</b>
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**LEA 10.1** Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
<b>Collaborative engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Service provider engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

## Outputs and outcomes

<b>LEA 11</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**LEA 11.1** Indicate the number of companies with which your organisation engaged during the reporting year.

	<b>Number of companies engaged</b> (avoid double counting, see explanatory notes)
Collaborative engagements	0
Service provider engagements	289

**LEA 11.2** Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

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

**LEA 11.3** Indicate what percentage of your collaborative engagements you were a leading organisation on during the reporting year. [Optional]

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

**LEA 11.4** Indicate for which part of your service provider engagements you were highly involved during the reporting year. [Optional]

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

<b>LEA 12</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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**LEA 12.1** Indicate if your engagements in the reporting year covered E, S and/or G issues.

Type of engagement	Coverage
Collaborative engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Service provider engagements	<input type="checkbox"/> Environmental <input type="checkbox"/> Social <input type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

**LEA 12.2** Provide an estimated breakdown by E, S and/or G issues.

Collaborative engagements

100%

Service provider engagements

% Environmental only

12.3

% Social only

20.7

% Corporate Governance only

49.2

% Overlapping ESG issues

17.8

100%

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

Yes

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

	Number of company changes or commitments to change
Collaborative engagements	
Service provider engagements	145

No

<b>LEA 14</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA 14.1** Provide examples of the engagements that your organisation carried out during the reporting year.

Add Example 1



Topic or ESG issue	Governance – board structure
Conducted by	<input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	To improve corporate governance standards worldwide, in particular to manage risk effectively. A good board structure is essential to this. Company boards should comprise independent members who are equipped with the right skills. Ideally each board member will enhance the diversity of the board, be it by gender, ethnicity, nationality, background or skillsets. Regular board refreshment - the avoidance of long tenures - and succession planning are also crucial.
Scope and Process	Longstanding engagements with companies have given Hermes EOS access to executive and non-executive board members of companies that were reluctant to engage in the past. Hermes EOS' good relationships with companies proved fruitful for the continuation of dialogue on board structure and recruitment processes. Companies explained the rationale behind their current board structure before Hermes EOS suggested improvements where applicable. Sometimes Hermes EOS also drew on the support of other institutional investors - or filed shareholder proposals in the US to seek proxy access or appoint an independent chair - to meet its objectives. Hermes EOS also engaged with the relevant regulatory bodies in different jurisdictions on board structures.
Outcomes	Hermes EOS' engagement in 2014 helped facilitate substantial changes to companies' board structure in line with what it had called for. Where the roles of chair and CEO could not be undertaken by separate individuals, Hermes EOS pushed for lead independent directors to be in place to provide some counterbalance. Several companies in Hermes EOS' engagement programme appointed such individuals in 2014. Hermes EOS also contributed to board appointments to protect the rights of minority shareholders. Hermes EOS suggested that a process of formal board evaluation be instigated and regularly undertaken where this was not previously done. It particularly welcomed appointments of individuals that enhanced the diversity and skillsets of the boards.

Add Example 2

Topic or ESG issue	Social and ethical – Supply chains
Conducted by	<input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	To protect fundamental labour rights which cover the company and its supply chain, including the right to effective health and safety, rights of association, management of child labour, lack of discrimination and the payment of a fair and preferably living wage.
Scope and Process	Hermes EOS engaged with several global retailers on their supply chains. As part of the engagement, Hermes EOS visited the supplier factories of four global retailers in Bangladesh where it gained first-hand impressions of the lives and working conditions of their factory employees. Hermes EOS noticed that the Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety initiatives that were launched in the wake of the 2013 Rana Plaza building collapse appear to have greatly improved building safety in the country. In addition to engaging with the companies on the ground in Bangladesh and with their head offices, Hermes EOS met NGOs, representatives of the initiatives and other key stakeholders to press for education of the industry on health and safety, the fair living wage, environmental issues and the empowerment of women.
Outcomes	As a result of its good relationship with one global retailer, Hermes EOS was the first investor representative to visit the company in Bangladesh on a one-to-one basis. That retailer has worked very hard to reduce the human rights risks in its Bangladeshi supply chain. Hermes EOS is also optimistic that the company's dedication to ethical behaviour and supply chain integrity will encourage it to better manage its human resources at home. Its announcement to increase the pay of many of its home market staff and to substantially invest in staff training and career development confirmed that optimism. The other three retailers whose factories Hermes EOS visited also showcased good and best practice management of supply chains and health and safety and demonstrated long-term alignment with its thinking.

Add Example 3

Topic or ESG issue	Environmental – Land use change
Conducted by	<input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	To promote careful management of environmental risks arising from forestry and agricultural operations, including direct operations and dependency on other operations through the supply chain.
Scope and Process	Hermes EOS raised concerns with companies involved in the plantation of palm oil. Noting a lack of public disclosure of sustainability issues at one company in particular, Hermes EOS urged it to publish a policy commitment, emphasising the significance of reputational risks faced by palm oil producers. Hermes EOS discussed the company's progress in obtaining certification from the Roundtable on Sustainable Palm Oil (RSPO) for all of its plantations to ensure that the company was on track to meet its targets.
Outcomes	In July 2014, the company - together with several other palm oil growers and traders - published the Sustainable Palm Oil Manifesto. The manifesto commits the companies to refrain from deforestation of high carbon stock (HCS) forest, to create traceable and transparent supply chains and to protect peat areas. This was followed by an announcement that these companies would halt development of potential HCS areas while an HCS study is underway. In addition the company informed Hermes EOS that it obtained RSPO certification for all of its plantations and mills in Malaysia and that it is on track to achieve its 2015 target for Indonesia. The company also published its first sustainability policy and will engage with its contractors and suppliers to ensure their adherence to the policy.

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

## Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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**LEA 15.1** Indicate whether your organisation proactively discloses information on its engagements.

- We disclose it publicly

provide URL

<http://www.btpensions.net/152/engagement-reports>

**LEA 15.2** Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

**LEA 15.3** Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

**LEA 15.4** Indicate how frequently you typically report engagements information.

- Disclosed continuously (prior to and post engagements)
  - Disclosed quarterly
  - Disclosed annually
  - Disclosed every two years or less
  - Other, specify
- No
- We disclose it to clients and/or beneficiaries only
  - We do not proactively disclose it to the public and/or clients/beneficiaries.

## (Proxy) voting and shareholder resolutions

### Overview

<b>LEA 16</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 16.1</b>	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).
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We aspire to vote all of our directly held equities and bonds and will support the recommendations of a company's board unless we have a good reason not to do so.

We outsource our proxy voting to Hermes Equity Ownership Services (EOS) and, where appropriate, we delegate voting to investment managers which can demonstrate strong capabilities.

Guided by the BT pension scheme (BTPS) voting policy, our votes are exercised in a way that is consistent with a range of best practice global principles, overlaid with EOS-developed regional principles which have themselves been based on external local market standards. In this way we are assured our votes are applied in a consistent standard of generally accepted good governance practice while also factoring in relevant regional differences in governance practice.

## Process

<b>LEA 17</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 17.1</b>	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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	Approach
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- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

	Based primarily on
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- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting decisions on our behalf.

<b>LEA 17.2</b>	Additional information.[Optional]
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Where appropriate we also delegate voting to investment managers which demonstrate strong capabilities.

<b>LEA 18</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 18.1</b>	Of the voting recommendations that your service provider made in the reporting year, indicate what percentage your organisation reviewed, and the reasons for the review.
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**Percentage of voting recommendations your organisation reviewed**

- >20%
- 5-20%
- 1-5%
- <1%

**Reasons for review**

- Specific ESG issues
- Votes where a significant level of ownership is held
- Votes against management or abstentions
- Conflicts of interest
- Corporate actions such as M&A, disposal, etc.
- Other, explain

<b>LEA 18.2</b>	Additional information [Optional]
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we assume this question refers to the voting actions that our service provider undertook on our behalf and the extent to which we reviewed them.

**Conflicts of interest**

The Scheme has established a policy for dealing with potential conflicts with the Sponsor which may arise from engagement and voting activities. A register of external public board positions of the Sponsor's board is maintained by the Trustee and is shared with the Scheme's stewardship service provider on a quarterly basis. Actual or potential conflicts of interest between EOS and its clients or between different clients of EOS are identified and managed appropriately.

**Evaluation and Reporting**

The Scheme reviews quarterly stewardship reports which contain sufficient detail to enable us to assess the quality and materiality of outsourced activities. EOS are invited to present to the Trustee Responsible Investment Oversight Committee on a quarterly basis. EOS and the Scheme's external investment managers where appropriate, are expected to provide the Scheme with an AAF 01/06 assurance statement on an annual basis.

<b>LEA 19</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 19.1</b>	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
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- Obtain confirmation that votes have been received by the company:
- Participate in projects to improve the voting trail and/or to obtain vote confirmation
- None of the above

<b>LEA 20</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>LEA 20.1</b>	Indicate if your organisation has a securities lending programme.
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- Yes
- No

LEA 21	Mandatory	Core Assessed	PRI 2
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**LEA 21.1** Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

- Yes, in most cases
- Sometimes, in the following cases:
  - votes in selected markets
  - votes on certain issues (all markets)
  - votes for significant shareholdings (all markets)
  - other, explain
    - Hermes EOS undertakes intelligent voting on our behalf according to our own proxy voting policy. see below
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

**LEA 21.2** Additional information. [Optional]

Hermes EOS undertakes intelligent voting on our behalf according to our own proxy voting policy. This means that all proxies are voted in line with the individual circumstances of the company and the vote, rather than using a box-ticking approach or as a compliance driven activity. The vote is viewed as an annual governance health check and voting work is strongly linked with corporate engagement. The vote is not perceived as an end in itself but rather as a mechanism which precipitates further change where required. Hermes EOS files shareholder proposals in markets where it is relevant to do so, typically in Germany and the US, either as lead filer or as co-filer alongside other investors. Consistent with its intelligent voting approach, this typically forms part of a wider engagement with the company and is used as a tool for leverage in its dialogue with management. Where, in accordance with its policies, Hermes EOS has executed a vote against management on large holdings or otherwise high-profile companies, it seeks to follow up with the company either in writing to explain the reasons giving rise to a vote against and the steps that it would like to see the company take to rectify the issue. As necessary, Hermes EOS will look to engage with the company before the meeting to ensure that the issue giving rise to the vote against is addressed so that it can vote in line with management's recommendation, a vote 'for' management 'by exception,' in subsequent years. It may look to vote against management in a number of different scenarios. While it is difficult to provide a general description, typically this will be where a vote with management would not serve the best long-term interests of shareholders. This may be either in terms of remuneration or where there are insufficient skills on the board to take the company forward.

There may also be specific instances where a vote in favour of management would be actively detrimental to the company, for example in the case of a merger or acquisition. Hermes EOS rarely abstains on votes. In the very rare instances that it does consider abstaining, this may be because it is unable to vote with management - typically due to inadequate information being provided - but where a vote against management may appear unduly harsh. Hermes EOS always seeks to obtain the required information to make an informed voting decision but this may not always be possible.

## Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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**LEA 22.1** For listed equities where you and/or your service provider has 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%)

%

100

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
- We do not track or collect this information

LEA 24	Voluntary	Descriptive	PRI 2
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**LEA 24.1** Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

- Yes

**LEA 24.2** Indicate the number of ESG shareholder resolutions you filed or co-filed.

Total number

1

**LEA 24.3** Indicate what percentage of these ESG shareholder resolutions.

Went to vote	<input type="text" value="0"/> %
Were withdrawn due to changes at the company and/or negotiations with the company	<input type="text" value="100"/> %
Were withdrawn for other reasons	<input type="text" value="0"/> %

Total

100%

- No

LEA 25	Voluntary	Descriptive	PRI 2
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**LEA 25.1**

Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

Add Example 1

Topic or ESG issue	Remuneration
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> 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 maximise long-term value.
Scope and Process	A vote against management in relation to remuneration may indicate that the remuneration report proposed by management does not demonstrate sufficient alignment with shareholder interests. This may be due to lack of sufficient performance metrics or may indicate that the quantum put forward by the company is excessive in view of the company's performance. Remuneration has been a key theme for the engagement work of Hermes EOS and this is supported by its voting related discussions with companies. In 2014, Hermes EOS engaged with a number of companies where it identified a misalignment between executive compensation and shareholder interests. In some cases, Hermes EOS agreed to vote with management 'by exception' on the understanding that management was moving in the right direction. Hermes EOS then followed up with these companies. Hermes EOS also spoke to those where they recommended voting against the remuneration scheme put forward by management to outline their concerns and agree an acceptable way forward.
Outcomes	Voting activity relating to remuneration during 2014 supported and built on Hermes EOS' engagement dialogue with companies. Using its milestone approach for measuring progress in engagements, a number of conversations Hermes EOS had with companies around the vote led to governance changes at companies. Other conversations around the vote contributed toward continuing engagements with companies where the required change is still outstanding.

Add Example 2

Topic or ESG issue	Board structure
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Boards should comprise individuals with an appropriate and diverse range of competencies, knowledge and experiences to effectively carry out their duties.
Scope and Process	<p>Ideally boards should be led by an independent non-executive chair. Boards should establish and maintain an appropriate corporate culture, be representative of all shareholders including minorities and should assume responsibility for remuneration policies and oversee the risk management function. Board structure is a significant feature for engagement at our service provider Hermes EOS. Often getting the board right is the first step in addressing other social or environmental issues that the company may be exposed to. Hermes EOS regards the vote as an annual health check and often a vote against will precipitate further engagement with the company. Equally, the vote may be used in such a way as to support ongoing engagements on board structure. Consistent with its intelligent voting approach, Hermes EOS endeavours to contact companies wherever possible when it recommends a vote against. Sometimes this contact enables Hermes EOS to vote with management 'by exception.' A vote for management on a resolution is consistent with its voting policy, but not necessarily with a black-and-white interpretation of that policy. An example for a vote by exception would be a company that has committed to changing its remuneration practices to fit with good governance but where the change will not take effect until the following year. In this case, Hermes EOS may vote for current proposals on remuneration to support the company in anticipation of further changes. Subsequent to the vote, Hermes EOS follows up with companies, wherever possible, to explain the rationale for voting against and what changes it would like to see.</p>
Outcomes	<p>Voting activity on resolutions relating to board structure during 2014 supported and built on Hermes EOS' engagement dialogue with companies. Using its milestone approach to measure progress in engagements, Hermes EOS can demonstrate that a number of conversations with companies around the vote led to governance changes with companies. Other conversations around the vote contributed towards continuing engagements with companies where the required change is still outstanding.</p>

Add Example 3

Topic or ESG issue	Capital Structure
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Companies should have an efficient capital structure which will minimise the long-term cost of capital.
Scope and Process	Consistent with its intelligent voting approach, in instances of material holdings or otherwise high-profile companies, our service provider Hermes EOS endeavoured to contact companies wherever possible when it recommended a vote against. Sometimes this contact enabled Hermes EOS to vote 'with management by exception.' Subsequent to the vote, Hermes EOS follows up with companies wherever possible to explain the rationale for voting against and what changes it would like to see.
Outcomes	Voting activity in relation to capital structure during 2014 supported and built on engagements with companies on this issue. Using Hermes EOS' milestone approach to measure progress in engagements, a number of conversations with companies around the vote led to governance changes with companies. Other conversations around the vote contributed towards continuing engagements at companies where the required change is still outstanding.

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

## Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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**LEA 26.1** Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly

provide URL

<http://www.btpensions.net/151/voting-disclosure>

**LEA 26.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

**LEA 26.3**

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

**LEA 26.4**

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
  - Continuously (soon after votes are cast)
  - Quarterly or more frequently
  - Between quarterly and annually
  - Less frequently than annually
  - Other, specify
- No
- We disclose it to clients/beneficiaries only
  - We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries