



LEA 02	Disclosures: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition or identify the need for additional or other support</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via internal staff</p>		
Collaborative engagements	<p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition or identify the need for additional or other support</p> <p><input type="checkbox"/> We do not engage via collaborative engagements</p>		
Service provider engagements	<p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition or identify the need for additional or other support</p> <p><input type="checkbox"/> We do not engage via service providers</p>		

RI TRANSPARENCY REPORT

2014/15

Strathclyde Pension Fund

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	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
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	✓	Public							✓
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	✓	Public							✓
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	✓	Public							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

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	-	n/a	✓					✓	
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)	🔒	n/a	✓						✓
SAM 11	Appointment considerations (non-listed assets)	🔒	n/a				✓			
SAM 12	Monitoring processes (non-listed assets)	🔒	n/a	✓						✓
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓						✓
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓						✓
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	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
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	🔒	n/a		✓					
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	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Strathclyde Pension Fund

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
-------	-----------	-----------------	---------

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
-------	-----------	---------	---------

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

85

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

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
-------	-----------	-----------------	---------

OO 04.1 Indicate the year end date for your reporting year.

31/12/2014

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		14	915	000	000
Currency	GBP				
Assets in USD		24	663	248	872

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 percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	66
Fixed income – corporate	0	5
Fixed income – government	0	2
Fixed income – other	0	7
Private debt	0	0
Private equity	0	9
Property	0	9
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0

Farmland	0	0
Inclusive finance	0	0
Cash	0	2
Other (1), specify	0	0
Other (2), specify	0	0

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)

OO 07	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 07.1	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.
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	% of externally managed assets
Segregated mandate(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
<i>Total externally managed assets</i>	<i>100%</i>

OO 07.2	Indicate the proportion of your externally managed assets in fund-of-funds.
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	% of externally managed assets
Fund-of-funds	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1

Indicate the breakdown of your organisation’s AUM by market.

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

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

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 equity
- Property
- Cash
- None of the above

OO 12

Mandatory

Gateway

General

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
- Fixed Income - Government
- Fixed Income - Other
- Private Equity
- Property

Closing module

- Closing module

Strathclyde Pension Fund

Reported Information

Public version

Overarching Approach

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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 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

The Fund adopted the Principles for Responsible Investment as the framework to its own responsible investment policy shortly after signing in 2008. The Fund's SIP (para 10) refers <http://www.spfo.org.uk/CHttpHandler.ashx?id=12617&p=0>

OA 02	Mandatory	Core Assessed	PRI 6
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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.spfo.org.uk/CHttpHandler.ashx?id=12617&p=0>

- No

OA 02.5 Additional information. [Optional]

As mentioned in the previous section, the Fund has adopted the Principles of Responsible Investment as it RI policy. The above link refers to para 10 of the SIP which refers. The Fund produces a quarterly RI report, which is publicly available, and which contains an introductory section on the Fund's policy. <http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=e%97%9Dj%95i%7F%8D>

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.

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 checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04

Mandatory

Core Assessed

General

OA 04.1

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

- Yes
- 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

OA 05.4

Additional information. [Optional]

The Fund uses the 6 PRI principles as the core of its RI policy and compliance with the Principles is the Fund's stated RI objective. The quarterly RI reports speak to pursuit of this compliance. The Fund's annual meeting and annual report feature a section on RI in which the year's activity/compliance/ is discussed. The 2014 annual meeting included a session dedicated to our RI work lead by our overlay provider, GES.

<http://www.spfo.org.uk/CHttpHandler.ashx?id=17327&p=0>

<http://www.spfo.org.uk/CHttpHandler.ashx?id=19772&p=0>

OA 06	Voluntary	Descriptive	General
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OA 06.1

List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

- Add responsible investment objective 1

Objective 1	Ensure full manager compliance with voting policy and to increase frequency and depth of engagement with portfolio companies. Increase frequency and depth of collaborative work
Key performance indicators	Evidence is manager, overlay provider and officer meeting compliance with each principle or showing progress of working towards as detailed in quarterly and annual reports
Describe the progress achieved	Voting policy compliance delivered by all managers. Engagement outcomes delivered resulting in media coverage and invitations to collaborative work with other asset owners.

- Add responsible investment objective 2

Objective 2	Extend the RI efforts of the Fund to a wider range of asset classes.
Key performance indicators	Evidence of PRI compliance from service providers in private equity and real estate
Describe the progress achieved	Reported outcomes from real estate including EPC compliance and sustainability in construction/development. Engagement and corporate governance outcomes delivered and detailed in reporting

Add responsible investment objective 3

Objective 3	Increase the frequency and depth of collaborative engagement work.
Key performance indicators	Evidence of activity to be reported in the Fund quarterly RI reporting
Describe the progress achieved	Reports over the 4 quarters detail the increased in depth and frequency plus the wide range and variety of collaborative initiatives

OA 06.2

List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.

Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Ensure full manager compliance with voting policy and to increase frequency and depth of engagement with portfolio companies. Increase frequency and depth of collaborative work
Key performance indicators	Evidence is manager, overlay provider and officer meeting compliance with each principle or showing progress of working towards as detailed in quarterly and annual reports

Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Extend the RI efforts of the Fund to a wider range of asset classes.
Key performance indicators	Re-appointed overlay provider has been procured to extend engagement to fixed income, alternatives, real estate and private equity. Quarterly reporting will confirm

Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Increase the frequency and depth of collaborative engagement work.
Key performance indicators	Evidence of activity to be reported in the Fund quarterly RI reporting

Governance and human resources

OA 07	Voluntary	Descriptive	General
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OA 07.1 Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

The Strathclyde Pension Fund (SPF) Committee (trustees) are the ultimate decision makers and stewards of the RI policy and commitment to PRI. The Fund investment manager (Richard Keery) takes the lead role in implementing the Committee decisions and directives on the RI policy. The investment manager can call on the CIO, the Head of Pensions and administrative support in this implementation. The Funds external investment managers play a leading role in the company facing RI efforts and since 2011 they are assisted by Stockholm based Global Engagement Services (GES) who provide a RI overlay service. GES co-ordinate the external managers engagement efforts and provide detailed research to focus the collaborative effort of the managers.

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
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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
Head of Pension

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
- Dedicated responsible investment staff
- 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 08.3

Additional information. [Optional]

No full time dedicated staff. However the SPF investment manager takes the lead role and dedicates ever increasing amounts of time to RI. He is assisted by the dedicated overlay provider, GES. The Fund Chair has taken a more hands on role in specific RI themes in 2014.

OA 09

Voluntary

Additional Assessed

General

OA 09.1

Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

Board members/Board of trustees

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

OA 09.2

Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.

The Strathclyde Pension Fund Committee receive a full RI report at each quarterly meeting. The SPF investment manager engages with the trustees on the content. The Fund's external investment managers present to the trustees on portfolio performance and activity which includes RI work. The trustees and the Fund's Representative Forum (board of stakeholders) receive training directly prior to each respective quarterly meeting. This training is delivered by the external managers with RI content and has also been delivered as dedicated RI training by the overlay provider, GES. Officers provide annual training session for trustees which includes RI.

- None of the above

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

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

Other C-level staff or head of department

Head of Pension

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

Portfolio managers

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

OA 09.3	Provide any additional information on your organisation’s performance management, reward and/or personal development processes in relation to responsible investment.
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As a key role for the SPF investment manager the Fund's RI efforts and activities are referenced in the SPF investment manager's PDP and job role.

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
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OA 10.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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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)
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- Basic
- Moderate
- Advanced

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

The six principles form the Fund's RI policy

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change

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]

Carbon Action

The Fund has access to most organisations through the service providers memberships

- CDP Forests

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

- Basic
- Moderate
- Advanced

- CDP Water

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

- Basic
- Moderate
- Advanced

- 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)
- Interfaith Center on Corporate Responsibility (ICCR)

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]

Direct involvement in the recent initiative of the ICCR on 'Fire and Building Safety in Bangladesh' and the ShareAction 'Living Wage' campaign.

- 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

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]

Global Compact is the core element of the GES model. GES, on behalf of SPF respond to breaches of international norms as measured by Global Compact. SPF therefore engages on the basis of Global Compact

- Other collaborative organisation/initiative, specify

ShareAction Living Wage campaign. PRI clearing house Arctic exploration etc. RI events including PRI, ShareAction, and GES engagement roundtables and the Global Child Forum

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

- Basic
- Moderate
- Advanced
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

OA 10.2	Additional information. [Optional]
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The Fund prefers to work in a more direct manner and to take part in collaborative work selectively. It does not find that a list of 'memberships' ensure compliance with its PRI obligations

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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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

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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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.
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Yes

- Yes, individually
- Yes, in collaboration with others

OA 12.2	Select the methods you have used.
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- 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

provide URL

http://lawcommission.justice.gov.uk/docs/cp215_fiduciary_duties_responses.pdf

No

No

OA 12.4 Additional information.

The Funds external investment managers and GES have made many submissions to authorities and standard-setters on RI issues. These, if public, are made reference to in the SPF quarterly RI reports.

The Fund submitted a response to the Law Commission for England and Wales consultation 'Fiduciary Duties of Investment Intermediaries.'

ESG issues in asset allocation

OA 13 Voluntary Descriptive **PRI 1**

OA 13.1 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

Yes

No

OA 14 Voluntary Descriptive **PRI 1**

OA 14.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

OA 14.2 Indicate the percentage of your total AUM invested in environmental and social themed areas.

% of total AUM

1

OA 14.3 Please specify which thematic area(s) you invest in and provide a brief description.

Area

Clean technology (including renewable energy)

Asset class invested

- Listed equity
- Fixed income - corporate
- Fixed income - government
- Fixed income - other
- Private equity
- Property

Brief description of investment

The Fund has invested in all the main renewable energy technologies.

Terra Firma Infrastructure Fund for Global Renewable Energy

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=e%97%9Dj%93o%7C%8F>

Iona Environmental Infrastructure LP

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=e%97%9Dj%8En%7C%8E>

Resonance British Wind Energy Limited

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=e%97%9Dj%8En%7C%8D>

- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing

Asset class invested

- Listed equity
- Fixed income - corporate
- Fixed income - government
- Fixed income - other
- Private equity
- Property

Brief description of investment

Local SME financing-Scottish Loan Fund

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=e%97%9Df%91mz%8B>

- Social enterprise / community investing

Asset class invested

- Listed equity
- Fixed income - corporate
- Fixed income - government
- Fixed income - other
- Private equity
- Property

Brief description of investment

Social Infrastructure-Alpha Real Capital Social Infrastructure Fund
<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=e%97%9Dj%93o%7C%8A>

- Affordable housing
- Education
- Global health
- Water
- Other area, specify

Community renewable energy-Albion Community Power PLC

Asset class invested

- Listed equity
- Fixed income - corporate
- Fixed income - government
- Fixed income - other
- Private equity
- Property

Brief description of investment

Albion Community Power PLC
<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=e%97%9Dj%8Ej%7C%8D>

No

Asset class implementation not reported in other modules

OA 16	Voluntary	Descriptive	General
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OA 16.1	Describe how you address ESG issues for externally managed assets for which you are not required to report because your assets are below the minimum threshold.
---------	---

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - corporate	The Fund's Fixed income - corporate exposure is managed through a passive mandate with Legal and General Investment Management. SPF expects LGIM to dedicate the same time and efforts to fixed income RI as they do equity RI. LGIM are required to report on this through their quarterly reports and trustee/officer meetings.
Fixed income - government	The Fund's Fixed income - government exposure is managed through a passive mandate with Legal and General Investment Management. SPF expects LGIM to dedicate appropriate time and effort to fixed income. LGIM are required to report on this through their quarterly reports and trustee/officer meetings.
Fixed income - other	The Fund has an Absolute Return Bond mandate (PARS2) with PIMCO. SPF expects PIMCO to dedicate adequate time and efforts to RI. PIMCO are required to report on this through their reporting and trustee/officer meetings.
Private equity	The SPF Private Equity portfolios are mostly run on a 'fund of funds' basis and managed between two PRI signatory institutions, Pantheon and Partners Group. Both of these managers have well developed and reported RI capabilities. The managers maintain close relationships with GPs to evaluate their investment activity effectively and to protect client interests. They aim to raise any ESG issues both informally in interactions with the GPs as well as more formally in their role on Advisory Boards. Pantheon and Partners talk to all their GPs to find out whether they have a real responsible investment policy (RI), what the GP's attitude to RI is, and to what extent they need to continue to engage with the GP to help improve their performance in this area. Both managers use templates to monitor underlying funds which include RI information, so that the company ESG rating, generated through the template, reflects both organisation-specific issues and the broader nature of the sector in which it operates.
Property	The Fund's UK direct property manager, DTZ, provides reports on Energy Performance Certificates (EPC) for the portfolio. The DTZ reports identify properties which are potentially higher risk from a future compliance viewpoint. These include some expected properties such as a number of older industrial units together with some less likely examples. Given the range of outcomes the DTZ investment manager addresses possible future improvements to the portfolio in conjunction with the DTZ sustainability team and alongside the individual business plans for each investment. When the manager has identified properties with a high EPC risk assessment he instructs the sustainability team to produce EPC+ surveys for these holdings in order to improve the efficiency of these investments prior to the implementation of regulations planned for 2018. DTZ Investment Management is currently updating its Sustainability, Environmental and Corporate Social Responsibility Policy and the contents of this will be discussed with the Officers of the Fund in due course.

OA 16.2

Additional information.

The Fund will be focusing on all the above asset classes to drive better and more visible RI policy compliance in 2015.

Innovation

OA 18

Voluntary

Descriptive

General

OA 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
----------------	--

Yes

OA 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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SPF has developed an approach to RI that is very different to the LGPS peer group. SPF has not taken the common approach of joining LAPFF but rather preferred to use its own voice and to take a more active/direct role in collaborative work. The Fund has employed a Global Compact focused Swedish engagement overlay specialist as opposed to fully outsourcing its RI efforts to a typical UK based provider. The Fund has also decided to leave its voting with its external investment managers as the relevant experts. The Fund prefers to engage with those managers on voting outcomes. The Fund centres its RI work on engagement and uses the GES international norms/Global Compact based system to that effect. The Fund is clear in its understanding of fiduciary duty and does not seek to influence the external managers investment process but rather act as an active owner and engage in depth with portfolio companies in regard to the norms. The Fund believes this approach is better aligned with the fiduciary duty and protection of value and ultimately more responsible than an ethical or values based exclusion policy. The Fund works in partnership with its managers and includes ESG scored metrics in its manager RFP's to try and hire only those best suited to provide compliance with the Fund's RI policy. The dedicated RI report to the trustees is a public document that discloses in full the manager, Fund and overlay RI activity on a quarterly basis. The Fund also discloses voting activity and exceptions in this report and on its website. This transparency is not typical of the LGPS peer group. The annual meeting and annual report are both used to report the Fund's RI work on an annual basis.

The Fund has also stepped up its 'impact' investing through the 'New Opportunities Portfolio'. As mentioned in section 14.

No

Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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Yes

OA 19.2	Indicate who has reviewed, validated and/or assured your reported information.
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- Reviewed by Board, CEO, CIO or Investment Committee
- Validated by internal audit or compliance function
- Assured by an external independent provider, specify name

OA 19.3	Describe the steps you have taken to review, validate and/or assure the content of your reported information.
----------------	---

The RI activity and reporting is reviewed by the trustees quarterly. The RI activity of the external managers and overlay provider are reviewed by the officers quarterly and at least annually by the trustees. The Fund RI reporting is included in the annual Glasgow City Council internal audit. Audit Scotland will also review the processes required to comply with the reporting requirement.

OA 19.4

Attach any relevant documents.

[5d Responsible Investment.docx](#)

No

Strathclyde Pension Fund

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

SAM 02	Mandatory	Core Assessed	PRI 4
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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

SAM 02.2 Indicate how your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers. [Optional]

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

SAM 02.2	Asset class
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Listed Equity (LE)

We use investment consultants in our monitoring of external managers

SAM 02.2	Asset class
----------	-------------

Listed Equity (LE)

We use fiduciary managers

SAM 02.3 Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants and/or fiduciary managers.

Responsible investment is included in the selection process for investment consultants

Consultants' responsibilities in relation to responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with them

Responsible investment is considered when reviewing investment consultants' advice on manager selection and performance monitoring

We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

No

SAM 03	Mandatory	Gateway	General
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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"/>

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

Overview

SAM 04	Mandatory to Report Voluntary to Disclose	Gateway/Peering	General
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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.
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	Listed equity (LE)
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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 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 checked="" type="radio"/> 10-50% <input type="radio"/> >50%

SAM 05	Mandatory	Gateway	PRI 1,2
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SAM 05.1	Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:
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	Active investment strategies
--	------------------------------

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

Passive investment strategies

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

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

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

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

Engagements

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

(Proxy) voting

	LE
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"/>

If you select any 'Other' option(s), specify

'Other engagement issues in your selection process, specify' - We discuss how the managers can help our PRI compliance and how they can contribute to the Fund's collaborative engagements by co-operating with the overlay provider and other managers. We assess their willingness and ability

Appointment

SAM 07	Voluntary	Additional Assessed	PRI 4
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SAM 07.1 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

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

Engagement

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

Reporting

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

If you select any 'Other' option(s), specify

'Other RI considerations relating to engagement in investment management agreements, specify' - managers are required to co-operate with the overlay provider on engagements and to be open to assessment and benchmarking of their RI efforts, this included in the IMA.

Monitoring

SAM 08	Mandatory	Core Assessed	PRI 1
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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:
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General

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

Engagements

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

(Proxy) voting

	LE
Review the number or percentage of votes cast	<input checked="" type="checkbox"/>
Request an explanation of reasons for votes cast	<input checked="" 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 checked="" 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"/>

SAM 09	Mandatory	Core Assessed	PRI 2
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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%)

%

99

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

Outputs and outcomes

SAM 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1-6
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SAM 14.1	Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.
-----------------	--

	%
--	---

90

Communication

SAM 16	Mandatory	Core Assessed	PRI 6
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SAM 16.1	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.
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Yes, we disclose information publicly

	provide URL
--	-------------

<http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=73551>

	provide URL
--	-------------

<http://www.spfo.org.uk/CHttpHandler.ashx?id=24330&p=0>

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.
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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.
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- 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

SAM 16.4	Additional information. [Optional]
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The Fund treats direct and indirect equally and will disclose the processes at work with pooled and indirect investments. The Fund will report the outcomes and impact of the indirects RI work from time to time. This is an area the Fund will advance in 2014/2015

Strathclyde Pension Fund

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2
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LEA 01.1 Provide a brief overview of your organisation's approach to engagement.

Strathclyde Pension Fund is a long-term and responsible investor that prioritises the financial interests of its members and beneficiaries. The investment management of the Fund's assets has been delegated to external professional fund management firms. We work with our investment managers to encourage responsible corporate behaviour based on the belief that management of environmental, governance and social issues is good for long-term company performance and protects and enhances the value of the Fund's investments. Since 2008 we have based our responsible investment policy on the Principles for Responsible Investment. In 2011 the Fund appointed Global Compact focused Swedish engagement overlay specialist Global Engagement Services (GES) as its specialist responsible investment adviser and agent. GES works with Strathclyde to monitor the investment manager's engagement activities, and monitor how the information from these activities feed into the manager's investment process. The Fund is clear in its understanding of fiduciary duty and does not seek to influence the external managers investment process but rather act as an active owner and engage in depth with portfolio companies in regard to international norms. The Fund believes this approach is better aligned with the fiduciary duty and protection of value and ultimately more responsible than a ethical or values based exclusion policy. Officers of the Strathclyde Fund play an active role in co-ordinating the efforts of the IM's and GES and to ensure the Fund's RI policy is implemented and that RI activity is reported to the Funds decision makers and stakeholders. Officers will also represent the Fund, where appropriate, in collaborative engagements and governance initiatives.

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.

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input 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 internal staff
Collaborative engagements	<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
Service provider engagements	<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 run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

- Yes
 No

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

- Yes
 - Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities No

LEA 04.2 Indicate if you monitor the actions that companies take following your engagements.

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

LEA 04.3 Describe how you monitor and evaluate the progress of your engagement activities.

The GES engagement model follows a systematic and structured process. The model is shown in pages 8-11 of this annual meeting presentation <http://www.spfo.org.uk/CHttpHandler.ashx?id=16050&p=0>. The quarterly GES report to the Fund provides full transparency of engagements and progress. The Fund will report this through the quarterly RI reports. The Fund's investment manager's are expected to provide outcomes to engagement which may be reported via GES but often by the manager individually. They, like GES, provide an RI report to the Fund which is used to discuss cases and detail progress. GES also provide a dedicated engagement progress report on an annual basis. This is a table of target companies with information on the previous years engagement and the state of progress.

- No

Process for engagements conducted via collaborations

LEA 05

Mandatory

Core Assessed

PRI 2

LEA 05.1 Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

- Yes
- 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.
-----------------	---

The fund is careful to lend its voice to collaborative work that is structured and that offers clear objectives. For example the recent ICCR collaborative letters on fire and building safety in Bangladesh. Sec 3.4 and 3.5 of the following reports:

<http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=63844>
<http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=66041>

It is typical for the collaborative work to be done over an extended period of time with outcomes requiring patience and flexibility. Sec 3.5 in the report below discusses the beginning of an on-going collaboration regarding child labour in the cocoa industry

<http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=73551>

The Fund, either directly, or through GES will monitor and report outcomes.

No

Process for engagements conducted with/on your behalf by service providers			
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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.
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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]
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The Fund will require the service providers (investment managers) to support its engagement work in themes, sectors and companies identified by the engagement overlay provider. In that case the issues, objectives and the selection of the companies will provided to the service provider. Ther service providers are also expected to carry out engagements and other RI work on their own inititative.

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
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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

LEA 09	Voluntary	Additional Assessed	PRI 1,2
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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
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Service provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 09.2 Additional information.

The investment managers are partners in the GES lead collaborative engagement and have full access to the GES research and engagement outcomes. The managers are kept informed of engagement work carried out directly by GES and are expected to monitor the quarterly Fund RI reports to understand the full picture.

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

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<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
Collaborative engagements	<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
Service provider engagements	<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

LEA 10.2 Additional information. [Optional]

The investment managers provide full and detailed quarterly reports of the engagement work undertaken with the Fund's portfolio companies. The engagements are then reported through the Funds RI reporting. The GES engagement model follows a systematic and structured process. The model is shown in pages 8-11 of this annual meeting presentation <http://www.spfo.org.uk/CHttpHandler.ashx?id=16050&p=0>. GES also provide a dedicated engagement progress report on an annual basis. This is a table of target companies with information on the previous years engagement and the state of progress.

Outputs and outcomes

LEA 11 Mandatory to Report Voluntary to Disclose Core Assessed PRI 2

LEA 11.1 Indicate the number of companies with which your organisation engaged during the reporting year.

	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	1
Collaborative engagements	9
Service provider engagements	2000

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

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

LEA 11.5 Additional information. [Optional]

The RI overlay provider, GES, had over 1500 company contacts in 2014, Legal& General Investment Management alone will hold 500+ in any quarter and we employ a further 14 service providers. There is a great deal of overlap on topics and companies, in many ways due to our increasing push for collaborative work and the GES stewardship. In the interests of prudence I have given an understated figure of 2000 individual company engagements. The focus tends to be on outcomes as opposed to collecting a tally of openings.

The Fund was a signatory to collaborative letters to the constituent companies of the FTSE 100 index regarding the Living Wage.

The Fund also took part in collaborative engagements on child labour, human rights, executive remuneration, oil&gas exploration in the arctic and protection of endangered species.

LEA 12 Voluntary Additional Assessed PRI 2

LEA 12.1 Indicate if your engagements in the reporting year covered E, S and/or G issues.

Type of engagement	Coverage
Individual / Internal staff engagements	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
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 checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" 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.

Individual / Internal staff engagements

% Social only

100

100%

Collaborative engagements

	% Overlapping ESG issues
--	--------------------------

100

100%

	Service provider engagements
--	------------------------------

	% Overlapping ESG issues
--	--------------------------

100

100%

LEA 13	Voluntary	Descriptive	PRI 2
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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.
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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.
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	Number of company changes or commitments to change
Individual / Internal staff engagements	0
Collaborative engagements	35
Service provider engagements	100

No

LEA 13.3	Additional information.
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Regarding service provider engagements, the RI overlay provider, GES, had over 1500 company contacts in 2014, Legal& General Investment Management alone will hold 500+ in any quarter and we employ a further 14 service providers. Across corporate governance and engagement work the companies responding with changes run into the hundreds in any given year. Some service provider outcomes involve several managers over several years and cover more than one issue or topic. The majority of our managers (all segregated portfolios) and GES will report outcomes in their quarterly reports. In the interests of prudence I have given an understated figure of 100 individual company changes or commitments to change.

LEA 14	Voluntary	Descriptive	PRI 2
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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	Protection of endangered species
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	Investigate a report of a possible breach of international law and risk to investment value. Engage with the company to confirm and then address the issue through collaborative dialogue
Scope and Process	Use research from engagement overlay provider and other sources to establish the facts then instruct the external investment managers to engage collaboratively with the company.
Outcomes	<p>Officers of the Fund liaised with JPMorgan, Baillie Gifford and GES regarding allegations of illegal activity at Japanese internet company Rakuten. In March 2014 GES alerted the Fund to a report from the UK-based Environmental Investigation Agency which alleged Rakuten Ichiba, a Japanese subsidiary of Rakuten, was profiting from the killing of endangered species through online sales of a wide range of whale meat and ivory products.</p> <p>Additionally, according to EIA, many of the products were mislabelled and might be contaminated with high levels of mercury, which carries health risks to the potential consumer. Officers requested the relevant investment managers, JPMorgan and Baillie Gifford engage with Rakuten as a matter of urgency. Investigations quickly established that, under current rules, only whole elephant tusks must be registered with Japan's Environmental Agency and a lack of rules regulating the registration of raw ivory and the lax licensing of importers has allowed illicit stocks into its domestic market, notably for the manufacture of carved personalised signature seals (hanko). Similarly, immediately after the International Whaling Commission (IWC) established a moratorium on whaling for commercial purposes in 1986, Japan started to issue special permits authorising large-scale whaling for 'scientific purposes', saying its research can only be conducted by lethal means. Japan has taken more than 13,000 whales since the start of the moratorium, the majority of which ended up on supermarket shelves.</p> <p>As a postscript to this incident, on 1st April the International Court of Justice in The Hague ruled that Japan's whaling programme, which allowed for the killing of about 1,000 whales a year in the Southern Ocean, was illegal and must cease. The court said Japan's current research programme, known as JARPA II, was not for purposes of scientific research, as originally argued. Japan agreed to abide by the judgment of the court, and Rakuten issued a statement the following day confirming that it would ban the sale of whale and dolphin meat on its online shopping site and take down the ads. JPMorgan, Baillie Gifford and GES will continue to engage with Rakuten on the ivory issue.</p>

Add Example 2

Topic or ESG issue	Fire and building safety in the Bangladesh garment industry
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	Lobby apparel brands and retailers that manufacture and source their products from Bangladesh to implement systematic reforms that ensure worker safety and welfare
Scope and Process	In Q2 2013 the Fund co-signed a letter in co-operation with over 200 other investors to encourage adoption of the reforms. The Funds engagement overlay provider, GES, has continued to work on the issue and provide oversight of the asset owner collaborative initiative and the industry initiatives. GES also have direct engagements cases open to many of the international brands involved in Bangladesh
Outcomes	<p>The Fund's engagement overlay provider, GES, engaged with garment and apparel companies regarding fire and building safety in Bangladesh. The collapse of Rana Plaza, an eight story commercial building housing five garment factories in Savar, Bangladesh, combined with other industrial accidents worker fatalities in the USD 22 billion garment production industry in Bangladesh totalled over 1,500 in the last six years. The initial dialogue with companies involved in tragedies in Bangladesh including Sears Holdings Corp., Wal-Mart Stores, Associated British Foods and its subsidiary Primark, Benetton Group, Inditex, Loblaw, Carrefour, GAP, NEXT, Hennes & Mauritz, VF Corp., and Groupe Auchan varied. Some companies stood by their policies and reiterated previous commitments like improving factory auditing, extending training in fire safety, and declaring zero tolerance on unauthorised subcontracting of orders. Other companies were quicker to understand that this was not enough. Those companies committed significant resources to investigating the situation on the ground, engaged with local NGOs, and reviewed their modus operandi. According to GES at the forefront of this approach were Inditex, Primark, and Loblaw, and accordingly the cases on these companies have been closed.</p> <p>Following the tragedy at Rana Plaza initiatives by retailers and brands to use their combined power to effect change emerged. Two bodies were formed for this purpose: the Accord on Fire and Building Safety, which now has over 170 international brands and 10 worker unions as signatories, and the Alliance for Bangladesh Worker Safety, which has 26 members mostly from Northern America. In addition to continuing the dialogue with the companies GES has closely monitored the progress made by both initiatives. They both have a five year time frame. The first success was agreeing on minimum fire safety and structural integrity standards and accepting each other's inspection results. Although this was recently challenged by the Accord as some of the Alliance inspections on factories used by companies from both initiatives were allegedly conducted before the standard was agreed upon, the results of inspections have now been made available. Both initiatives took action when shortcomings, which posed immediate threat to workers' safety, were found during inspections.</p> <p>GES has observed significant change in how some companies are now approaching the problem. This is reflected especially by two companies; VF Corp. and Groupe Auchan. The former reviewed and altered its business model with its 'Third Way' approach and the latter, despite its initial denials of involvement in Rana Plaza, showed great understanding of the problem and engaged with other retailers early on. Enough time has passed to assess if there is genuine, permanent progress made on the ground in Bangladesh or if the companies count on the situation gradually returning to 'business as usual'. It is GES' opinion that the work done by both the Accord and the Alliance is tangible and despite their differences there is genuine progress. The Bangladeshi garment production industry is getting substantially safer and more sustainable.</p>

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Add Example 3

Topic or ESG issue	Human rights & Child Labour
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	Investigate a report of a possible breach of international law and risk to investment value. Engage with the company to confirm and then address the issue through collaborative dialogue
Scope and Process	Engagement overlay provider to establish the facts then engage with the company.
Outcomes	<p>GES has had a long running engagement with the Japanese tyre manufacturer Bridgestone. In May 2006 the UN Mission in Liberia published a report on human rights conditions at Liberian rubber plantations, including a plantation owned by a subsidiary of Bridgestone Corporation. The report portrayed child labour as a serious problem and supported allegations in a lawsuit against the company filed by the International Labor Rights Fund in 2005. Bridgestone claimed that it had banned children from tapping trees, but according to its workers, the ban was not enforced. The reported practices can be associated to a violation of the UN Global Compact Principle 5 on child labour and the corresponding Guideline V of the OECD Guidelines for Multinational Enterprises. GES has engaged with Bridgestone since 2005. In 2008 the first Collective Bargaining Agreement (CBA) was signed between the Liberian subsidiary and the local union. In 2010, a new CBA with significant improvements for the plantation workers was signed and the work situation finally improved. Bridgestone assured GES of its zero tolerance against child labour which from 2011 was included in a global policy. In 2012, the Firestone Agricultural Union of Liberia confirmed to GES that the zero tolerance policy against child labour had been put into practice and no children accompanied their parents in the fields. Reportedly, the workers' children either attended the school provided by the company, or stayed at home with other relatives. During 2013 Bridgestone further improved its approach towards human rights and the implementation of the policy. In 2014 GES reviewed Bridgestone's internal auditing survey and was assured that Bridgestone has a robust policy in place and a process to manage future child labour risks. Furthermore, throughout the engagement process, no new cases of child labour have been reported with regard to any of Bridgestone's operations. With this new information, GES has decided to resolve this case and end the active engagement with Bridgestone.</p>

Add Example 4

Topic or ESG issue	Offshore oil exploration in the Arctic
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To obtain transparency through disclosure of risks and practices from oil & gas companies involved in or considering offshore oil exploration in the Arctic
Scope and Process	Collaborative letter facilitated by the PRI Clearinghouse to seek disclosure
Outcomes	<p>In July 2014 the Fund co-signed letters, facilitated by the PRI Clearinghouse engagement platform, to international oil and gas companies that are involved (or plan to be involved) in offshore oil exploration in the Arctic. This collaborative approach was initiated by the French public service pension schemes and is supported by global investors including PGGM, F&C, BNP Paribas and Nordea.</p> <p>Hydrocarbon exploration in the Arctic presents both acute technical challenges and key uncertainties around the future economic and political trajectory of these projects, including the scale of hydrocarbon resources, the forecasted price of oil and gas, as well as the predictability of changing Arctic regulation and taxation regimes. These risks are further exacerbated for offshore oil extraction, where oil exploration has not yet started. The main objectives of this engagement were:</p> <ul style="list-style-type: none"> -Transparency of the ESG risk-management approach of the scheduled projects. -Disclosure of practices to limit the environmental damage of potential oil spills. -Specification of risk and cost-sharing agreements in joint-ventures, particularly with Russian partners with little exploration activity. -Disclosure of economic viability of the project: price assumptions, rate of returns, forecasted lead time for the projects and consequent project evaluation. <p>Followup letters and engagements followed through 2014 and into 2015</p>

Add Example 5

Topic or ESG issue	Executive Remuneration
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	Investigate a report of inappropriate executive remuneration practices. Engage with the companies to confirm and then address the issue through dialogue
Scope and Process	The Fund's service providers to engage with the companies through meetings and by letter to lobby for a review of the policies/proposals
Outcomes	<p>Legal and General met with BG Group to discuss its intention to hold an EGM to approve a package for the new CEO, Helge Lund outside its remuneration policy even though this policy was approved by shareholders earlier in the year. Mr Lund's proposed £25m pay deal faced intense criticism from investors and business organisations including the Institute of Directors and the Investment Management Association. Baillie Gifford also engaged with BG Group regarding the remuneration package for the incoming CEO. Baillie Gifford continue to have concerns about the metrics used in the long term incentive scheme and will engage with the company prior to the 2015 AGM. Subsequently the Company announced that it would withdraw the EGM and would ensure that the CEO recruitment package is in line with the previously approved policy.</p> <p>Baillie Gifford engaged with the management of UK fashion house Burberry Group following a 52% vote against the remuneration policy at the 2014 AGM. Shareholders' main concerns focused on large one-off equity awards granted to senior management, while there were frustrations with the development and structure of the new remuneration policy. Baillie Gifford met the chairman of the remuneration committee who acknowledged that its communication with shareholders ahead of the AGM could have been better, and it is working to improve disclosure and engagement.</p>

Add Example 6

Topic or ESG issue	Child Labour
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	Engage with major cocoa manufacturers and brands to discuss child labour in their supply chain. To establish the facts around child labour in cocoa and to understand the action being taken by the industry
Scope and Process	Face to face discussion with companies involved in the industry
Outcomes	<p>In October 2014 the Fund attended a GES engagement roundtable in Copenhagen to discuss child labour in the cocoa industry. The event was run in tandem with the World Cocoa Foundation conference and offered an opportunity to discuss cases and engage directly with the attendee companies including Nestle, Lindt, Olam and Cloetta and provided an important opportunity to meet and engage with other European investors in the GES Engagement Forum.</p> <p>The cocoa industry has been criticised for its association to child labour in the supply chain for many years with particular focus on West Africa where 70 per cent of the world's cocoa beans are produced. The beans are grown by millions of small scale farmers and then passed through a complex supply chain. Hundreds of thousands of children are believed to work on such farms, some of them engaging in hazardous tasks such as carrying heavy loads and using pesticides. By default this work also prevents children from attending school. Child labour is not an isolated issue, but exists in poor farming communities where the labour of all inhabitants is required for families to survive. The lack of economic opportunities in the communities has also resulted in a wave of young people leaving the land and migrating to the cities. A challenge for the cocoa industry is therefore not only to combat child labour, but also to make cocoa farming attractive for the next generation. Today the average age of a cocoa farmer in West Africa is well over 50 years. During the discussions it was apparent that the cocoa industry needs to focus on having a real impact on the livelihoods of farmers. A hot topic of conversation at the conference was a new industry wide framework for programmes aiming to increase productivity and improve social standards in the communities. 'Cocoa Action', which has already been adopted by twelve companies, is an industry commitment to reach 300,000 farmers in Ivory Coast and Ghana by 2020. However, it was clear from the discussions that while collaboration is needed to tackle the common challenges in the industry, investors and other stakeholders need to be clear that Cocoa Action is not the end of the issue. More farmers need to be reached and issues additional to those covered by Cocoa Action need to be tackled. This will require further community programmes and a scale-up of certification, monitoring and remediation systems to ensure alignment with international human rights norms. GES' continued engagement with cocoa grinders and chocolate manufacturers will emphasise the package of interventions described above and follow up on the progress of their implementation. Farmer focused programmes and product certification are not enough to eliminate child labour in the cocoa supply chain, increased collaboration between the industry and host governments is crucial.</p>

Add Example 7

Topic or ESG issue	Labour - Living Wage
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To get portfolio companies to embed social sustainability in their businesses by paying employees and contracted staff the Living Wage
Scope and Process	Letters to the constituent companies of the FTSE 100 index
Outcomes	<p>Through 2014 the Convener of the Fund, in collaboration with other UK asset owners, co-signed letters to the constituent companies of the FTSE 100 index that called on these publicly listed companies to embed social sustainability in their businesses by paying employees and contracted staff the Living Wage. ShareAction, the organiser of the Living Wage Campaign, sent these collaborative letters to the CEOs and other relevant executives of FTSE 100 companies as their AGM approached. In total these letters reached 103 companies as the constituents of the FTSE 100 altered over the course of the year. ShareAction coupled these letters with AGM questions at 45 companies about the issue of the Living Wage, including 5 of these questions raised by institutional investor signatories to these letters. Over the course of the year the number of FTSE 100 firms accredited with the Living Wage Foundation increased from 6 to 18. 12 additional firms committed to provide the Living Wage to all staff including those employed through contractors on their UK sites. 57 of the 103 FTSE 100 companies written to entered into dialogue on the issue and 16 of these have held or offered meetings with the institutional investor signatories. Because of the effectiveness of this model of engagement, ShareAction are now seeking to build upon the progress this year with an expansion of this initiative for 2015.</p> <p>In November 2014 officers of the Fund attended a ShareAction seminar to mark the launch of 2014 Living Wage Week.</p>

- 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.
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- Ⓞ We disclose it publicly

provide URL

<http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=73551>

provide URL

<http://www.spfo.org.uk/CHttpHandler.ashx?id=24330&p=0>

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.

LEA 15.8

Additional information. [Optional]

We disclose in depth in the RI quarterly reports and in summary in the annual report. Links to these reports are available on the Fund and the Council's websites. They are all available to the public

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2
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LEA 16.1	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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Historically SPF's Responsible Investment policy has been firmly focused on its investment managers, this includes proxy voting and the filing and/or co-filing of shareholder resolutions. The rationale for this approach has been that: it is consistent with the Fund's policy of outsourcing the day-to-day investment function; investment managers are best placed to engage with the companies which they have researched and invested in; and consideration of ethical, social and environmental issues should be an integral part of the managers' investment processes. The Fund's voting policy requires each investment manager to vote all possible holdings and to produce quarterly voting statistics. The Fund monitors this in detail.

Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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Approach

- 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.
- We hire service provider(s) which make voting decisions on our behalf.

Based primarily on

- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain

LEA 19	Voluntary	Descriptive	PRI 2
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LEA 19.1	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

LEA 20	Voluntary	Additional Assessed	PRI 2
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LEA 20.1	Indicate if your organisation has a securities lending programme.
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Yes

LEA 20.2	Indicate how voting is addressed in securities lending programme.
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Please select one of the following

- We recall most securities for voting on all ballot items
 - We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria
 - We occasionally recall some securities for voting on some ballot items on an ad-hoc basis
 - We empower our securities lending agent to decide when to recall securities for voting purposes
 - We do not recall our shares for voting purposes
 - Other (please specify)
- 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.
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- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

LEA 21.2	Additional information. [Optional]
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The active management of the equity mandates requires managers to follow up votes against as part of the investment process.

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%)
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99

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 23 Voluntary Descriptive PRI 2

LEA 23.1 Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.

- Yes, we track this information

LEA 23.2 Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	<p>90</p>
Against (opposing) management recommendations	<p>9</p>
Abstentions	<p>1</p>

100%

LEA 23.3 For the reporting year, describe your approach towards voting on shareholder resolutions.

The Fund relies on its external investment managers to ensure that the votes attaching to its holdings are exercised. The Fund has instructed the investment managers to vote in accordance with their own policies and practices and to take account of the Combined Code on Corporate Governance. This policy has been disclosed through our 'Statement of compliance with the U.K. Stewardship Code for Institutional Investors.'

As fiduciaries the Fund's investment managers are obliged to vote proxies in the best interests of their clients. All the Fund's equity managers have a voting policy based on the view that they must vote proxies based on what they believe will maximize shareholder value as a long-term investor.

No, we do not track 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.
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Yes

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.
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Add Example 1

Topic or ESG issue	Executive remuneration
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Encourage the companies to adopt an appropriate remuneration policies
Scope and Process	Voting against management on remuneration policy following unsuccessful engagement
Outcomes	<p>The Fund publically reports its voting activity, as managed by the service providers, on a quarterly basis with a specific emphasis on remuneration exceptions. The following is reported in the Q2 2014 Responsible Investment report.</p> <p>Legal and General opposed 485 executive remuneration proposals at company meetings across the UK, North America, Europe, Japan, Asia Pacific and Emerging Markets during quarter 2. The most notable in the UK was Standard Chartered Bank where Legal & General unsuccessfully opposed the AGM remuneration policy because overall remuneration is weighted too heavily towards short-term performance conditions. (Resolution approved by 60%). In the US at Yahoo, Legal & General voted against the company's remuneration report due to recruitment policies. They include short vesting periods of awards which call into question the retention element of executive contracts. (Resolution approved by 91%).</p> <p>J.P. Morgan voted against 42 resolutions on executive remuneration during the quarter. The remuneration report at Swiss agricultural machinery manufacturer Bucher Industries was opposed because performance conditions on variable compensation are not sufficiently challenging (resolution approved by 82%) In Italy J.P. Morgan voted against the remuneration reports at: Geox where variable incentives are uncapped and there was poor disclosure on remuneration (resolution approved); Datalogic because of poor disclosure (resolution approved) and Credito Emiliano due to a lack of disclosure (resolution approved). In Hong Kong, J.P. Morgan voted against the annual caps on deposit transactions at Huaneng Renewables because of the exposure this would give the company to unnecessary financial risks (resolution approved); renewal of the share option plan at Citic Telecom International Holdings because there are no performance conditions (resolution approved by 85%) and the adoption of a new share option scheme at Dah Sing Banking Group because executive directors are involved in administration of the scheme (resolution approved by 89%). In Australia, J.P. Morgan voted against remuneration at G8 Education because the company provides loans to associated parties on excessively favourable terms and there are no performance conditions (resolution approved by 84%). In Sweden, J.P. Morgan voted against a long-term incentive plan and hedging arrangements related to the plan at Haldex because performance conditions were not disclosed (resolution approved) and against remuneration at Peab because of excessive fees paid to the vice chairman (resolution approved). In Belgium, J.P. Morgan voted against remuneration and a share option plan at Arseus due to a lack of disclosure (resolution approved). In Greece, J.P. Morgan voted against the approval of a new option scheme at Titan Cement because options could be granted at a substantial discount to the market price (resolution approved by 78%). In the USA, J.P. Morgan voted against executive compensation at Cavium and InterMune due to unsatisfactory compensation practices (resolutions approved by 63% and 83% respectively) and amendments to an omnibus stock option plan at PumaBiotechnology due to potentially high dilution (resolution approved by 72%).</p> <p>Baillie Gifford opposed the Remuneration Report at Standard Chartered Bank. Baillie Gifford believe the use of allowances and a shortening of the performance period are not good practice. (resolution approved by 59%). Baillie Gifford opposed the Directors' Remuneration Report at Cenovus Energy as the performance and vesting periods attached to the Long-Term Incentive Plan are not sufficient (resolution approved by 88%). The Remuneration Policy at Chilean-based copper miner Antofagasta was opposed as it provides the company with too much discretion when buying new executives out of their previous awards (resolution approved by 92%). Baillie Gifford opposed the Directors' Remuneration Report at BG Group due to an inappropriate buy-out award granted to the new Chief Financial Officer (resolution</p>

approved by 66%) and a resolution on bonuses was unsuccessfully opposed at **Toyota Tsusho Corp** by Baillie Gifford as the proposal did not promote alignment with shareholders (resolution approved by 99%).

Oldfield Partners voted against the remuneration of directors at Italian integrated energy company **ENI SPA** due to a lack of disclosure in a timely manner (resolution approved 60%).

Henderson successfully opposed the Directors Remuneration Report at **JKX Oil & Gas** due to inappropriate EPS targets for awards (resolution defeated by 57%). The final outcome of the Directors' Remuneration Report will not be determined until the conclusion of an appeal to the Supreme Court by two major shareholders, Eclairs Group and Glengary Overseas, against a Court of Appeal's judgement that restriction notices served by JKX on them are valid. If the Court of Appeal's judgement is upheld, the Directors' Remuneration Report will be deemed to have been passed. Henderson opposed the Directors' Remuneration Report at the recruitment specialist **SThree** as performance targets in the Long Term Incentive Plan are not sufficiently challenging (resolution approved by 51%). In light of this near defeat the Company has committed to review the current Long Term Incentive Plan EPS performance targets and will also be reviewing future years' EPS targets as part of its annual consultation later this year. Henderson opposed the remuneration policy at **Gresham Computing** as non-executive directors participate in the incentive scheme (resolution approved). The Remuneration Report at **Cineworld Group** was opposed due to a lack of disclosure on the breakdown of the performance targets used to calculate the bonus and incentive targets (resolution approved 71%). Henderson opposed the Remuneration Policy at **Lookers plc**. Due to a lack of a deferral element under the annual bonus and no claw back provisions are disclosed in the annual report (resolution approved 64%). The Remuneration Policy at **888 Holdings** was opposed as the targets of the 888 All-Employee Share Plan award granted in 2013 are not fully disclosed (resolution approved 90%).

Lazard voted against management in the Advisory Votes to Ratify Named Executive Officers' Compensation at **Anadarko Petroleum Corporation, Devon Energy Corporation, Exxon Mobil Corporation, Exelon Corporation and Quintiles Transnational Holdings Inc.** (all resolution approved). Lazard opposed both the Remuneration Report and the Remuneration Policy at **AstraZeneca plc**. As the Company's disclosure of performance targets falls short of what is expected for a company of this size; the Remuneration Committee used its discretion to allow the departing CFO to keep £1.2 million in deferred shares; and the CEO pension contribution has been increased to 30% of basic salary (resolutions approved). Lazard opposed the Directors' Remuneration Report at Brazilian investment bank **BTG Pactual Participations** because the company's disclosure lacks transparency in regard to certain key remuneration figures (resolution approved). At **CapitaMalls Asia** Lazard opposed the Performance Share Plan due to an absence of challenging performance criteria and meaningful vesting periods (resolution approved). The Approve Directors' Fees resolution at Singapore based **DBS Group Holdings** was opposed as the proposed chairman's fee of SGD 1.35 million and total remuneration of approximately SGD 1.84 million is exceptionally high and is not in line with those paid to other independent non-executive chairman in Singapore (resolution approved). Lazard unsuccessfully voted against the Remuneration Policy at **Standard Chartered plc**. Because overall remuneration is weighted too heavily towards short-term performance conditions. The resolution to Approve the Increase in Maximum Aggregate Remuneration of Non-Executive Directors at **Woodside Petroleum** was opposed as the size of the proposed fee increase was deemed inappropriate.

- Add Example 2
- Add Example 3
- 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

LEA 26.1

Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly

provide URL

<http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=73551>

provide URL

<http://www.spfo.org.uk/CHttpHandler.ashx?id=24330&p=0>

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