



LEA 02	Disclosures Monetary	Reason for interaction	Principle PRI 1,2,3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency or identify the need for additional or improved ESG disclosure</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency or identify the need for additional or improved ESG disclosure</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	
Collaborative engagements	<p><input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency or identify the need for additional or improved ESG disclosure</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>		
Service provider engagements	<p><input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency or identify the need for additional or improved ESG disclosure</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service provider engagements</p>		

RI TRANSPARENCY REPORT

2013/14

BT Financial Group

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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

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	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

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

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Private							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓						✓
SAM 07	Appointment considerations (listed assets)	✓	Private				✓			
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	✓	Public		✓					
SAM 16	Disclosure of RI considerations	✓	Public							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

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

BT Financial Group

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 services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Other, specify

Execution and advisory only services

OO 02

Mandatory

Peering

General

OO 02.1 Select the location of your organisation's headquarters.

Australia

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

160

OO 02.4 Additional information. [Optional]

The number of staff quoted above is an approximate number of the equivalent full-time employees involved directly in the investment decision-making process of BT Financial Group and BT Investment Management, as well as supporting roles in administration, marketing and human resources.

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

OO 03.2 List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation's consolidated report.

Name of PRI signatory subsidiary	RI implementation reported here on a consolidated basis
J O Hambro Capital Management Group	<input type="radio"/> Yes <input checked="" type="radio"/> No
Hastings Funds Management	<input type="radio"/> Yes <input checked="" type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No

No

OO 04 **Mandatory** **Gateway/Peering** **General**

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

31/12/2013

OO 04.2 Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		163	200	000	000
Currency	AUD				
Assets in USD		147	418	373	456

OO 04.3 Indicate the level of detail you would like to provide about your asset class mix.

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

OO 06

Mandatory

Descriptive

General

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	10-50%
Fixed income – corporate	<10%	<10%
Fixed income – government	<10%	<10%
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	<10%	<10%
Infrastructure	<10%	<10%
Commodities	0	<10%
Hedge funds	<10%	<10%
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0

Cash	10-50%	0
Other (1), specify	0	0
Other (2), specify	0	0

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

OO 09	Voluntary	Descriptive	General
-------	-----------	-------------	---------

OO 09.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.
----------------	---

BT Financial Group Australia (BTFG) is the wealth management arm of The Westpac Group (Westpac), with combined funds under management and administration of \$163.2bn* as at December 2013. Wealth management operations include the manufacture and distribution of investment, superannuation and retirement products, investment platforms such as Wrap and master trusts, and private banking, and financial planning as well as margin lending and broking.

More information concerning Westpac's approach to sustainability can be found at: <http://www.westpac.com.au/about-westpac/sustainability-and-community/>

Funds management operations within BTFG are lead by subsidiary BT Investment Management (BTIM), in which BTFG owns approximately a 60% stake and the 100% owned fund of fund multi-manager business, branded Advance Asset Management (Advance).

BTIM in turn owns J O Hambro Capital Management (JOHCM), an investment management firm based in the U.K. JOHCM is a separate signatory to the PRI and the BTFG response contained here excludes responses on behalf of the JOHCM business.

BTIM is listed on the Australian Securities Exchange (ASX code: BTT) and manages over A\$38 billion (31 December 2013) for investors. BTIM's strategy is to implement a multi-boutique model which will be a significant development in the Australian funds management industry.

Advance is a fund of fund business, managing over \$22 billion for investors as at 31 December 2013. The core of Advance's investment philosophy is that an active multi-strategy, multi-manager process is the most effective investment strategy to deliver sustainable long-term returns and to preserve our clients' capital within any market environment.

BT Financial Group is an investment manager signatory to the PRI, reflecting the emphasis of responsible investment in its investment management division. Through its growing funds of funds business it also undertakes ESG integration activities akin to an asset owner signatory and these are also reported on under this framework.

* note that this figure excludes the consolidated fund of JOHCM, which has been excluded on the basis that this is reported separately to the PRI.

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

OO 11	Mandatory	Gateway	General
--------------	------------------	----------------	----------------

OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.
----------------	--

- Fixed income – corporate
- Fixed income – government
- Property
- Infrastructure
- Hedge funds
- Cash
- None of the above

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
- Property
- Infrastructure
- Commodities
- Hedge funds
- 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. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, 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. Direct - Fixed Income and Infrastructure are always 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 incorporation

Listed Equity incorporation

Direct - Listed Equity active ownership

Engagements

(Proxy) voting

Direct - Fixed Income

Fixed Income - Corporate

Direct - Other asset classes with dedicated modules

Property

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

Listed Equities

Fixed Income - Corporate

Fixed Income - Government

Property

Closing module

Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

BT Financial Group

Reported Information

Public version

Overarching Approach

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.

Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

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]

BTFG's RI approaches are embedded in the two investment businesses covered by this report - BTIM and Advance. Overarching Westpac Group policies also play a role in structuring BTFG's RI response.

Group Policies relevant to responsible investment:

- Our Principles of Doing Business <http://www.westpac.com.au/>
- Group Environment policy <http://www.westpac.com.au/>

RI Policies relevant to BTIM:

- Proxy Voting policy <http://www.btim.com.au/>
- ESG policy <http://www.btim.com.au/>
- Corporate Governance policies <http://www.btim.com.au/>
- Proxy voting results <http://www.btim.com.au/>

RI Policies relevant to Advance:

- Advance Sustainability Philosophy and Beliefs <http://www.advance.com.au/about-advance/sustainableinvesting.asp>
- Advance Proxy Voting Policy <http://www.advance.com.au/downloads/forms/Advance-Proxy-Voting-Policy.pdf>

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

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

- Yes

OA
02.2

Provide a URL to your responsible investment policy.

URL

<http://www.btim.com.au>

No

OA 02.3

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

Yes

Yes, all

Yes, some

OA
02.4

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

Policy or document name	URL
Proxy Voting policy	http://www.btim.com.au
ESG policy	http://www.btim.com.au
Our Principles of Doing Business	http://www.westpac.com.au
Corporate Governance policies	http://www.btim.com.au
Group Environment policy	http://www.westpac.com.au
Proxy voting results	http://www.btim.com.au

No

OA 02.5

Additional information. [Optional]

BTFG's RI approaches are embedded in the two investment businesses covered by this report - BTIM and Advance. Overarching Westpac Group policies also play a role in structuring BTFG's RI response.

Group Policies relevant to responsible investment:

- Our Principles of Doing Business <http://www.westpac.com.au/>
- Group Environment policy <http://www.westpac.com.au/>

RI Policies relevant to BTIM:

- Proxy Voting policy <http://www.btim.com.au/>
- ESG policy <http://www.btim.com.au/>
- Corporate Governance policies <http://www.btim.com.au/>
- Proxy voting results <http://www.btim.com.au/>

RI Policies relevant to Advance:

- Advance Sustainability Philosophy and Beliefs <http://www.advance.com.au/about-advance/sustainableinvesting.asp>
- Advance Proxy Voting Policy <http://www.advance.com.au/downloads/forms/Advance-Proxy-Voting-Policy.pdf>

OA 03	Mandatory	Core Assessed	PRI 1,2
-------	-----------	---------------	---------

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 checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
----------------	---

In terms of coverage, responsible investment policies cover a majority of funds under management in BTIM and Advance.

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

OA 04.2

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

The Westpac Conflicts of Interest Policy sets out the principles that BTFG follows for dealing with actual, potential or perceived conflicts that may arise. The Policy describes how to:

Identify Conflicts of Interest;
 Assess and evaluate those conflicts;
 Implement appropriate responses; and
 Maintain appropriate documentation.

The BTFG Conflicts Management Framework describes the procedures in place within BTFG to manage actual or perceived conflicts of interest. This framework applies to all Advance and includes directors, employees, contractors and consultants.

Advance is committed to appropriately identifying and managing Conflicts of Interest, including those that are characteristic of investment activities.

BTIM employs an overarching Conflicts of Interest Policy, which is intended to identify, monitor and manage conflicts of interest. The policy sets out the procedure for managing potential conflicts. The following link contains further details on our overarching policy <http://btim.com.au/a/24.html>.

Some of these conflicts covered include participation in:

- activities that involve an actual or perceived conflict with duties and responsibilities to BTIM or transactions which are prejudicial to BTIM;
- participation in dealings that involve an actual or perceived conflict with the interests of a customer or a position which unfairly puts the interests of one customer before another's, regardless of the size or nature of that relationship;
- One potential conflict of interest that may apply in this question would be on how we vote our proxies across all of our portfolios. In some instances, we may have clients that specifically request that we vote their proxies in opposition to the way the relevant analyst chooses to vote on the specific matter. In such instances, we will vote as directed by the relevant client but may not vote accordingly for the remaining portfolios.

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

No

Governance and human resources

OA 08	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
---------	---

	Roles present in your organisation
--	------------------------------------

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
- Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
---------	---

	Number
--	--------

3

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

Yes

OA 10.2

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.

Select all that apply

- 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]

BTFG was also a CDP Carbon Action signatory

- CDP Forests
- 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)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)

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]

Both BTFG and BTIM are active members of the IGCC.

BTIM Portfolio Manager Rajinder Singh is a member of the management committee and holds the position of Treasurer. IGCC's Management Committee oversees the work of the IGCC Secretariat and IGCC Member Workgroups.

BTFG and BTIM both participate in the Global Investor Survey on Climate Change

- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Responsible Investment

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

- Basic
- Moderate
- Advanced

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

BTFG (Adrian Trollor) is a member of the Australian Network Steering Committee and facilitated/hosted 2 PRI events in 2013. The first being an overview of the new PRI Reporting Framework for members and the second being a consultation with members on the Integrated Reporting Initiative. The network also facilitated other events for Australian members including a roundtable with CIOs on "Overcoming strategic barriers to a sustainable financial system" in which the BTIM CEO participated as well as a representative from BTFG.

Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

The Responsible Investment Association of Australasia (RIAA) is the peak industry body for professionals working in responsible investment in Australia and New Zealand.

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]

BTIM is a member of RIAA and holds the RIAA "Certified by' designation. BTIM has 5 funds with the designation. For more information, refer to:

<http://www.responsibleinvestment.org/certification-program/who-is-certified/find-an-asset-manager/bt-investment-management/>

BTFG (Advance) continued its ongoing sponsorship of the 2013 RI Benchmark Report. RIAA's annual Responsible Investment Benchmark Report is the region's only comprehensive study on the size and growth of the Australasian responsible investment market. Widely used and cited by the financial services industry in Australasia and across the globe, the report is a trusted source charting all aspects of the rapidly expanding RI industry, and has been produced by RIAA for over 12 years.

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

BTFG participated in the Asset Owners Disclosure Project 2012/2013.

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

- Basic
- Moderate
- Advanced

Other collaborative organisation/initiative, specify

Australian Financial Service Council

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

- Basic
- Moderate
- Advanced

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

BTFG and BTIM are active members of the FSC. BTFG's CEO Brad Cooper is the Deputy Chairman of the organisation. In respect of responsible investment, BTFG holds a position on the ESG Working Group.

Other collaborative organisation/initiative, specify

Other collaborative organisation/initiative, specify

No

OA 11	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

OA 11.2 Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

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

No

BTFG (Advance) continued its ongoing sponsorship of the 2013 RI Benchmark Report. RIAA's annual Responsible Investment Benchmark Report is the region's only comprehensive study on the size and growth of the Australasian responsible investment market. Widely used and cited by the financial services industry in Australasia and across the globe, the report is a trusted source charting all aspects of the rapidly expanding RI industry, and has been produced by RIAA for over 12 years.

BTIM has held external presentations on the topic of ESG investing, which has been attended by a range of investors and advisers in the Superannuation industry. We have also presented on the issue of RI at a range of industry conferences.

BT Financial Group

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 01	Voluntary	Descriptive	PRI 1-6
---------------	------------------	--------------------	----------------

SAM 01.1	Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.
-----------------	---

BTFG's fund of fund business, branded Advance, managed \$22 billion for investors as at 31 December 2013. This business is responsible for the management of BTFG's multi-manager strategies. The core of Advance's investment philosophy is that an active multi-strategy, multi-manager process is the most effective investment strategy to deliver sustainable long-term returns and to preserve clients' capital within any market environment. In addition to significant internal resources, Advance also uses the services of an asset consultant for the investment manager selection, appointment and monitoring process.

Advance has a formal approach to the consideration of Environmental, Social and Corporate Governance (ESG) factors in its investment process.

Responsible investment considerations are incorporated into the investment manager selection, appointment and monitoring processes primarily through;

1. Review by a sustainability specialist resource of each prospective manager's approach to ESG and how ESG factors are addressed in the investment process;
2. Consideration of the appointed asset consultant's views of the ESG integration of managers;
3. Inclusion of an ESG assessment into the appointment decision making process;
4. Formal monitoring of incumbent managers on a regular basis through formal manager review processes and ESG specific reviews;
5. Informal monitoring and engagement through dialogue concerning material ESG issues, usually on a stock specific basis in listed equities and listed property.
6. Monitoring undertaken by the internal team as well as the appointed asset consultant.

SAM 02	Mandatory	Core Assessed	PRI 4
---------------	------------------	----------------------	--------------

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

Asset class

- Listed Equity (LE)
 - Fixed income - corporate (FIC)
 - Fixed income - government (FIG)
 - Infrastructure (INF)
 - Property (PR)
 - Other asset classes
- We use investment consultants in our monitoring of external managers

Asset class

- Listed Equity (LE)
 - Fixed income - corporate (FIC)
 - Fixed income - government (FIG)
 - Infrastructure (INF)
 - Property (PR)
 - Other asset classes
- 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 02.4	Additional information. [Optional]
-----------------	------------------------------------

The above responses relate to BTFG's fund of fund business, Advance Asset Management and its appointed investment consultant.

SAM 03	Mandatory	Gateway	General
---------------	------------------	----------------	----------------

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"/>

SAM 03.2	Additional information. [Optional]
-----------------	------------------------------------

The above responses relate to BTFG's fund of fund business, Advance Asset Management and its appointed investment consultant.

Advance's investment consultant and Advance specialist resources assesses investment managers' approaches to active ownership and ESG using desk based research and direct dialogue with managers. In so doing, both are mindful of applicable best practice standards and consider the manager's investment philosophy, process and style, size, resources, market position, and location. Where applicable, our view of a manager's approach to active ownership and ESG feeds into our overall view of a manager's skill and appropriateness for our portfolios. Our overall view of a manager's approach to active ownership and ESG is supplemented by that of our investment consultant.

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

Overview

SAM 05	Mandatory	Gateway	PRI 1,2
---------------	------------------	----------------	----------------

SAM 05.1	Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:
-----------------	---

Active investment strategies

Active investment strategies	LE		
Screening	<input checked="" type="checkbox"/>		
Thematic	<input type="checkbox"/>		
Integration	<input checked="" type="checkbox"/>		
None of the above	<input 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 checked="" type="checkbox"/>
We require our external managers to cast our (proxy) votes on our behalf	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

SAM 05.4	Additional information. [Optional]
-----------------	------------------------------------

The responses above consider the fund managed by the multi-manager Advance and externally managed assets of BTIM.

In relation to SAM 05.2, Advance and BTIM use an external service provider, Regnan - Governance Research and Engagement to undertake engagement for Australian share holdings. We also expect, where consistent with their process, external managers to engage on our behalf.

In relation to SAM 05.3, and in respect of Australian share holdings held by Advance, in contentious voting instances, Advance may vote directly, consistent with the Advance Proxy Voting Policy. In all other instances, Advance outsources the voting to appointed investment managers.

Advance's asset consultant undertakes engagement at two levels. Firstly at a policy level, engaging with policy makers and participating in the work of industry bodies and collaborative investor initiatives to promote high industry standards and robust investment markets and secondly with investment managers to promote good practices on active ownership and ESG where consistent with its size, resources, market position, location, investment philosophy and style.

Selection

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

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

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

	LE		
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 type="checkbox"/>		
Other general aspects in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

ESG incorporation

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

SAM 06.2	Provide additional information relevant to your organisation's selection approach for listed assets. [Optional]
-----------------	---

The above responses relate to BTFG's fund of fund business, Advance Asset Management and its appointed investment consultant.

Examples of manager engagement are provided in SAM 15 responses.

Monitoring

SAM 08	Mandatory	Core Assessed	PRI 1
---------------	------------------	----------------------	--------------

SAM 08.1	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:
-----------------	---

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

	LE		
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" 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"/>		
Other general aspects of your monitoring, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

ESG incorporation

	LE		
Request information on ESG incorporation in specific investment decisions	<input checked="" type="checkbox"/>		
Other ways you monitor ESG incorporation, 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 type="checkbox"/>	
Discuss the type of role played (i.e. leading or supporting)	<input type="checkbox"/>	
Review the progress of ongoing engagements and/or outcomes of completed engagements	<input type="checkbox"/>	
Other ways you monitor engagement activities, specify	<input type="checkbox"/>	
None of the above	<input checked="" 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 type="checkbox"/>	
Discuss whether companies were informed of the reasons for votes against management recommendations or abstentions/withheld votes	<input type="checkbox"/>	
Review the number of resolutions on ESG issues filed or co-filed	<input type="checkbox"/>	
Discuss the changes in company practice (outcomes) that have been achieved from voting activities	<input type="checkbox"/>	
Other ways you monitor (proxy) voting activities, specify	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	

SAM 08.2	Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]
-----------------	---

At present Advance's focus is on monitoring listed equities managers. Most of our activity in this area is undertaken as part of our review and update process of managers' approaches to ESG and active ownership. Further detail on the engagement undertaken with managers is provided in section SAM 15.

Additionally, we do not seek exact numbers of engagement, choosing to understand when and why engagement might occur along with multiple examples of engagement in practice. It should be noted that for our domestic listed equities, Advance employs the services of an engagement specialist to undertake engagement activity on our behalf, above and beyond what is undertaken by our investment managers.

SAM 09	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

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
- We do not track or collect this information

Outputs and outcomes

SAM 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1-6
---------------	--	--------------------	----------------

SAM 14.1	Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.
-----------------	--

	%
--	---

70

SAM 15	Voluntary	Descriptive	PRI 2
---------------	------------------	--------------------	--------------

SAM 15.1	Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.
-----------------	---

Add Example 1

Topic or issue	Detailed review of listed equity managers and progress on ESG integration and engagement issues
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity
Scope and process	<p>The Advance multi-manager business undertook a manager engagement review of incumbent listed equity managers in October 2013. The survey was similar to others undertaken in the past, though this review identified two ESG topics in particular - "Unburnable carbon" and "Unconventional Gas" as a focus for the engagement.</p> <p>Key aspects of the scope:</p> <ul style="list-style-type: none"> • 14 investment managers covering over 95% of listed equities of Advance were surveyed; • 10 questions for which a written response was required; • The survey questions included material in order to update our written documentation (policies, processes) of the managers; • The questions included requests for examples of ESG integration and engagement; • Advance provided background in relation to the two issues of "Unburnable carbon" and "Unconventional Gas" and questions requested the investment managers to provide details of their views on these two ESG issues, research they had undertaken, catalysts for the issues, timeframes and how this has been included into investment decision making; • Questions included an if not, why not question regarding PRI signatory status. <p>This was a significant piece of work undertaken by specialist ESG resources in the Advance team in conjunction with portfolio managers and investment managers.</p>
Outcomes	<p>Key outcomes were:</p> <ol style="list-style-type: none"> 7. Updated information concerning each managers' approach to ESG integration; 8. A deeper understanding of our managers' approaches to ESG integration, what is driving their work in this area, and examples of how they are putting ESG integration to work in our portfolios; 9. A deeper understanding of why some of our managers are not PRI signatories and their perspectives on this; 10. What our investment managers are seeing as material ESG risks and how they are managing these; 11. A sense from each of the managers as to how they view their progress in terms of ESG integration; 12. A greater awareness and understanding of our managers' views and approach to managing climate change risks; 13. A improved awareness by our managers of the issues of "Unburnable carbon" and "Unconventional Gas" (our request detailed the latest available research at the time on the both of these issues); 14. A greater understanding by Advance of our managers' approaches to the management of these issues in our investment portfolios; 15. An awareness of our managers' as to Advance's views as to the preference for

	<p>them to be PRI signatories.</p> <p>This was a significant piece of work and delivered important outcomes with a significant time commitment both by Advance staff and our listed equities managers.</p>
--	--

Add Example 2

Topic or issue	New Manager Appointments
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity
Scope and process	Review of managers' approaches to ESG integration for inclusion in the manager proposal.
Outcomes	All new investment managers appointed to the Advance portfolio were reviewed from an ESG perspective. Where appointed, specific wording as documented earlier in this report, was included in manager mandates.

Add Example 3

Topic or issue	Review of potential manager strategies and specifically their approach to ESG integration
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity
Scope and process	Advance and our investment consultant are constantly meeting investment managers to discuss investment opportunities and their processes. Managers present their approaches to ESG integration as part of this dialogue. Additionally, specific manager meetings are held to discuss ESG integration and active ownership. This is facilitated through specialist resources within Advance. This exposure by Advance and our consultant allows us to keep abreast of best practice in ESG integration and active ownership.
Outcomes	Key outcomes are: 16. Ensuring our understanding of best practise in ESG integration and active ownership is market leading; 17. Knowledge to utilise in setting our expectations of our incumbent managers and strategy development; and, 18. Keeping abreast of trends and changes in ESG thinking and solutions.

Add Example 4

Topic or issue	Formal engagement of our asset consultant on ESG matters
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity
Scope and process	Advance undertakes formal quarterly meetings with our consultant's global investment specialists in ESG and active ownership.
Outcomes	Key outcomes are: 19. Ensuring our understanding of best practise in ESG integration and active ownership is market leading; 20. Knowledge to utilise in setting our expectations of our incumbent managers and strategy development; 21. Keeping abreast of trends and changes in ESG thinking and solutions; and, 22. We receive feedback on ESG integration ideas, both at a manager level and thematic/asset allocation level.

Add Example 5

Topic or issue	Engagement with listed equity managers on ESG topics of relevance to their portfolios
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity
Scope and process	<p>Through Advance's access to ESG research and manager holdings, we are able to identify exposure to stock specific ESG factors across each portfolio. Using this information, Advance has a process for consulting with managers and engaging on the issue where it is material.</p> <p>Advance undertook four of these types of engagements in 2013.</p>
Outcomes	<p>Key outcomes:</p> <p>23. Enhanced understanding of the ESG factor by ourselves and our managers;</p> <p>24. Enhanced understanding of our investment managers' approach to managing ESG issues.</p> <p>25. Changes to positions and perspectives on ESG issues.</p>

Communication

SAM 16

Mandatory

Core Assessed

PRI 6

SAM 16.1

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

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

BT Financial Group

Reported Information

Public version

Direct - Listed Equity Incorporation

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.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
--------	-----------	-----------------------	-------

LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	 95
--	--------

- Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	 5
--	-------

- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

Total actively managed listed equities

100%

LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

Integration covers all of BTIM's "mainstream" Australian equity strategies, where ESG form part of the fundamental analysis of individual companies.

Screening + integration strategies - they cover BTIM's range of Ethical and Sustainability strategies, where ESG factors play a more explicit role in the portfolio construction and decision making.

(A) Implementation: Screening

LEI 06

Mandatory

Descriptive

PRI 1

LEI 06.1

Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

- Negative/exclusionary screening

Screened by

- Product
 Activity
 Sector
 Country/geographic region
 Environmental and social practices and performance
 Corporate governance

Description

Explicit ESG exclusions are undertaken for our range of Ethical and Sustainability strategies. For our Ethical Funds, we will not invest in companies which: - directly mine uranium for the purpose of weapons manufacture - produce alcohol or tobacco - manufacture or provide gaming facilities - manufacture weapons and armaments - have been subject to environmental and/or human rights prosecutions For our range of Sustainability Funds, each company is assessed using a "triple bottom line" performance approach. Regnan evaluates Australian companies based on environmental and social criteria and BTIM evaluates companies on financial performance. Regnan conducts the initial screening process by assigning a 1-5 rating for environmental and social criteria (where one is the highest ranking and five is the lowest ranking) for each stock within the S&P/ASX 200 Index. Stocks that are rated four or five are excluded from the portfolio. The Fund may invest in companies which mine or use uranium primarily in relation to power generation but the Fund will not invest in companies which directly mine or use uranium for the purpose of weapons manufacture.

Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

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

Our Sustainability Fund applies the "best of sector" approach, therefore, it rewards 'best' companies in each sector and across all sectors - this encourages all sectors to improve. The Ethical Funds apply a positive screening approach, which promotes certain areas of investment. The positive screen identifies companies for active consideration, given their focus on the production of sustainable goods and services. The ethical screen is provided by Regnan Governance Research and Engagement, a leading independent research organisation. Examples of positively screened companies include those that derive greater than 20% of their revenue from sustainable technologies, products and services.

Norms-based screening

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
-----------------	---

Much of the screening criteria is discussed above. The criteria is reviewed typically on a monthly basis or if significant events occur that require more immediate consideration. Some clients will be notified of any changes as part of their reporting arrangements whilst others will be notified during our regular presentations to them.

LEI 07	Mandatory	Core Assessed	PRI 1
---------------	------------------	----------------------	--------------

LEI 07.1	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
-----------------	---

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

(C) Implementation: Integration of ESG issues			
--	--	--	--

LEI 11	Mandatory	Core Assessed	PRI 1
---------------	------------------	----------------------	--------------

LEI 11.1 | Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

Communication

LEI 18 | **Mandatory** | **Core Assessed** | **PRI 2,6**

LEI 18.1 | Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only

LEI 18.3 | Indicate the information your organisation proactively discloses to clients/beneficiaries regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

LEI 18.4 | Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- We provide it on an adds needs basis.
- We do not proactively disclose it to the public and/or clients/beneficiaries

BT Financial Group

Reported Information

Public version

Direct - Listed Equity Active Ownership

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.

Engagement

Overview

LEA 02	Mandatory	Gateway	PRI 1,2,3
--------	-----------	---------	-----------

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

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 03.3	Additional information. [Optional]
-----------------	------------------------------------

Whilst we do not follow a formal process, the role of the analyst and Portfolio Manager is to identify and prioritise engagement requirements where it is seen to be required. This is done more on an ad hoc, company by company, basis.

LEA 04	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

LEA 04.1	Indicate if you define specific objectives for your engagement activities.
-----------------	--

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

Some of these are monitored and evaluated by Regnan whilst in some cases we keep notes on the ESG engagement initiatives. However, there is no formal policy or process dictating how we capture this.

- 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 05.3	Additional information.[Optional]
-----------------	-----------------------------------

Whilst we do not follow a formal process, the role of the analyst and Portfolio Manager is to identify and prioritise engagement requirements (whether it be internally or through collaborative means) where it is seen to be required. This is done more on an ad hoc, company by company, basis.

LEA 06	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

LEA 06.1	Indicate if the collaborative engagements in which you are involved have defined objectives.
-----------------	--

- Yes
- 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 majority of our collaborative engagement is undertaken with Regnan, whilst in some other cases it may be in conjunction with other managers. Some of these are monitored and evaluated by Regnan whilst in some cases we keep notes on the ESG engagement initiatives. However, there is no formal policy or process dictating how we capture this.

- No

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

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

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

Yes

LEA 07.2	Indicate 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]
-----------------	------------------------------------

Both BTIM and Advance subscribe to Regnan's engagement services model and as such play a key role in the nature and scope of the engagements undertaken, along with other users of the service.

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

LEA 08.1	Indicate whether you monitor and/or discuss the following information provided to you by your service provider
-----------------	--

Please select all that apply

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

LEA 08.2	Additional information. [Optional]
----------	------------------------------------

General processes for all three groups of engagers

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
--------	-----------	-----------------------	-------

LEA 10.1	Indicate if you track the number of companies you engage with.
----------	--

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

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
--------	-----------	---------------	---------

LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
----------	--

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only

LEA 15.3	Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.
-----------------	--

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

Our preference is undertaking non-public engagement with companies and will report on ESG activity relating to engagements of influence on an as needs basis.

LEA 15.4	Indicate how frequently you typically report engagements information
-----------------	--

- Disclosed continuously (prior and post engagements)
- Disclosed quarterly
- Disclosed annually
- Disclosed every two years or less
- Other, specify

Our preference is undertaking non-public engagement with companies and will report on ESG activity relating to engagements of influence on an as needs basis.

We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 15.6	Additional information. [Optional]
-----------------	------------------------------------

Our preference is undertaking non-public engagement with companies and will report on ESG activity relating to engagements of influence on an as needs basis.

(Proxy) voting and shareholder resolutions

Process

LEA 17	Mandatory	Descriptive	PRI 2
---------------	------------------	--------------------	--------------

LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
-----------------	---

Approach

We use our own research or voting team and make our own voting decisions without the use of service providers.

Based primarily on

- our own voting policy
- our clients requests or policy
- other, explain
- 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.

LEA 17.2 Additional information.[Optional]

The above response relates to the exercise of proxy voting by BTIM. In the case of BTFG's fund of fund business, Advance, voting is generally outsourced to investment managers except in the case of contentious issues within Australian equities whereby Advance may override voting and ensure voting is consistent across the portfolio, consistent with the Advance proxy voting policy.

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

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

- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 22 **Mandatory** **Core Assessed** **PRI 2**

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%)

%

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

LEA 22.2 If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]

The above response relates to the exercise of proxy voting by BTIM. In the case of BTFG's fund of fund business, Advance, the information is not tracked at this stage.

- We do not track or collect this information

LEA 22.3 Additional information. [Optional]

The above response relates to the exercise of proxy voting by BTIM. In the case of BTFG's fund of fund business, Advance, the information is not tracked at this stage.

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.btim.com.au>

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

**LEA
26.6**

Additional information. [Optional]

The above response relates to the exercise of proxy voting by BTIM. In the case of BTFG's fund of fund business, Advance, the information is not tracked at this stage.