



RI TRANSPARENCY REPORT

2013/14

Environment Agency Pension Fund



UNEP Finance Initiative
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

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

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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	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
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	✓	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	🔒	n/a							✓
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	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Public							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓					✓	
SAM 07	Appointment considerations (listed assets)	✓	Public				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	✓	Public		✓					
SAM 10	Selection processes (non-listed assets)	✓	Public	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	✓	Public				✓			
SAM 12	Monitoring processes (non-listed assets)	✓	Public	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	🔒	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 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	🔒	n/a		✓					
LEA 04	Objectives for engagement activities	🔒	n/a		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	✓	Public		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Environment Agency Pension Fund

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

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

- ☒ Non-corporate pension or superannuation or retirement or provident fund or plan
- ☐ Corporate pension or superannuation or retirement or provident fund or plan
- ☐ Insurance company
- ☐ Foundation or endowment
- ☐ Development bank
- ☐ Reserve - sovereign or government controlled fund
- ☐ Other, specify

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

United Kingdom

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

- ☒ 1
- ☐ 2-5
- ☐ 6-10
- ☐ >10

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

FTE

9

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

- ☐ Yes
- ☒ No

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

31/03/2014

OO 04.2

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

	trillions	billions	millions	thousands	hundreds
Total AUM		2	300	000	000
Currency	GBP				
Assets in USD		3	582	245	735

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 percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	63
Fixed income – corporate	0	19
Fixed income – government	0	8
Fixed income – other	0	0
Private debt	0	0
Private equity	0	4
Property	0	4
Infrastructure	0	1
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0

Cash	0	1
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 type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input 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.
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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 checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 09	Voluntary	Descriptive	General
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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.
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The Environment Agency is the administering authority for the Environment Agency Active Pension Fund. The fund is a final salary (defined benefit) pension scheme open to all Environment Agency employees.

The purpose of the Environment Agency is to protect and improve the environment and make it a better place for people and wildlife. We operate at the place where environmental change has its greatest impact on people's lives. We reduce the risks to people and properties from flooding; make sure there is enough water for people and wildlife; protect and improve air, land and water quality and apply the environmental standards within which industry can operate.

Acting to reduce climate change and helping people and wildlife adapt to its consequences are at the heart of all that we do. We cannot do this alone. We work closely with a wide range of partners including government, business, local authorities, other agencies, civil society groups and the communities we serve.

The Environment Agency Active Pension Fund (EAPF) is part of the Local Government Pension Scheme (LGPS) and was established as the National Rivers Authority Pension Fund in 1989 at the time of the privatisation of the water industry in England and Wales. The Fund inherited active members' accrued liabilities from the predecessor pension arrangements, but no pensioners or deferred pensioner liabilities. In 1996 it transferred to the Environment Agency and became the Environment Agency Active Pension Fund.

In 2013 the EAPF became a multi-employer fund with members for Natural Resource Wales and Share Service Connected Limited (SSCL).

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- ☒ 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
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OO 11.2	Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.
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- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☒ Private equity
- ☒ Property
- ☒ Infrastructure
- ☐ Cash
- ☐ None of the above

OO 12	Mandatory	Gateway	General
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OO 12.1	The modules and sections that you will be required to complete are listed below. 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.
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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
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- ☒ Engagements
- ☒ (Proxy) voting

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- ☒ Listed Equities
- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government
- ☒ Private Equity
- ☒ Property
- ☒ Infrastructure

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.

Environment Agency 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]

See URL <https://www.eapf.org.uk/en/Not-A-Member/Active/Investments.aspx>

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

<https://www.eapf.org.uk/en/Not-A-Member/Active/Investments.aspx>

☐ 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
Responsible investment strategy	https://www.eapf.org.uk/en/Not-A-Member/Active/Investments.aspx
Environmental overlay strategy	https://www.eapf.org.uk/en/Not-A-Member/Active/Investments.aspx
Stewardship code	https://www.eapf.org.uk/en/Not-A-Member/Active/Investments.aspx
Voting policy on environmental issues	https://www.eapf.org.uk/en/Not-A-Member/Active/Investments.aspx
Statement of investment principles	https://www.eapf.org.uk/en/Not-A-Member/Active/Investments.aspx

☐ No

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

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input checked="" 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
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ Yes

OA 04.2

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

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

☐ 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 06**Voluntary****Descriptive****General****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	To improve communications and engagement on RI with our members and stakeholders.
Key performance indicators	Higher awareness of RI approach and activities by membership. This will be indicated through feedback on surveys and focus groups.
Describe the progress achieved	Policies and reports are all on our website and we are currently consulting with stakeholders as to the RI information they would like.

☒ Add responsible investment objective 2

Objective 2	Investigate the fossil fuel exposure of the fund.
Key performance indicators	Established the level of fossil fuel exposure linked to the companies and portfolios.
Describe the progress achieved	Research report complete and a summary version published on our website.

☒ Add responsible investment objective 3

Objective 3	Embed RI risk assessment within funding strategy approach following the triennial valuation of the fund.
Key performance indicators	Funding strategy links to RI and ESG risk management - specifically linking to long term RI risks such as climate change.
Describe the progress achieved	New Funding Strategy Statement contains references identified above.

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.
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☒ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Publish strategy to reduce climate risk in the management of the fund. Identify all actions to be undertaken by the fund.
Key performance indicators	Action plan published and regular updates reported to members and other stakeholders via our website.

☒ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Fund manager engagement with fossil fuel companies on the outcomes of the research above.
Key performance indicators	Managers engage with 100% of all actively held fossil fuel stock.

☒ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Promote and share the 'stranded assets' research and climate risk strategy to inspire other funds to take action.
Key performance indicators	At least 5 other pension funds or asset managers make a public statement on their approach to managing climate risk.

OA 06.3	Additional information.
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All information regarding the objectives is detailed in our Annual Report and Accounts and additional detail on our website <https://www.eapf.org.uk/en/Not-A-Member/Active/Investments.aspx>.

Governance and human resources

OA 07	Voluntary	Descriptive	General
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The body with ultimate responsibility for the management of the fund is the Board of the Environment Agency (appointed by the Department for Environment, Food and Rural Affairs and the Welsh Government). This Board appoints a Pensions Committee and acts according to our Governance Policy. The Pensions Committee has Board members and senior officers from the Environment Agency. However, almost half of the committee are nominated members. These include employees, trade union nominees, a pensioner representative and a deferred member nominee. This proportion of nominated members is very high compared with similar bodies in other UK public pension funds. The Pension Fund Management team provides specialist support.

The Pensions Committee Governance Policy Statement sets out:

- how the Active Fund is governed
- the role of the Pensions Committee Investment Sub-Group and Environment Agency officers with respect to investment matters.

The Pensions Committee is responsible for:

- compliance with legislation and best practice
- overall strategic asset allocation
- investment policy including the responsible investment strategy and environmental overlay
- the appointment of investment advisors and fund managers.
- Benefits administration
- Communication to members

The Investment Sub-Group has five representatives from the Pensions Committee. It receives advice from professional investment staff employed by the Environment Agency, specialist investment consultants, an independent investment adviser, our fund actuary, and other professional advisers as required.

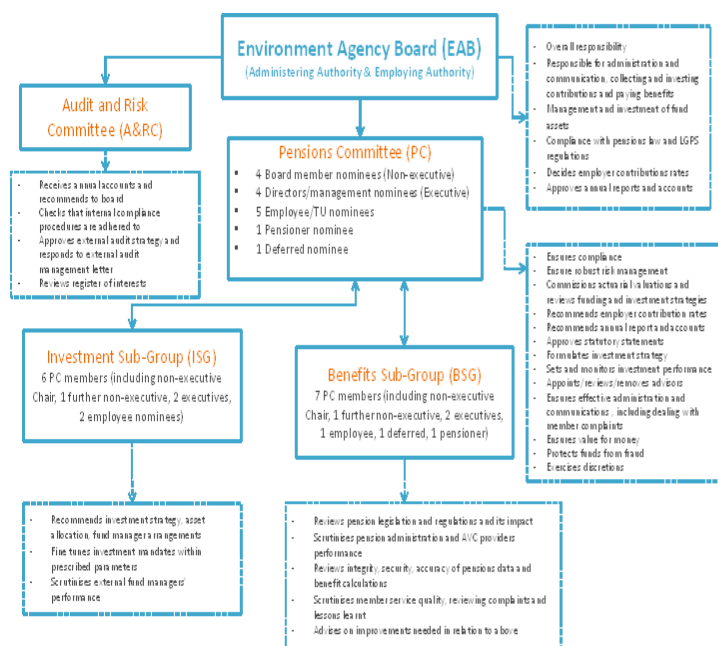
The Investment Sub-Group has delegated responsibility to advise the Pensions Committee on investment strategy and management structure, recommends the appointment of fund managers, monitors the performance of fund managers, and reports back to the committee.

Once appointed, fund managers are responsible for the day-to-day management of the fund's assets. They carry out this role in accordance with their investment management agreement with us.

We have put in place a number of strategies and policies that govern our asset allocation, manager structure, manager selection, performance benchmarks, monitoring, and reporting. The most important of these, in terms of how we approach responsible investment, is our Responsible Investment Strategy and Environmental Overlay Strategy.

The Pension Fund Management team monitor the fund managers and other service providers adherence to the strategies; lead on the accounting, reporting, member communications, research, collaborative engagements and public advocacy work.

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



To upload the image click the Save button below

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.
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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 Fund Management

- ☒ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Portfolio managers
- ☐ Investment analysts
- ☒ Dedicated responsible investment staff
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other role, specify
 - Main stream and specialist consultants**
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
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	Number
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2

OA 09	Voluntary	Additional Assessed	General
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OA 09.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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Board members/Board of trustees

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

**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.

Responsible investment is incorporated within all in-house training for the Trustees and Head of the Pension Fund. In 2013/14 this included;

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

Investment strategy, including ESG risks and opportunities from different asset classes.

ESG risk assessment and management

A review of our thematic sustainable investments

Climate risk - specifically on fossil fuel exposure and the concepts of stranded assets.

Externally new Trustees also attended broader trustee training courses which included modules on responsible investment and specifically corporate governance.

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

☐ None of the above

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

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

Other C-level staff or head of department

As above

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

Dedicated responsible investment staff

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

Other role

Consultants

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

OA 09.3

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

Specific objectives relating to the implementation of the responsible investment strategy are incorporated in the annual performance review of;

Head of the Pension Fund
Chief Investment Officer
Chief Responsible Investment and Risk Officer
Business analyst with ESG responsibilities
Environmental Finance team

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

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]
--

Carbon Disclosure Project aims to improve corporate disclosure on material carbon emissions and engaged with a total of 6000 companies on levels of carbon disclosure. We focused on 15 companies that are held in our active portfolio and 88 in the index funds are part of our ongoing engagement programme via our managers.. We track and intend to report progress and successes back to the project and fund beneficiaries.

☒ CDP Forests

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]
--

CDP Forests aims to improve corporate disclosure on material impacts on forestry including use of raw materials and clearance for agriculture. We focused on 56 companies in the active portfolios and 19 in the index funds that are held in our portfolio and are part of our ongoing engagement programme via our managers, including BP, Shell, Easy Jet.

☒ 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)

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]
--

We are active supporters of the Global Real Estate Sustainability Benchmark (GRESB) initiative require our real estate advisor and underlying funds to participate in the benchmarking exercise.

- ☒ Institutional Investors Group on Climate Change (IIGCC)

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

- ☐ Basic
☒ Moderate
☐ Advanced

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

We were a signatory to the Global Investor Statement on Climate Change which is a joint statement stressing the urgent need for policy action to stimulate private sector investment in climate change solutions, create jobs, and is essential for ensuring the long-term sustainability and stability of the world economic system.

Throughout the year we supported the IIGCC through their IIGCC Policy Group which leads on EU level advocacy on public policies relating to climate change and the IIGCC Property Working Group which aims to raise awareness amongst trustees, and encourage fund managers, in considering climate change risks property portfolios.

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

We actively participate in the UNPRI and have representative on the reporting and assessment technical committee and on the Policy & Research committee.

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

UKSIF

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]

Support of initiatives including speaking at events.

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

RI Roundtable

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

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

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

We have lead a number of manager engagements where we have brought together a group of asset owners to have roundtable discussions with investment managers to discuss what they are looking for in terms of integration and reporting of RI.

- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify

☐ No

OA 10.3 Additional information. [Optional]

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

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

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**OA 11.3**

Additional information. [Optional]

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

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

OA 12**Voluntary****Additional Assessed****PRI
4,5,6****OA 12.1**

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

☒ Yes

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

OA 12.2	Select the methods you have used.
----------------	-----------------------------------

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

OA 12.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
----------------	--

☒ Yes, publicly available

provide URL

<http://www.iigcc.org/publications>

provide URL

<http://lawcommission.justice.gov.uk/consultations.htm>

☐ No

☐ No

OA 12.4	Additional information.
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As an organisation (The Environment Agency) we are part of the public policy process for environmental protection in England and Wales. As such, we regularly partake in meetings with Government departments on corporate disclosure of ESG issues, carbon emission reporting, mandatory reporting etc. Outside of the Pension Fund Management and the Environmental Finance team this work is even more wide ranging and extensive and we will support work colleagues in these areas as requested to do so.

ESG issues in asset allocation

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

OA 13.2

Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

We do not have specific geographical allocations, but consider RI and ESG risks of all investment decisions. For example In 2012, we recognised that our increased allocation to emerging markets would increase the ESG risk profile of the fund. In designing the investment mandate, it was critical to find a manager with strong ESG credentials to manage these risks effectively. The quality of ESG integration formed 25% of the selection criteria for the manager selection.

Similarly we amended the benchmark of of UK active equity manager to enhance performance and assisted in decreasing exposure to stock that had ESG risks.

In April 2013 we allocated £250 million investment in real assets covering real estate, infrastructure, forestry and agricultural land to Townsend Group. The mandate places a high priority on long term responsible investments that meet our financial targets, with a preference to invest positively in real assets such as energy efficient buildings, renewable energy projects, public transport, water treatment facilities, eco-friendly farming, and sustainable forestry. We will not invest in areas where we consider the environment risks to be unacceptable, notably high carbon impact sectors (coal power generation, road, air travel), or high environmental impact investments (oil pipelines, refineries, chemical facilities, deforestation).

☐ No

OA 13.3

Additional information.

We undertake a triennial valuation of our liabilities and review the investment strategy in response to that review. In 2010 we partnered with other asset owners globally, as part of the Mercer-led research, considering the implications of climate change scenarios on strategic asset allocation. We integrated the findings into our own review of our strategic asset allocation to inform the development of a robust portfolio, where the investment strategy is positioned to reduce risk and maximise investment opportunities presented by climate change.

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

23

OA 14.3

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

Area

☒ Clean technology

Asset class invested

- ☒ Listed equity
- ☒ Fixed income - corporate
- ☐ Fixed income - government
- ☒ Private equity
- ☒ Property
- ☒ Infrastructure

Brief description of investment

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

We have set a target that by 2015 some 25 per cent of the fund will be invested in the sustainable and green economy. As at 31 March 2013, 13 per cent of the fund was invested in pure play clean technology, companies which are principally engaged in the field of alternative energy. A breakdown is detailed in our annual report and accounts

In April 2013 we allocated £250 million investment in real assets covering real estate, infrastructure, forestry and agricultural land to Townsend Group. The mandate places a high priority on long term responsible investments that meet our financial targets, with a preference to invest positively in real assets such as energy efficient buildings, renewable energy projects, public transport, water treatment facilities, eco-friendly farming, and sustainable forestry. We will not invest in areas where we consider the environment risks to be unacceptable, notably high carbon impact sectors (coal power generation, road, air travel), or high environmental impact investments (oil pipelines, refineries, chemical facilities, deforestation).

☒ Green buildings

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Private equity
- ☒ Property
- ☐ Infrastructure

Brief description of investment

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

☒ Sustainable forestry

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Private equity
- ☐ Property
- ☒ Infrastructure

Brief description of investment

See above

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

☐ No

Innovation

OA 18	Voluntary	Descriptive	General
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OA 18.1	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
----------------	---

For 2013/14 we would highlight;

- Our allocation of £250 million investment in real assets covering real estate, infrastructure, forestry and agricultural land to Townsend group. The mandate places a high priority on long term responsible investments that meet our financial targets, with a preference to invest positively in real assets such as energy efficient buildings, renewable energy projects, public transport, water treatment facilities, eco-friendly farming, and sustainable forestry.
- Climate risk and the issues associated with it are included in the training we provide to our pension committee members, in 2013 this has included the research behind stranded assets. In late 2013, in response to new research we commissioned a detailed study to provide us with information regarding the exposure of the Active Fund to carbon embedded within fossil fuel reserves held by globally listed companies. This was both to highlight the potential risk of specific holdings that could be dealt with through our engagement with fund managers, and to look at the overall level of exposure of the fund to climate change risk of this nature. This report is published on our website www.EAPF.org.uk.

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.
----------------	--

- ☒ 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 information reported in the submission is taken from policies, reports or other documents that are presented to the Investment Committee for approval.

These policies, reports and documents are subject to an annual internal and external audit as they are included in our annual report and accounts.

☐ No

Environment Agency 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 01	Voluntary	Descriptive	PRI 1-6
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Our managers are responsible for day-to-day investments. We are therefore careful about the methods we use in their recruitment and retention. All our managers must show they have the potential to perform well, not just financially but also in implementing our Responsible Investment and Environmental Overlay Strategies.

The recruitment and retention process requires us to consider financially material environmental risks and opportunities at every stage - from the moment we think about hiring a manager to our regular ongoing reviews. For example, there are key issues to consider in the:

- selection of managers
- appointment of managers
- monitoring of managers.

When selecting a manager

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

We interview the key decision-makers in the candidate's investment team. These include:

- the fund manager who will be responsible for the portfolio on a day-to-day basis
- the ESG lead
- the client contact.

We firmly request that potential managers avoid providing generic marketing material about their company's strengths and experiences. Our selection process focuses on the particular details that are relevant to us. We question them in great depth about their experience and approach to ESG issues. In particular we look at:

- their practical experience
- their level of understanding
- the relative importance of ESG issues in their decision-making processes.

When appointing a manager

Contracts require managers to consider the environmental risks and opportunities that are financially significant for our fund. Active equity and bond managers must carry out our annual environmental and carbon footprinting exercise.

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

When monitoring a manager

We require all our managers (except those who deal with currency) to report quarterly and annually on their implementation of the RI and EOS. We will ask for different information for different types of asset - such as equities, bonds, property. However, in general we require:

- an account of their engagement and voting undertaken on environmental issues
- in-house or external broker research on environmental issues that are currently financially material
- updates on our investments in 'green' businesses.

We may also ask managers to explain and justify financially any investment decisions that we consider to be environmentally controversial.

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.
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☒ 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]
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☒ 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)
- ☒ Private equity (PE)
- ☒ 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)
- ☒ Private equity (PE)
- ☒ 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 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"/>
Fixed income - corporate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - government	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Private equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Property	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Infrastructure	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

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

Overview

SAM 04	Mandatory to Report	Voluntary to Disclose	Gateway/Peering	General
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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 checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%

Fixed income - corporate (FIC)

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

Fixed income - government (FIG)

Type of strategy	As % of externally managed government fixed income
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
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Active investment strategies	LE	FIC	FIG
Screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Thematic	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

**SAM
05.3**

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

	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]

We also have an agreement with our passive manager to vote our holdings within the pooled funds differently if required.

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:
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	General
--	----------------

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

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

Engagements

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

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

In addition to the features identified above. We require input on the managers role in wider advocacy work with public policy makers, regulators and working to influence other parties in the investment industry e.g. peers, brokers, analysts and clients.

We ask for examples of research and thought leadership pieces that have been published.

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

ESG incorporation

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

Engagement

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

(Proxy) voting

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

Reporting

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

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

Includes reporting on ESG developments in sectors or on asset classes or wider in the investment industry. We also require updates on advocacy and collaborative engagements.

Extracted from our IMA

Responsible Investment and Environmental Overlay Strategies and Policies and voting

The Manager shall observe the Client's Responsible Investment and Environmental Overlay Strategies and Policies and, in respect of investments in the United Kingdom, have due regard to the Code and in respect of overseas investments have due regard to relevant recognised standards as agreed with the Client. Subject to the foregoing and clause 8.5 and subject always to the Client's timely specific instructions (if any), the Manager may procure the exercise of any voting rights attaching to investments of the Fund at its discretion in accordance with the Manager's voting policy.

The Manager acknowledges that the Client is a signatory of UN PRI and that the Client actively encourages its appointed managers to become co-signatories of UN PRI. The Manager agrees that it will cooperate with the Client with respect to UN PRI initiatives, reporting and assessment and that it will generally support and assist the Client in complying with UN PRI.

The Manager acknowledges that compliance with the Client's Responsible Investment and Environmental Overlay Strategies and Policies as well as UN PRI will form a material part of any evaluation of the Manager's performance.

Notwithstanding clause 8.1, the Manager may not procure the exercise of any voting rights attaching to the Fund's holdings of In-House Funds and Connected Investment Trusts except with the agreement or on the specific instructions of the Client but may count such holdings for the purpose of constituting a quorum at a general meeting of any In-House Funds or Connected Investment Trusts. When exercising any voting rights attaching to securities held by an In-House Fund or Connected Investment Trust, the Manager shall comply with the provisions of this clause 8 as if the Fund held those securities directly.

The Manager shall support the Client in the execution of the Client's voting policy. Prior to the exercise of any voting rights, the Manager will discuss with the Client any resolutions containing sustainability and environmental issues arising at any general meeting of companies whose shares are held within the Fund. The Manager shall report and justify to the Client any voting not in accordance with the Client's instructions.

The Manager will advise the Client of, and share with the Client, any relevant non-financial third party research on companies in which the Fund holds investments which it receives, subject to the terms of any relevant licence agreements and confidentiality agreements. This may include, but is not limited to, broker research, sustainability reports and environmental assessments of companies.

Notwithstanding the above, the Client reserves the right to appoint an independent third party to provide responsible investment, proxy voting and environmental strategy overlay services in relation to the Fund (an "Independent Overlay Provider"). Following such appointment the Manager shall seek instructions from the Independent Overlay Provider

and, provided such instructions are reasonable as to scope and are given in a timely manner, vote as appropriate in accordance with the instructions of the Independent Overlay Provider. Further, the Client reserves the right to specify in writing a variation from the standards and principles referred to in this clause 8 at any time.

Monitoring

SAM 08

Mandatory

Core Assessed

PRI 1

SAM 08.1

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

General

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

ESG incorporation

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

Engagements

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

(Proxy) voting

	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 checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

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

We use the the reporting tools from our Custodian ISS voting platform to ensure vote instructions are carried out on segregated portfolios.

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%)
%
100

Specify the basis on which this percentage is calculated
--

- ☒ Of the total number of ballot items on which they could have issued instructions
- ☐ Of the total number of company meetings at which they could have voted
- ☐ Of the total value of your listed equity holdings on which they could have voted
- ☐ We do not track or collect this information

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

Selection

SAM 10	Mandatory	Core Assessed	PRI 1-6
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SAM 10.1

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

General

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

Investment selection (pre-investment) of underlying holding

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

Investment monitoring (post-investment) of underlying holding

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

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

The fund is acutely aware of the numerous and significant ESG risks associated with these types of assets that range from potential biodiversity damage or problems with certification, to community concerns and animal welfare. Moreover, their relative illiquidity exacerbates these risks given the difficulty of divesting quickly. We therefore placed a particularly strong emphasis on ESG issues throughout the selection and appointment process for this mandate. In addition to those factors identified we specifically required;

Demonstrable in-depth knowledge, capabilities, resources and track record related in responsible investment and addressing proactively ESG issues;

A robust approach to risk management, including identifying, analysing and integrating ESG-related financial risks;

A requirement that the manager establish an efficient and robust process to raise early with EAPF any potential ESG issues relating to a prospective investment;

A requirement that the manager adopts sound, innovative and proactive approaches to managing their own negative impacts on the environment and wildlife and a commitment to equality and diversity and good practice in all aspects of employment;

Readiness to engage with the funds invested in, at the request of EAPF, in relation to information on ESG management and performance reporting that EAPF may require;

A requirement to monitor key ESG performance indicators across the portfolio, take mitigating actions and participate in EAPF's annual environmental/carbon footprinting exercise, where practicable;

Willingness to help EAPF to comply with its duties under the PRI and the UK Financial Reporting Council's Stewardship Code.

Appointment

SAM 11	Voluntary	Additional Assessed	PRI 4
SAM 11.1	When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in agreements/fund formation contracts for your non-listed assets:		
	General		

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

Investment selection (pre-investment) of underlying holding

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

Investment monitoring (post-investment) of underlying holding

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

Reporting

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

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

We required the manager to adhere to asset specific guidance on RI related issues. Provide analysis and reporting against the implementation of this guidance.

**SAM
11.2**

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

Please see http://www.unpri.org/viewer/?file=wp-content/uploads/ESthemedinvestingcasestudy_EAPF.pdf

Monitoring

SAM 12

Mandatory

Core Assessed

PRI 1-6

**SAM
12.1**

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

General

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

Investment selection (pre-investment) of underlying holding

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

Investment monitoring (post-investment) of underlying holding

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

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.

%

100

SAM 15	Voluntary	Descriptive	PRI 2
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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	The selection of manager for 'real assets' (real estate, infrastructure, forestry and agriculture)
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – corporate bonds <input type="checkbox"/> Fixed income – government bonds <input type="checkbox"/> Private equity <input checked="" type="checkbox"/> Infrastructure <input type="checkbox"/> Property
Scope and process	Please see UNPRI case study http://www.unpri.org/viewer/?file=wp-content/uploads/ESthemedinvestingcasestudy_EAPF.pdf
Outcomes	

- ☐ Add Example 2
☐ Add Example 3
☐ Add Example 4
☐ Add Example 5

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.eapf.org.uk>

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.

- ☒ 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

Environment Agency Pension Fund

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 01	Voluntary	Descriptive	PRI 2
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We use our influence as shareholders to improve corporate ESG performance if we believe a company's current behaviour will have a negative effect on short or long-term investment returns. In our view there are benefits to investing in well-governed companies which understand that environmental risks and opportunities may have a significant effect on financial results - and which act accordingly. Our research suggests that this approach is more likely to safeguard shareholder value and will, over time, produce more stable returns. We therefore encourage all our equity fund managers to:

- engage regularly with the top management of companies, either directly or through a specialist provider
- assess each company's ESG practices
- ensure these practices are in line with our own assessment of ESG risk.

The fund manager must also identify issues for engagement. Our managers and external service providers typically undertake about 800 ESG related engagements a year on our behalf. Engagement activity relating to wider business and investment issues are also undertaken by our managers as part of their investment decision making process and these engagements are in addition to the 800. In addition we select engagement targets from our own research and portfolio analysis and ask our managers to engage on these topics and report back. Typically these engagement targets come from ;

- Our own research activities such as Environmental Disclosures of the FTSE All-share.
- Portfolio companies identified with high environmental or carbon impact relative to their peers identified through the annual footprinting exercise.
- Portfolio companies identified via our review into stranded carbon assets.
- Portfolio companies where the disclosures on ESG issues is poor potentially leading to an overestimate of the company's impact and on our portfolio environmental and carbon footprints
- Portfolio companies identified through collaborative engagements as target companies e.g. CDP, WDP and FFDP
- Portfolio companies where we have high exposure, operating in high risk areas, undertaking controversial activities, following a prosecution for ESG activity, etc.
- Portfolio companies targeted by the media or campaign groups
- Portfolio companies subject to environmental shareholder resolutions where we believe the company's response and action should be improved.
- Specific member or stakeholder request.

The primary focus of our direct engagement activities are targeted at the investment industry itself. This includes regulators, fund managers, investment consultants, service providers and other pension funds. Examples of activity includes presentations at industry seminars where we illustrate our approach to responsible investment and promote membership of the PRI. Numerous meetings with fund managers and pension funds in nonpublic forums to discuss developments in tools, reporting and products designed to enhance the incorporation and disclosure of responsible investment activity. Support of our fund managers in their work on responsible investment in both public and private forums. Meetings with the Financial Reporting Council on the review of the Stewardship code.

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

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

**LEA
05.2**

Describe how you identify and prioritise collaborative engagements.

We prioritise collaborative engagements based on:

- Agreed thematic priorities for the fund e.g. corporate disclosures on ESG risks in annual report and or climate risk.
- Follow-on phases of previous collaborative engagements.
- Financial exposure of the fund relating to the specific sector/ issue or company.

☐ 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 collaborative engagement may well have specified targets or KPIs.

Where specific companies have been identified that are held within our fund we ask our managers to report back progress. As many of our collaborative engagements are regarding improvements in reporting then progress can be evidenced if the reporting has been undertaken by the company.

☐ No

LEA 06.4	Additional information. [Optional]
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We publish progress on our collaborative engagements in our Annual Report and Accounts, please see www.eapf.org.uk

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

LEA 07	Mandatory	Core Assessed	PRI 2,4
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LEA 07.1	Indicate if you play a role in the engagement process that your service provider conducts on your behalf.
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☒ Yes

LEA 07.2	Indicate what role you play in engagements that your service provider conducts on your behalf.
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- ☒ 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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We have representatives on both the Advisory Board and Advisory Council for our service provider which directs the engagement priorities of the service provider. In addition, we will also agree specific engagement targets relating to the fund's overall engagement priorities.

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
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.

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

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
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LEA 10.1

Indicate if you track the number of companies you engage with.

Type of engagement	Tracking engagements
Collaborative engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" 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]
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Information on the engagement activity is regularly reported to our investment committee and in summary in our Annual Report and Accounts.

Outputs and outcomes

LEA 11	Mandatory to Report	Voluntary to Disclose	Core Assessed	PRI 2
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LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.
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	Number of companies engaged (avoid double counting, see explanatory notes)
Collaborative engagements	84
Service provider engagements	348

LEA 11.2	Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]
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Type of engagement	% Comprehensive engagements
Collaborative engagements	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Service provider engagements	<input 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 during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" 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]
-----------------	------------------------------------

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

LEA 12	Voluntary	Additional Assessed	PRI 2
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LEA 12.1	Indicate if your engagements in the reporting year covered E, S and/or G issues.
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Type of engagement	Coverage
Collaborative engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Service provider engagements	<input 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.
-----------------	---

	Collaborative engagements
--	---------------------------

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

100

100%

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

	% Environmental only
--	----------------------

14

	% Social only
--	---------------

22

	% Corporate Governance only
--	-----------------------------

44

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

20

100%

LEA 12.3	Additional information.
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We publish the Hermes EOS public engagement report on our website.

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.
-----------------	--

	Number of company changes or commitments to change
Collaborative engagements	12
Service provider engagements	62

☐ No

LEA 13.3	Additional information.
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The engagement successes identified as collaborative engagement are centred on corporate disclosures either in the company's annual report and accounts or to CDP programmes for carbon, forestry or water. Success is evidenced through improved reporting outputs.

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.
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☒ Add Example 1

Topic or ESG issue	Governance – board structure
Conducted by	<input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	To improve corporate governance standards worldwide, in particular to manage risk effectively. A good board structure is essential to this. Company boards should comprise independent members who are equipped with the right skills. Ideally each board member will enhance the diversity of the board, be it by gender, ethnicity, nationality, background or skillsets. Regular board refreshment - the avoidance of long tenures - and succession planning are also crucial.
Scope and Process	Longstanding engagements with companies have given Hermes EOS access to executive and non-executive board members of companies that were reluctant to engage in the past. Hermes EOS' good relationships with companies proved fruitful for the continuation of dialogue on board structure and recruitment processes. Companies explained the rationale behind their current board structure before Hermes EOS suggested improvements where applicable. Sometimes Hermes EOS also drew on the support of other institutional investors - or filed shareholder proposals in the US to seek proxy access or appoint an independent chair - to meet its objectives. Hermes EOS also engaged with the relevant regulatory bodies in different jurisdictions on board structures.
Outcomes	Hermes EOS' engagement in 2013 helped facilitate new board appointments, including independent non-executive directors where previously absent, to protect the rights of minority shareholders, additions to the supervisory board, more balance in leadership structures where the role of CEO and chair were combined and enhanced the duties of independent lead directors. Hermes EOS also suggested that a process of formal board evaluation be instigated and regularly undertaken where this was not previously done. It particularly welcomed appointments of individuals that enhanced the diversity and skill set of the boards.

☒ Add Example 2

Topic or ESG issue	Social and ethical – Community Relations
Conducted by	<input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	To protect local community rights and maintain of licence to operate. To ensure companies have a good relationship with communities and operate according to the principle of free, prior and informed consent.
Scope and Process	<p>Hermes EOS engaged with companies which, via their holdings in a consortium of a dam project, have been associated with the violation of indigenous rights. Much of the criticism relates to the lack of consultation with indigenous populations in the various licensing phases of the dam and the disregard for the irreversible impacts on the environment, which in turn will severely affect local populations. The only solution to fully respect the rights of the indigenous population would be not to build the dam. A few decades back, following local and global protests the project was indeed abandoned. However, it was resumed and, given that the consortium of owners includes the state, it seems unlikely that it will not proceed now. Hermes EOS engaged with the companies concerned on their relationships with local communities, particularly challenging the management of social issues during the initial phases of the project. It discussed the impact on the local population including the relocation of thousands of people. While one company claims that the project would displace 16,000 people, some NGOs put the number at 40,000.</p>
Outcomes	<p>One company assured Hermes EOS about the measures being taken by the consortium to work with the local communities, saying that it is providing for the displaced families and is significantly improving their living conditions. The company also welcomed Hermes EOS' comments although it suggested media coverage had been one-sided. As a result of its engagement with a second company in the consortium, Hermes EOS was the first investor to be invited to visit the site. During the site visit, Hermes EOS tested that the company's policies were being put into practice, and visited an education project in a local village, which was founded by the company and its foundation. The company also shared an internal document with Hermes EOS which described in detail its work with indigenous populations. The evidence suggested that its management of community relations with the indigenous population was impressive but was not reflected in its reporting. As a result of Hermes EOS feeding back its observations, the company committed to improve its disclosure on community issues further.</p>

☒ Add Example 3

Topic or ESG issue	Remuneration and in-house developed principles
Conducted by	<input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	To ensure executive pay structures take proper account of risk. To encourage companies to implement executive remuneration structures which properly reflect long-term performance and align management interests with those of investors.
Scope and Process	Hermes EOS engaged with companies across sectors on remuneration in 2013, frequently using the Remuneration principles for building and reinforcing long-term business success it developed in collaboration with the National Association of Pension Funds (NAPF), the BT Pension Scheme Management, RPMI Railpen Investments and the Universities Superannuation Scheme, as a basis. After reviewing the performance criteria and targets of companies, Hermes EOS challenged how schemes had been structured and asked probing questions about how they would be implemented. Hermes EOS also engaged with regulators and industry bodies to seek to achieve its objectives as outlined above.
Outcomes	Several companies from around the world significantly improved their remuneration plans as a result of Hermes EOS' engagement, resulting in greater alignment of executives' interests to those of shareholders. Among those improvements were the adoption of clawback provisions to recoup pay for inappropriate practices, the linking of remuneration metrics to a company's strategic goals, caps on bonuses, share-based plans with longer performance periods and improved disclosure on remuneration practices overall.

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

Communication

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

- ☒ We disclose it publicly

	please provide URL
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<http://www.eapf.org.uk>

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

LEA 15.3	Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.
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	Engagement information disclosed
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- ☒ 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.
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- ☐ Disclosed continuously (prior and post engagements)
- ☒ Disclosed quarterly
- ☐ Disclosed annually
- ☐ Disclosed every two years or less
- ☐ Other, specify

☐ No

☐ We disclose it to clients and/or beneficiaries only

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

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2
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The Environment Agency Active Pension Fund (EAPF) is fully committed to responsible investment. We believe well governed companies produce better and more sustainable returns than poorly governed companies.

We believe all investors should influence the Board & Directors of companies to improve their financial and environmental performance through engagement and voting at annual general meetings.

While taking into account the objectives of the Environmental Agency, it is important to note that EAPF voting on resolutions must be governed by our fiduciary duty and the long term interests of the Active Fund beneficiaries.

We delegate the majority of our voting activity to our fund managers and specialist engagement provider. We require them, in voting on our behalf, to have due regard to the UK Corporate Governance Code and in respect of overseas investments have due regard to relevant recognised international and national codes and standards. Regular contact, at senior executive level, with companies, in which the Fund's assets are invested, is an important element of both the investment process and good corporate governance and we require our managers to report regularly on their voting and engagement and the outcomes achieved.

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

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

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 <ul style="list-style-type: none"> <input type="radio"/> We use our own research or voting team and make our own voting decisions without the use of service providers. <input type="radio"/> We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions. <input checked="" type="radio"/> We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions. 		
	Based primarily on <ul style="list-style-type: none"> <input type="radio"/> the service provider voting policy signed off by us <input checked="" type="radio"/> our own voting policy <input type="radio"/> our clients requests or policy <input type="radio"/> other, explain 		
	<input type="radio"/> We hire service provider(s) which make voting decisions on our behalf.		
LEA 17.2	Additional information.[Optional]		

Our voting policy can be found at www.eapf.org.uk

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

Percentage of voting recommendations your organisation reviewed

- ☐ >20%
- ☐ 5-20%
- ☐ 1-5%
- ☒ <1%

Reasons for review

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

**LEA
18.2**

Additional information [Optional]

For environmental issues we ask our fund managers or Hermes EOS to refer these to us for advice on voting, which is set out in our Voting Policy. Generally resolutions relating to environmental issues are raised by shareholders - 'shareholder resolutions'. We publish our voting record for all environmental resolutions twice a year. The half year voting record is appended to the report; the only difference from the public version is we remove the reference to the fund manager.

The main 'voting season' runs from April to June each year during this period in 2013/14, 79 votes of an environmental nature were referred to us from our fund managers or Hermes EOS. Seventy eight shareholder resolutions and one management resolution concerning the election of officers at Gold Fields Ltd. The geographical split of environmental resolutions YTD is 55% USA/Canada, 44% Japan and 1% South Africa (Gold Fields Ltd).

Of the 79 resolutions referred to the EAPF, identified above, we voted against management for 62% of the votes, this comprised of 47% 'for' the resolutions, 13% 'abstain' and 2% 'against'. The latter being the "against" resolution proposed by management at Gold Fields Ltd and we no longer hold an active position in this stock.

A full voting results for the complete financial year 2013/14 is available on our website.

LEA 19

Voluntary

Descriptive

PRI 2

**LEA
19.1**

To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.

- ☒ Obtain confirmation that votes have been lodged:
 - ☒ for a majority of votes
 - ☐ for a minority of votes
- ☐ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☐ None of the above

LEA 19.2	Provide additional information on your organisation's vote confirmation efforts.
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We monitor voting through an on-line tool via our custodian. We also have custodian monitoring which provides statistical data on each segregated portfolio regarding voting execution.

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
☒ No

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

- ☒ Yes, in most cases
☐ Sometimes, in the following cases:
☐ 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
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LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
----------	---

- ☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

100

Specify the basis on which this percentage is calculated
--

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

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]
-----------------	--

We monitor voting through an on-line tool via our custodian. We also have custodian monitoring which provides statistical data on each segregated portfolio regarding voting execution.

☐ We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2
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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:
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Voting instructions	Breakdown as percentage of votes cast
For (supporting) management proposals	<div style="display: flex; align-items: center;"> <div style="width: 92%; height: 15px; background-color: #4F4F4F; margin-right: 5px;"></div> % </div> <div style="text-align: right; margin-top: 5px;">92</div>
Against (opposing) management proposals	<div style="display: flex; align-items: center;"> <div style="width: 7%; height: 15px; background-color: #4F4F4F; margin-right: 5px;"></div> % </div> <div style="text-align: right; margin-top: 5px;">07</div>
Abstentions	<div style="display: flex; align-items: center;"> <div style="width: 1%; height: 15px; background-color: #4F4F4F; margin-right: 5px;"></div> % </div> <div style="text-align: right; margin-top: 5px;">01</div>

100%

**LEA
23.3**

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

We delegate the majority of our voting to our managers. This is consistent with our approach in promoting engagement and voting as part of the investment process. Hermes EOS undertake the voting for our passive funds. In guiding the voting we require our managers to have due regard to the UK Corporate Governance Code and, in respect of overseas investments, to have due regard to relevant recognised international and national codes and standards. For environmental issues we ask our fund managers refer these to us for advice on voting, which is set out in our Voting Policy. Generally resolutions relating to environmental issues are raised by shareholders - 'shareholder resolutions'. We publish our voting record for all environmental resolutions twice a year. Please see www.eapf.org.uk

☐ 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.

☒ Yes

**LEA
24.2**

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

Total number

9

**LEA
24.3**

Indicate what percentage of these ESG shareholder resolutions.

Went to vote	<div><div></div><div>%</div></div> 56
Were withdrawn due to changes at company and/or negotiations with the company	<div><div></div><div>%</div></div> 33
Were withdrawn for other reasons	<div><div></div><div>%</div></div> 11

Total

100%

LEA 24.4	Of the ESG shareholder resolutions that you filed or co-filed and that were put to vote (i.e. not withdrawn) how many received:
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	>50% approval
--	---------------

0

	50-20% approval
--	-----------------

9

	<20% approval
--	---------------

0

☐ 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	Remuneration
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Companies should design and implement remuneration policies that align the interests of management with the interests of shareholders and incentivise executives to maximise long-term value.
Scope and Process	A vote against management in relation to remuneration may indicate that the remuneration report proposed by management does not demonstrate sufficient alignment with shareholder interests. This may be due to lack of sufficient performance metrics or may indicate that the quantum put forward by the company is excessive in view of the company's performance. Remuneration has been a key theme for the engagement work of Hermes EOS and this is supported by its voting related discussions with companies. In 2013, Hermes EOS engaged with a number of companies where it identified a misalignment between executive compensation and shareholder interests. In some cases, Hermes EOS agreed to vote with management 'by exception' on the understanding that management was moving in the right direction. Hermes EOS then followed up with these companies. Hermes EOS also spoke to those where they recommended voting against the remuneration scheme put forward by management to outline their concerns and agree an acceptable way forward.
Outcomes	Voting activity relating to remuneration during 2013 both supported and built on Hermes EOS' engagement dialogue with companies. Using its milestone approach for measuring progress in engagements, a number of conversations Hermes EOS had with companies around the vote led to governance changes at companies. Other conversations around the vote contributed toward continuing engagements with companies where the required change is still outstanding.

☒ Add Example 2

Topic or ESG issue	Board structure
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Boards should comprise individuals with an appropriate and diverse range of competencies, knowledge and experiences to effectively carry out their duties.
Scope and Process	<p>Ideally boards should be led by an independent non-executive chair. Boards should establish and maintain an appropriate corporate culture, be representative of all shareholders including minorities and should assume responsibility for remuneration policies and oversee the risk management function. Board structure is a significant feature for engagement at our service provider Hermes EOS. Very often getting the board right is the first step in addressing other social or environmental issues that the company may be exposed to. Hermes EOS regards the vote against as an annual health check and often a vote against will precipitate further engagement with the company. Equally, the vote may be used in such a way as to support ongoing engagements on board structure. Consistent with its intelligent voting approach, Hermes EOS endeavours to contact companies wherever possible when it recommends a vote against. Sometimes this contact enables Hermes EOS to vote with management 'by exception.' Subsequent to the vote, Hermes EOS follows up with companies, wherever possible, to explain the rationale for voting against and what changes it would like to see.</p>
Outcomes	<p>Voting activity on resolutions relating to board structure during 2013 both supported and built on Hermes EOS' engagement dialogue with companies. Using its milestone approach to measure progress in engagements, Hermes EOS can demonstrate that a number of conversations with companies around the vote led to governance changes with companies. Other conversations around the vote contributed towards continuing engagements with companies where the required change is still outstanding.</p>

☒ Add Example 3

Topic or ESG issue	Capital Structure
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Companies should have an efficient capital structure which will minimise the long-term cost of capital.
Scope and Process	Consistent with its intelligent voting approach, in instances of material holdings or otherwise high-profile companies, our service provider Hermes EOS endeavoured to contact companies wherever possible when it recommended a vote against. Sometimes this contact enabled Hermes EOS to vote 'with management by exception.' Subsequent to the vote, Hermes EOS follows up with companies wherever possible to explain the rationale for voting against and what changes it would like to see.
Outcomes	Voting activity in relation to capital structure during 2013 both supported and built on engagements with companies on this issue. Using Hermes EOS' milestone approach to measure progress in engagements, a number of conversations with companies around the vote led to governance changes with companies. Other conversations around the vote contributed towards continuing engagements at companies where the required change is still outstanding.

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

Communication

LEA 26

Mandatory

Core Assessed

PRI 2,6

LEA
26.1

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

☒ We disclose it publicly

provide URL

<http://www.eapf.org.uk>

**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