RECLAIMING OWNERSHIP

A SURVEY OF GOVERNANCE AND RESPONSIBLE INVESTMENT AT UK AUTOMATIC-ENROLMENT PENSION PROVIDERS

ShareAction
the movement for **Responsible Investment**

About ShareAction

ShareAction is a UK registered charity promoting an investment system which serves savers, society and the environment. In particular, ShareAction works to encourage institutional investors to be active owners and responsible providers of financial capital to investee companies. Fairshare Educational Foundation (ShareAction) is a company limited by guarantee registered in England and Wales (number 05013662 and registered address Ground Floor, 16 Crucifix Lane, London, SE1 3JW) and a registered charity (number 1117244).

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Disclaimer

The research in this report was carried out between October 2015 and December 2015. During the period of analysis, the entities surveyed were informed of their interim scores by email and were given the opportunity to comment on or ask questions on these to make additional disclosures or to provide clarification. Any notifications of changes, information or clarification not drawn to ShareAction's attention prior to the deadlines are not included in the report.

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We would also like to thank our panel of experts who gave their time to provide guidance to inform this research project. Affiliations are given for information only; group members participated in a personal capacity. The views expressed in this document are those of ShareAction and do not necessarily reflect those of working group members.

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Contents

Ranking

	Pension provider	Score (out of 80)
1	Aviva	39
2	Standard Life (Contract-based schemes)	37
3	Standard Life (Master-trust)	36
4	Aegon	32
5	NEST	27
6	Legal & General (Contract-based schemes)	23
6	Legal & General Master-trust	23
8	NOW: Pensions	17
9	Royal London*	16
10	Scottish Widows	13
11	The People's Pension	4

* Providers who did not complete the governance questionnaire and received zero points for this section

Executive Summary

This is ShareAction's first benchmarking survey of the auto-enrolment workplace pensions market. We examined the nine largest pension providers, with a combined £1.9 trillion assets under management.[1] These providers are set to dominate this market for years to come. Our independent analysis of their investment policies and transparency aims to identify areas of concern and best practice, so as to drive a race to the top.

An estimated nine million workers will be saving into auto-enrolment workplace pension schemes by 2018.[2] These savers' future financial security is contingent on the investment returns delivered by their pension providers. The investment decisions of these providers are also hugely important for the health of our environment, economies and communities. As large shareholders and bondholders these pension providers have significant power to influence the behaviour of companies in the UK and across the globe. This survey sought to investigate whether or not these providers behave as responsible investors who fully factor environmental, social and corporate governance (ESG) issues into investment decision making, and engage with their investee companies.

The methodology for this survey was developed with help from an expert panel and particular help from VBDO, the Dutch Association of Investors for Sustainable Development. The methodology was based on various aspects of the VBDO Benchmark Pension Funds, previous ShareAction surveys and the Fair Finance Guide International.[3] The resulting methodology was more detailed and demanding than previous ShareAction surveys; the average overall score was twenty-three out of eighty.

The survey covered:

- three master-trusts – NEST, NOW: Pensions and The People's Pension
- four insurance companies with contract-based schemes - Aegon, Aviva, Royal London and Scottish Widows
- two insurance companies with master-trust and contract-based schemes - Standard Life and Legal & General

These providers were examined on the basis of publicly available information, relevant internal documents supplied to ShareAction and a questionnaire, which eight of the nine providers completed. The research covered internal operations at the providers themselves and their investment behaviour in relation to several key sectors and Responsible Investment topics. For the section on governance, each of the 11 providers was assessed separately. For all the other sections Legal & General and Standard Life were only assessed once, rather than separately for the master-trust and contract-based offerings, which means that the total number of providers was 9 for these other sections

Institutional investors have a vital role to play in ensuring global warming remains below the 2˚C target agreed by global leaders in Paris. All the providers except for The People's Pension mention climate change in their investment policies, but there is much room for improvement on this issue. Only Aviva has committed to measure and disclose the greenhouse gas emissions of its entire investment portfolio. Only Aviva, Aegon and Legal & General state that they invest in companies or projects that support the transition to a low-carbon economy and emissions reduction in the economy as a whole. Only Aviva, Standard Life and Scottish Widows assess the risks of stranded assets with respect to fossil fuel companies' project portfolios. As six of the providers have recently signed the Paris Pledge for Action, committing them to support implementation of the Paris agreement, it is hoped that rapid improvements will be seen.

Six of the nine providers mention human rights, and seven mention labour rights in their investment policies. However these policies could all be improved by adding detail on specific issues such as company health and safety or indigenous people's rights, and referring to accepted international norms and standards. Five providers, Aegon, Aviva, NOW: Pensions, Scottish Widows and Standard Life, state in their public policies that the production of, maintenance of and trade in controversial weapons are unacceptable.

1 Figures taken from each providers' website on 15/12/2015. For providers with multiple business lines, the assets under management figures comprise assets from their pension schemes alongside those from other business lines.

2 Department for Work and Pensions (03/07/2015), Press release – Millions more to be automatically enrolled into workplace pensions, available from https://www.gov.uk/government/news/millions-more-to-be-automatically-enrolled-into-workplace-pensions (accessed 01/01/2016)

3 The Fair Finance Guide International Methodology has been developed over the past years by Profundo (Netherlands) and the international Fair Finance Guide coalition. See Herder, A., Riemersma, M., and van Gelder, J. W., Methodology for the assessment of responsible investment and financing policies of financial institutions, (updated 2015) Profundo, developed for Fair Finance Guide International

The UK government introduced new powers in 2013 giving shareholders a 'say on pay', and six providers disclose a policy position on executive remuneration. But only Aviva, Standard Life and Legal & General describe the need for companies' remuneration policies to be linked to the long-term financial success of the company and define clear targets to achieve this. Alongside executive pay, corporate tax evasion and avoidance is a topic currently generating a lot of attention from the public and media. Very few pension providers set out expectations with regard to tax disclosure by investee companies, and none of them encourage companies to do comprehensive reporting on taxes and profits on a country-by-country basis.

Communications and accountability to members still fall way short of what is needed to overcome the public's widespread lack of trust and understanding of the pension sector, and ensure their valid ethical concerns are reflected in investment policy and practice. None of the providers include information about Responsible Investment issues in the annual statement sent to members. Only one provider surveys the members of its auto-enrolment default fund about Responsible Investment.

None of the providers have a member nominated representative on their trustee board (in the case of the master-trust) or Independent Governance Committee (in the case of the contract-based schemes). This is a troubling departure from the governance arrangements of trust-based schemes which used to dominate UK occupational pension provision and consisted of 1/3 member nominated trustees, 1/3 employer nominated trustees and 1/3 independents.

The providers examined are still delegating most of the responsibility for investment policies and practices to their asset managers. Aviva, Legal & General, Royal London, Standard Life and NOW: Pensions all belong to companies with in-house asset management divisions. Very little if any information about investment policies and practices was available on the pension providers' customer facing websites, those that existed were almost always found on the asset management division's website. This raises serious concerns about pension providers' monitoring and evaluation of asset managers, and what Responsible Investment requirements, if any, are given to third party asset managers. Only five out of the 11 providers evaluated on the governance theme told us that they require evidence of Responsible Investment and stewardship capabilities when selecting external asset managers. Although it should be noted that NOW: Pensions does not use any external managers.

There was a range of performance in relation to disclosure of voting and engagement records. Although six providers publish voting records, only Aviva and Royal London's disclosures include voting proposal descriptions and rationales for key decisions. Seven providers report on their engagement activities in some way, via summary statistics of the number of engagements on different topics or more detailed case studies of specific engagements. Only Standard Life names all the companies they engage with, alongside a summary of the topics. Only NEST publishes a list of their largest investment holdings.

The research indicates that size is not a barrier to, or indication of, good practice in the field of Responsible Investment, transparency and accountability. Overall this survey shows that best practice is emerging across a diverse range of Responsible Investment themes and practices. There are a plethora of investor initiatives that many of these providers have signed up to, such as the UN led Principles for Responsible Investment (PRI) and the Carbon Disclosure Project (CDP). These investors all publicly acknowledge that ESG issues matter and are often financially material. However, there is still much room for improvement by all these providers before their policies embody best practice across all the issues examined.

Introduction

ShareAction has undertaken annual benchmarking studies of the transparency and Responsible Investment performance of the UK's largest occupational pension funds, insurance companies and asset managers since 2006. These surveys aim to catalyse improvements in Responsible Investment by identifying best practice and unsatisfactory performance, and by providing independently assessed and comparable data.

This is the first ShareAction survey focusing on the largest pension providers serving the auto-enrolment market who are set to dominate the pension landscape outside the public sector for years to come. Therefore it includes both insurance companies and master-trusts (see box on page 9). We have selected nine key players in the auto-enrolment industry, three of which are master-trusts, two of which are insurance companies offering both a master-trust and contract-based schemes, and four of which are insurance companies offering only contract-based schemes.

It is an important moment to survey auto-enrolment providers. From 2014-2018 auto-enrolment will lead to nine million workers newly saving or saving more into workplace pensions.[4] From now until 2018, small and micro employers will have to choose a scheme for their workforce or be opted into NEST by default and we hope that this ranking will inform employers making that choice. The report is also accompanied by a web tool that enables savers to explore and compare the performance of the pension provider who manages their savings.

Many workers and employers are new to workplace pensions and will lack the expertise, motivation or resources to scrutinise pension providers' investment policies and practices. Also, recent research from the Pensions PlayPen found the most important considerations for employers are the cost to them and ease of setting up the scheme, rather than issues like the cost and communications to members and the investment approach.[5] Competition does not work properly in the defined contribution market, meaning the ability of market forces to drive positive change is very limited.[6] The independent scrutiny and analysis provided by this ranking can play an important part in ensuring that savers' funds are being responsibly invested, particularly in relation to long-term risks.[7]

What is Responsible Investment?

ShareAction promotes Responsible Investment by pension schemes and their asset managers. Responsible Investment is an investment approach which takes into account environmental, social and governance (ESG) issues which can be material to long-term investment returns. It requires these factors to be assessed and integrated into research and investment decisions and for investors to conduct active, considered voting of shareholdings and engagement with companies. These activities assist with managing risk and securing risk-adjusted returns over the long-term. Many studies have found a positive link between Responsible Investing and investment returns. Of note is a recent meta-study, conducted by the University of Hamburg and Deutsche Asset & Wealth Management, of around 2,250 academic studies into the link between ESG and corporate financial performance which found an 'overwhelming share of positive results'[8].

The investment performance of pension savings is hugely important for the financial security in retirement of auto-enrolled savers who will typically bear all the risks of investment themselves. Research from JLT Employee Benefits posits that employees who have been auto-enrolled into the lowest financially performing of the UK's top Defined Contribution (DC) funds have been losing out on 6% return per year compared to those in the best performing funds over the last three years. This loss could amount to £500,000 over a lifetime of saving for a member in their thirties saving 8% of a £30,000 salary. Adopting a Responsible Investment approach is, of course, not a guarantee or sole determinant of good investment performance. It is a prudent approach though given the growing body of evidence linking proper consideration of ESG factors with good financial performance and the losses that investors have suffered from failing to properly scrutinise and engage with their investee companies on such issues. High profile scandals like the 2010 oil spill at BP's Macondo well, or the more recent Volkswagen emissions scandal are just two examples of this.

4 Department for Work and Pensions (03/07/2015), Press release – Millions more to be automatically enrolled into workplace pensions, available from https://www.gov.uk/government/news/millions-more-to-be-automatically-enrolled-into-workplace-pensions (accessed 01/01/2016)
5 Pensions PlayPen (2016), 'Measures of Support" How users rate workplace pension providers'
6 Office of Fair Trading (2014), Defined contribution workplace pension market study, (updated version), available at http://webarchive.nationalarchives.gov.uk/20131101164215/http:/www.oft.gov.uk/shared_oft/market-studies/oft1505, accessed on 01/02/2016
7 JLT Employee Benefits, Press Release, (11/11/2015), https://www.jltemployeebenefits.com/media-centre/press-releases/ae-dc-members-loss-of-annual-return-on-their-pension-investments-11-nov-2015
8 Friede, G., Lewis, M., Bassen, A., and Busch, T., (2015) 'ESG & Corporate Financial Performance: Mapping the global landscape', Deutsche Wealth & Asset Management,'

Pension providers should consider ESG factors due to the impact that that their investment behaviour has on the world savers live in and will retire into. Life insurance companies and pension funds are one of the largest investor groups in the UK, with £3 trillion in assets under management according to the Bank of England.[9] The nine providers covered in this survey represent a huge portion of this sector as they have over £1.9 trillion[10] in total assets under management. Through their shareholdings these pension providers have significant power to influence how companies operate. The OECD estimates that UK pension funds invest 27.7% of their assets abroad, meaning their investment behaviour has global consequences[11]. The concomitant responsibility this gives pension providers is demonstrated by an increasing number of initiatives promoting Responsible Investment by institutional investors, from the UN-backed Principles for Responsible Investment (PRI), to the UK Government's Stewardship Code and the Institutional Investors Group on Climate Change.

Pension providers should also consider ESG and ethical factors due to savers' moral objections to certain types of investment or corporate behaviour. For example, a 2014 survey by the Pensions and Lifetime Savings association (PLSA) found that 70% of UK adults 'felt it important for pension providers to invest in companies that concentrate on avoiding unethical practices' and 49% would like their employer 'to choose a provider which makes a specific point of investing ethically, even if this fund would achieve lower returns on investment.'[12] This report looked at whether or not these pension providers are taking appropriate steps to find out which issues matter most to the savers whose money they manage and integrate this into investment and reporting practices.

It is clear that bold and creative improvements in communication and accountability to savers are badly needed. According to the PLSA survey, 40% of adults are not aware of what their pension provider does with their money between when they put it into their pension and when they eventually take it out at retirement[13]. The market for investment products, private pensions and securities was ranked the lowest performing out of 52 consumer markets assessed in the European Commission's most recent consumer markets scoreboard. This market scored particularly badly for trust and ease of comparability.[14]

The assessment elements in this survey are more demanding than in previous ShareAction surveys. This reflects the evolution of Responsible Investment best practice and the growing awareness of the financial materiality of ESG issues.[15] The scoring criteria used reflect the need for measurable targets and refer to international norms and standards where possible. The approach is described in more detail in the methodology. Without this, it is difficult to accurately compare different providers or ascertain the difference between what may be marketing speak and truly embedded Responsible Investment. It should also be noted that the assessment elements are less wide ranging and demanding than those used in similar research initiatives in other jurisdictions. For example the Fair Finance Guide International, with whom ShareAction collaborated on this project, includes 335 assessment elements spread over 19 themes in their methodology for banks and insurance companies, compared with 80 assessment elements over 11 themes in this report.

The criteria also reflect the fact that pension providers, as asset owners, have an important and distinct role to play with regard to Responsible Investment even when day-to-day investment decisions are made by third-party asset managers. Whether asset management is outsourced to third-parties, or conducted by a separate asset management division of the same parent company, pension providers should set clear expectations and monitor asset manager performance. The research

9 Bank of England and the Procyclicality Working Group, (2014) 'Procyclicality and structural trends in investment allocation by insurance companies and pension funds: A Discussion Paper by the Bank of England and the Procyclicality Working Group', available at http://www.bankofengland.co.uk/publications/Documents/news/2014/dp310714.pdf
10 Figures taken from each providers' website on 15/12/2015. For providers with multiple business lines, the assets under management figures comprise assets from their pension schemes alongside those from other business lines.
11 OECD (2015) 'Pension Markets In Focus 2015', available at http://www.oecd.org/daf/fin/private-pensions/Pension-Markets-in-Focus-2015.pdf
12 PLSA (formerly NAPF) (2012), What do pension scheme members expect of how their savings are invested?, available at http://www.plsa.co.uk/PolicyandResearch/DocumentLibrary/~/media/Policy/Documents/0391_what_do_pension_scheme_members_expect_of_how_their_savings_are_invested_an_NAPF_research_report.pdf
13 Ibid. 7
14 European Commission, 'Consumer Markets Scoreboard, 10th Edition', (2014), available at http://ec.europa.eu/consumers/consumer_evidence/consumer_scoreboards/10_edition/docs/consumer_market_brochure_141027_en.pdf
15 See for example Eurosif, 'European SRI Study' (2014), http://www.eurosif.org/wp-content/uploads/2014/09/Eurosif-SRI-Study-20142.pdf and National Association of Pension Funds (now Pensions and Lifetime Savings Association), 'NAPF Engagement Survey: pension funds' engagement with investee companies', 2014, available at http://www.plsa.co.uk/PressCentre/Press_releases/~/media/Policy/Documents/0412_NAPF_engagement_survey_2014.pdf

looked at whether these asset owners are fulfilling their responsibilities on Responsible Investment or still expecting asset managers to fill the driving seat.

Research gathered for ShareAction's 2015 survey of the Responsible Investment performance of Asset Managers revealed that these actors often say they follow their client's lead when it comes to Responsible Investment and cannot go further than this. Lack of clarity over where responsibility for Responsible Investment should lie is a key barrier to its adoption. In addition to assessing policies, part of the aim of this survey is to identify where the responsibility for Responsible Investment lies in the eyes of different actors in the investment chain.

Automatic-Enrolment, contract and master-trust based schemes explained

Under automatic-enrolment, employers are required to enrol into a pension scheme all employees between 22 and the state pension age, who earn over a certain threshold and are not already a member of a qualifying scheme. This policy is being phased in between October 2012 and October 2018, starting with the largest employers and moving to the smallest. Employees can choose to opt-out after they have been enrolled. Employers whose organisation does not have its own company pension scheme, which the vast majority of employers subject to auto-enrolment do not, can choose between contract or master-trust based offerings from third-parties, normally large insurance companies. Although the end products look very similar to savers, these two types of scheme are in fact covered by two different legal regimes and overseen by two different regulators:

Master-trust based schemes are subject to trust law and regulated largely by The Pensions Regulator. Schemes are governed by a board of trustees with strict fiduciary duties to act in the best interest of beneficiaries. Fiduciary duty is comprised of the duty of loyalty (which requires trustees to avoid conflicts of interest and put beneficiaries first) and the duty of prudence (which requires them to invest funds wisely based on appropriate advice). The Law Commission's recent review of fiduciary duties made it clear that trustees should take ESG issues into account where they are likely to be financially material.[16]

Unlike traditional trust-based schemes, master-trusts serve many different, unrelated employers. NEST, the National Employment Savings Trust, was set up by the Government as part of the auto-enrolment policy initiative to ensure that all employers have access to a low-cost scheme. NEST operates on a not-for-profit basis and cannot turn down any employers wishing to use it.

Contract-based offerings are run by commercial providers, usually insurance companies. The contract is between the individual saver and the provider, meaning that although employers select the provider they are not party to the contract. Savers in these schemes are protected by the terms of the contract and Financial Conduct Authority rules, although these rules impose no duty on providers to put beneficiaries' interests first.

As of 1st April 2015 contract-based workplace pension providers have been required by the Financial Conduct Authority to establish Independent Governance Committees with a duty to act independently of the provider and in members' interests. Independent Governance Committees have fewer powers than boards of trustees who legally own the scheme assets and can move them between different investment vehicles and asset managers

The Financial Conduct Authority has advised contract-based pension schemes, and the new Independent Governance Committees (IGCs) that oversee them to focus on 'value for money'[17] delivered to members. Individual IGCs are free to create their own definition and criteria by which to judge value for money. However, there is mounting evidence that properly addressing the environmental, social and governance (ESG) related risks and opportunities in portfolios is an

16 Law Commission (2014), Fiduciary Duties of Investment Intermediaries, available at http://lawcommission.justice.gov.uk/areas/fiduciary_duties.htm.
17 Financial Conduct Authority, 'PS15/3: Final rules for independent governance committees, including feedback on CP14/16', 04/02/2015, paragraph 1.14

important part of the value for money equation (see box on Responsible Investment).

Master-trust schemes have stricter duties with regard to prudently investing savers' assets. The Law Commission's 2014 review of investors' fiduciary duties made it clear that trustees 'should take account' of all financially material risks to their investments and 'that both "ESG" and "ethical" factors may, in any given case, be material to the performance of an investment.'[18] The review also found that fiduciaries can take account of non-financial factors, such as savers' quality of life or ethical views; if they have good reason to believe that scheme members would share the concern; and if it does not involve a significant risk of financial detriment to the fund.[19]

18 Law Commission (2014) 'Fiduciary Duties of Investment Intermediaries', paragraph 5.76http://www.lawcom.gov.uk/wp-content/uploads/2015/03/lc350_fiduciary_duties.pdf
19 Ibid. paragraph 5.61-5.62

Methodology

Selection of Providers
This year's survey focuses on the UK's nine largest auto-enrolment pension providers, including both master-trusts and contract-based schemes.[20] As there is no official list of the largest providers maintained by the Government or Regulators, several sources were used to build this list, including data provided by the Association of British Insurers, the Office of Fair Trading's 2013 'Defined contribution workplace pension study', consultation with industry experts and the websites and annual reports of pension providers themselves. The size of providers was judged on the basis of assets under management rather than scheme member numbers, as the latter are changing rapidly in this growing market. The largest 10 were originally selected but this was reduced to nine due to the merger of Friends Life with Aviva, as these organisations informed us that investment of Friends Life funds is being brought in line with Aviva policies.

Of the nine providers selected:
- Three are master-trusts (NEST, NOW: Pensions and The People's Pensions)
- Four are insurance companies offering contract-based schemes (Aegon, Aviva, Royal London and Scottish Widows)
- Two are insurance companies offering both a master-trust and contract-based products to the auto-enrolment market (Standard Life and Legal & General).

For Standard Life and Legal & General, their master-trust and contract-based schemes were assessed separately for the governance section of the survey, but for all other sections of the survey they were assessed once as the same investment policies and disclosures apply to both types of offering. For master-trusts, certain questions in the governance section relate to the board of trustees whereas for contract-based providers these questions were adapted to refer to the Independent Governance Committee. Therefore, the governance section and statistics refer to 11 providers surveyed on governance, whereas for the rest of the themes the total number of providers is nine.

Investment policies that cover default investment funds, rather than ethical funds, have been assessed in this survey as the vast majority of auto-enrolees end up in default funds.

Process
The methodology for this survey was developed from August to October 2015, with help from the expert panel and particular help from VBDO, the Dutch Association of Investors for Sustainable Development; the methodology was based on various aspects of the VBDO Benchmark Pension Funds[21] and the Fair Finance Guide International.[22] At the end of October, ShareAction sent letters of survey notification to all pension providers included in our research, to ensure that the survey would be communicated to the right person within the organisation.

The survey research was conducted from November to December 2015. Our assessment consists of two parts. The main part of the assessment is based on publicly available information on the pension providers' websites for all themes assessed. The second part of the assessment is based on a questionnaire on the governance practices. This questionnaire was sent in November. Only one provider, Royal London, declined to participate and thus scored zero for the governance section.

Structure and Scoring Scheme
The scoring criteria were drawn from the following methodologies:
- Fair Finance Guide International's[23] methodology for assessing the investment policies of banks and insurance companies in nine countries
- ShareAction's surveys of Responsible Investment and transparency of UK pension funds (2014)[24], contract-based pension providers (2012)[25] and asset managers (2015)[26]

20 While our original list included 10 pension providers, we decided not to include Friends Life, as they have merged with Aviva plc and are in the process of aligning policies with that of their parent company.
21 de Kruif, D. and van Ipenburg, P., (2015) 'Benchmark Responsible Investment by Pension Funds in the Netherlands 2015 Bridging the Gap', VBDO, Utrecht, available at http://www.vbdo.nl/files/report/VBDOResponsibleInvestmentDutchPensionFunds.pdf
22 The Fair Finance Guide International Methodology has been developed since 2007 by PROFUNDO (Netherlands) and the international Fair Finance Guide coalition. For more information see
23 http://fairfinanceguide.org/about-us/. There is no publicly available copy of this methodology or assessments from other countries available in English
24 Toy L. and Livesey B., (2014) 'Entrusted with our future: A survey of the Responsible Investment performance of UK Pension Funds', ShareAction, available at http://www.shareaction.org/sites/default/files/uploaded_files/investorresources/Entrusted_with_our_future_final.pdf
25 FairPensions (former name of ShareAction) (2012) 'The Stewardship Lottery: The Governance Gap in Contract-Based Pensions', available at http://www.shareaction.org/sites/default/files/uploaded_files/researchpublications/StewardshipLottery.pdf
26 Galdiolo S. and de Ste Croix C., (2015) 'Responsible Investment Performance of UK Asset Managers: The 2015 ShareAction survey', available at http://action.shareaction.org/page/-/Survey%20Report-2015.pdf
27 de Kruif, D. and van Ipenburg, P., (2015) 'Benchmark Responsible Investment by Pension Funds in the Netherlands 2015 Bridging the Gap', VBDO

- VBDO's Benchmark of the Responsible Investment of Dutch Pension Funds 2015[27]

The survey assessment is based on 11 core Responsible Investment themes:
- **Operational themes** (concerning operations within the pension provider itself): governance, transparency and accountability
- **Cross-cutting themes** (concerning policies and practices within investee companies): climate change, human rights, labour rights, nature, remuneration and operations, taxes and corruption
- **Sector-specific themes**: arms, extractive industries, power generation

Across these themes there is a total of 80 assessment elements which are mainly formulated as principles. The principles refer to accepted international standards, initiatives and guidelines where possible, for example the UN Global Compact[28] or the Montreal Carbon Pledge Principles[29]. Such principles can be applied by pension providers in various ways, and using different Responsible Investment strategies. For example for new investments, the principles could be applied in screening criteria or as exclusions. For existing investments they can be applied through engagement guidelines or a voting policy. Our methodology does not comment in this survey on the way pension providers should apply the principles to their investments, but it does expect that pension providers explain their approach in policy documents or other relevant documents or webpages.

A total of one point is available for each assessment element. This is made up of a basic score of 0.5 for evidence meeting that assessment element found in a policy document or webpage of the pension provider, its parent company, or a subsidiary that relates to its UK pensions business (e.g. asset manager). An additional 0.25 points can be granted for 'internally managed funds', if the policy applies to all internally managed funds, or another 0.25 for 'externally managed funds' if the provider endeavours to ensure that the policy covers all externally managed funds. If the pension provider does not have any internally managed assets then that column is marked 'n.a.' throughout and in that case 0.5 points are available for 'externally managed assets' if the policy applies to all externally managed assets. The converse is true if the provider has no externally managed assets.

Information on the provider's investment approach in documents that are not publicly available but have been supplied to ShareAction leads to half the point that would be awarded if the information were available publicly.

Only information from quarterly or annual reports published after August 2014 has been taken into account. Policy documents are considered relevant until they are superseded by a newer version.

In addition to this, the survey also looked at relevant collective policies and standards that pension providers have subscribed to. These include the UN Global Compact, the PRI and the UK Stewardship Code. Adherence to these policies automatically grants a basic score for some of the assessment elements.

28 The UN Global Compact is the UN's platform for business to act on global goals, for example the Sustainable Development Goals through their operations, innovations and partnerships. For more information see https://www.unglobalcompact.org/
29 The Montreal Carbon Pledge is overseen by the PRI and commits investors to measure and publicly disclose the carbon footprint of their investment portfolios on an annual basis. For more information see http://montrealpledge.org/

Scoring example showing maximum points available for a pension provider with internally and externally managed assets:

Climate Change	Basic score	Internally managed	Externally managed funds	Total Score funds
1 The pension provider's policies explicitly addresses climate change in relation to its investments.	0.5	0.25	0.25	1
2 The pension provider's total investment portfolio is aligned with limiting climate change to +2°C	0.5	0.25	0.25	1

Scoring example showing maximum points available for a pension provider with only externally managed assets:

Nature	Basic score	Internally managed	Externally managed funds	Total Score funds
1 The pension provider's policies explicitly addresses climate change in relation to its investments.	0.5	n/a	0.5	1
2 The pension provider's total investment portfolio is aligned with limiting climate change to +2°C	0.5	n/a	0.5	1

In the scorecards in Appendix 2 the basic score, score for internally managed assets and score for externally manged assets are represented as binary scores of 0 or 1. If a point was awarded on the basis of a document that was not publicly available but was supplied to ShareAction then 0.5 appears in the scorecard.

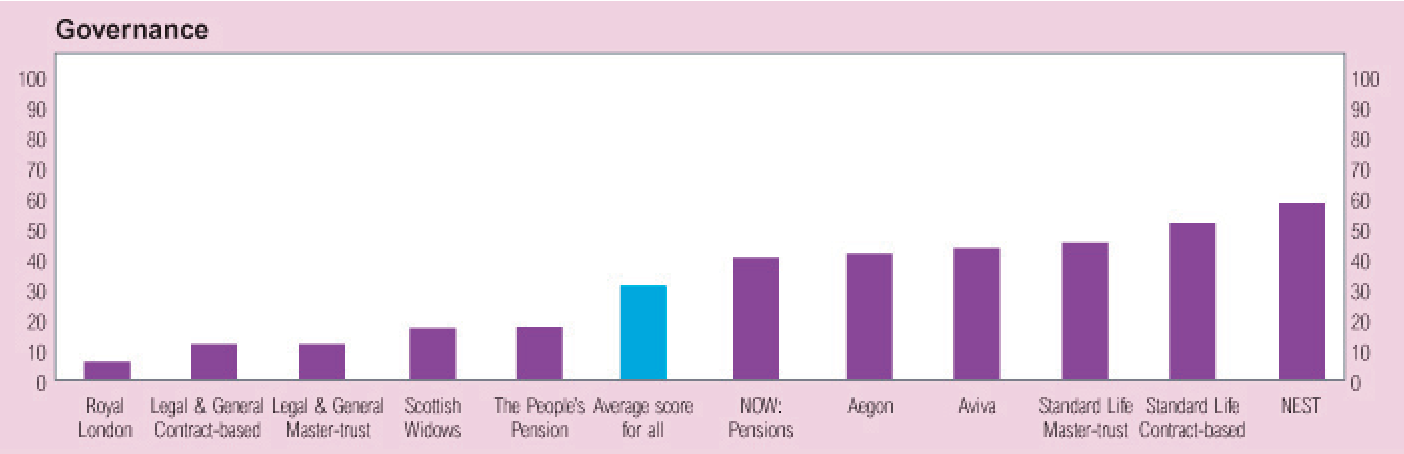
A note on terminology
The term 'pension provider' is used throughout this report to refer to the organisations analysed in their capacity as provider of workplace pension schemes even though many of them are insurance companies with multiple lines of business.

Pension providers have been referred to in this report by their trading name rather than the legal name of particular entities. For example the report refers to 'Standard Life' instead of 'Standard Life Plc', 'Standard Life Assurance Limited' or 'Standard Life Investment Funds Limited'.

Results and Findings

Operational Themes

Governance



Background

Good governance has been a focus for policymakers and regulators since auto-enrolment began. The urgent need to improve governance of contract-based schemes was made more apparent by the Office of Fair Trading's (OFT) 2013 report into the Defined Contribution (DC) workplace pensions market. The report unequivocally concluded that competition is not working in this market and found that fees and charges are often high, impossible to compare and frequently cancel out investment returns.[30] The report said that:

'The buyer side of the DC workplace pensions market is one of the weakest that the OFT has analysed in recent years'[31].

The reason given for this are that many employees do not engage with or understand their pensions, and although they bear the risks they are not responsible for choosing the main elements of the product. Employers, who do make this choice, often 'lack the capacity or the incentive'[32] to drive good outcomes for their employees.

In response to the Office of Fair Trading Report, the Financial Conduct Authority introduced a requirement for pension providers to establish Independent Governance Committees[33] to act in members' interests. IGC members are appointed by the pension provider but have a duty to act independently of it. These rules do not require actual involvement of members themselves in governance but the FCA 'expect[s] the IGC to take into account the views of scheme members.' In contrast the requirement on occupational pensions schemes, linked to a single employer, are that one third of the trustee board must be members or member representatives. The rules also require providers to ensure that member views are directly represented to the IGC.[34] The rules came into force in April 2015

The importance of stronger accountability to members, or their representatives, has also been acknowledged in recent reforms to master-trust governance arrangements. The 'Occupational Pension Schemes (Charges and Governance) Regulations 2015' requires the trustees or managers of master-trusts to 'make arrangements to encourage members of the scheme, or their representatives, to make their views on matters relating to the scheme known to the trustees or managers' and to report annually on the methods used to do this.[35] This statutory instrument also came into force in April 2015. However the Regulation stopped short of requiring members or their representatives to have seats on trustee boards, in contrast to single-employer trusts and best practice in other countries with well-developed workplace pension systems.[36]

30 Office of Fair Trading, 'Defined contribution workplace pension market study', (updated version), 2014, available at http://www.oft.gov.uk/shared_oft/marketstudies/oft1505
31 Ibid. paragraph 1.9
32 Ibid. paragraph 1.12
33 Financial Conduct Authority, (2015) 'Final rules for independent governance committees, including feedback on CP14/16' available at http://www.fca.org.uk/static/documents/policy-statements/ps15-03.pdf
34 Ibid. page 11
35 Regulation 29 and Regulation 27, http://www.legislation.gov.uk/uksi/2015/879/regulation/17/made
36 de Ste Croix, C., (2015) Realigning Interests, Reducing Regulation: A vision for reforming UK workplace pensions, ShareAction, available at http://action.shareaction.org/page/-/ReducingRegulationReport.pdf

ShareAction has long argued that savers should have a say in how and where their money is invested,[37] not only as a point of principle (it is their money) but also as an essential part of good governance. Like any chain, the investment chain is only as strong as its weakest link. Without meaningful accountability of pension providers to their savers, full accountability of asset managers to the pension providers, and investee companies to asset managers will not be realised. Of course, most savers may never get involved with scrutinising their pension provider's practices and holding them to account, but the scrutiny of a minority and of civil society on savers' behalf can improve outcomes for all.

Furthermore, the argument that pension savers are put off by the jargon and do not fully understand how the investment system works, does not give pension providers a carte blanche to invest in ways that contradict savers' values. Many savers are deeply concerned about issues such as soaring executive pay, climate change or human and labour rights abuses in supply chains. For example, a 2014 survey by the Pensions and Lifetime Savings Association found that 70% of adults 'felt it important for pension providers to invest in companies that concentrate on avoiding unethical practices.'[38]

Findings

This survey is a timely opportunity to review how the new legal requirements and expectations regarding governance and accountability to members are being met. There are positive early developments but communication with, and accountability to, members is still in its infancy, especially with regard to Responsible Investment issues. The most common method used is customer panels or consultative bodies although the role and scope of these bodies varies. Aegon, Standard Life and Aviva have established customer hubs or research communities that are used as sounding boards to test new ideas and products with customers across their varied business lines. Only Standard Life consults this forum about Responsible Investment.

Although they are free to, none of the master-trusts surveyed have yet put a real member on the trustee board. NEST and NOW: Pensions both have member panels with more formal roles in the governance structure, the NOW: Pensions Member Committee is a sub-committee of the main trustee board and we were told that it discusses Responsible Investment (amongst other issues). The NEST Member Committee is consulted regarding the appointment of new trustees and any changes to the Statement of Investment Principles, which includes Responsible Investment considerations. The People's Pension has announced that it will set up a member panel in 2016.

Scottish Widows is the only provider surveyed that asks customers in its default fund about Responsible Investment via surveys. Standard Life also does so, but only in relation to its ethical fund. Only Standard Life directly informs customers about Responsible Investment, via emails. Disappointingly, none of the providers told us that they include information about Responsible Investment in the annual statement sent to members.

We were pleased to see that some providers are giving their members an opportunity to meet and question them directly. Legal & General organises an annual members' forum for its master-trust customers. It is planning to extend this to its contract-based scheme customers in 2016. Aviva has held meetings with groups of its members to discuss their Responsible Investment concerns, although this is not directly communicated or advertised to members. Standard Life organises webinars on Responsible Investment. Aviva and Legal & General's contract-based schemes also have member education programmes.

Accountability in terms of public disclosure of investment policies and practices is discussed in the following section on Transparency and Accountability.

37 See for example Berry, C., (2012) Whose Duty: Ensuring Effective Stewardship in Contract Based Pensions, Fair Pensions (former name of ShareAction), and Berry, C, (2013) Our Money, Our Business, Fair Pensions (former name of ShareAction),

38 Pensions and Lifetime Savings Authority (formerly the National Association of Pension Funds), 'What do scheme members expect of how their savings are invested', NAPF, July 2014

The role of asset owners – whose duty?
Overall, the providers examined are still delegating most of the responsibility for investment policies and practices to their asset managers. In too many cases they fail to acknowledge their own role as asset owners in setting expectations, monitoring and evaluating asset manager performance on Responsible Investment issues. Only five out of the 11 providers assessed for governance told us that they require evidence of Responsible Investment and stewardship capabilities when selecting external asset managers. Although it must be noted that this question did not apply to NOW: Pensions who do not use any external managers. One particularly unconvincing 'environmental, social and ethical investment policy' stated:

'The Trustee believes that environmental, social and corporate governance ('ESG') issues can affect the performance of investment portfolios and should therefore be taken into account as part of the Scheme's investment process.

The Trustee has given the investment managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations relating to the Scheme's investments.

It is accepted that pooled vehicles will be governed by – and constrained by – the individual investment policies of the investment managers'

If the trustee acknowledges the financial materiality of these issues, it is hard to see how they are fulfilling their duties to prudently invest members' money by delegating all responsibility to the asset managers in this way. At the other end of the spectrum, Aegon's policy was the most robust concerning the relationship with external managers, stating:

"AEGON requires external managers to implement this [the Responsible Investment] policy in relation to the GA [General Account] assets that they are mandated to manage. Existing mandates and structures will be reviewed and brought into line with the policy where possible."[39]

It must be acknowledged that there are barriers for pension providers, and other asset owners, to implement investment policies if their asset managers are the ones making the day-to-day investment decisions or conducting company engagement. Also it can be difficult to exercise voting rights attached to shares held in pooled funds. However, these barriers are not insurmountable; Aegon's policy shows that it is possible to set requirements as part of new contracts with asset managers and to start a constructive dialogue with existing ones to raise performance on Responsible Investment. If an asset manager is genuinely unwilling or unable to act in line with a pension provider's Responsible Investment policies, then they can collaborate with other asset owners to exert more pressure on the asset manager or, ultimately, find a different manager.

Best practice for awarding asset manager mandates:

The Environment Agency Pension Fund
The EAPF are thought leaders in the UK and beyond when it comes to Responsible Investing and have won several awards[40]. In 2014/15 they launched a search for sustainable equity managers and published a summary of observations from this search and tender process. They stated that they were looking for managers who implement more than just a basic or exclusion-led ESG approach. They paid particular attention to managers who link ESG analysis and financial performance and use sustainability to add value by anticipating not just following the market on ESG factors. Although their tender was demanding they received 60 responses which was at the top end of their expectations.

One of their key observations was that:
'There are a large number of managers that are now integrating environment social and governance (ESG) factors into their investment process in a reasonably thorough way, with suitable analytic tools and combining it with good governance. This means that for asset owners, implementing responsible investment is easier than ever before.'[41]

They advise other asset owners undergoing a tendering process to ask the fund manager the ESG questions instead of asking the ESG specialist to test whether the fund manager is really serious about ESG. They concluded that:
'there are no constraints stopping asset owners ensuring that in their main global equity mandates their managers are properly engaging with responsible investment.[42]

39 Aegon N.V. RI policy p.3
40 See https://www.eapf.org.uk/en/about-the-fund/awards, accessed 15th February 2016
41 Environment Agency Pension Fund (July 2015), Sustainable Global Equity Managers: Observations from our search and tender, p.1
42 Ibid. p.6

If asset owners do not have their own, sufficiently detailed Responsible Investment policies it is difficult to see how they can properly select, evaluate and scrutinise asset managers on these issues. NEST, who invest in pooled funds managed by external managers, say in their voting policy that their fund managers vote in accordance with their own voting policies rather than NEST's. NEST still believes it is important to have a voting policy so that they can hold fund managers to account, set expectations and facilitate 'healthy discussion and debate.'[43]

Both the PRI and the UK's Stewardship Code allow asset owners as well as asset managers to become signatories, highlighting that both categories of actor can and should have their own Responsible Investment policies and initiatives. Only two of the pension providers surveyed have issued statements of compliance with the UK Stewardship Code, NEST and Aviva UK, and only two are signatories to the PRI, as asset owners, NEST and Scottish Widows (whose parent company Lloyds Banking Group is a signatory).

For all the providers surveyed who have an asset management division within the same business group, the asset manager is a signatory to the PRI (Aviva Investors, L&G Investment Management, Royal London Asset Management and Standard Life Investments Limited). The exception to this is ATP, the parent company of NOW: Pensions which carries out its asset management. ATP left the PRI in 2013 along with five other large Danish funds citing governance concerns, but continues to remain engaged with the PRI and its principles.[44] Although it is welcome that these asset management divisions are signatories, the PRI advises that where a company has a number of subsidiaries, the highest entity should be a signatory.[45] Then the principles would apply throughout the subsidiaries, including these UK auto-enrolment pension providers.

PRI

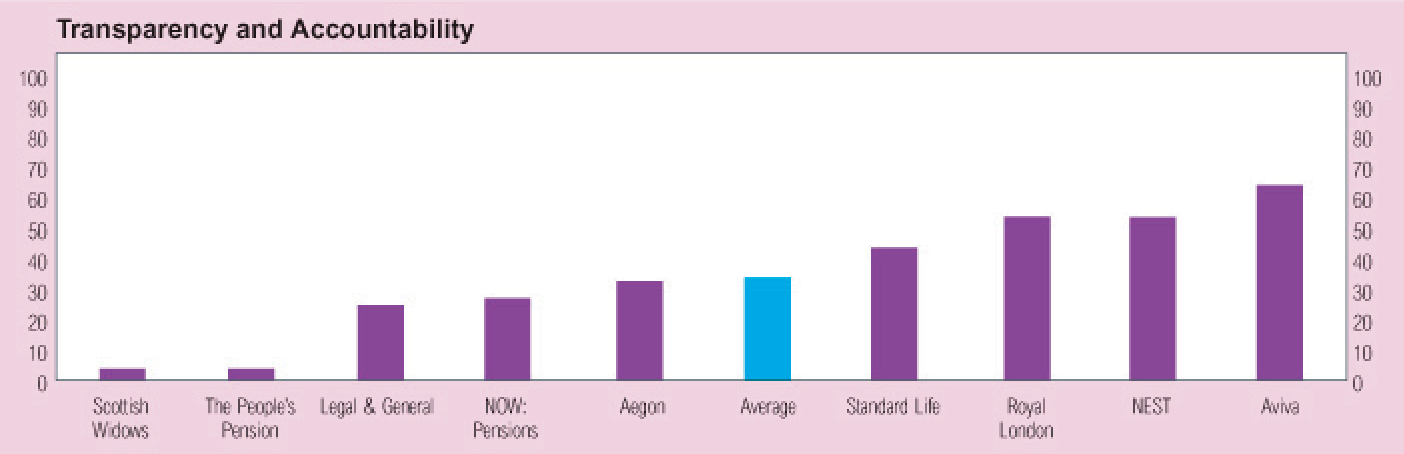
The United Nations-backed Principles for Responsible Investment (PRI) initiative is an international network of asset owners, asset managers and professional investment service partners, working together to put its six Principles for Responsible Investment into practice. The six Principles are voluntary and aspirational, and as of December 2015, have been adopted by over 1400 signatories globally, of which 300 are asset owners. The principles are:

1: We will incorporate ESG issues into investment analysis and decision-making processes.
2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4: We will promote acceptance and implementation of the Principles within the investment industry.
5: We will work together to enhance our effectiveness in implementing the Principles.
6: We will each report on our activities and progress towards implementing the Principles.

A more encouraging sign that some asset owners are taking their responsibilities with regards to Responsible Investment seriously is that two master-trusts and two contract-based providers now provide training to their trustee board or IGC on Responsible Investment. Our governance questionnaire also asked if Responsible Investment is an agenda item at least annually for the board of trustees or IGC. All the master-trust only providers (NEST, NOW: Pensions, and The People's Pension) told us that it was. It is difficult to compare the contract-based providers in this respect because (as of December 2015) most told us that the IGC had not yet held their first session but Aegon stated that Responsible Investment would be discussed by the IGC.

43 Document supplied to ShareAction by NEST
44 http://www.unpri.org/whatsnew/pri-responds-to-danish-signatory-delistings/, accessed 06/01/2016
45 Guidance given directly to ShareAction by the PRI.

Transparency and Accountability



In this section the providers were scored not only for what they disclose, but also where these disclosures are made. Transparency is an essential first-step towards responsible, good value investment.

Disclosure does not necessarily equal transparency. If a pension provider's asset manager discloses thorough information on investment policies and practices on their website but there is no information or link to this on the pension providers' own, customer-facing website they were not scored as fully transparent. It is not self-evident to savers to look at the websites of multiple third-party asset managers, or even the asset management division of the pension provider, which may have a different brand name. Furthermore, the websites of asset managers can be somewhat inaccessible and off-putting to ordinary savers due to FCA rules requiring website visitors to select whether they are 'intermediaries', 'institutional investors' or 'retail investors' and tick a disclaimer. It often may not be clear to workplace pension savers that they qualify as 'retail investors'

Savers are not the only intended audience for these types of disclosures. Regulators and third parties such as civil society organisations and academics also need access to these disclosures so that they can assess institutional investors on behalf of savers who are often not equipped to do so themselves. Therefore, for some of the assessment elements in this section, a basic point of 0.5 could be awarded for disclosures on the websites of the pension providers' asset management division or parent company. We found significant variation in performance across the nine providers surveyed with scores ranging from 54% of the total points available for Royal London to 4% for Scottish Widows.

Responsible Investment Policies

All the providers surveyed have a Responsible Investment policy document, statement or section on the website. However these are generally found on either the website of the parent company, such as the Lloyds Banking group for Scottish Widows, or the asset management subsidiary. We would encourage providers to have a Responsible Investment policy on the customer facing website of their pension provider business so it's clear whether and how the policy applies to the pension provider and the assets outsourced to third party managers.

NEST is commended for having a section on Responsible Investment on the customer facing website. Although it must be noted that NEST does not have a parent company or internal asset management subsidiary. NEST and Scottish Widows are the only organisations surveyed to provide accessible links to external managers' Responsible Investment policies. Responsible Investment policies vary considerably in detail and scope, and the level of detail is discussed in the remaining section of this report in relation to the themes assessed.

Voting and Engagement Disclosures

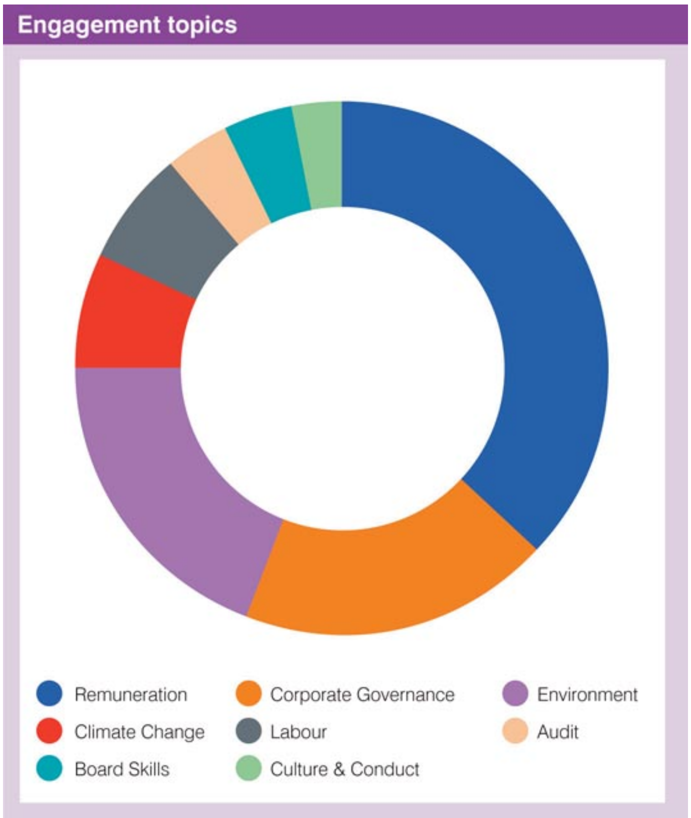
In addition to, or as part of, a Responsible Investment policy, pension providers should publish a voting policy or voting guidelines describing how they exercise ownership rights on behalf of savers. All the providers except Scottish Widows, The People's Pension and NOW: Pensions have done so. Although six providers publish voting records, only Aviva and Royal London's disclosures include voting proposal descriptions and rationales for votes against management and controversial votes. Without these, disclosures are far less meaningful. For a fuller discussion of ShareAction's views on what good practice voting disclosures contain, please see our report on asset manager voting practices.[46]

Only Aviva and NEST publish the voting records, or links to these, for external managers on their websites. NOW: Pensions is the only provider that does not report on its voting activities, nor does it provide a link to the voting activities of its Danish parent company ATP which conducts its asset management.

It should be noted that providers such as NEST and The People's Pensions with no internal asset management capabilities have less control over the quality of disclosures as they rely on those of third parties. However, as important clients of these asset managers they can still exercise influence over their practices. Publishing links to the voting and engagement reports of external asset managers, as NEST does, is another practical first step.

We found a wide range of reporting practices concerning engagement with investee companies on ESG issues. Reporting on corporate governance topics was more common than on social or environmental topics, perhaps suggesting that more engagement is conducted on governance topics. Two providers, Scottish Widows and The People's Pension, do not publish engagement reports, or Responsible Investment or investment reports with an engagement section. Aviva, Legal & General and Royal London publish regular engagement reports showing the number of companies engaged with and the topics covered.

Example of quarterly engagement disclosure From Royal London Asset Management Q1 2015[47]



This is a positive step yet best practice reporting goes further than this. Several providers' reports contained case studies of key engagements including the name of the company, the exact issue, the process followed and, crucially, the results of the engagement. Several providers told us that it is not possible to disclose the names of companies engaged with as this could damage ongoing engagements. However, this would not preclude disclosing engagements that have concluded, or top-level information as Standard Life shows. Their quarterly report contains a list of all the companies engaged with and the topic:

46 Mountford, F. J., (2015) 'Asset Manager Voting Practices: In Whose Interests?' ShareAction, available at http://action.shareaction.org/page/-/AssetManagerVotingPracticesFinal.pdf?nocdn=1

47 https://www.rlam.co.uk/Documents-RLAM/Literature/Responsibility%20Matters%20Q115.pdf

Section of engagement report from Standard Life Q3 2015 Responsible Investment Report[48]

Engagement Snapshot	
Company	**Topics Discussed**
AA	We discussed labour relations, health and safety practices and advised the company on its reporting strategy.
ASOS	We discussed the supply chain management, raw material sourcing and questioned the company on the living wage.
Atlas Copco	We assessed the company's energy efficiency targets and strategy and the lack of new skilled labour.
BAE Systems	We highlighted the lack of skilled labour, the risks linked to offset agreements and issues surrounding unmanned air systems
Barclays	We considered the company's progress around its 'Citizenship' programme and its disclosure strategy
BHP Billiton	The focus was on the company's health and safety standards and the implications of low carbon scenarios

Best Practice: disclosure of an engagement case study

Aviva: World Heritage Sites – SOCO International[49]

We engaged with SOCO International, a FTSE 250 oil and gas company, regarding its operations in Virunga National Park, a designated world heritage site in the Democratic Republic of Congo (DRC). We felt its operations in this protected area and the associated reputational impact was damaging for SOCO and, consequently, a concern for shareholders. In the second quarter of 2014, our engagement intensified. We commissioned research providers, EIRIS, to produce an independent report into SOCO's activities in the area. It set out six recommendations relating to better governance, transparency and the management of human rights issues, as well as the publication of a biodiversity policy with a commitment not to carry out exploration or production within world heritage sites. We presented this to the board of SOCO, which welcomed the report and its recommendations, and we shared it with other interested investors at a roundtable discussion we hosted in May. Our aim is to work with companies to achieve outcomes that are beneficial to them, its investors and our clients.

On 11 June, SOCO announced it would not drill in the Virunga National Park and not conduct any future operations in any other world heritage sites. This breakthrough led to the withdrawal of the World Wildlife Fund's (WWF) complaint lodged at the OECD National Contact Point. SOCO has not yet addressed all the recommendations and there continue to be ESG risks associated with operating in the DRC. Consequently, we remain actively engaged with SOCO to resolve these outstanding concerns.

48 http://www.standardlifeinvestments.com/RI_Report/getLatest.pdf
49 Aviva, from http://www.aviva.com/corporate-responsibility/responsible-investment/voting-engagement/, accessed 28/01/2016

Investment holdings and exclusions

Reporting of the pension providers' actual investment holdings remains poor. Only NEST provides a list of the top 100 holdings (across all asset classes) for the organisation as a whole.[50]

Extract of top 100 holdings disclosure from NEST Annual Account and Reports for period ending 31st March 2015[51]

Extract of top 100 holdings disclosure from NEST Annual Account and Reports for period ending 31st March 2015

Schedule of the top 100 investment

The top 100 investments as at 31st march 2015 have been calculated on a look-through basis to the underlying holding of the pooled funds invested in by the scheme. The employer-related investments are the participating employers in which the scheme invests at arms-length through the investment managers. Any employer-related investments as a result of late contributions are disclosed in the financial statement.

Number	Investments	% of investments
1	Apple	0.87%
2	Strand Island Site London	0.72%
3	West Cross Industrial Park London	0.51%
4	Grenfell Park Maidenhead	0.45%
5	Piccadilly Gardens Manchester	0.45%
6	Exxon Mobile	0.43%
7	Procession House London	0.40%
8	Rackham Birmingham	0.40%
9	76/88 Wardour Street London	0.40%
10	Google	0.37%

Other providers report on the actual investment holdings at fund level, for example in fund factsheets for the 'UK Equity Fund' or the 'Growth Markets fund'. This information is of limited value because it does not give a picture of the largest holdings for the asset owner as a whole. Also members do not have a choice on which of these underlying funds they would like their savings to be invested in. Instead, they can normally choose between funds with different risk levels and target retirement dates. It is not always clear which of these underlying funds, and in what proportion, make up the pension funds offered to members. Furthermore, not all investment fund factsheets disclose the actual holdings, some just contain industry or sector breakdowns.

There is also room for improvement on disclosure of companies and governments excluded from the pension provider (or their asset managers)'s investment universe. Aegon, Aviva and NOW: Pensions are the only ones that publicly disclose their exclusion lists.

50 http://www.nestpensions.org.uk/schemeweb/NestWeb/includes/public/docs/SARA_2015,pdf.pdf, Appendix 1
51 NEST, NEST pension scheme annual report and accounts for the year ended 31 March 2015, (2015), available from: http://www.nestpensions.org.uk/schemeweb/NestWeb/includes/public/docs/SARA_2015,pdf.pdf

Snapshot of average and best practice from the Netherlands

The Netherlands has one of the most developed pension systems in the world. With total assets at 159% of GDP, their pension system is also the largest in relation to the country's economy according to the OECD.[52] A comparison of the UK with the Netherlands is insightful for this reason and also because the best performing Dutch funds show what is possible.

Of the 50 pension funds assessed by VBDO in their 2015 ranking[53], 40 report on their engagement policy and of these 26 report on the activities undertaken and results thereof. For example PFZW disclose a quarterly overview of all engagements, including the name of the company, engagement category and some results. They publish more detailed annual reports explaining the reasons for their Responsible Investment and engagement choices.

On voting, all but four of the pension funds now provide reporting on their voting activities and 35 funds provide a detailed overview. The inclusion by many funds of detailed descriptions of votes cast as well as broader overviews of the topics at hand is welcomed by VBDO so that fund members can see how the ownership rights associated with their investment is used. Quite a few funds have gone further than using their ownership rights to vote and have also co-filed shareholder resolutions on topics ranging from executive pay to corporate tax evasion.

APG, asset manager of Dutch pension fund ABP, is leading the way in terms of reporting in an accessible, engaging way for the fund members. They use tools such as an interactive map of their engagement activities at companies round the world. They also use graphics and comparisons to make the data easier to understand. For example their disclosure that the fund saved 579,000 megawatts of energy across its real estate portfolio is made easier for the lay person to understand as they reveal that this is 'equal to the annual electricity consumption of all the inhabitants of the city of Utrecht.'[54]

52 OECD (2015), Pension markets in Focus 2015, available at http://www.oecd.org/daf/fin/private-pensions/Pension-Markets-in-Focus-2015.pdf
53 de Kruif, D. and van Ipenburg, P., (2015) Benchmark Responsible Investment by Pension Funds in the Netherlands 2015 Bridging the Gap, VBDO, available at http://www.vbdo.nl/files/report/VBDOResponsibleInvestmentDutchPensionFunds.pdf
54 https://www.apg.nl/en/apg-as-asset-manager/vvb2014?overzicht, accessed 15th February 2016

Cross-Cutting Themes

Climate Change

In December 2015 at the COP21 in Paris, world leaders agreed that global warming must be limited to "well below" two degrees Celsius[55]. The role of investors in supporting the transition to a more sustainable, low carbon economy was acknowledged. As long-term investors, pension providers have an important role to play in financing this transition which will help protect beneficiaries from the worst impacts, financially and otherwise, of climate change. These providers are also vulnerable to the effects that climate change will have on investment portfolios over the medium to long-term.

It is therefore disappointing that the policies of most auto-enrolment pension providers still fail to properly address the risk that climate change poses for their investment portfolios. There is a wide spectrum of performance ranging from The People's Pension, who do not mention climate change anywhere in their policies, to Aviva who have a genuine company-wide strategy for addressing climate change, set out in a standalone publication (see page 22 for extract).

Amongst the providers surveyed only Aviva has committed to measure and disclose the greenhouse gas emissions of its whole investment portfolio. This is despite the fact that taking this step is widely recognised as emerging best practice; the PRI-backed Montreal Pledge launched in 2014 encourages investors to measure and disclose carbon footprints of investment portfolios on an annual basis and now has 120 investor signatories globally[57]. Out of the providers surveyed, only Aviva is a signatory to this pledge. However Aegon has conducted a pilot project to measure emissions in a few of their funds and Scottish Widows has committed to performing a climate audit of its default and ethical funds.

It is concerning that only three pension providers (Aviva, Aegon, Legal & General) state that they invest in companies or projects that support the transition to a low-carbon economy and contribute to emissions reduction in the economy as a whole. Also, none of the providers surveyed currently meet the most demanding criteria in the climate change section of the survey; which was to assess the total portfolio impact of various climate change risk factors over a timeframe consistent with their investment objectives and member investment timeframes. This suggests that although most providers publicly acknowledge the risk of climate change this has not yet been fully translated into the investment approach.

55 United Nations Framework Convention on Climate Change, 'Adoption of the Paris Agreement', 12/12/2015, page 2, available at http://unfccc.int/resource/docs/2015/cop21/eng/l09.pdf
56 http://montrealpledge.org/

Aviva's 'Five carbon pillars' taken from 'Aviva's Strategic Response to Climate Change'[57]

Five Carbon Pillars - Summary	
1.	Integrating climate risk into investment considerations – we will continue to explore ways to integrate carbon risk, alongside other material environmental, social and governance issues (ESG) , and actively seek to collaborate to publish new research and insights. We remain deeply committed to ensuring ESG issues are included in our investment analysis and decision making.
2.	Investment in lower carbon infrastructure – we will target a £500 million annual investment in low-carbon infrastructure for the next five years. This means more money invested into renewable energy and energy efficiency. We will also target 'carbon returns' alongside financial returns on our investment and are setting an associated carbon savings target for this investment of 100,000 tonnes of CO2 annually. The transition to a low-carbon economy requires capital. A large proportion of this will need to be directed towards infrastructure.
3.	Supporting strong policy action on climate change – we will support policymakers in negotiating a credible long-term greenhouse gas reduction goal at the upcoming UNFCCC negotiations in Paris in December 2015 and beyond that at a national and regional level. It is in all our interests to see a smooth transition to a lower carbon economy. Climate change is a market failure that requires government action to correct.
4.	Active stewardship on climate risk – we will actively engage with companies to achieve climate-resilient business strategies. We have a fiduciary duty to protect and enhance the value of client assets. Acting as responsible stewards – engaging and voting with the companies where we are shareholders – is central to delivering this.
5.	Divesting where necessary – we will divest highly carbon-intensive fossil fuel companies where we consider they are not making sufficient progress towards the engagement goals set. This decision will not be taken lightly and only where we believe that divestment is a balanced and proportionate response.

None of the providers track a low carbon index for their passively managed investment funds, even though a number of asset managers such as Blackrock[58], Amundi[59] and Legal & General Investment Management[60] do offer such products.

Although no providers currently align their total investment portfolio with limiting global warming to two degrees, NEST, Aegon, Royal London, Standard Life, Legal & General and Aviva have signed the Paris Pledge for Action, which commits investors to support the implementation of the Paris COP21 agreement. On the basis of this commitment it was decided to grant these providers a point for the criteria that asks whether they align their portfolio with the two degree target. ShareAction will keep actions that would justify the awarding of this point under review in 2016 and beyond.

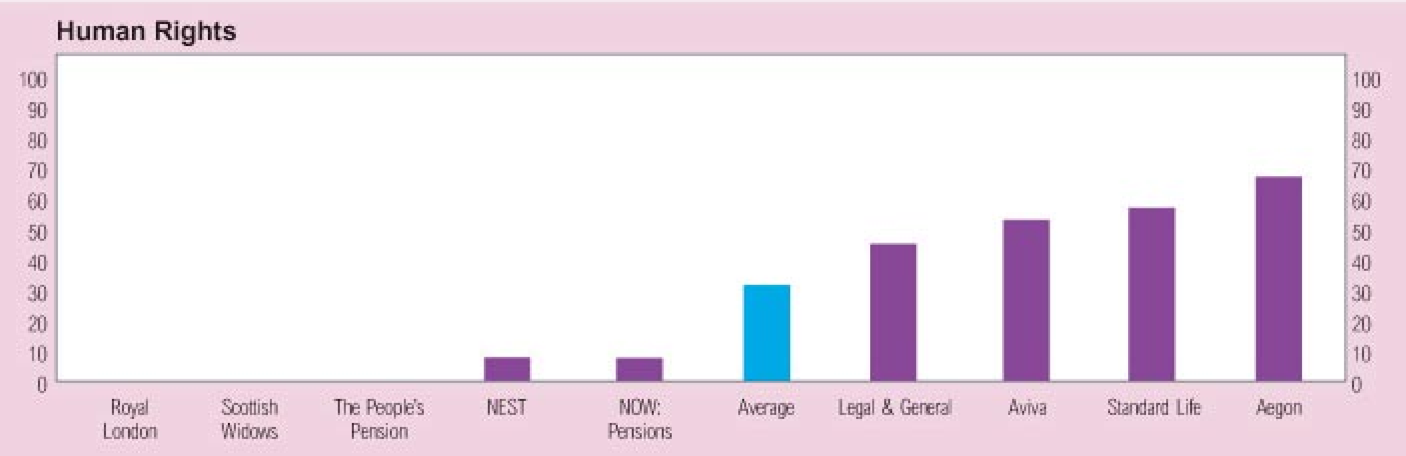
Investor Initiatives

It is an encouraging sign that eight out of nine pension providers in our survey participate in investor initiatives to influence policy makers or companies positively on climate change. Such initiatives include the CDP (the Carbon Disclosure Project), membership of the Institutional Investors Group on Climate Change (IIGCC), or the aforementioned Paris Pledge.

Questions relating to the issue of stranded fossil fuel assets were assessed in the extractive industries section of the survey.

57 Aviva (2015), 'Aviva's Strategic Response to Climate Change', available at http://www.aviva.com/media/thought-leadership/climate-change-value-risk-investment-and-avivas-strategic-response/
58 Business Wire, 'BlackRock Introduces iShares MSCI ACWI Low Carbon Target ETF', http://www.businesswire.com/news/home/20141211005162/en/BlackRock-Introduces-iShares-MSCI-ACWI-Carbon-Target, 11/12/2014
59 Fund Strategy, 'Amundi launches low carbon tracker funds' https://www.fundstrategy.co.uk/amundi-launches-low-carbon-tracker-funds/, 12/05/2015
60 City Wire, 'LGIM launches carbon efficient tracker fund', http://citywire.co.uk/wealth-manager/news/lgim-launches-carbon-efficient-index-tracker/a491996, 13/05/2011

Human Rights



Under international law, states have an obligation to protect human rights which includes the requirement to ensure other actors, like companies and financial institutions, do not violate or undermine these essential rights. However, if governments fail to fulfil these obligations it does not absolve non-state actors from responsibility for their actions and impacts on human rights. On the contrary, the corporate responsibility to protect human rights is enshrined as one of the 3 pillars of the UN's approach to business and human rights.

Only five out of the nine pension providers disclose publicly that they take human rights issues into account in their investment processes. NEST mentions this in an internal document supplied to ShareAction, meaning they receive half a point for this criteria. Despite the fact that there are widely accepted international treaties, norms and standards for business on this topic that can guide investors' policymaking and practice, we found much room for improvement on this hugely important topic.

The United Nations Guiding Principles on Business and Human Rights

The former UN Special Representative of the Secretary-General on the issue of human rights and transnational companies and other business enterprises, Prof. John Ruggie, set out the 'Protect, Respect, Remedy' framework in 2008 resting on three pillars:

- the state duty to protect against human rights abuses by third parties, including business enterprises;
- corporate responsibility to respect human rights;
- the need for greater access by victims to effective remedy, both judicial and non-judicial.

In 2011 this framework was operationalised by Ruggie at the request of the UN Human Rights Councils, resulting in the UN Guiding Principles of Business and Human Rights (UNGPs).[61] The UNGPs are widely used as a guide for companies' and governments' respect of fundamental human rights. These principles state that in order for companies, including those in the financial sector, to meet their responsibilities with regard to human rights they should have:

- A policy commitment to meet their responsibility to respect human rights;
- A human rights due-diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights
- A process to enable the remediation of any adverse human rights impacts.[62]

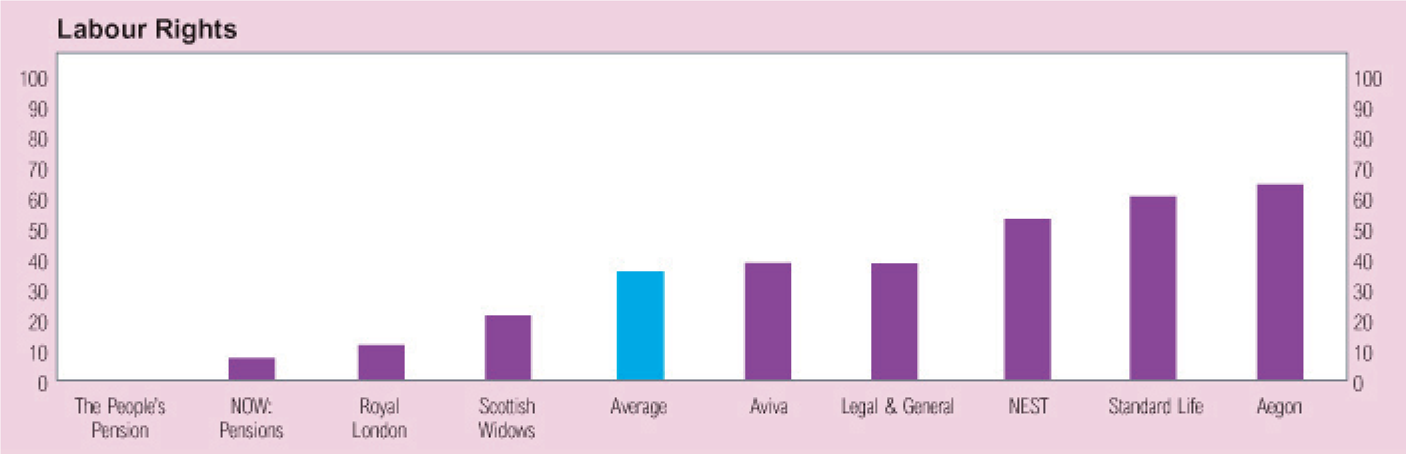
61 United Nations Human Rights Office of the High Commissioner, Guiding Principles on Business and Human Rights Implementing the United Nations "Protect, Respect and Remedy" Framework, (2011), available from http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
62 https://www.unglobalcompact.org/library/2, accessed 23/12/2015

As a minimum, investors should themselves respect the principles and also promote adherence to them amongst investee companies. Aviva and Legal & General are signatories to the UN Global Compact, which entails a commitment to comply with the UNGPs. ATP, NOW: Pensions' parent company, is also formally a member, but they do not currently report on the impact of their investment activities against the UN Global Compact Framework. A further two providers, Aegon and Standard Life, state that they support the UNGPs and reference them as a guide in their investment policies. While this is commendable, becoming a signatory is encouraged to ensure adequate reporting. Moreover, the UNGPs are intended as a baseline, not an embodiment of best practice. It is therefore regrettable that most of these providers either do not mention Human Rights at all, or only briefly discuss the UNGPs.

In addition to being a signatory to this initiative, it is best practice for investors to mention each of the three principles in their own investment policies and disclose how they put them into practice. This was not always the case, which again questions whether being a signatory to an initiative actually impacts a provider's investment policies and practices.

The pension providers surveyed also scored badly on the issue of indigenous peoples' rights. Arguably the most pertinent issue here for the investment community is indigenous peoples' land rights, or preventing 'land grabbing' by investee companies. This is important not only because of the livelihoods and cultural identity that many indigenous peoples get from their ancestral lands, but also due to the resources that can be extracted from such land such as fossil fuels and water. Best practice requires companies wishing to acquire land belonging to these communities to seek 'free, prior and informed consent', as set out in Article 10 of the UN Declaration on the Rights of Indigenous Peoples. Only NEST mentions this criterion, in an internal document supplied to ShareAction.

Labour Rights



It is certainly positive that seven of the nine pension providers state that they take labour rights into consideration in their investment process. However, only Aegon, NEST and Standard Life provide details about how they support compliance with standards or regulations on labour rights. These three providers were also the only ones to set out clear expectations regarding investee companies' health and safety policies, although some of Royal London's recent quarterly Responsible Investment reports reveal that they have engaged with companies on health and safety. As the International Labour Organisation estimates that 2.3 million workers die each year from an occupational accident or disease[63], it is disappointing that so many of these pension providers' policies do not commit to action on this theme. Furthermore, this theme is likely to be of great interest to scheme members who are themselves workers. In a 2014 Ipsos MORI survey into the ethical concerns of UK financial consumers, poor working conditions for employees of investee companies was revealed to be the issue of most concern.[64]

Standard Life has a particularly strong stance on the issue of labour rights. Standard Life Investments have published two dedicated papers on how they consider labour rights, one internationally and one with reference to labour practices in the UK. The former includes an assessment of labour rights risks in different sectors (see below) which is used to tailor their engagements in conjunction with individual company level analysis. The report also acknowledges that they have a 'duty of care' to encourage investee companies to adopt robust processes around labour rights risks with regard to their own operations and those of suppliers.

63 ILO Statement, 28/04/2015, http://www.ilo.org/global/about-the-ilo/who-we-are/ilo-director-general/statements-and-speeches/WCMS_363178/lang--en/index.htm
64 Ipsos MORI poll commissioned by EIRIS, for further details see, 'Press Release: Half of financial consumers likely to consider switching main provider if they have ethical concerns', 22/10/2014, available at http://www.eiris.org/media/press-release/financial-consumers-ethical-concerns/#sthash.VBs3r4pO.dpuf'

Extract from Standard Life's publication 'Labour Relations: Considerations for companies and investors' (2014)[65]

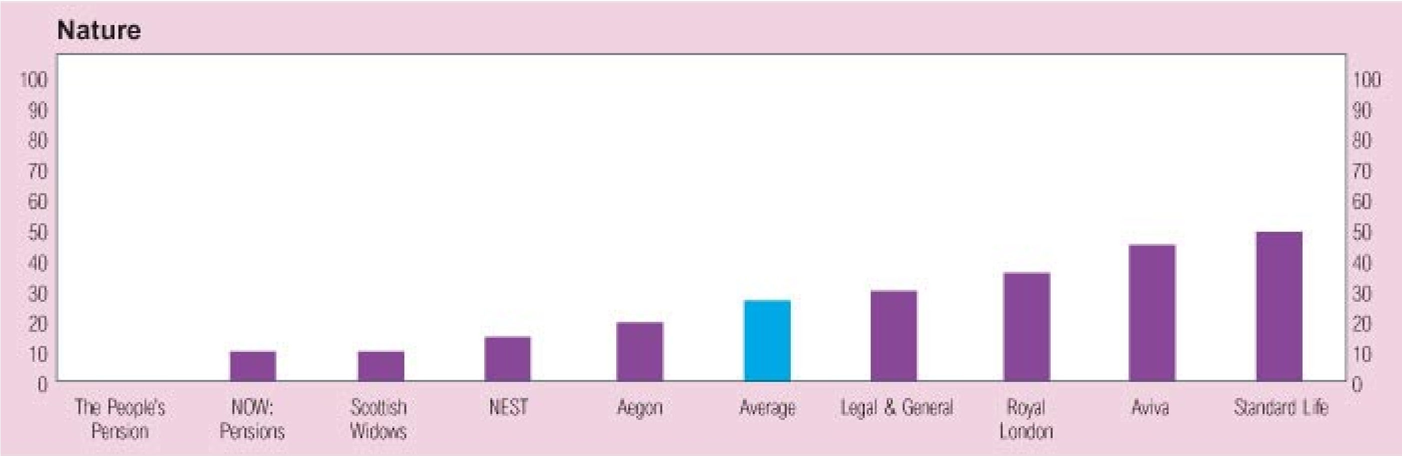
Sector	Worker's Rights		Child/bonded Labour		EO & Anti-Discrimination		Health & Safety		Wages & Overtime	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Metals & Mining	Higher Risk	Medium Risk	Medium Risk	Higher Risk	Medium Risk	Higher Risk	Higher Risk	Higher Risk	Higher Risk	Medium Risk
Oil & Gas	Medium Risk	Medium Risk	Lower Risk	Medium Risk	Higher Risk	Medium Risk	Higher Risk	Higher Risk	Lower Risk	Lower Risk
Textile & Apparel	Medium Risk	Higher Risk	Medium Risk	Higher Risk	Medium Risk	Higher Risk	Medium Risk	Higher Risk	Medium Risk	Higher Risk
Hotels & Leisure	Higher Risk	Higher Risk	Higher Risk	Higher Risk	Higher Risk	Higher Risk	Medium Risk	Medium Risk	Higher Risk	Higher Risk
Food & Beverage	Medium Risk	Higher Risk	Medium Risk	Higher Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Higher Risk
Pharmaceuticals & Healthcare	Lower Risk	Medium Risk	Lower Risk	Medium Risk	Lower Risk	Medium Risk	Lower Risk	Lower Risk	Lower Risk	Lower Risk
Telecoms & Media	Lower Risk	Higher Risk	Lower Risk	Higher Risk	Lower Risk	Lower Risk	Lower Risk	Lower Risk	Lower Risk	Lower Risk
Industrials	Medium Risk	Higher Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk	Higher Risk	Higher Risk	Medium Risk	Higher Risk
Financials	Lower Risk	Medium Risk	Lower Risk	Lower Risk	Higher Risk	Medium Risk	Lower Risk	Lower Risk	Medium Risk	Higher Risk

Key: Higher Risk Medium Risk Lower Risk

Aegon, Aviva, Legal & General, NEST and Standard Life all address the issues of child labour and forced or compulsory labour in their policies. However none of these providers have what could be classified as a strict stance on these issues, meaning they commit to divest when serious breaches are uncovered, or have drafted specific engagement guidelines as asset owners. It is hoped that policies in this area will improve following the introduction of the UK Modern Slavery Act in 2015. This Act requires all companies with a turnover of greater than £36 million per annum that do business in the UK to report on how they are addressing the risk of modern slavery in their business or supply chain[66], giving investors more information with which to make investment and engagement decisions.

65 Available from http://www.standardlifeinvestments.com/RI_Labour_Relations/getLatest.pdf, accessed 28/01/2016
66 'Transparency in Supply Chains etc. A practical guide. Guidance issued under section 54(9) of the Modern Slavery Act 2015', UK Government,

Nature

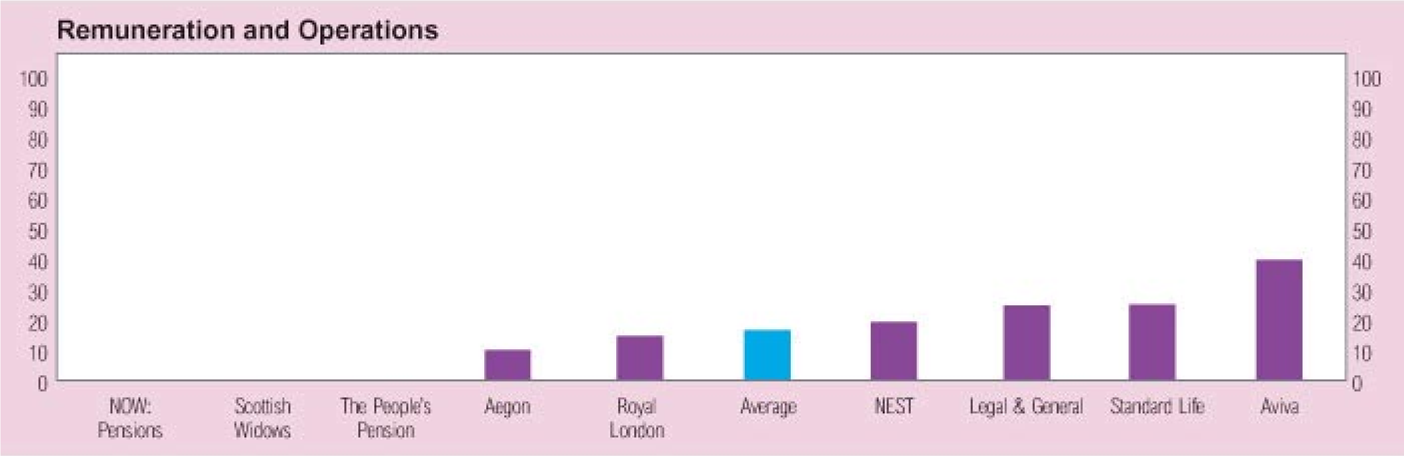


Our survey showed that these providers accept the need to consider investment risks around water use, deforestation and other natural capital issues. Seven of the nine pension providers take into account the protection of natural capital in their investment process. This is encouraging, but overall policies on natural capital lack detail and are limited in scope. For example only NEST and Standard Life say they expect companies to take steps to prevent deforestation. Standard Life's policy in this area was the most detailed in scope as it specifies that corporations must consider the environmental impact of its direct operations and entire upstream and downstream value chain.[67]

Aviva, Legal & General, Royal London and Standard Life have signed up to CDP's Forests and Water programs, which use the combined clout of its investor signatories to encourage companies to report on their forest and water footprints.

67 http://pdf.standardlifeinvestments.com/RI_Environment_White_Paper/getLatest.pdf pages 9 and 13

Remuneration and Operations

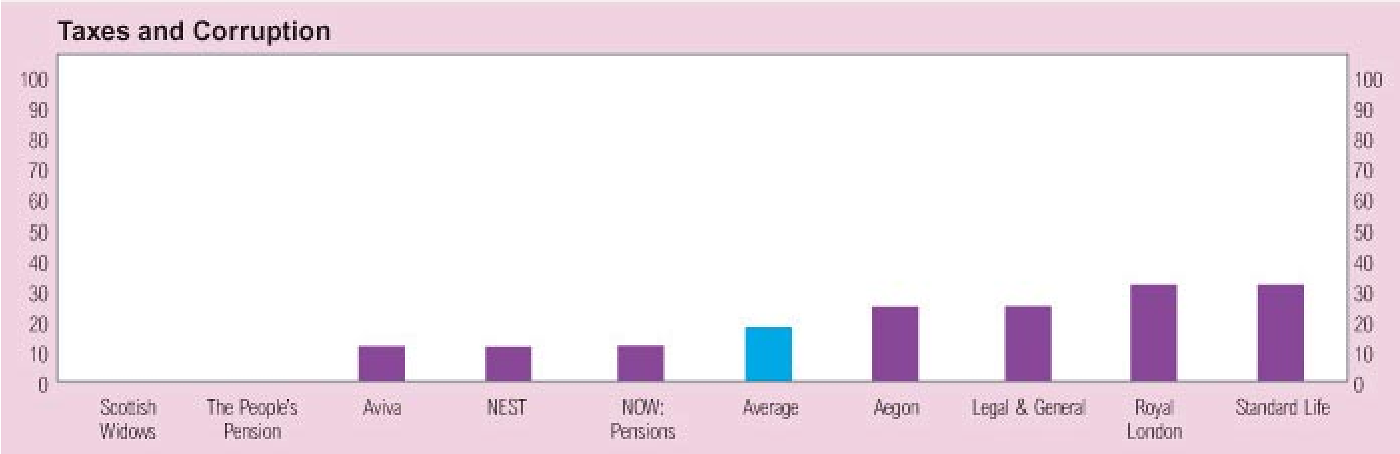


Executive remuneration is an issue that the public cares keenly about. Since 2008 corporate tax avoidance and executive remuneration have consistently been ranked as the top two issues that concern the public with regard to corporate behaviour in the Institute for Business Ethics' annual surveys.[68] While this in itself would justify the organisations who exercise shareholder ownership rights on behalf of pension savers to take an active stance on this issue, poorly designed executive remuneration plans can also be detrimental to the financial interests of shareholders. As such, new powers giving shareholders a greater 'say on pay' came into force in 2013 in the UK[69]. Most pension providers do now have a stance on remuneration at investee companies but only four of the surveyed providers' policies explicitly address excessive executive pay (Aegon, Aviva, NEST, Royal London).

To understand under what circumstances the pension providers consider pay to be excessive, and not in the long-term interests of shareholders, our methodology also looked at more detailed criteria. Only three providers (Aviva, Standard Life and Legal & General) had publicly available policies which describe the need for companies' remuneration policies to be linked to the long-term financial success of the company and define clear targets to achieve this. NEST also had an internal policy which encompasses these elements that was supplied to ShareAction.

68 Institute for Business Ethics, 'Press Release: What do the British Public think of business behaviour?', 24/11/2014
69 Via The Enterprise and Regulatory Reform Act 2013, The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. Source: http://www.lexology.com/library/detail.aspx?g=2a1bea02-21d8-4ad7-b40b-d98ff7be56ca, accessed 20/01/2016

Taxes and Corruption



As with issues around excessive executive pay, corporate tax avoidance and evasion is a particularly important issue for the British public, as the recent media attention given to the tax affairs of companies such as Google and Starbucks show. Also, in a 2014 survey by UKSIF and YouGov, 53% of respondents said pension funds should do more to ensure “fair” tax policies operate at the companies they invest in.[70] Corporate tax avoidance and evasion is also a public interest issue due to the direct impact it has, in the UK and throughout the world, on government funds available to spend on public services.

The research found that seven out of nine pension providers state that they take into account issues related to taxation and corruption in their investment process, all except Scottish Widows and The People’s Pension, but in general the robustness of these policies leaves room for improvement, particularly with regard to tax.

Very few pension providers set any expectations in terms of tax disclosure by investee companies. Not a single pension provider’s policy expects companies to do comprehensive and transparent reporting on taxes. Comprehensive tax disclosures entail reporting on a country-by-country basis, for each country in which a company operates, on their revenues, costs, profits, subsidies received from governments and payments to governments.[71] Such disclosures are not universally required for multi-national enterprises, although the EU Capital Requirements IV requires reporting on most of these indicators for banks and other financial institutions with effect from January 2015.[72]

Pension providers are perhaps reticent to demand such disclosures from investee companies because none of them make such disclosures themselves. Legal & General has the best tax reporting of its own affairs out of the providers assessed. They report on a country-by-country basis for all jurisdictions where they operate the taxes borne and collected, separated by type of tax, but do not report on the full suite of criteria considered best practice for country-by-country reporting outlined above. However for NEST and The People’s Pension this question was not applicable as they are not-for-profit entities.

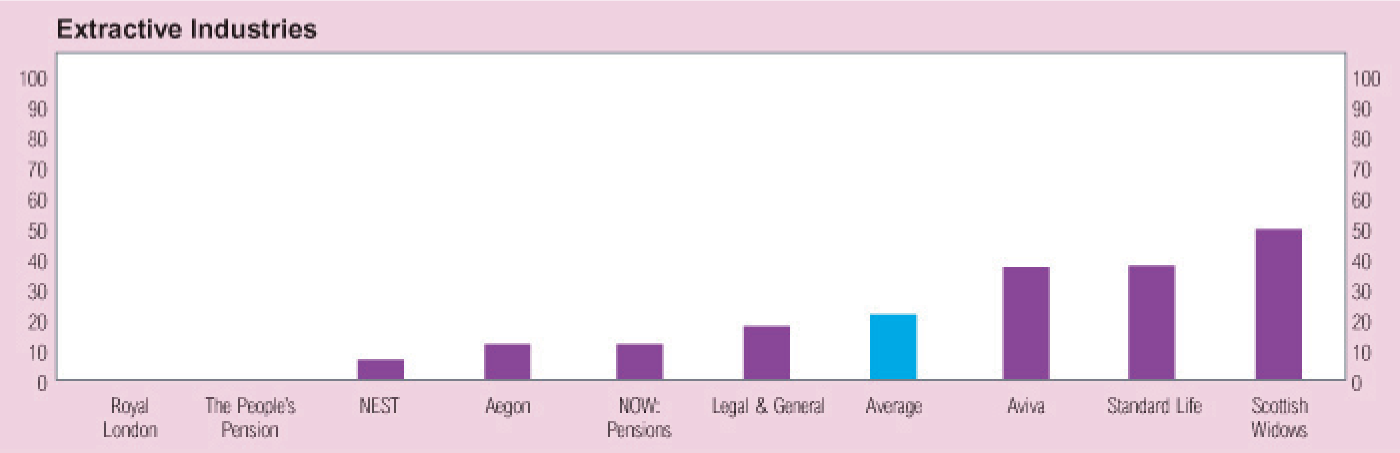
In general, the Responsible Investment policies assessed were stronger on corruption than on tax, perhaps as a result of the UK’s 2010 Bribery Act[73]. Standard Life’s policy statement is particularly strong:

“We have a responsibility to encourage the companies in which we invest to adopt the appropriate anti-bribery and corruption mechanisms. We recognise that at both a country and company level codes of practice are important but cannot fully address every potential issue. It is only by embedding a culture of integrity that companies can fully address these issues. It is our role to act as an agent of cultural change to help them achieve this.”[74]

70 UKSIF, (2012)‘Attitudes to Ownership 2014: Exploring pension fund and public opinion on ownership and stewardship issues’
71 Herder, A., Riemersma, M., and van Gelder, J. W., Methodology for the assessment of responsible investment and financing policies of financial institutions, (updated 2015) Profundo, developed for Fair Finance Guide International,
72 EU Capital Requirements Directive IV (2013/36/EU), available at http://ec.europa.eu/finance/bank/regcapital/legislation-in-force/index_en.htm
73 Available at http://www.legislation.gov.uk/ukpga/2010/23/introduction
74 p.11 SLI Anti-Bribery and Corruption White Paper

Sector Themes

Extractive Industries



Numerous environmental, social and governance related risks are pertinent to companies in this sector. These include conflict minerals, labour rights, health and safety, indigenous peoples' land rights, and tax evasion. Therefore it is best practice for Responsible Investment policies to explicitly mention these challenging industries. With the exception of Royal London and the People's Pension, all the providers mention somewhere in their investment polices their approach to at least some ESG issues in this sector.

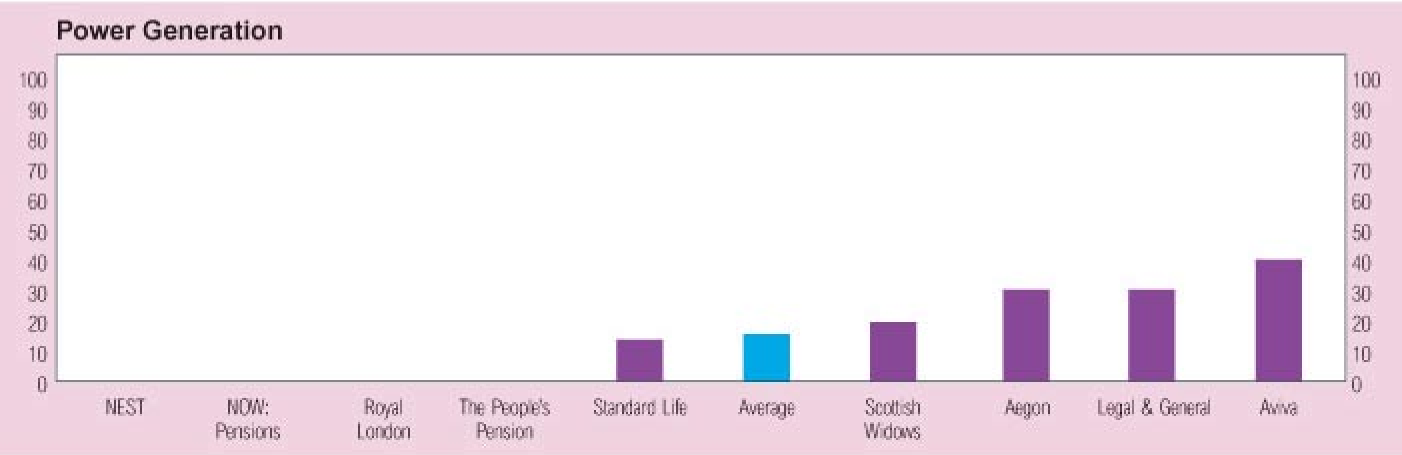
Only Aviva, Standard Life and Scottish Widows assess the risks of stranded assets with respect to fossil fuel companies' project portfolios. Standard Life has even published a White Paper on the issue of stranded assets. However, none of the providers have yet committed to excluding investments in new coal mines, even though new coal has no role to play in the drive to limit global warming to two degrees. However Aviva did have the most comprehensive policy regarding coal as they announced in July 2015 that they will engage intensively with 40 companies that derive at least 30% of their income from coal power generation or coal mining. After a year they will divest from these companies if sufficient progress towards the engagement goals has not been met.

Stranded Assets

The stranded assets concept, developed by Carbon Tracker, posits that in order to limit global warming to 2˚C above pre-industrial levels (the target agreed by global leaders in the 2010 Cancun agreement), 80% of known fossil fuel reserves must remain in the ground. This means that 60-80% of the oil, coal and gas reserves of listed firms are unburnable under a 2˚C scenario and could become worthless, stranded assets. Therefore capital spent on finding and developing more fossil fuel reserves is largely wasted, according to Carbon Tracker, and the shareholders of fossil fuel companies are at risk of the 'carbon bubble' bursting.[75]

75 Carbon Tracker Initiative in collaboration with the Grantham Research Institute on Climate Change and the Environment, 'Unburnable Carbon 2013: Wasted capital and stranded assets', (2013), available from: http://www.carbontracker.org/wp-content/uploads/2014/09/Unburnable-Carbon-2-Web-Version.pdf

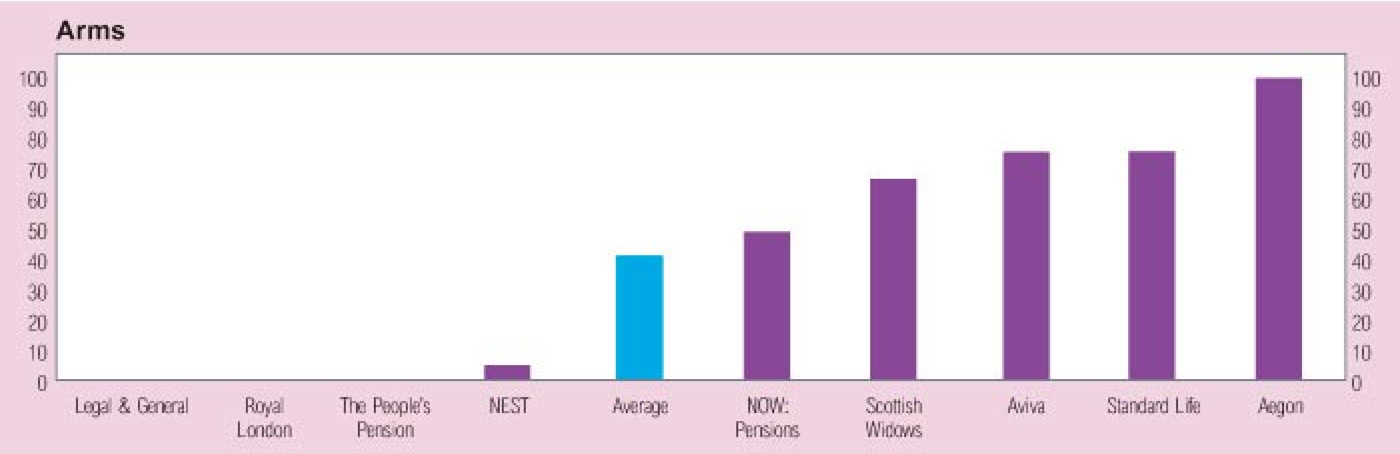
Power Generation



The questions on power generation were another opportunity to find out whether investors' positive, high-level statements on climate change and the environment are actually matched by robust, detailed policies and practices. Disappointingly only Aviva has a measurable target to increase renewable energy generation. It targets an annual investment of £500 million in renewable energy over the coming years as part of a strategic response to climate change. Aegon and Legal & General do state that they seek to actively finance renewable energy companies, but without quantifying a target for this.

None of the providers met the more challenging criteria of having a measurable target to decrease their exposure to fossil fuel power generation, either in absolute terms or relative to their exposure to renewable energy generation.

Arms



The first question in this section looked at whether the pension providers address ESG issues in relation to investments in the arms sector. NEST, Royal London, Legal & General and The People's Pension do not publicly disclose in any way how they address ESG factors in this sector. Investors should have robust policies concerning this sector for several reasons. Firstly, many savers have moral objections to arms trading. In a 2015 poll, 70% of UK adults said they oppose the promotion of arms sales to governments with poor human rights records, with only 7% in support, and 60% oppose the promotion of arms sales to countries that are not democracies.[76] Secondly, civil society research shows how the arms industry, despite existing regulatory regimes, continues to sell arms to human rights abusing regimes and conflict zones, using loopholes in the law to circumvent embargoes and export controls.[77] Furthermore, there is good evidence that the international arms trade is more strongly connected to corruption than any other international sector.[78]

An important principle in International Humanitarian Law, as defined in a collection of leading international agreements that constitute the rules concerning armed conflicts,[79] is that a distinction has to be made during warfare between combatants and non-combatants. Land mines and cluster munitions are, therefore, particularly controversial weapons as they do not discriminate between soldiers and civilians and continue to harm the latter after the conflict has ended. Five providers, Aegon, Aviva, NOW: Pensions, Scottish Widows and Standard Life, state in their public policies that the production of, maintenance of and trade in landmines and cluster munitions (or important components of these) are unacceptable.

Aegon had the strongest policy regarding arms, which excludes landmines and cluster munitions from their own investments and also extend this policy to external managers. As Aegon's parent company is Dutch this is perhaps not surprising; in 2013 the Netherlands introduced a law prohibiting direct and demonstrable investments in cluster munitions producers by Dutch financial institutions.[80] Also the Dutch Fair Bank Guide has been exposing Dutch Banks' (including Aegon's) investments in weapons since 2009 and advocating strongly for improvements in investment policies in this area.[81]

Although the average score for this section was the highest out of all the themes assesses, it must be noted that this section had only three questions and so was also the shortest. Best practice for an arms policy according to the more demanding criteria set out in the Fair Finance Guide include consideration of a broader range of controversial weapons (chemical, biological and nuclear), and the nature of the regime or buyer of the weapons.[82]

76 Campaign Against Arms Trade, Press release: 70% of UK adults oppose the promotion of military exports to human rights abusers, as DSEI brings thousands of arms dealers to London, (15/09/2015), accessed on 01/02/2016 at https://www.caat.org.uk/media/press-releases/2015-09-15
77 See for example, Close, H. and R. Isbister (2008), 'Good conduct? Ten Years of the EU Code of Conduct on Arms Exports', United Kingdom, Saferworld Vranckx, A. (ed.) (2010), 'Rhetoric or Restraint? Trade in Military Equipment under the EU Transfer Control System', Gent, Academia Press; Vranckx, A., F. Slijper, and R. Isbister (2011), 'Lessons from MENA: appraising EU transfers of military and security equipment to the Middle east and North Africa', Gent, Academia Press.
78 See for example, Roeber, J. (2005), 'Parallel Markets: Corruption in the International Arms Trade', Goodwin Paper #3, United Kingdom, London: CAAT; Feinstein, A., P. Holden and B. Pace (2011), 'Corruption and the Arms Trade: Sins of Commission', SIPRI Yearbook 2011, Sweden, Stockholm: Stockholm International Peace Research Institute.
79 Available at https://www.icrc.org/ihl, accessed 05/01/2016
80 Oosterwijk, S, (2015) 'Dutch Case Study; a ban on investments in producers of cluster munitions', PAX, available from http://www.stopexplosiveinvestments.org/uploads/pdf/PAX_Rapport_Disinvenstments_FINAL_DIGI.pdf
81 van Gelder, J. W., and Simons, M., (2015) 'Dutch Banks: Commitments and Progress: A case study about commitments made by Dutch banks in previous case studies. A research paper prepared for the Eerlijke Bankwijzer' (Fair Bank Guide Netherlands), Profundo, available at https://www.amnesty.nl/sites/default/files/public/geen_embargo.pdf
82 Herder, A., Riemersma, M., van Gelder, J.W., (2015) 'Methodology for the assessment of responsible investment and financing policies of financial institutions: Developed for Fair Finance Guide International', Profundo

Conclusion

ShareAction's first benchmarking survey of auto-enrolment pension providers has shown that there is a wide spectrum of practices in the area of Responsible Investment, not only between providers but also between topics. With regard to member engagement, it is encouraging that most providers have some kind of customer or member panel or an annual meeting that members can attend. However only one provider uses online surveys to communicate with members and the role and scope of these member engagement mechanisms vary widely. It is disappointing that none of the providers communicate about Responsible Investment in the annual statements sent to savers. This preliminary assessment shows that the new legal duties for pension providers to listen to members concerns does not seem to be having much impact in practice. The pensions sector will not overcome members' widespread distrust and limited understanding without bolder, more imaginative changes.

Overall, the providers examined are still delegating most, if not all, of the responsibility for investment policies and practices to their asset managers which is extremely concerning. In many cases their role as asset owners in setting expectations, monitoring and evaluating asset manager performance on Responsible Investment issues is not even acknowledged, let alone explained.

For the providers that are part of large financial services companies with a separate asset management subsidiary, Responsible Investment related policies and disclosures were typically found on the website of the asset management arm but little to no information was available on the pension customer facing website. This has obvious implications for savers being able to access information and exercise scrutiny regarding their savings. Furthermore, as all these providers (except for NOW: Pensions) use external asset managers as well as internal managers it is not clear how the external managers are evaluated on Responsible Investment issues, by whom or against what criteria. This strongly suggests that there is still a serious governance gap in workplace pensions and that savers' long term financial interests are at risk.

Aegon showed it is possible to require external managers to comply with a provider's Responsible Investment policies but it seems that this is very much the exception, not the norm. Only five out of the 11 providers assessed on governance require evidence of Responsible Investment and stewardship capabilities when selecting external asset managers. It appears from our survey that the longer the investment chain, the wider the governance gap.

As with ShareAction's 2014 survey of asset managers, this survey indicates that size is not a barrier to good Responsible Investment performance. Legal & General has the largest amount of assets under management and came 5th in the ranking whereas NEST, the provider with the least assets under management, came 4th [83].

In the main, the providers acknowledge each of the key ESG issues examined in this survey, or say that they consider ESG issues in relation to each of the sectors examined. While this is clearly positive there is a long way to go before this acknowledgement of risk or responsibility is translated into robust, comprehensive and transparent investment policies and practices. Similarly most providers are now signatories to various Responsible Investment initiatives or frameworks, such as the PRI, CDP or Montreal Carbon Pledge. However, analysis of more detailed criteria relating to topics covered by such initiatives suggests that the depth and impact of these commitments has yet to emerge.

The issue of climate change was perhaps the most pertinent example of this finding. All of the providers except for the People's Pension explicitly acknowledge the risk that climate change poses to investments and are signatories to investor initiatives on this issue. But only three providers assess the risks of stranded assets with respect to fossil fuel companies' project portfolios. None of the providers have switched to tracking low-carbon indices for their passive funds, even though this is a cost effective way to decarbonise portfolios. Only one provider has committed to measure and disclose the greenhouse gas emissions of its whole portfolio.

83 Figures for size of assets under management were taken from each providers' website on 15/12/2015. For providers with multiple business lines, the assets under management figures comprise assets from their pension schemes alongside those from other business lines.

The assessment criteria in this study were developed with reference to international norms and standards wherever possible. The fact that the maximum score was 39 out of 80, and the median was 23 shows that there is a long way to go before the UK's largest auto-enrolment pension providers adopt robust practices that will protect savers' assets, the planet and communities negatively affected by corporate behaviour worldwide. Given the enormity of the £1.9 trillion combined assets under management of these providers and the millions of UK savers whose retirement security is at stake, it is hoped that this progress will be made quickly and thoroughly. If this does not happen it will be clear that tougher, mandatory measures will be required to shift asset owner behaviour.

Recommendations

For Pension Providers

- All auto-enrolment pension providers should develop their own Responsible Investment policies that explain their role as asset owners, instead of relying on asset managers' and subsidiaries' policies and disclosures. The policy should clearly explain how they ensure compliance from third-party investment managers.

- Responsible Investment policies should explain the strategies and mechanisms in place to implement the policy, including for internal and any external asset managers. The scope of the Responsible Investment policy, in terms of asset classes and whether it applies to all or some of the assets in that class, should be clear, as should the approach to stewardship including engagement guidelines.

- Case studies are not sufficient to show a pension provider's commitment to addressing ESG risks. While all possible issues cannot be addressed, we believe pension providers should develop engagement guidelines at least for priority ESG themes.

- Pension providers should formulate and explain a stance on each of the Responsible Investment themes assessed in our survey and are advised to use the UN Global Compact in guiding the investment process.

- Regarding climate change, pension providers should:
  - measure and disclose the greenhouse gas emissions of their whole portfolio and how they will align their portfolio to a 2°C world
  - explain their role in supporting the transition to a low carbon economy, for example by disclosing targets to increase investment in renewable energy and decrease investments in fossil fuels, particularly coal
  - disclose a clear approach for mitigating the risk of stranded carbon assets to their portfolios

- Responsible Investment policies should outline the approach regarding labour rights, including health and safety, child labour and forced labour.

- Pension providers should discourage excessive executive remuneration at investee companies and encourage remuneration polices with clear, stretching targets to align incentives with long-term shareholder value.

- Reporting on the implementation and results of Responsible Investment policies should be improved by disclosing rationales for controversial voting decisions and votes against management. Although case studies are useful for illuminating how providers conduct engagement and the results that can be achieved, providers should not rely on these alone. Summary statistics of the number of engagements conducted on different topics are also not sufficient. Best practice involves disclosing the names of all companies and a brief description of the engagement topic(s) which as Standard Life's disclosures show, need not damage ongoing engagements.

- Asset owners should develop a number of basic asks for external managers to ensure minimum standards for Responsible Investment are upheld.

- Providers should have an annual member meeting open to all savers in the scheme, which is properly advertised and made accessible (for example through a webcast) and to which all members are directly invited. This will allow savers to meet their provider directly and question them on the issues that matter most to them.

- Information on Responsible Investment, such as recent exclusions or engagements undertaken with investee companies should be included with annual statements sent to savers. Providers are also encouraged to use digital technologies such as online surveys to elicit savers' views and communicate with them about Responsible Investment issues.

For policy makers

- The government should produce full guidance for pension providers on communication and information sharing with members, including:
  - Requirements to proactively publish information on their investment policies and practices on their customer facing websites, so savers do not need to ask for it or to search through websites aimed at professional clients.
  - Requirements to provide information or links to information from their asset managers, for the same reason as above.
  - Requirements to publish a list of their top holdings on at least an annual basis, as NEST does, instead of only publishing data on funds which is very high level.

- Guidance for Independent Governance Committees on assessing 'value for money' should be developed which cover ESG issues, stewardship and engagement.

- The Financial Reporting Council should develop guidelines for how organisations which are both asset managers and assets owners should comply with the Stewardship Code. It seems that the current approach, which requires organisations to choose between these two categories, is not effective in promoting compliance from the asset owner divisions of companies who also have an asset management division.

- The Government should require pension providers to report retrospectively on how their stewardship and Responsible Investment policies have been implemented

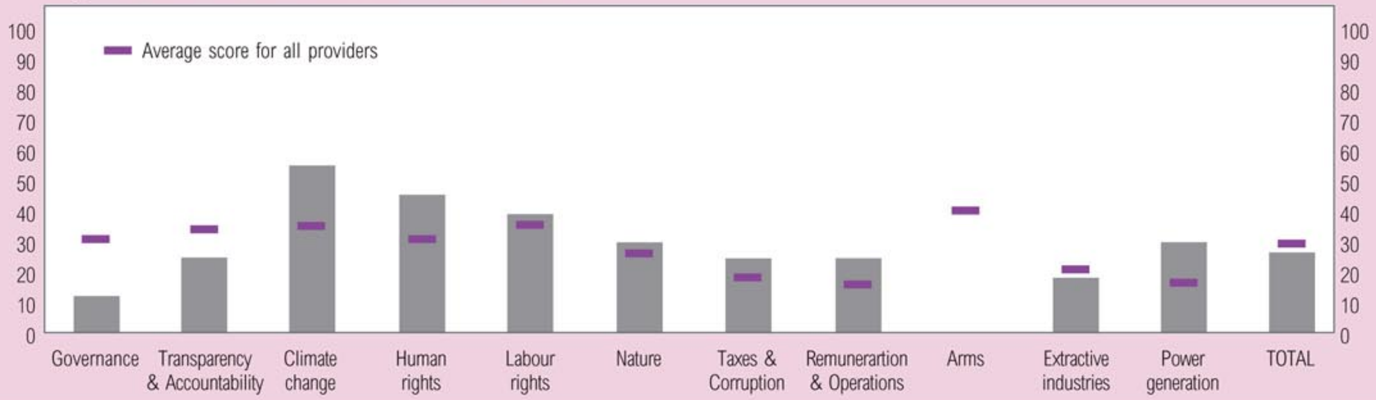
- The Department for Work and Pensions, the Treasury, the Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) should work together to ensure that these requirements are completely consistent across contract and master-trust based schemes.

Appendix 1
Score Summary for each provider

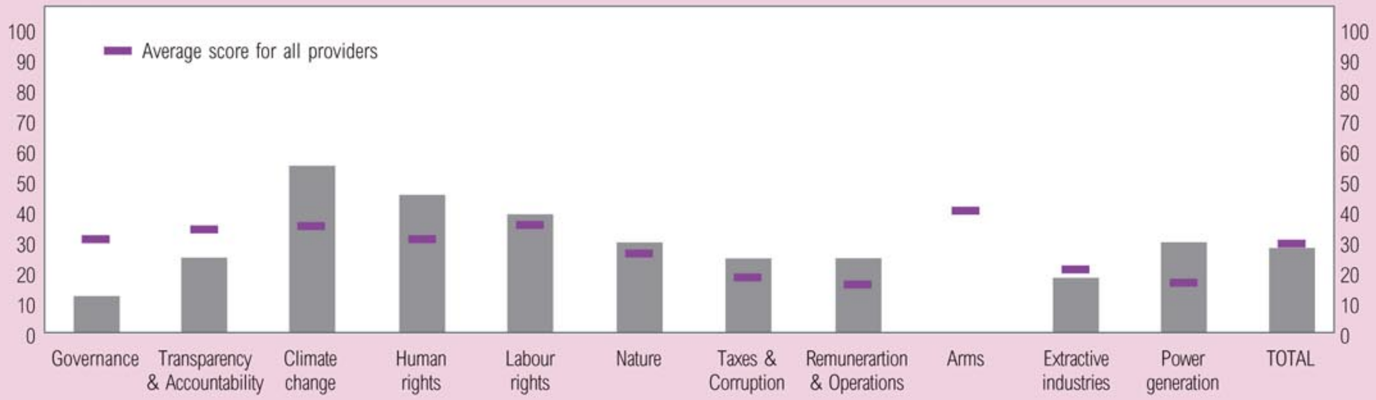
Aegon

Aviva

Legal & General Contract based schemes



Legal & General Contract Master trust



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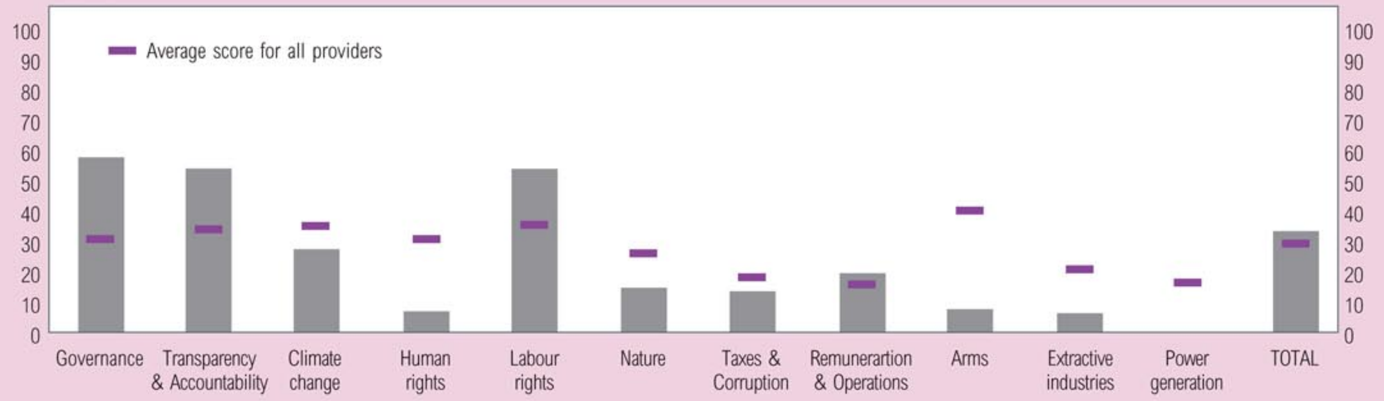
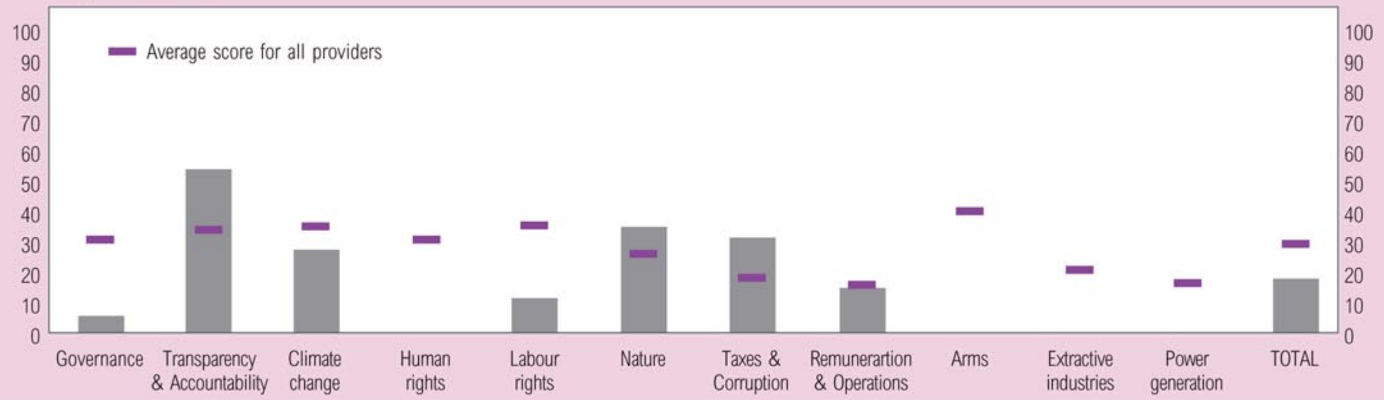


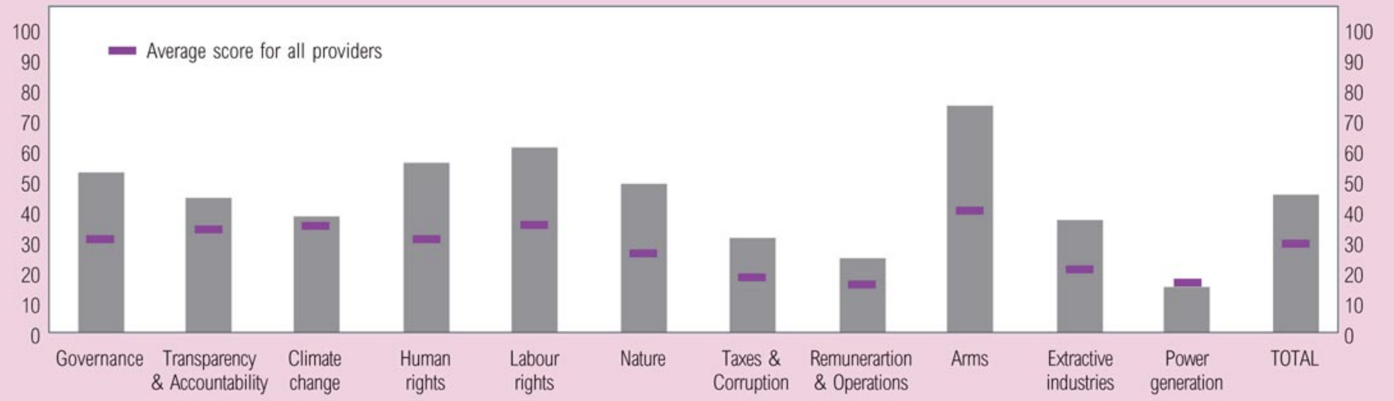
NOW: Pensions

Royal London

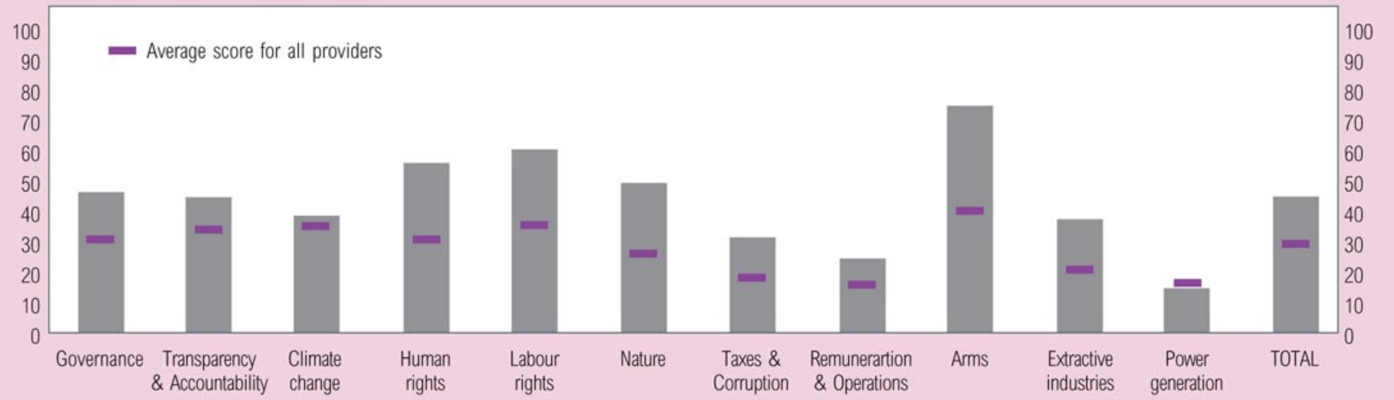


Scottish Widows

Standard Life Contract-based schemes



Standard Life Master trust



The People's Pension

Appendix 2
Individual Scorecards

Aegon

Governance		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider is a signatory of the UN PRI	1	0	n.a.	0.5
2	The pension provider is a signatory of the UK Stewardship Code	1	0	n.a.	0.5
3	Senior executives and/or Independent Governance Committee (IGC) members receives formal training on RI and stewardship	1	n.a.	n.a.	1.0
4	The Responsible Investment (RI) policy is an agenda item for discussion at least annually by the IGC	1	n.a.	n.a.	1.0
5	In selecting external managers, the pension provider requires evidence of RI and stewardship capability (if 'yes', please provide evidence of this)	0	n.a.	n.a.	0.0
6	When appointing external managers, the pension provider requires compliance with its own RI policy	1	n.a.	n.a.	1.0
7	The pension provider's Environmental and Social Risk Management System is audited by a third party and the results are published	0	n.a.	n.a.	0.0
8	The IGC contains customer representatives	0	n.a.	n.a.	0.0
9	The pension provider maintains a customer panel or customer consultative body	1	n.a.	n.a.	1.0
10	The pension provider consults the customer panel or customer consultative body about RI	0	n.a.	n.a.	0.0
11	The pension provider informs customers about RI issues in newsletters or annual statements sent to customers*	0	n.a.	n.a.	0.0
12	The pension provider consults customers about RI via surveys	0	n.a.	n.a.	0.0
13	The pension provider consults customers directly about RI via annual general meetings, webinars, roadshows or other mechanisms	0	n.a.	n.a.	0.0
14	The pension provider reports on consultation with customers	1	n.a.	n.a.	1.0
15	The pension provider has a customer education programme that is evaluated for learner outcomes	0	n.a.	n.a.	0.0
16	No less than 30% of the members of the IGC are women	1	n.a.	n.a.	1.0
17	No less than 30% of the members of the Investment Committee are women	0	n.a.	n.a.	0.0
Total score (sum)					**7.0**
Total points available					**17**

Transparency & Accountability					
1	The pension provider has a publicly available RI policy	1	1	1	1.0
2	The pension provider discloses the scope of its RI policy (in terms of asset classes or % of total portfolio covered)	1	n.a.	n.a.	1.0
3	The pension provider publishes a list of exclusions	1	n.a.	n.a.	1.0
4	The pension provider publishes the names of governments in which it invests.	0	n.a.	n.a.	0.0
5	The pension provider publishes the top 10 names of companies in which it invests.	0	n.a.	n.a.	0.0
6	The pension provider publishes the top 100 names of companies in which it invests.	0	n.a.	n.a.	0.0
7	The pension provider publishes a breakdown of of its portfolio by region, size and industry (in line with GRI FS6).	0	n.a.	n.a.	0.0
8	The pension provider publishes the number of companies with which there has been interaction on social and environment topics (in line with GRI FS10).	1	n.a.	n.a.	1.0
9	The pension provider publishes the names of companies with which there has been interaction on social and environment topics, including the results of this engagement.	0	n.a.	n.a.	0.0
10	The pension provider publishes the names of companies with which there has been interaction on governance topics, including the results of this engagement	0	n.a.	n.a.	0.0
11	The pension provider publishes its voting record.	1	1	0	0.75
12	The pension provider publishes its voting record listed by company and voting proposal description	0	0	0	0.0
13	The pension provider discloses the voting rationales for 'against' votes or those where a vote was controversial (e.g. where more than 20% of votes were cast against management).	0	0	0	0.0
14	For each country in which the pension provider operates, it reports country-by-country on its corporate income taxes, revenues, profits, assets, and employees	0	0	0	0.0
Total score (sum)					**4.8**
Total points available					**14**

Aegon

Climate Change

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider's policies explicitly addresses climate change in relation to its investments.	1	0	0	0.5
2	The pension provider participates in investor initiatives on climate change (e.g. has signed the 2014 Global Investor Statement on Climate Change or belongs to the Institutional Investor Group on Climate Change)	1	n.a.	n.a.	1.0
3	The pension provider assesses the total portfolio impact of various climate change risk factors over a timeframe consistent with their investment objectives and member investment timeframes.	0	0	0	0.0
4	The pension provider discloses the GHG emissions embedded in its total investment portfolio (or is a signatory to the Montreal Carbon Pledge).	0	0	0	0.0
5	The pension provider's total investment portfolio is aligned with limiting climate change to +2°C	1	0	0	0.5
6	The pension provider makes explicit investments to support the transition to a low-carbon economy and projects that contribute to the emission reduction of the economy as a whole.	1	1	0	0.75
7	The pension provider's passively managed investments are tracking a low-carbon index.	0	0	0	0.0
8	The pension provider expects companies to disclose their GHG emissions (according to Scope 1, 2, 3) including via the CDP.	1	0	0	0.5
9	The pension provider expects companies to reduce their GHG emissions.	1	0	0	0.5
Total score (sum)					**3.8**
Total points available					**9**

Human Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration within its investment process to governments' respect and protection of all human rights as described in international declarations and conventions	1	1	1	1.0
2	The pension provider gives consideration within its investment process to companies' respect for human rights as described in the United Nations Guiding Principles on Business and Human Rights (UNGPs).	1	1	0	0.75
3	The pension provider discloses further details about how it supports compliance with human rights standards or regulations.	1	1	1	1.0
4	The pension provider expects companies to have a policy commitment to meet their responsibility to respect human rights.	1	0	0	0.5
5	The pension provider expects companies to have a human rights due diligence process to identify, prevent, mitigate and account for how they address their impact on human rights.	1	1	1	1.0
6	The pension provider expects companies to have processes to enable the remediation of any adverse human rights impact to which they cause or to which they contribute.	1	0	0	0.5
7	The pension provider expects companies to prevent conflicts over land rights and acquire natural resources only by engaging in meaningful consultation with local communities and obtaining free, prior and informed consent (FPIC) when it concerns indigenous peoples.	0	0	0	0.0
Total score (sum)					**4.8**
Total points available					**7**

Labour Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to labour rights in its investment process.	1	1	1	1.0
2	The pension provider discloses details about how it supports compliance with labour rights standards or regulations.	1	1	1	1.0
3	The pension provider expects companies to uphold the freedom of association and the effective recognition of the right to collective bargaining.	1	0	0	0.5
4	All forms of forced and compulsory labour are unacceptable.	1	0	0	0.5
5	Child labour is unacceptable.	1	0	0	0.5
6	Discrimination in respect of employment and occupation is unacceptable.	1	0	0	0.5
7	The pension provider expects companies to have a solid health and safety policy.	1	0	0	0.5
Total score (sum)					**4.5**
Total points available					**7**

Aegon

Nature

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the protection of natural capital within its investment process.	1	1	1	1.0
2	The pension provider expects companies to take steps to prevent deforestation.	0	0	0	0.0
3	The pension provider expects companies to prevent the negative impact on UNESCO World Heritage sites.	0	0	0	0.0
4	The pension provider expects companies in industries with a large impact on water to report their water footprint to the CDP's Water Program.	0	0	0	0.0
5	The pension provider expects companies in industries with a large impact on forests to report their forest footprint to the CDP's Forests Program.	0	0	0	0.0
Total score (sum)					**1.0**
Total points available					**5**

Taxes and Corruption

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the issues of taxation and/or corruption in its investment process.	1	1	1	1.0
2	The pension provider's discloses details about how it encourages compliance with standards or regulations relevant to taxes and corruption.	0	0	0	0.0
3	For each country in which companies operate, the pension provider encourages them to report country-by-country on their revenues, costs, profits, subsidies received from governments and payments to governments (e.g. withholding taxes, payments for concessions and company tax).	0	0	0	0.0
4	The pension provider encourages companies to have anti-corruption policies in line with the OECD Guidelines for Multinational Enterprises or Transparency International Business Principles for Countering Bribery.	0	0	0	0.0
Total score (sum)					**1.0**
Total points available					**4**

Remuneration and Operations

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider expects companies not to award excessive executive compensation packages.	1	0	0	0.5
2	The pension provider expects executive compensation packages to be linked to the long-term success of the company and expects companies to define clear targets to achieve this.	0	0	0	0.0
3	The pension provider expects companies to disclose the pay ratio between the highest paid employee and the median.	0	0	0	0.0
4	The pension provider expects companies to report on social and environmental performance in line with the GRI G4 Sustainability Reporting Guidelines, the Sustainability Accounting Standards Board (SASB) or International Integrated Reporting Council (IIRC) reporting guidelines.	0	0	0	0.0
5	The pension provider expects companies to include clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers.	0	0	0	0.0
Total score (sum)					**0.5**
Total points available					**5**

Arms

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the arms sector.	1	1	1	1.0
2	Production of, maintenance of, and trade in anti-personal landmines, including important parts of landmines, is unacceptable.	1	1	1	1.0
3	Production of, maintenance of, and trade in cluster munitions, including important parts of cluster munitions, is unacceptable.	1	1	1	1.0
Total score (sum)					**3.0**
Total points available					**3**

Aegon

Extractive Industries

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the extractive industries sector.	1	0	0	0.5
2	The pension provider expects companies to ensure the complete recovery of ecosystems after commercial activities have been completed, for all extractive industry projects (i.e. this is included as an activity in the planning and the budget of the project).	0	0	0	0.0
3	Establishing new coal mines is unacceptable.	0	0	0	0.0
4	Fund managers assess risks of fossil fuel companies' project portfolios, including of stranded assets.	0	0	0	0.0
Total score (sum)					**0.5**
Total points available					**4**

Power generation

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the power generation sector.	1	1	0	0.75
2	The pension provider seeks to actively finance companies involved in renewable energy generation (wind, solar, small and medium scale hydro power, geothermal power, tidal power, etc.).	1	1	0	0.75
3	The pension provider has a measurable target to increase its finance for renewable energy generation.	0	0	0	0.0
4	The pension provider has a measurable target to decrease its finance for fossil fuel power generation, in absolute terms or relative to its finance for renewable energy generation.	0	0	0	0.0
5	The pension provider excludes investments in unabated coal power plants (i.e. without carbon capture and storage).	0	0	0	0.0
Total score (sum)					**1.5**
Total points available					**5**

Overall Scores

Overview of scores	Points awarded	Total points available	%
Operational themes			
Governance	7.0	17	41%
Transparency & Accountability	4.8	14	34%
Cross-cutting themes			
Climate change	3.8	9	42%
Human rights	4.8	7	68%
Labour rights	4.5	7	64%
Nature	1.0	5	20%
Taxes & Corruption	1.0	4	25%
Remuneration & Operations	0.5	5	10%
Sector themes			
Arms	3.0	3	100%
Extractive industries	0.5	4	13%
Power generation	1.5	5	30%
Total	**32**	**80**	**40%**

Aviva

Governance

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider is a signatory of the UN PRI	0	1	n.a.	0.5
2	The pension provider is a signatory of the UK Stewardship Code	1	n.a.	n.a.	1.0
3	Senior executives and/or Independent Governance Committee (IGC) members receives formal training on RI and stewardship	0	n.a.	n.a.	0.0
4	The Responsible Investment (RI) policy is an agenda item for discussion at least annually by the IGC	0	n.a.	n.a.	0.0
5	In selecting external managers, the pension provider requires evidence of RI and stewardship capability (if 'yes', please provide evidence of this)	1	n.a.	n.a.	1.0
6	When appointing external managers, the pension provider requires compliance with its own RI policy	0	n.a.	n.a.	0.0
7	The pension provider's Environmental and Social Risk Management System is audited by a third party and the results are published	1	n.a.	n.a.	1.0
8	The IGC contains customer representatives	0	n.a.	n.a.	0.0
9	The pension provider maintains a customer panel or customer consultative body	1	n.a.	n.a.	1.0
10	The pension provider consults the customer panel or customer consultative body about RI	0	n.a.	n.a.	0.0
11	The pension provider informs customers about RI issues in newsletters or annual statements sent to customers*	0	n.a.	n.a.	0.0
12	The pension provider consults customers about RI via surveys*	0	n.a.	n.a.	0.0
13	The pension provider consults customers directly about RI via annual general meetings, webinars, roadshows or other mechanisms	1	n.a.	n.a.	1.0
14	The pension provider reports on consultation with customers	1	n.a.	n.a.	1.0
15	The pension provider has a customer education programme that is evaluated for learner outcomes	1	n.a.	n.a.	1.0
16	No less than 30% of the members of the IGC are women				
17	No less than 30% of the members of the Investment Committee are women	0	n.a.	n.a.	0.0
Total score (sum)					**7.5**
Total points available					**17**

Transparency & Accountability

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider has a publicly available RI policy	1	1	0	0.75
2	The pension provider discloses the scope of its RI policy (in terms of asset classes or % of total portfolio covered)	1	n.a.	n.a.	1.0
3	The pension provider publishes a list of exclusions	1	n.a.	n.a.	1.0
4	The pension provider publishes the names of governments in which it invests.	1	n.a.	n.a.	1.0
5	The pension provider publishes the top 10 names of companies in which it invests.	0	n.a.	n.a.	0.0
6	The pension provider publishes the top 100 names of companies in which it invests.	0	n.a.	n.a.	0.0
7	The pension provider publishes a breakdown of of its portfolio by region, size and industry (in line with GRI FS6).	0	n.a.	n.a.	0.0
8	The pension provider publishes the number of companies with which there has been interaction on social and environment topics (in line with GRI FS10).	1	n.a.	n.a.	1.0
9	The pension provider publishes the names of companies with which there has been interaction on social and environment topics, including the results of this engagement.	1	n.a.	n.a.	1.0
10	The pension provider publishes the names of companies with which there has been interaction on governance topics, including the results of this engagement	1	n.a.	n.a.	1.0
11	The pension provider publishes its voting record.	1	1	0	0.75
12	The pension provider publishes its voting record listed by company and voting proposal description	1	1	0	0.75
13	The pension provider discloses the voting rationales for 'against' votes or those where a vote was controversial (e.g. where more than 20% of votes were cast against management).	1	1	0	0.75
14	For each country in which the pension provider operates, it reports country-by-country on its corporate income taxes, revenues, profits, assets, and employees	0	n.a.	n.a.	0.0
Total score (sum)					**9.0**
Total points available					**14**

Aviva

		Basic score	Internally managed assets	Externally managed assets	Final score
Climate Change					
1	The pension provider's RI policy explicitly addresses climate change in relation to its investments.	1	1	0	0.75
2	The pension provider participates in investor initiatives on climate change (e.g. has signed the 2014 Global Investor Statement on Climate Change or belongs to the Institutional Investor Group on Climate Change)	1	n.a.	n.a.	1.0
3	The pension provider assesses the total portfolio impact of various climate change risk factors over a timeframe consistent with its investment objectives and member investment timeframes.	0	0	0	0.0
4	The pension provider discloses the GHG emissions embedded in its investment portfolio (or is a signatory to the Montreal Carbon Pledge).	1	1	0	0.75
5	The pension provider's total investment portfolio is aligned with limiting climate change to +2°C	1	0	0	0.5
6	The pension provider makes explicit investments to support the transition to a low-carbon economy and projects that contribute to the emission reduction of the economy as a whole.	1	1	0	0.75
7	The pension provider's passively managed investments are tracking a low-carbon index.	0	0	0	0.0
8	The pension provider expects companies to disclose their GHG emissions (according to Scope 1, 2, 3) including via the CDP.	1	1	0	0.75
9	The pension provider expects companies to reduce their GHG emissions (or is a signatory of the CDP's Carbon Action Programme).	1	1	0	0.75
Total score (sum)					**5.3**
Total points available					**9**

		Basic score	Internally managed assets	Externally managed assets	Final score
Human Rights					
1	The pension provider gives consideration within its investment process to governments' respect and protection of all human rights as described in international declarations and conventions	1	1	0	0.75
2	The pension provider gives consideration within its investment process to companies' respect for human rights as described in the United Nations Guiding Principles on Business and Human Rights (UNGPs).	1	0	0	0.5
3	The pension provider discloses (further) details about how it supports compliance with human rights standards or regulations.	1	1	0	0.75
4	The pension provider expects companies to have a policy commitment to meet their responsibility to respect human rights.	1	0	0	0.5
5	The pension provider expects companies to have a human rights due diligence process to identify, prevent, mitigate and account for how they address their impact on human rights.	1	0	0	0.5
6	The pension provider expects companies to have processes to enable the remediation of any adverse human rights impact to which they cause or to which they contribute.	1	0	0	0.5
7	The pension provider expects companies to prevent conflicts over land rights and acquire natural resources only by engaging in meaningful consultation with local communities and obtaining free, prior and informed consent (FPIC) when it concerns indigenous peoples.	0	1	0	0.25
Total score (sum)					**3.8**
Total points available					**7**

		Basic score	Internally managed assets	Externally managed assets	Final score
Labour Rights					
1	The pension provider gives consideration to labour rights in its investment process.	1	1	0	0.75
2	The pension provider discloses details about how it supports compliance with labour rights standards or regulations.	0	0	0	0.0
3	The pension provider expects companies to uphold the freedom of association and the effective recognition of the right to collective bargaining.	1	0	0	0.5
4	All forms of forced and compulsory labour are unacceptable.	1	0	0	0.5
5	Child labour is unacceptable.	1	0	0	0.5
6	Discrimination in respect of employment and occupation is unacceptable.	1	0	0	0.5
7	The pension provider expects companies to have a solid health and safety policy.	0	0	0	0.0
Total score (sum)					**2.8**
Total points available					**7**

Aviva

		Basic score	Internally managed assets	Externally managed assets	Final score
Nature					
1	The pension provider gives consideration to the protection of natural capital within its investment process.	1	1	0	0.75
2	The pension provider expects companies to take steps to prevent deforestation.	0	0	0	0.0
3	Companies prevent the negative impact on UNESCO World Heritage sites.	0	0	0	0.0
4	The pension provider expects companies in industries with a large impact on water to report their water footprint to the CDP's Water Program.	1	1	0	0.75
5	The pension provider expects companies in industries with a large impact on forests to report their forest footprint to the CDP's Forests Program.	1	1	0	0.75
Total score (sum)					**2.3**
Total points available					**5**

		Basic score	Internally managed assets	Externally managed assets	Final score
Taxes and Corruption					
1	The pension provider gives consideration to the issues of taxation and/or corruption in its investment process.	1	0	0	0.5
2	The pension provider's discloses details about how it encourages compliance with standards or regulations relevant to taxes and corruption.	0	0	0	0.0
3	For each country in which companies operate, the pension provider encourages them to report country-by-country on their revenues, costs, profits, subsidies received from governments and payments to governments (e.g. withholding taxes, payments for concessions and company tax).	0	0	0	0.0
4	The pension provider encourages companies to have anti-corruption policies in line with the OECD guidelines for multinational enterprises or Transparency International Business Principles for Countering Bribery.	0	0	0	0.0
Total score (sum)					**0.5**
Total points available					**4**

		Basic score	Internally managed assets	Externally managed assets	Final score
Remuneration and Operations					
1	The pension provider expects companies not to award excessive executive compensation packages.	1	1	0	0.75
2	The pension provider expects executive compensation packages to be linked to the long-term success of the company and defines clear targets to achieve this.	1	1	0	0.75
3	The pension provider expects companies to disclose the pay ratio between the highest paid employee and the median.	0	0	0	0.0
4	The pension provider expects companies to report on social and environmental performance in line with the GRI G4 Sustainability Reporting Guidelines, the Sustainability Accounting Standards Board (SASB) or International Integrated Reporting Council (IIRC) reporting guidelines.	1	0	0	0.5
5	The pension provider expects companies to include clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers.	0	0	0	0.0
Total score (sum)					**2.0**
Total points available					**5**

		Basic score	Internally managed assets	Externally managed assets	Final score
Arms					
1	The pension provider discloses how it addresses ESG factors in the arms sector.	1	1	0	0.75
2	Production of, maintenance of, and trade in anti-personal landmines, including important parts of landmines, is unacceptable.	1	1	0	0.75
3	Production of, maintenance of, and trade in cluster munitions, including important parts of cluster munitions, is unacceptable.	1	1	0	0.75
Total score (sum)					**2.3**
Total points available					**3**

Aviva

Extractive Industries

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the extractive industries sector.	1	0	0	0.5
2	The pension provider expects companies to ensure the complete recovery of ecosystems after commercial activities have been completed, for all extractive industry projects (i.e. this is included as an activity in the planning and the budget of the project).	0	0	0	0.0
3	Establishing new coal mines is unacceptable.	1	0	0	0.5
4	Fund managers assess risks of fossil fuel companies' project portfolios, including of stranded assets.	1	0	0	0.5
Total score (sum)					**1.5**
Total points available					**4**

Power generation

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the power generation sector.	1	1	0	0.75
2	The pension provider actively finances companies involved in renewable energy generation (wind, solar, small and medium scale hydro power, geothermal power, tidal power, etc.).	1	1	0	0.75
3	The pension provider has a measurable target to increase its finance for renewable energy generation.	1	0	0	0.5
4	The pension provider has a measurable target to decrease its finance for fossil fuel power generation, in absolute terms or relative to its finance for renewable energy generation.	0	0	0	0.0
5	The pension provider excludes investments in unabated coal power plants (i.e. without carbon capture and storage).	0	0	0	0.0
Total score (sum)					**2.0**
Total points available					**5**

Overall Scores

Overview of scores	Points awarded	Total points available	%
Operational themes			
Governance	7.5	17	44%
Transparency & Accountability	9.0	14	64%
Cross-cutting themes			
Climate change	5.3	9	58%
Human rights	3.8	7	54%
Labour rights	2.8	7	39%
Nature	2.3	5	45%
Taxes & Corruption	0.5	4	13%
Remuneration & Operations	2.0	5	40%
Sector themes			
Arms	2.3	3	75%
Extractive industries	1.5	4	38%
Power generation	2.0	5	40%
Total	**39**	**80**	**48%**

Legal & General Master Trust

		Basic score	Internally managed assets	Externally managed assets	**Final score**
Governance					
1	The pension provider is a signatory of the UN PRI	0	1	n.a.	0.5
2	The pension provider is a signatory of the UK Stewardship Code	0	1	n.a.	0.5
3	Trustees receives formal training on RI and stewardship	0	n.a.	n.a.	0.0
4	The Responsible Investment (RI) policy is an agenda item for discussion at least annually by the board of trustees	0	n.a.	n.a.	0.0
5	In selecting external managers, the pension provider requires evidence of RI and stewardship capability (if 'yes', please provide evidence of this)	0	n.a.	n.a.	0.0
6	When appointing external managers, the pension provider requires compliance with its own RI policy	0	n.a.	n.a.	0.0
7	The pension provider's Environmental and Social Risk Management System is audited by a third party and the results are published	0	n.a.	n.a.	0.0
8	The board of trustees contains member representatives*	0	n.a.	n.a.	0.0
9	The pension provider maintains a member panel or member consultative body	0	n.a.	n.a.	0.0
10	The pension provider consults the member panel or member consultative body about RI	0	n.a.	n.a.	0.0
11	The pension provider informs members about RI issues in newsletters or annual statements sent to members**	0	n.a.	n.a.	0.0
12	The pension provider consults members about RI via surveys	0	n.a.	n.a.	0.0
13	The pension provider consults members directly about RI via annual general meetings, webinars, roadshows or other mechanisms	1	n.a.	n.a.	1.0
14	The pension provider reports on consultation with members	0	n.a.	n.a.	0.0
15	The pension provider has a member education programme that is evaluated for learner outcomes	0	n.a.	n.a.	0.0
16	No less than 30% of the members of the board of trustees are women	0	n.a.	n.a.	0.0
17	No less than 30% of the members of the Investment Committee are women	0	n.a.	n.a.	0.0
Total score (sum)					**2.0**
Total points available					**17**

Legal & General Contract Based Schemes

		Basic score	Internally managed assets	Externally managed assets	Final score
Governance					
1	The pension provider is a signatory of the UN PRI	0	1	n.a.	0.5
2	The pension provider is a signatory of the UK Stewardship Code	0	1	n.a.	0.5
3	Senior executives and/or Independent Governance Committee (IGC) members receives formal training on RI and stewardship	0	n.a.	n.a.	0.0
4	The Responsible Investment (RI) policy is an agenda item for discussion at least annually by the IGC	0	n.a.	n.a.	0.0
5	In selecting external managers, the pension provider requires evidence of RI and stewardship capability (if 'yes', please provide evidence of this)	0	n.a.	n.a.	0.0
6	When appointing external managers, the pension provider requires compliance with its own RI policy	0	n.a.	n.a.	0.0
7	The pension provider's Environmental and Social Risk Management System is audited by a third party and the results are published	0	n.a.	n.a.	0.0
8	The IGC contains customer representatives	0	n.a.	n.a.	0.0
9	The pension provider maintains a customer panel or customer consultative body	0	n.a.	n.a.	0.0
10	The pension provider consults the customer panel or customer consultative body about RI	0	n.a.	n.a.	0.0
11	The pension provider informs customers about RI issues in newsletters or annual statements sent to customers*	0	n.a.	n.a.	0.0
12	The pension provider consults customers about RI via surveys	0	n.a.	n.a.	0.0
13	The pension provider consults customers directly about RI via annual general meetings, webinars, roadshows or other mechanisms	0	n.a.	n.a.	0.0
14	The pension provider reports on consultation with customers	0	n.a.	n.a.	0.0
15	The pension provider has a customer education programme that is evaluated for learner outcomes	1	n.a.	n.a.	1.0
16	No less than 30% of the members of the IGC are women	0	n.a.	n.a.	0.0
17	No less than 30% of the members of the Investment Committee are women	0	n.a.	n.a.	0.0
Total score (sum)					**2.0**
Total points available					**17**

Legal & General

Transparency & Accountability

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider has a publicly available RI policy	1	1	0	0.75
2	The pension provider discloses the scope of its RI policy (in terms of asset classes or % of total portfolio covered)	0	n.a.	n.a.	0.0
3	The pension provider publishes a list of exclusions	0	n.a.	n.a.	0.0
4	The pension provider publishes the names of governments in which it invests.	0	n.a.	n.a.	0.0
5	The pension provider publishes the top 10 names of companies in which it invests.	0	n.a.	n.a.	0.0
6	The pension provider publishes the top 100 names of companies in which it invests.	0	n.a.	n.a.	0.0
7	The pension provider publishes a breakdown of of its portfolio by region, size and industry (in line with GRI FS6).	0	n.a.	n.a.	0.0
8	The pension provider publishes the number of companies with which there has been interaction on social and environment topics (in line with GRI FS10).	1	n.a.	n.a.	1.0
9	The pension provider publishes the names of companies with which there has been interaction on social and environment topics, including the results of this engagement.	0	n.a.	n.a.	0.0
10	The pension provider publishes the names of companies with which there has been interaction on governance topics, including the results of this engagement	1	n.a.	n.a.	1.0
11	The pension provider publishes its voting record.	1	1	0	0.75
12	The pension provider publishes its voting record listed by company and voting proposal description	0	0	0	0.0
13	The pension provider discloses the voting rationales for 'against' votes or those where a vote was controversial (e.g. where more than 20% of votes were cast against management).	0	0	0	0.0
14	For each country in which the pension provider operates, it reports country-by-country on its corporate income taxes, revenues, profits, assets, and employees	0	n.a.	n.a.	0.0
Total score (sum)					**3.5**
Total points available					**14**

Climate Change

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider's policies explicitly addresses climate change in relation to its investments.	1	1	0	0.75
2	The pension provider participates in investor initiatives on climate change (e.g. has signed the 2014 Global Investor Statement on Climate Change or belongs to the Institutional Investor Group on Climate Change)	1	n.a.	n.a.	1.0
3	The pension provider assesses the total portfolio impact of various climate change risk factors over a timeframe consistent with their investment objectives and member investment timeframes.	1	0	0	0.5
4	The pension provider discloses the GHG emissions embedded in its investment portfolio (or is a signatory to the Montreal Carbon Pledge).	0	0	0	0.0
5	The pension provider's total investment portfolio is aligned with limiting climate change to +2°C	1	1	0	0.75
6	The pension provider makes explicit investments to support the transition to a low-carbon economy and projects that contribute to the emission reduction of the economy as a whole.	1	0	0	0.5
7	The pension provider's passively managed investments are tracking a low-carbon index.	0	0	0	0.0
8	The pension provider expects companies to disclose their GHG emissions (according to Scope 1, 2, 3) including via the Carbon Disclosure Project.	1	1	0	0.75
9	The pension provider expects companies to reduce their GHG emissions.	1	1	0	0.75
Total score (sum)					**5.0**
Total points available					**9**

Legal & General

Human Rights

		Basic score	Internally managed assets	Externally managed assets	**Final score**
1	The pension provider gives consideration within its investment process to governments' respect and protection of all human rights as described in international declarations and conventions	1	0	0	0.5
2	The pension provider gives consideration within its investment process to companies' respect for human rights as described in the United Nations Guiding Principles on Business and Human Rights (UNGPs).	1	0	0	0.5
3	The pension provider's discloses details about how it supports compliance with human rights standards or regulations.	1	1	0	0.75
4	The pension provider expects companies to have a policy commitment to meet their responsibility to respect human rights.	1	0	0	0.5
5	The pension provider expects companies to have a human rights due diligence process to identify, prevent, mitigate and account for how they address their impact on human rights.	1	0	0	0.5
6	The pension provider expects companies to have processes to enable the remediation of any adverse human rights impact to which they cause or to which they contribute.	1	0	0	0.5
7	The pension provider expects companies to prevent conflicts over land rights and acquire natural resources only by engaging in meaningful consultation with local communities and obtaining free, prior and informed consent (FPIC) when it concerns indigenous peoples.	0	0	0	0.0
Total score (sum)					**3.3**
Total points available					**7**

Labour Rights

		Basic score	Internally managed assets	Externally managed assets	**Final score**
1	The pension provider gives consideration to labour rights in its investment process.	1	1	0	0.75
2	The pension provider discloses details about how it supports compliance with labour rights standards or regulations.	0	0	0	0.0
3	The pension provider expects companies to uphold the freedom of association and the effective recognition of the right to collective bargaining.	1	0	0	0.5
4	All forms of forced and compulsory labour are unacceptable.	1	0	0	0.5
5	Child labour is unacceptable.	1	0	0	0.5
6	Discrimination in respect of employment and occupation is unacceptable.	1	0	0	0.5
7	The pension provider expects companies to have a solid health and safety policy.	0	0	0	0.0
Total score (sum)					**2.8**
Total points available					**7**

Legal & General

Nature

#	Question	Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the protection of natural capital within its investment process.	1	0	0	0.5
2	The pension provider expects companies to take steps to prevent deforestation.	0	0	0	0.0
3	The pension provider expects companies to prevent negative impact on UNESCO World Heritage sites.	0	0	0	0.0
4	The pension provider expects companies in industries with a large impact on water to report their water footprint to the CDP's Water Program.	1	0	0	0.5
5	The pension provider expects companies in industries with a large impact on forests to report their forest footprint to the CDP's Forests Program.	1	0	0	0.5
Total score (sum)					**1.5**
Total points available					**5**

Taxes and Corruption

#	Question	Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the issues of taxation and/or corruption in its investment process.	1	1	1	1.0
2	The pension provider discloses details about how it encourages compliance with standards or regulations relevant to taxes and corruption.	0	0	0	0.0
3	For each country in which companies operate, the pension provider encourages them to report country-by-country on their revenues, costs, profits, subsidies received from governments and payments to governments (e.g. withholding taxes, payments for concessions and company tax).	0	0	0	0.0
4	The pension provider encourages companies to have anti-corruption policies in line with the OECD guidelines for multinational enterprises or Transparency International Business Principles for Countering Bribery.	0	0	0	0.0
Total score (sum)					**1.0**
Total points available					**4**

Remuneration and Operations

#	Question	Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider expects companies not to award excessive executive compensation packages.	0	0	0	0.0
2	The pension provider expects executive compensation packages to be linked to the long-term success of the company and expects companies to define clear targets to achieve this.	1	0	0	0.5
3	The pension provider expects companies to disclose the pay ratio between the highest paid employee and the median.	0	0	0	0.0
4	The pension provider expects companies to report on social and environmental performance in line with the GRI G4 Sustainability Reporting Guidelines, the Sustainability Accounting Standards Board (SASB) or International Integrated Reporting Council (IIRC) reporting guidelines.	1	1	0	0.75
5	The pension provider expects companies to include clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers.	0	0	0	0.0
Total score (sum)					**1.3**
Total points available					**5**

Arms

#	Question	Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the arms sector.	0	0	0	0.0
2	Production of, maintenance of, and trade in anti-personal landmines, including important parts of landmines, is unacceptable.	0	0	0	0.0
3	Production of, maintenance of, and trade in cluster munitions, including important parts of cluster munitions, is unacceptable.	0	0	0	0.0
Total score (sum)					**0.0**
Total points available					**3**

Legal & General

Extractive Industries

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the extractive industries sector.	1	1	0	0.75
2	The pension provider expects companies to ensure the complete recovery of ecosystems after commercial activities have been completed, for all extractive industry projects (i.e. this is included as an activity in the planning and the budget of the project).	0	0	0	0.0
3	Establishing new coal mines is unacceptable.	0	0	0	0.0
4	Fund managers assess risks of fossil fuel companies' project portfolios, including of stranded assets.	0	0	0	0.0
Total score (sum)					**0.8**
Total points available					**4**

Power generation

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the power generation sector.	1	1	0	0.75
2	The pension provider seeks to actively finance companies involved in renewable energy generation (wind, solar, small and medium scale hydro power, geothermal power, tidal power, etc.).	1	1	0	0.75
3	The pension provider has a measurable target to increase its finance for renewable energy generation.	0	0	0	0.0
4	The pension provider has a measurable target to decrease its finance for fossil fuel power generation, in absolute terms or relative to its finance for renewable energy generation.	0	0	0	0.0
5	The pension provider excludes investments in unabated coal power plants (i.e. without carbon capture and storage).	0	0	0	0.0
Total score (sum)					**1.5**
Total points available					**5**

Overall Scores

Overview of scores	Points awarded contract-based schemes	Points awarded master-trust schemes	Total points available	% contract-based schemes	% master-trust schemes
Operational themes					
Governance	2.0	2.0	17	12%	12%
Transparency & Accountability	3.5	3.5	14	25%	25%
Cross-cutting themes					
Climate change	5.0	5.0	9	56%	56%
Human rights	3.3	3.3	7	46%	46%
Labour rights	2.8	2.8	7	39%	39%
Nature	1.5	1.5	5	30%	30%
Taxes & Corruption	1.0	1.0	4	25%	25%
Remuneration & Operations	1.3	1.3	5	25%	25%
Sector themes					
Arms	0.0	0.0	3	0%	0%
Extractive industries	0.8	0.8	4	19%	19%
Power generation	1.5	1.5	5	30%	30%
Total	**23**	**23**	**80**	**28%**	**28%**

NEST

Governance

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider is a signatory of the UN PRI	1	n.a.	n.a.	1.0
2	The pension provider is a signatory of the UK Stewardship Code	1	n.a.	n.a.	1.0
3	Trustees receives formal training on RI and stewardship	1	n.a.	n.a.	1.0
4	The Responsible Investment (RI) policy is an agenda item for discussion at least annually by the board of trustees	1	n.a.	n.a.	1.0
5	In selecting external managers, the pension provider requires evidence of RI and stewardship capability (if 'yes', please provide evidence of this)	1	n.a.	n.a.	1.0
6	When appointing external managers, the pension provider requires compliance with its own RI policy	1	n.a.	n.a.	1.0
7	The pension provider's Environmental and Social Risk Management System is audited by a third party and the results are published	0	n.a.	n.a.	0.0
8	The board of trustees contains member representatives*	0	n.a.	n.a.	0.0
9	The pension provider maintains a member panel or member consultative body	1	n.a.	n.a.	1.0
10	The pension provider consults the member panel or member consultative body about RI	1	n.a.	n.a.	1.0
11	The pension provider informs members about RI issues in newsletters or annual statements sent to members**	0	n.a.	n.a.	0.0
12	The pension provider consults members about RI via surveys	0	n.a.	n.a.	0.0
13	The pension provider consults members directly about RI via annual general meetings, webinars, roadshows or other mechanisms	0	n.a.	n.a.	0.0
14	The pension provider reports on consultation with members	0	n.a.	n.a.	0.0
15	The pension provider has a member education programme that is evaluated for learner outcomes	0	n.a.	n.a.	0.0
16	No less than 30% of the members of the board of trustees are women	1	n.a.	n.a.	1.0
17	No less than 30% of the members of the Investment Committee are women	1	n.a.	n.a.	1.0
Total score (sum)					**10.0**
Total points available					**17**

Transparency & Accountability

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider has a publicly available RI policy	1	n.a.	0	0.5
2	The pension provider discloses the scope of its RI policy (in terms of asset classes or % of total portfolio covered)	1	n.a.	n.a.	1.0
3	The pension provider publishes a list of exclusions	0	n.a.	n.a.	0.0
4	The pension provider publishes the names of governments in which it invests.	1	n.a.	n.a.	1.0
5	The pension provider publishes the top 10 names of companies in which it invests.	1	n.a.	n.a.	1.0
6	The pension provider publishes the top 100 names of companies in which it invests.	1	n.a.	n.a.	1.0
7	The pension provider publishes a breakdown of of its portfolio by region, size and industry (in line with GRI FS6).	0	n.a.	n.a.	0.0
8	The pension provider publishes the number of companies with which there has been interaction on social and environment topics (in line with GRI FS10).	0	n.a.	n.a.	0.0
9	The pension provider publishes the names of companies with which there has been interaction on social and environment topics, including the results of this engagement.	0	n.a.	n.a.	0.0
10	The pension provider publishes the names of companies with which there has been interaction on governance topics, including the results of this engagement	1	n.a.	n.a.	1.0
11	The pension provider publishes its voting record.	1	n.a.	0	0.5
12	The pension provider publishes its voting record listed by company and voting proposal description	1	n.a.	0	0.5
13	The pension provider discloses the voting rationales for 'against' votes or those where a vote was controversial (e.g. where more than 20% of votes were cast against management).	1	n.a.	0	0.5
14	For each country in which the pension provider operates, it reports country-by-country on its corporate income taxes, revenues, profits, assets, and employees	n.a.	n.a.	n.a.	n.a.
Total score (sum)					**7.0**
Total points available					**13**

NEST

Climate Change

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider's policies explicitly addresses climate change in relation to its investments.	1	n.a.	0	0.5
2	The pension provider participates in investor initiatives on climate change (e.g. has signed the 2014 Global Investor Statement on Climate Change or belongs to the Institutional Investor Group on Climate Change)	1	n.a.	0	1.0
3	The pension provider assesses the total portfolio impact of various climate change risk factors over a timeframe consistent with their investment objectives and member investment timeframes.	0	n.a.	0	0.0
4	The pension provider discloses the GHG emissions embedded in its investment portfolio (or is a signatory to the Montreal Carbon Pledge).	0	n.a.	0	0.0
5	The pension provider's total investment portfolio is aligned with limiting climate change to +2°C	1	n.a.	0	0.5
6	The pension provider makes explicit investments to support the transition to a low-carbon economy and projects that contribute to the emission reduction of the economy as a whole.	0	n.a.	0	0.0
7	The pension provider's passively managed investments are tracking a low-carbon index.	0	n.a.	0	0.0
8	The pension provider expects companies to disclose their GHG emissions (according to Scope 1, 2, 3) including via the Carbon Disclosure Project.	0.5	n.a.	0	0.25
9	The pension provider expects companies to reduce their GHG emissions.	0.5	n.a.	0	0.25
Total score (sum)					**2.5**
Total points available					**9**

Human Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration within its investment process to governments' respect and protection of all human rights as described in international declarations and conventions	0	n.a.	0	0.0
2	The pension provider gives consideration within its investment process to companies' respect for human rights as described in the United Nations Guiding Principles on Business and Human Rights (UNGPs).	0	n.a.	0	0.0
3	The pension provider discloses further details about how it supports compliance with human rights standards or regulations.	0.5	n.a.	0	0.25
4	The pension provider expects companies to have a policy commitment to meet their responsibility to respect human rights.	0	n.a.	0	0.0
5	The pension provider expects companies to have a human rights due diligence process to identify, prevent, mitigate and account for how they address their impact on human rights.	0	n.a.	0	0.0
6	The pension provider expects companies to have processes to enable the remediation of any adverse human rights impact to which they cause or to which they contribute.	0	n.a.	0	0.0
7	The pension provider expects companies to prevent conflicts over land rights and acquire natural resources only by engaging in meaningful consultation with local communities and obtaining free, prior and informed consent (FPIC) when it concerns indigenous peoples.	0.5	n.a.	0	0.25
Total score (sum)					**0.5**
Total points available					**7**

Labour Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to labour rights in its investment process.	1	n.a.	1	1.0
2	The pension provider discloses details about how it supports compliance with labour rights standards or regulations.	1	n.a.	1	1.0
3	The pension provider expects companies to uphold the freedom of association and the effective recognition of the right to collective bargaining.	0.5	n.a.	0.5	0.5
4	All forms of forced and compulsory labour are unacceptable.	0.5	n.a.	0	0.25
5	Child labour is unacceptable.	0.5	n.a.	0	0.25
6	Discrimination in respect of employment and occupation is unacceptable.	0.5	n.a.	0	0.25
7	The pension provider expects companies to have a solid health and safety policy.	1	n.a.	0	0.5
Total score (sum)					**3.8**
Total points available					**7**

NEST

Nature

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the protection of natural capital within its investment process.	1	n.a.	0	0.5
2	The pension provider expects companies to take steps to prevent deforestation.	0.5	n.a.	0	0.25
3	The pension provider expects companies to prevent negative impact on UNESCO World Heritage sites.	0	n.a.	0	0.0
4	The pension provider expects companies in industries with a large impact on water to report their water footprint to the CDP's Water Program.	0	n.a.	0	0.0
5	The pension provider expects companies in industries with a large impact on forests to report their forest footprint to the CDP's Forests Program.	0	n.a.	0	0.0
Total score (sum)					**0.8**
Total points available					**5**

Taxes and Corruption

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the issues of taxation and/or corruption in its investment process.	0.5	n.a.	0	0.25
2	The pension provider's discloses details about how it encourages compliance with standards or regulations relevant to taxes and corruption.	0.5	n.a.	0	0.25
3	For each country in which companies operate, the pension provider encourages them to report country-by-country on their revenues, costs, profits, subsidies received from governments and payments to governments (e.g. withholding taxes, payments for concessions and company tax).	0	n.a.	0	0.0
4	The pension provider encourages companies to have anti-corruption policies in line with the OECD guidelines for multinational enterprises or Transparency International Business Principles for Countering Bribery.	0	n.a.	0	0.0
Total score (sum)					**0.5**
Total points available					**4**

Remuneration and Operations

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider expects companies not to award excessive executive compensation packages.	0.5	n.a.	0	0.25
2	The pension provider expects executive compensation packages to be linked to the long-term success of the company and expects companies to define clear targets to achieve this.	0.5	n.a.	0	0.25
3	The pension provider expects companies to disclose the pay ratio between the highest paid employee and the median.	0.5	n.a.	0	0.25
4	The pension provider expects companies to report on social and environmental performance in line with the GRI G4 Sustainability Reporting Guidelines, the Sustainability Accounting Standards Board (SASB) or International Integrated Reporting Council (IIRC) reporting guidelines.	0	n.a.	0	0.0
5	The pension provider expects companies to include clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers.	0.5	n.a.	0	0.25
Total score (sum)					**1.0**
Total points available					**5**

Arms

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the arms sector.	0.5	n.a.	0	0.25
2	Production of, maintenance of, and trade in anti-personal landmines, including important parts of landmines, is unacceptable.	0	n.a.	0	0.0
3	Production of, maintenance of, and trade in cluster munitions, including important parts of cluster munitions, is unacceptable.	0	n.a.	0	0.0
Total score (sum)					**0.3**
Total points available					**3**

NEST

Extractive Industries		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the extractive industries sector.	0.5	n.a.	0	0.25
2	The pension provider expects companies to ensure the complete recovery of ecosystems after commercial activities have been completed, for all extractive industry projects (i.e. this is included as an activity in the planning and the budget of the project).	0	n.a.	0	0.0
3	Establishing new coal mines is unacceptable.	0	n.a.	0	0.0
4	Fund managers assess risks of fossil fuel companies' project portfolios, including of stranded assets.	0	n.a.	0	0.0
Total score (sum)					**0.3**
Total points available					**4**

Power generation					
1	The pension provider discloses how it addresses ESG factors in the power generation sector.	0	n.a.	0	0.0
2	The pension provider seeks to actively finance companies involved in renewable energy generation (wind, solar, small and medium scale hydro power, geothermal power, tidal power, etc.).	0	n.a.	0	0.0
3	The pension provider has a measurable target to increase its finance for renewable energy generation.	0	n.a.	0	0.0
4	The pension provider has a measurable target to decrease its finance for fossil fuel power generation, in absolute terms or relative to its finance for renewable energy generation.	0	n.a.	0	0.0
5	The pension provider excludes investments in unabated coal power plants (i.e. without carbon capture and storage).	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**5**

Overall Scores

Overview of scores	Points awarded	Total points available	%
Operational themes			
Governance	10.0	17	59%
Transparency & Accountability	7.0	13	54%
Cross-cutting themes			
Climate change	2.5	9	28%
Human rights	0.5	7	7%
Labour rights	3.8	7	54%
Nature	0.8	5	15%
Taxes & Corruption	0.5	4	13%
Remuneration & Operations	1.0	5	20%
Sector themes			
Arms	0.3	3	8%
Extractive industries	0.3	4	6%
Power generation	0.0	5	0%
Total	**27**	**79**	**33%**

* The total score was less than 80 for this provider as some questions were not applicable. The final score per centage has been weighted to bring it in line with the other participants

NOW: Pensions

Governance

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider is a signatory of the UN PRI	0	n.a.	n.a.	n.a.
2	The pension provider is a signatory of the UK Stewardship Code	0	n.a.	n.a.	0.0
3	Trustees receives formal training on RI and stewardship	1	n.a.	n.a.	1.0
4	The Responsible Investment (RI) policy is an agenda item for discussion at least annually by the board of trustees	1	n.a.	n.a.	1.0
5	In selecting external managers, the pension provider requires evidence of RI and stewardship capability (if 'yes', please provide evidence of this)	n.a.	n.a.	n.a.	n.a.
6	When appointing external managers, the pension provider requires compliance with its own RI policy	n.a.	n.a.	n.a.	n.a.
7	The pension provider's Environmental and Social Risk Management System is audited by a third party and the results are published	0	n.a.	n.a.	0.0
8	The board of trustees contains member representatives	0	n.a.	n.a.	0.0
9	The pension provider maintains a member panel or member consultative body	1	n.a.	n.a.	1.0
10	The pension provider consults the member panel or member consultative body about RI	1	n.a.	n.a.	1.0
11	The pension provider informs members about RI issues in newsletters or annual statements sent to members	0	n.a.	n.a.	0.0
12	The pension provider consults members about RI via surveys	0	n.a.	n.a.	0.0
13	The pension provider consults members directly about RI via annual general meetings, webinars, roadshows or other mechanisms	0	n.a.	n.a.	0.0
14	The pension provider reports on consultation with members	0	n.a.	n.a.	0.0
15	The pension provider has a member education programme that is evaluated for learner outcomes	0	n.a.	n.a.	0.0
16	No less than 30% of the members of the board of trustees are women	1	n.a.	n.a.	1.0
17	No less than 30% of the members of the Investment Committee are women	1	n.a.	n.a.	1.0
Total score (sum)					**6.0**
Total points available					**14**

Transparency & Accountability

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider has a publicly available RI policy	1	1	n.a.	1.0
2	The pension provider discloses the scope of its RI policy (in terms of asset classes or % of total portfolio covered)	0	n.a.	n.a.	0.0
3	The pension provider publishes a list of exclusions	1	n.a.	n.a.	1.0
4	The pension provider publishes the names of governments in which it invests.	0	n.a.	n.a.	0.0
5	The pension provider publishes the top 10 names of companies in which it invests.	0	n.a.	n.a.	0.0
6	The pension provider publishes the top 100 names of companies in which it invests.	0	n.a.	n.a.	0.0
7	The pension provider publishes a breakdown of of its portfolio by region, size and industry (in line with GRI FS6).	0	n.a.	n.a.	0.0
8	The pension provider publishes the number of companies with which there has been interaction on social and environment topics (in line with GRI FS10).	0	n.a.	n.a.	0.0
9	The pension provider publishes the names of companies with which there has been interaction on social and environment topics, including the results of this engagement.	0	n.a.	n.a.	1.0
10	The pension provider publishes the names of companies with which there has been interaction on governance topics, including the results of this engagement	0	n.a.	n.a.	1.0
11	The pension provider publishes its voting record.	0	0	0	0.0
12	The pension provider publishes its voting record listed by company and voting proposal description	0	0	0	0.0
13	The pension provider discloses the voting rationales for 'against' votes or those where a vote was controversial (e.g. where more than 20% of votes were cast against management).	0	0	0	0.0
14	For each country in which the pension provider operates, it reports country-by-country on its corporate income taxes, revenues, profits, assets, and employees	0	n.a.	n.a.	0.0
Total score (sum)					**4.0**
Total points available					**14**

NOW: Pensions

Climate Change

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider's policies explicitly addresses climate change in relation to its investments.	1	1	n.a.	1.0
2	The pension provider participates in investor initiatives on climate change (e.g. has signed the 2014 Global Investor Statement on Climate Change or belongs to the Institutional Investor Group on Climate Change)	1	n.a.	n.a.	1.0
3	The pension provider assesses the total portfolio impact of various climate change risk factors over a timeframe consistent with their investment objectives and member investment timeframes.	0	0	n.a.	0.0
4	The pension provider discloses the GHG emissions embedded in its investment portfolio (or is a signatory to the Montreal Carbon Pledge).	0	0	n.a.	0.0
5	The pension provider's total investment portfolio is aligned with limiting climate change to +2°C	0	0	n.a.	0.0
6	The pension provider makes explicit investments to support the transition to a low-carbon economy and projects that contribute to the emission reduction of the economy as a whole.	0	0	n.a.	0.0
7	The pension provider's passively managed investments are tracking a low-carbon index.	0	0	n.a.	0.0
8	The pension provider expects companies to disclose their GHG emissions (according to Scope 1, 2, 3) including via the Carbon Disclosure Project.	1	0	n.a.	0.5
9	The pension provider expects companies to reduce their GHG emissions.	0	0	n.a.	0.0
Total score (sum)					**2.5**
Total points available					**9**

Human Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration within its investment process to governments' respect and protection of all human rights as described in international declarations and conventions	0	0	n.a.	0.0
2	The pension provider gives consideration within its investment process to companies' respect for human rights as described in the United Nations Guiding Principles on Business and Human Rights (UNGPs).	1	0	n.a.	0.5
3	The pension provider discloses details about how it supports compliance with human rights standards or regulations.	0	0	n.a.	0.0
4	The pension provider expects companies to have a policy commitment to meet their responsibility to respect human rights.	0	0	n.a.	0.0
5	The pension provider expects companies to have a human rights due diligence process to identify, prevent, mitigate and account for how they address their impact on human rights.	0	0	n.a.	0.0
6	The pension provider expects companies to have processes to enable the remediation of any adverse human rights impact to which they cause or to which they contribute.	0	0	n.a.	0.0
7	The pension provider expects companies to prevent conflicts over land rights and acquire natural resources only by engaging in meaningful consultation with local communities and obtaining free, prior and informed consent (FPIC) when it concerns indigenous peoples.	0	0	n.a.	0.0
Total score (sum)					**0.5**
Total points available					**7**

Labour Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to labour rights in its investment process.	1	0	n.a.	0.5
2	The pension provider discloses details about how it supports compliance with labour rights standards or regulations.	0	0	n.a.	0.0
3	The pension provider expects companies to uphold the freedom of association and the effective recognition of the right to collective bargaining.	0	0	n.a.	0.0
4	All forms of forced and compulsory labour are unacceptable.	0	0	n.a.	0.0
5	Child labour is unacceptable.	0	0	n.a.	0.0
6	Discrimination in respect of employment and occupation is unacceptable.	0	0	n.a.	0.0
7	The pension provider expects companies to have a solid health and safety policy.	0	0	n.a.	0.0
Total score (sum)					**0.5**
Total points available					**7**

NOW: Pensions

Nature

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the protection of natural capital within its investment process.	1	0	n.a.	0.5
2	The pension provider expects companies to take steps to prevent deforestation.	0	0	n.a.	0.0
3	The pension provider expects companies to prevent negative impact on UNESCO World Heritage sites.	0	0	n.a.	0.0
4	The pension provider expects companies in industries with a large impact on water to report their water footprint to the CDP's Water Program.	0	0	n.a.	0.0
5	The pension provider expects companies in industries with a large impact on forests to report their forest footprint to the CDP's Forests Program.	0	0	n.a.	0.0
Total score (sum)					**0.5**
Total points available					**5**

Taxes and Corruption

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the issues of taxation and/or corruption in its investment process.	1	0	n.a.	0.5
2	The pension provider discloses details about how it encourages compliance with standards or regulations relevant to taxes and corruption.	0	0	n.a.	0.0
3	For each country in which companies operate, the pension provider encourages them to report country-by-country on their revenues, costs, profits, subsidies received from governments and payments to governments (e.g. withholding taxes, payments for concessions and company tax).	0	0	n.a.	0.0
4	The pension provider encourages companies to have anti-corruption policies in line with the OECD guidelines for multinational enterprises or Transparency International Business Principles for Countering Bribery.	0	0	n.a.	0.0
Total score (sum)					**0.5**
Total points available					**4**

Remuneration and Operations

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider expects companies not to award excessive executive compensation packages.	0	0	n.a.	0.0
2	The pension provider expects executive compensation packages to be linked to the long-term success of the company and expects companies to define clear targets to achieve this.	0	0	n.a.	0.0
3	The pension provider expects companies to disclose the pay ratio between the highest paid employee and the median.	0	0	n.a.	0.0
4	The pension provider expects companies to report on social and environmental performance in line with the GRI G4 Sustainability Reporting Guidelines, the Sustainability Accounting Standards Board (SASB) or International Integrated Reporting Council (IIRC) reporting guidelines.	0	0	n.a.	0.0
5	The pension provider expects companies to include clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers.	0	0	n.a.	0.0
Total score (sum)					**0.0**
Total points available					**5**

Arms

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the arms sector.	1	0	n.a.	0.5
2	Production of, maintenance of, and trade in anti-personal landmines, including important parts of landmines, is unacceptable.	1	0	n.a.	0.5
3	Production of, maintenance of, and trade in cluster munitions, including important parts of cluster munitions, is unacceptable.	1	0	n.a.	0.5
Total score (sum)					**1.5**
Total points available					**3**

NOW: Pensions

Extractive Industries		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the extractive industries sector.	1	0	n.a.	0.5
2	The pension provider expects companies to ensure the complete recovery of ecosystems after commercial activities have been completed, for all extractive industry projects (i.e. this is included as an activity in the planning and the budget of the project).	0	0	n.a.	0.0
3	Establishing new coal mines is unacceptable.	0	0	n.a.	0.0
4	Fund managers assess risks of fossil fuel companies' project portfolios, including of stranded assets.	0	0	n.a.	0.0
Total score (sum)					**0.5**
Total points available					**4**

Power generation		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the power generation sector.	0	0	n.a.	0.0
2	The pension provider seeks to actively finance companies involved in renewable energy generation (wind, solar, small and medium scale hydro power, geothermal power, tidal power, etc.).	0	0	n.a.	0.0
3	The pension provider has a measurable target to increase its finance for renewable energy generation.	0	0	n.a.	0.0
4	The pension provider has a measurable target to decrease its finance for fossil fuel power generation, in absolute terms or relative to its finance for renewable energy generation.	0	0	n.a.	0.0
5	The pension provider excludes investments in unabated coal power plants (i.e. without carbon capture and storage).	0	0	n.a.	0.0
Total score (sum)					**0.0**
Total points available					**5**

Overall Scores

Overview of scores	Points awarded	Total points available	%
Operational themes			
Governance	6.0	14	40%
Transparency & Accountability	4.0	14	29%
Cross-cutting themes			
Climate change	2.5	9	28%
Human rights	0.5	7	7%
Labour rights	0.5	7	7%
Nature	0.5	5	10%
Taxes & Corruption	0.5	4	13%
Remuneration & Operations	0.0	5	0%
Sector themes			
Arms	1.5	3	50%
Extractive industries	0.5	4	13%
Power generation	0.0	5	0%
Total	**17**	**77**	**21%**

* The total score was less than 80 for this provider as some questions were not applicable. The final score per centage has been weighted to bring it in line with the other participants

Royal London

Governance

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider is a signatory to the UN PRI	0	1	n.a.	0.5
2	The pension provider is a signatory to the UK Stewardship Code	0	1	n.a.	0.5
3	Senior executives and/or Independent Governance Committee (IGC) members receives formal training on RI and stewardship	0	n.a.	n.a.	0.0
4	The Responsible Investment (RI) policy is an agenda item for discussion at least annually by the IGC	0	n.a.	n.a.	0.0
5	In selecting external managers, the pension provider requires evidence of RI and stewardship capability (if 'yes', please provide evidence of this)	0	n.a.	n.a.	0.0
6	When appointing external managers, the pension provider requires compliance with its own RI policy	0	n.a.	n.a.	0.0
7	The pension provider's Environmental and Social Risk Management System is audited by a third party and the results are published	0	n.a.	n.a.	0.0
8	The IGC contains customer representatives	0	n.a.	n.a.	0.0
9	The pension provider maintains a customer panel or customer consultative body	0	n.a.	n.a.	0.0
10	The pension provider consults the customer panel or customer consultative body about RI	0	n.a.	n.a.	0.0
11	The pension provider informs customers about RI issues in newsletters or annual statements sent to customers	0	n.a.	n.a.	0.0
12	The pension provider consults customers about RI via surveys	0	n.a.	n.a.	0.0
13	The pension provider consults customers directly about RI via annual general meetings, webinars, roadshows or other mechanisms	0	n.a.	n.a.	0.0
14	The pension provider reports on consultation with customers	0	n.a.	n.a.	0.0
15	The pension provider has a customer education programme that is evaluated for learner outcomes	0	n.a.	n.a.	0.0
16	No less than 30% of the members of the IGC are women	0	n.a.	n.a.	0.0
17	No less than 30% of the members of the Investment Committee are women	0	n.a.	n.a.	0.0
Total score (sum)					**1.0**
Total points available					**17**

Transparency & Accountability

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider has a publicly available RI policy	0	1	0	0.25
2	The pension provider discloses the scope of its RI policy (in terms of asset classes or % of total portfolio covered)	1	n.a.	n.a.	1.0
3	The pension provider publishes a list of exclusions	0	n.a.	n.a.	0.0
4	The pension provider publishes the names of governments in which it invests.	1	n.a.	n.a.	1.0
5	The pension provider publishes the top 10 names of companies in which it invests.	0	n.a.	n.a.	0.0
6	The pension provider publishes the top 100 names of companies in which it invests.	0	n.a.	n.a.	0.0
7	The pension provider publishes a breakdown of of its portfolio by region, size and industry (in line with GRI FS6).	0	n.a.	n.a.	0.0
8	The pension provider publishes the number of companies with which there has been interaction on social and environment topics (in line with GRI FS10).	1	n.a.	n.a.	1.0
9	The pension provider publishes the names of companies with which there has been interaction on social and environment topics, including the results of this engagement.	1	n.a.	n.a.	1.0
10	The pension provider publishes the names of companies with which there has been interaction on governance topics, including the results of this engagement	1	n.a.	n.a.	1.0
11	The pension provider publishes its voting record.	1	1	0	0.75
12	The pension provider publishes its voting record listed by company and voting proposal description	1	1	0	0.75
13	The pension provider discloses the voting rationales for 'against' votes or those where a vote was controversial (e.g. where more than 20% of votes were cast against management).	1	1	0	0.75
14	For each country in which the pension provider operates, it reports country-by-country on its corporate income taxes, revenues, profits, assets, and employees	0	n.a.	n.a.	0.0
Total score (sum)					**7.5**
Total points available					**14**

Royal London

Climate Change

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider's policies explicitly addresses climate change in relation to its investments.	1	0	0	0.5
2	The pension provider participates in investor initiatives on climate change (e.g. has signed the 2014 Global Investor Statement on Climate Change or belongs to the Institutional Investor Group on Climate Change)	1	n.a.	n.a.	1.0
3	The pension provider assesses the total portfolio impact of various climate change risk factors over a timeframe consistent with their investment objectives and member investment timeframes.	0	0	0	0.0
4	The pension provider discloses the GHG emissions embedded in its investment portfolio (or is a signatory to the Montreal Carbon Pledge).	0	0	0	0.0
5	The pension provider's total investment portfolio is aligned with limiting climate change to +2°C	1	0	0	0.5
6	The pension provider makes explicit investments to support the transition to a low-carbon economy and projects that contribute to the emission reduction of the economy as a whole.	0	0	0	0.0
7	The pension provider's passively managed investments are tracking a low-carbon index.	0	0	0	0.0
8	The pension provider expects companies to disclose their GHG emissions (according to Scope 1, 2, 3) including via the Carbon Disclosure Project.	1	0	0	0.5
9	The pension provider expects companies to reduce their GHG emissions.	0	0	0	0.0
Total score (sum)					**2.5**
Total points available					**9**

Human Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration within its investment process to governments' respect and protection of all human rights as described in international declarations and conventions	0	0	0	0.0
2	The pension provider gives consideration within its investment process to companies' respect for human rights as described in the United Nations Guiding Principles on Business and Human Rights (UNGPs).	0	0	0	0.0
3	The pension provider's discloses details about how it supports compliance with human rights standards or regulations.	0	0	0	0.0
4	The pension provider expects companies to have a policy commitment to meet their responsibility to respect human rights.	0	0	0	0.0
5	The pension provider expects companies to have a human rights due diligence process to identify, prevent, mitigate and account for how they address their impact on human rights.	0	0	0	0.0
6	The pension provider expects companies to have processes to enable the remediation of any adverse human rights impact to which they cause or to which they contribute.	0	0	0	0.0
7	The pension provider expects companies to prevent conflicts over land rights and acquire natural resources only by engaging in meaningful consultation with local communities and obtaining free, prior and informed consent (FPIC) when it concerns indigenous peoples.	0	0	0	0.0
Total score (sum)					**0.0**
Total points available					**7**

Labour Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to labour rights in its investment process.	1	1	0	0.75
2	The pension provider discloses details about how it supports compliance with labour rights standards or regulations.	0	0	0	0.0
3	The pension provider expects companies to uphold the freedom of association and the effective recognition of the right to collective bargaining.	0	0	0	0.0
4	All forms of forced and compulsory labour are unacceptable.	0	0	0	0.0
5	Child labour is unacceptable.	0	0	0	0.0
6	Discrimination in respect of employment and occupation is unacceptable.	0	0	0	0.0
7	The pension provider expects companies to have a solid health and safety policy.	0	0	0	0.0
Total score (sum)					**0.8**
Total points available					**7**

Royal London

Nature

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the protection of natural capital within its investment process.	1	1	0	0.75
2	The pension provider expects companies to take steps to prevent deforestation.	0	0	0	0.0
3	The pension provider expects companies to prevent negative impact on UNESCO World Heritage sites.	0	0	0	0.0
4	The pension provider expects companies in industries with a large impact on water to report their water footprint to the CDP's Water Program.	1	0	0	0.5
5	The pension provider expects companies in industries with a large impact on forests to report their forest footprint to the CDP's Forests Program.	1	0	0	0.5
Total score (sum)					**1.8**
Total points available					**5**

Taxes and Corruption

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the issues of taxation and corruption in its investment process.	1	1	0	0.75
2	The pension provider discloses details about how it encourages compliance with standards or regulations relevant to taxes and corruption.	1	0	0	0.5
3	For each country in which companies operate, the pension provider encourages them to report country-by-country on their revenues, costs, profits, subsidies received from governments and payments to governments (e.g. withholding taxes, payments for concessions and company tax).	0	0	0	0.0
4	The pension provider encourages companies to have anti-corruption policies in line with the OECD guidelines for multinational enterprises or Transparency International Business Principles for Countering Bribery.	0	0	0	0.0
Total score (sum)					**1.3**
Total points available					**4**

Remuneration and Operations

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider expects companies not to award excessive executive compensation packages.	1	1	0	0.75
2	The pension provider expects executive compensation packages to be linked to the long-term success of the company and expects companies to define clear targets to achieve this.	0	0	0	0.0
3	The pension provider expects companies to disclose the pay ratio between the highest paid employee and the median.	0	0	0	0.0
4	The pension provider expects companies to report on social and environmental performance in line with the GRI G4 Sustainability Reporting Guidelines, the Sustainability Accounting Standards Board (SASB) or International Integrated Reporting Council (IIRC) reporting guidelines.	0	0	0	0.0
5	The pension provider expects companies to include clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers.	0	0	0	0.0
Total score (sum)					**0.8**
Total points available					**5**

Arms

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the arms sector.	0	0	0	0.0
2	Production of, maintenance of, and trade in anti-personal landmines, including important parts of landmines, is unacceptable.	0	0	0	0.0
3	Production of, maintenance of, and trade in cluster munitions, including important parts of cluster munitions, is unacceptable.	0	0	0	0.0
Total score (sum)					**0.0**
Total points available					**3**

Royal London

Extractive Industries

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the extractive industries sector.	0	0	0	0.0
2	The pension provider expects companies to ensure the complete recovery of ecosystems after commercial activities have been completed, for all extractive industry projects (i.e. this is included as an activity in the planning and the budget of the project).	0	0	0	0.0
3	Establishing new coal mines is unacceptable.	0	0	0	0.0
4	Fund managers assess risks of fossil fuel companies' project portfolios, including of stranded assets.	0	0	0	0.0
Total score (sum)					**0.0**
Total points available					**4**

Power generation

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the power generation sector.	0	0	0	0.0
2	The pension provider seeks to actively finance companies involved in renewable energy generation (wind, solar, small and medium scale hydro power, geothermal power, tidal power, etc.).	0	0	0	0.0
3	The pension provider has a measurable target to increase its finance for renewable energy generation.	0	0	0	0.0
4	The pension provider has a measurable target to decrease its finance for fossil fuel power generation, in absolute terms or relative to its finance for renewable energy generation.	0	0	0	0.0
5	The pension provider excludes investments in unabated coal power plants (i.e. without carbon capture and storage).	0	0	0	0.0
Total score (sum)					**0.0**
Total points available					**5**

Overall Scores

Overview of scores	Points awarded	Total points available	%
Operational themes			
Governance	1.0	17	6%
Transparency & Accountability	7.5	14	54%
Cross-cutting themes			
Climate change	2.5	9	28%
Human rights	0.0	7	0%
Labour rights	0.8	7	11%
Nature	1.8	5	35%
Taxes & Corruption	1.3	4	31%
Remuneration & Operations	0.8	5	15%
Sector themes			
Arms	0.0	3	0%
Extractive industries	0.0	4	0%
Power generation	0.0	5	0%
Total	**16**	**80**	**19%**

Scottish Widows

Governance

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider is a signatory of the UN PRI	1	n.a.	n.a.	1.0
2	The pension provider is a signatory of the UK Stewardship Code	0	n.a.	n.a.	0.0
3	Senior executives and/or Independent Governance Committee (IGC) members receives formal training on RI and stewardship	0	n.a.	n.a.	0.0
4	The Responsible Investment (RI) policy is an agenda item for discussion at least annually by the IGC	0	n.a.	n.a.	0.0
5	In selecting external managers, the pension provider requires evidence of RI and stewardship capability (if 'yes', please provide evidence of this)	1	n.a.	n.a.	1.0
6	When appointing external managers, the pension provider requires compliance with its own RI policy	0	n.a.	n.a.	0.0
7	The pension provider's Environmental and Social Risk Management System is audited by a third party and the results are published	0	n.a.	n.a.	0.0
8	The IGC contains customer representatives	0	n.a.	n.a.	0.0
9	The pension provider maintains a customer panel or customer consultative body	0	n.a.	n.a.	0.0
10	The pension provider consults the customer panel or customer consultative body about RI	0	n.a.	n.a.	0.0
11	The pension provider informs customers about RI issues in newsletters or annual statements sent to customers*	0	n.a.	n.a.	0.0
12	The pension provider consults customers about RI via surveys	1	n.a.	n.a.	1.0
13	The pension provider consults customers directly about RI via annual general meetings, webinars, roadshows or other mechanisms	0	n.a.	n.a.	0.0
14	The pension provider reports on consultation with customers	0	n.a.	n.a.	0.0
15	The pension provider has a customer education programme that is evaluated for learner outcomes	0	n.a.	n.a.	0.0
16	No less than 30% of the members of the IGC are women	0	n.a.	n.a.	0.0
17	No less than 30% of the members of the Investment Committee are women	0	n.a.	n.a.	0.0
Total score (sum)					**3.0**
Total points available					**17**

Transparency & Accountability

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider has a publicly available RI policy	0	n.a.	1	0.5
2	The pension provider discloses the scope of its RI policy (in terms of asset classes or % of total portfolio covered)	0	n.a.	0	0.0
3	The pension provider publishes a list of exclusions	0	n.a.	0	0.0
4	The pension provider publishes the names of governments in which it invests.	0	n.a.	0	0.0
5	The pension provider publishes the top 10 names of companies in which it invests.	0	n.a.	0	0.0
6	The pension provider publishes the top 100 names of companies in which it invests.	0	n.a.	0	0.0
7	The pension provider publishes a breakdown of of its portfolio by region, size and industry (in line with GRI FS6).	0	n.a.	0	0.0
8	The pension provider publishes the number of companies with which there has been interaction on social and environment topics (in line with GRI FS10).	0	n.a.	0	0.0
9	The pension provider publishes the names of companies with which there has been interaction on social and environment topics, including the results of this engagement.	0	n.a.	0	0.0
10	The pension provider publishes the names of companies with which there has been interaction on governance topics, including the results of this engagement	0	n.a.	0	0.0
11	The pension provider publishes its voting record.	0	n.a.	0	0.0
12	The pension provider publishes its voting record listed by company and voting proposal description	0	n.a.	0	0.0
13	The pension provider discloses the voting rationales for 'against' votes or those where a vote was controversial (e.g. where more than 20% of votes were cast against management).	0	n.a.	0	0.0
14	For each country in which the pension provider operates, it reports country-by-country on its corporate income taxes, revenues, profits, assets, and employees	0	n.a.	0	0.0
Total score (sum)					**0.5**
Total points available					**14**

Scottish Widows

Climate Change

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider's policies explicitly addresses climate change in relation to its investments.	1	n.a.	1	1.0
2	The pension provider participates in investor initiatives on climate change (e.g. has signed the 2014 Global Investor Statement on Climate Change or belongs to the Institutional Investor Group on Climate Change)	1	n.a.	n.a.	1.0
3	The pension provider assesses the total portfolio impact of various climate change risk factors over a timeframe consistent with their investment objectives and member investment timeframes.	0	n.a.	0	0.0
4	The pension provider discloses the GHG emissions embedded in its investment portfolio (or is a signatory to the Montreal Carbon Pledge).	0	n.a.	0	0.0
5	The pension provider's total investment portfolio is aligned with limiting climate change to +2°C	0	n.a.	0	0.0
6	The pension provider makes explicit investments to support the transition to a low-carbon economy and projects that contribute to the emission reduction of the economy as a whole.	0	n.a.	0	0.0
7	The pension provider's passively managed investments are tracking a low-carbon index.	0	n.a.	0	0.0
8	The pension provider expects companies to disclose their GHG emissions (according to Scope 1, 2, 3) including via the Carbon Disclosure Project.	0	n.a.	0	0.0
9	The pension provider expects companies to reduce their GHG emissions.	0	n.a.	0	0.0
Total score (sum)					**2.0**
Total points available					**9**

Human Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration within its investment process to governments' respect and protection of all human rights as described in international declarations and conventions	0	n.a.	0	0.0
2	The pension provider gives consideration within its investment process to companies' respect for human rights as described in the United Nations Guiding Principles on Business and Human Rights (UNGPs).	0	n.a.	0	0.0
3	The pension provider discloses further details about how it supports compliance with human rights standards or regulations.	0	n.a.	0	0.0
4	Companies have a policy commitment to meet their responsibility to respect human rights.	0	n.a.	0	0.0
5	Companies have a human rights due diligence process to identify, prevent, mitigate and account for how they address their impact on human rights.	0	n.a.	0	0.0
6	Companies have processes to enable the remediation of any adverse human rights impact to which they cause or to which they contribute.	0	n.a.	0	0.0
7	Companies prevent conflicts over land rights and acquire natural resources only by engaging in meaningful consultation with local communities and obtaining free, prior and informed consent (FPIC) when it concerns indigenous peoples.	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**7**

Labour Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to labour rights in its investment process.	0	n.a.	0	0.0
2	The pension provider discloses details about how it supports compliance with labour rights standards or regulations.	0	n.a.	0	0.0
3	The pension provider expects companies to uphold the freedom of association and the effective recognition of the right to collective bargaining.	1	n.a.	0	0.5
4	All forms of forced and compulsory labour are unacceptable.	1	n.a.	0	0.5
5	Child labour is unacceptable.	1	n.a.	0	0.5
6	Discrimination in respect of employment and occupation is unacceptable.	0	n.a.	0	0.0
7	Companies have a solid health and safety policy.	0	n.a.	0	0.0
Total score (sum)					**1.5**
Total points available					**7**

Scottish Widows

Nature

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the protection of natural capital within its investment process.	0	n.a.	0	0.0
2	The pension provider expects companies to take steps to prevent deforestation.	0	n.a.	0	0.0
3	The pension provider expects companies to prevent negative impact on UNESCO World Heritage sites.	0	n.a.	0	0.0
4	The pension provider expects companies in industries with a large impact on water to report their water footprint to the CDP's Water Program.	1	n.a.	0	0.5
5	The pension provider expects companies in industries with a large impact on forests to report their forest footprint to the CDP's Forests Program.	0	n.a.	0	0.0
Total score (sum)					**0.5**
Total points available					**5**

Taxes and Corruption

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the issues of taxation and/or corruption in its investment process.	0	n.a.	0	0.0
2	The pension provider's discloses details about how it encourages compliance with standards or regulations relevant to taxes and corruption.	0	n.a.	0	0.0
3	For each country in which companies operate, the pension provider encourages them to report country-by-country on their revenues, costs, profits, subsidies received from governments and payments to governments (e.g. withholding taxes, payments for concessions and company tax).	0	n.a.	0	0.0
4	The pension provider encourages companies to have anti-corruption policies in line with the OECD guidelines for multinational enterprises or Transparency International Business Principles for Countering Bribery.	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**4**

Remuneration and Operations

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider expects companies not to award excessive executive compensation packages.	0	n.a.	0	0.0
2	The pension provider expects executive compensation packages to be linked to the long-term success of the company and defines clear targets to achieve this.	0	n.a.	0	0.0
3	The pension provider expects companies to disclose the pay ratio between the highest paid employee and the median.	0	n.a.	0	0.0
4	The pension provider expects companies to report on social and environmental performance in line with the GRI G4 Sustainability Reporting Guidelines, the Sustainability Accounting Standards Board (SASB) or International Integrated Reporting Council (IIRC) reporting guidelines.	0	n.a.	0	0.0
5	The pension provider expects companies to include clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers.	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**5**

Arms

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the arms sector.	1	n.a.	1	1.0
2	Production of, maintenance of, and trade in anti-personal landmines, including important parts of landmines, is unacceptable.	1	n.a.	0	0.5
3	Production of, maintenance of, and trade in cluster munitions, including important parts of cluster munitions, is unacceptable.	1	n.a.	0	0.5
Total score (sum)					**2.0**
Total points available					**3**

Scottish Widows

Extractive Industries	Basic score	Internally managed assets	Externally managed assets	Final score
1 The pension provider discloses how it addresses ESG factors in the extractive industries sector.	1	n.a.	1	1.0
2 Companies ensure the complete recovery of ecosystems after commercial activities have been completed, for all extractive industry projects (i.e. this is included as an activity in the planning and the budget of the project).	0	n.a.	0	0.0
3 Establishing new coal mines is unacceptable.	0	n.a.	0	0.0
4 Fund managers assess risks of fossil fuel companies' project portfolios, including of stranded assets.	1	n.a.	1	1.0
Total score (sum)				**2.0**
Total points available				**4**

Power generation	Basic score	Internally managed assets	Externally managed assets	Final score
1 The pension provider discloses how it addresses ESG factors in the power generation sector.	1	n.a.	1	1.0
2 The pension provider seeks to actively finance companies involved in renewable energy generation (wind, solar, small and medium scale hydro power, geothermal power, tidal power, etc.).	0	n.a.	0	0.0
3 The pension provider has a measurable target to increase its finance for renewable energy generation.	0	n.a.	0	0.0
4 The pension provider has a measurable target to decrease its finance for fossil fuel power generation, in absolute terms or relative to its finance for renewable energy generation.	0	n.a.	0	0.0
5 The pension provider excludes investments in unabated coal power plants (i.e. without carbon capture and storage).	0	n.a.	0	0.0
Total score (sum)				**1.0**
Total points available				**5**

Overall Scores

Overview of scores	Points awarded	Total points available	%
Operational themes			
Governance	3.0	17	18%
Transparency & Accountability	0.5	14	4%
Cross-cutting themes			
Climate change	2.0	9	22%
Human rights	0.0	7	0%
Labour rights	1.5	7	21%
Nature	0.5	5	10%
Taxes & Corruption	0.0	4	0%
Remuneration & Operations	0.0	5	0%
Sector themes			
Arms	2.0	3	67%
Extractive industries	2.0	4	50%
Power generation	1.0	5	20%
Total	**13**	**80**	**16%**

Standard Life Master Trust

		Basic score	Internally managed assets	Externally managed assets	Final score
Governance					
1	The pension provider is a signatory of the UN PRI	0	1	n.a.	0.5
2	The pension provider is a signatory of the UK Stewardship Code	0	1	n.a.	0.5
3	Trustees receives formal training on RI and stewardship	0	n.a.	n.a.	0.0
4	The Responsible Investment (RI) policy is an agenda item for discussion at least annually by the board of trustees	0	n.a.	n.a.	0.0
5	In selecting external managers, the pension provider requires evidence of RI and stewardship capability (if 'yes', please provide evidence of this)	1	n.a.	n.a.	1.0
6	When appointing external managers, the pension provider requires compliance with its own RI policy	0	n.a.	n.a.	0.0
7	The pension provider's Environmental and Social Risk Management System is audited by a third party and the results are published	1	n.a.	n.a.	1.0
8	The board of trustees contains member representatives*	0	n.a.	n.a.	0.0
9	The pension provider maintains a member panel or member consultative body	1	n.a.	n.a.	1.0
10	The pension provider consults the member panel or member consultative body about RI	1	n.a.	n.a.	1.0
11	The pension provider informs members about RI issues in newsletters or annual statements sent to members**	1	n.a.	n.a.	1.0
12	The pension provider consults members about RI via surveys	0	n.a.	n.a.	0.0
13	The pension provider consults members directly about RI via annual general meetings, webinars, roadshows or other mechanisms	1	n.a.	n.a.	1.0
14	The pension provider reports on consultation with members	1	n.a.	n.a.	1.0
15	The pension provider has a member education programme that is evaluated for learner outcomes	0	n.a.	n.a.	0.0
16	No less than 30% of the members of the board of trustees are women	0	n.a.	n.a.	0.0
	No less than 30% of the members of the Investment Committee are women	0	n.a.	n.a.	0.0
Total score (sum)					**8.0**
Total points available					**17**

Standard Life
Contract Based Schemes

Governance		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider is a signatory of the UN PRI	0	1	n.a.	0.5
2	The pension provider is a signatory of the UK Stewardship Code	0	1	n.a.	0.5
3	Senior executives and/or Independent Governance Committee (IGC) members receives formal training on RI and stewardship	1	n.a.	n.a.	1.0
4	The Responsible Investment (RI) policy is an agenda item for discussion at least annually by the IGC	0	n.a.	n.a.	0.0
5	In selecting external managers, the pension provider requires evidence of RI and stewardship capability (if 'yes', please provide evidence of this)	1	n.a.	n.a.	1.0
6	When appointing external managers, the pension provider requires compliance with its own RI policy	0	n.a.	n.a.	0.0
7	The pension provider's Environmental and Social Risk Management System is audited by a third party and the results are published	1	n.a.	n.a.	1.0
8	The IGC contains customer representatives	0	n.a.	n.a.	0.0
9	The pension provider maintains a customer panel or customer consultative body	1	n.a.	n.a.	1.0
10	The pension provider consults the customer panel or customer consultative body about RI	1	n.a.	n.a.	1.0
11	The pension provider informs customers about RI issues in newsletters or annual statements sent to customers*	1	n.a.	n.a.	1.0
12	The pension provider consults customers about RI via surveys sent to customers*	0	n.a.	n.a.	0.0
13	The pension provider consults customers directly about RI via annual general meetings, webinars, roadshows or other mechanisms	1	n.a.	n.a.	1.0
14	The pension provider reports on consultation with customers	1	n.a.	n.a.	1.0
15	The pension provider has a customer education programme that is evaluated for learner outcomes	0	n.a.	n.a.	0.0
16	No less than 30% of the members of the IGC are women	0	n.a.	n.a.	0.0
17	No less than 30% of the members of the Investment Committee are women	0	n.a.	n.a.	0.0
Total score (sum)					**9.0**
Total points available					**17**

Standard Life

Transparency & Accountability

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider has a publicly available RI policy	1	1	0	0.75
2	The pension provider discloses the scope of its RI policy (in terms of asset classes or % of total portfolio covered)	0	n.a.	n.a.	0.0
3	The pension provider publishes a list of exclusions	0	n.a.	n.a.	0.0
4	The pension provider publishes the names of governments in which it invests.	1	n.a.	n.a.	1.0
5	The pension provider publishes the top 10 names of companies in which it invests.	0	n.a.	n.a.	0.0
6	The pension provider publishes the top 100 names of companies in which it invests.	0	n.a.	n.a.	0.0
7	The pension provider publishes a breakdown of of its portfolio by region, size and industry (in line with GRI FS6).	0	n.a.	n.a.	0.0
8	The pension provider publishes the number of companies with which there has been interaction on social and environment topics (in line with GRI FS10).	1	n.a.	n.a.	1.0
9	The pension provider publishes the names of companies with which there has been interaction on social and environment topics, including the results of this engagement.	1	n.a.	n.a.	1.0
10	The pension provider publishes the names of companies with which there has been interaction on governance topics, including the results of this engagement	1	n.a.	n.a.	1.0
11	The pension provider publishes its voting record.	1	1	0	0.75
12	The pension provider publishes its voting record listed by company and voting proposal description	1	1	0	0.75
13	The pension provider discloses the voting rationales for 'against' votes or those where a vote was controversial (e.g. where more than 20% of votes were cast against management).	0	0	0	0.0
14	For each country in which the pension provider operates, it reports country-by-country on its corporate income taxes, revenues, profits, assets, and employees	0	n.a.	n.a.	0.0
Total score (sum)					**6.3**
Total points available					**14**

Climate Change

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider's policies explicitly addresses climate change in relation to its investments.	1	1	0	0.75
2	The pension provider participates in investor initiatives on climate change (e.g. has signed the 2014 Global Investor Statement on Climate Change or belongs to the Institutional Investor Group on Climate Change)	1	n.a.	n.a.	1.0
3	The pension provider assesses the total portfolio impact of various climate change risk factors over a timeframe consistent with their investment objectives and member investment timeframes.	0	0	0	0.0
4	The pension provider discloses the GHG emissions embedded in its investment portfolio (or is a signatory to the Montreal Carbon Pledge).	0	0	0	0.0
5	The pension provider's total investment portfolio is aligned with limiting climate change to +2°C	1	0	0	0.5
6	The pension provider makes explicit investments to support the transition to a low-carbon economy and projects that contribute to the emission reduction of the economy as a whole.	0	0	0	0.0
7	The pension provider's passively managed investments are tracking a low-carbon index.	0	0	0	0.0
8	The pension provider expects companies to disclose their GHG emissions (according to Scope 1, 2, 3) including via the CDP.	1	0	0	0.5
9	The pension provider expects companies to reduce their GHG emissions.	1	1	0	0.75
Total score (sum)					**3.5**
Total points available					**9**

Standard Life

Human Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration within its investment process to governments' respect and protection of all human rights as described in international declarations and conventions	1	1	0	0.75
2	The pension provider gives consideration within its investment process to companies' respect for human rights as described in the United Nations Guiding Principles on Business and Human Rights (UNGPs).	1	1	0	0.75
3	The pension provider discloses details about how it supports compliance with human rights standards or regulations.	1	1	0	0.75
4	The pension provider expects companies to have a policy commitment to meet their responsibility to respect human rights.	1	1	0	0.75
5	The pension provider expects companies to have a human rights due diligence process to identify, prevent, mitigate and account for how they address their impact on human rights.	1	0	0	0.5
6	The pension provider expects companies to have processes to enable the remediation of any adverse human rights impact to which they cause or to which they contribute.	1	0	0	0.5
7	The pension provider expects companies to prevent conflicts over land rights and acquire natural resources only by engaging in meaningful consultation with local communities and obtaining free, prior and informed consent (FPIC) when it concerns indigenous peoples.	0	0	0	0.0
Total score (sum)					**4.0**
Total points available					**7**

Labour Rights

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to labour rights in its investment process.	1	1	0	0.75
2	The pension provider discloses details about how it supports compliance with labour rights standards or regulations.	1	1	0	0.75
3	The pension provider expects companies to uphold the freedom of association and the effective recognition of the right to collective bargaining.	1	0	0	0.5
4	All forms of forced and compulsory labour are unacceptable.	1	0	0	0.5
5	Child labour is unacceptable.	1	0	0	0.5
6	Discrimination in respect of employment and occupation is unacceptable.	1	0	0	0.5
7	The pension provider expects companies to have a solid health and safety policy.	1	1	0	0.75
Total score (sum)					**4.3**
Total points available					**7**

Standard Life

Nature

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the protection of natural capital within its investment process.	1	1	0	0.75
2	The pension provider expects companies to take steps to prevent deforestation.	1	1	0	0.75
3	The pension provider expects companies to prevent negative impact on UNESCO World Heritage sites.	0	0	0	0.0
4	The pension provider expects companies in industries with a large impact on water to report their water footprint to the CDP's Water Program.	1	0	0	0.5
5	The pension provider expects companies in industries with a large impact on forests to report their forest footprint to the CDP's Forests Program.	1	0	0	0.5
Total score (sum)					**2.5**
Total points available					**5**

Taxes and Corruption

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the issues of taxation and/or corruption in its investment process.	1	1	0	0.75
2	The pension provider's discloses details about how it encourages compliance with standards or regulations relevant to taxes and corruption.	1	0	0	0.5
3	For each country in which companies operate, the pension provider encourages them to report country-by-country on their revenues, costs, profits, subsidies received from governments and payments to governments (e.g. withholding taxes, payments for concessions and company tax).	0	0	0	0.0
4	The pension provider encourages companies to have anti-corruption policies in line with the OECD guidelines for multinational enterprises or Transparency International Business Principles for Countering Bribery.	0	0	0	0.0
Total score (sum)					**1.3**
Total points available					**4**

Remuneration and Operations

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider expects companies not to award excessive executive compensation packages.	0	0	0	0.0
2	The pension provider expects executive compensation packages to be linked to the long-term success of the company and defines clear targets to achieve this.	1	1	0	0.75
3	The pension provider expects companies to disclose the pay ratio between the highest paid employee and the median.	0	0	0	0.0
4	The pension provider expects companies to report on social and environmental performance in line with the GRI G4 Sustainability Reporting Guidelines, the Sustainability Accounting Standards Board (SASB) or International Integrated Reporting Council (IIRC) reporting guidelines.	1	0	0	0.5
5	The pension provider expects companies to include clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers.	0	0	0	0.0
Total score (sum)					**1.3**
Total points available					**5**

Arms

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the arms sector.	1	1	0	0.75
2	Production of, maintenance of, and trade in anti-personal landmines, including important parts of landmines, is unacceptable.	1	1	0	0.75
3	Production of, maintenance of, and trade in cluster munitions, including important parts of cluster munitions, is unacceptable.	1	1	0	0.75
Total score (sum)					**2.3**
Total points available					**3**

Standard Life

Extractive Industries

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the extractive industries sector.	1	1	0	0.75
2	The pension provider expects companies to ensure the complete recovery of ecosystems after commercial activities have been completed, for all extractive industry projects (i.e. this is included as an activity in the planning and the budget of the project).	0	0	0	0.0
3	Establishing new coal mines is unacceptable.	0	0	0	0.0
4	Fund managers assess risks of fossil fuel companies' project portfolios, including of stranded assets.	1	1	0	0.75
Total score (sum)					**1.5**
Total points available					**4**

Power generation

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the power generation sector.	1	1	0	0.75
2	The pension provider seeks to actively finance companies involved in renewable energy generation (wind, solar, small and medium scale hydro power, geothermal power, tidal power, etc.).	0	0	0	0.0
3	The pension provider has a measurable target to increase its finance for renewable energy generation.	0	0	0	0.0
4	The pension provider has a measurable target to decrease its finance for fossil fuel power generation, in absolute terms or relative to its finance for renewable energy generation.	0	0	0	0.0
5	The pension provider excludes investments in unabated coal power plants (i.e. without carbon capture and storage).	0	0	0	0.0
Total score (sum)					**0.8**
Total points available					**5**

Overall Scores

Overview of scores	Points awarded contract-based schemes	Points awarded master-trust schemes	Total points available	% contract-based schemes	% master-trust schemes
Operational themes					
Governance	9.0	8.0	17	53%	47%
Transparency & Accountability	6.3	6.3	14	45%	45%
Cross-cutting themes					
Climate change	3.5	3.5	9	39%	39%
Human rights	4.0	4.0	7	57%	57%
Labour rights	4.3	4.3	7	61%	61%
Nature	2.5	2.5	5	50%	50%
Taxes & Corruption	1.3	1.3	4	31%	31%
Remuneration & Operations	1.3	1.3	5	25%	25%
Sector themes					
Arms	2.3	2.3	3	75%	75%
Extractive industries	1.5	1.5	4	38%	38%
Power generation	0.8	0.8	5	20%	15%
Total	**37**	**36**	**80**	**46%**	**44%**

The People's Pension

Governance

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider is a signatory of the UN PRI	0	n.a.	n.a.	0.0
2	The pension provider is a signatory of the UK Stewardship Code	0	n.a.	n.a.	0.0
3	Trustees receives formal training on RI and stewardship (if 'yes', please provide evidence of this)	0	n.a.	n.a.	0.0
4	The Responsible Investment (RI) policy is an agenda item for discussion at least annually by the board of trustees	1	n.a.	n.a.	1.0
5	In selecting external managers, the pension provider requires evidence of RI and stewardship capability (if 'yes', please provide evidence of this)	0	n.a.	n.a.	0.0
6	When appointing external managers, the pension provider requires compliance with its own RI policy	1	n.a.	n.a.	1.0
7	The pension provider's Environmental and Social Risk Management System is audited by a third party and the results are published	1	n.a.	n.a.	1.0
8	The board of trustees contains member representatives*	0	n.a.	n.a.	0.0
9	The pension provider maintains a member panel or member consultative body	0	n.a.	n.a.	0.0
10	The pension provider consults the member panel or member consultative body about RI	0	n.a.	n.a.	0.0
11	The pension provider informs members about RI issues in newsletters or annual statements sent to members**	0	n.a.	n.a.	0.0
12	The pension provider consults members about RI via surveys	0	n.a.	n.a.	0.0
13	The pension provider consults members directly about RI via annual general meetings, webinars, roadshows or other mechanisms	0	n.a.	n.a.	0.0
14	The pension provider reports on consultation with members	0	n.a.	n.a.	0.0
15	The pension provider has a member education programme that is evaluated for learner outcomes	0	n.a.	n.a.	0.0
16	No less than 30% of the members of the board of trustees are women	0	n.a.	n.a.	0.0
17	No less than 30% of the members of the Investment Committee are women	0	n.a.	n.a.	0.0
Total score (sum)					**3.0**
Total points available					**17**

Transparency & Accountability

		Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider has a publicly available RI policy	1	n.a.	0	0.5
2	The pension provider discloses the scope of its RI policy (in terms of asset classes or % of total portfolio covered)	0	n.a.	n.a.	0.0
3	The pension provider publishes a list of exclusions	0	n.a.	n.a.	0.0
4	The pension provider publishes the names of governments in which it invests.	0	n.a.	n.a.	0.0
5	The pension provider publishes the top 10 names of companies in which it invests.	0	n.a.	n.a.	0.0
6	The pension provider publishes the top 100 names of companies in which it invests.	0	n.a.	n.a.	0.0
7	The pension provider publishes a breakdown of of its portfolio by region, size and industry (in line with GRI FS6).	0	n.a.	n.a.	0.0
8	The pension provider publishes the number of companies with which there has been interaction on social and environment topics (in line with GRI FS10).	0	n.a.	n.a.	0.0
9	The pension provider publishes the names of companies with which there has been interaction on social and environment topics, including the results of this engagement.	0	n.a.	n.a.	0.0
10	The pension provider publishes the names of companies with which there has been interaction on governance topics, including the results of this engagement	0	n.a.	n.a.	0.0
11	The pension provider publishes its voting record.	0	n.a.	0	0.0
12	The pension provider publishes its voting record listed by company and voting proposal description	0	n.a.	0	0.0
13	The pension provider discloses the voting rationales for 'against' votes or those where a vote was controversial (e.g. where more than 20% of votes were cast against management).	0	n.a.	0	0.0
14	For each country in which the pension provider operates, it reports country-by-country on its corporate income taxes, revenues, profits, assets, and employees	n.a.	n.a.	n.a.	n.a.
Total score (sum)					**0.5**
Total points available					**13**

The People's Pension

		Basic score	Internally managed assets	Externally managed assets	Final score
Climate Change					
1	The pension provider's policies explicitly addresses climate change in relation to its investments.	0	n.a.	0	0.0
2	The pension provider participates in investor initiatives on climate change (e.g. has signed the 2014 Global Investor Statement on Climate Change or belongs to the Institutional Investor Group on Climate Change)	0	n.a.	0	0.0
3	The pension provider assesses the total portfolio impact of various climate change risk factors over a timeframe consistent with their investment objectives and member investment timeframes.	0	n.a.	0	0.0
4	The pension provider discloses the GHG emissions embedded in its investment portfolio (or is a signatory to the Montreal Carbon Pledge).	0	n.a.	0	0.0
5	The pension provider's total investment portfolio is aligned with limiting climate change to +2°C	0	n.a.	0	0.0
6	The pension provider makes explicit investments to support the transition to a low-carbon economy and projects that contribute to the emission reduction of the economy as a whole.	0	n.a.	0	0.0
7	The pension provider's passively managed investments are tracking a low-carbon index.	0	n.a.	0	0.0
8	The pension provider expects companies to disclose their GHG emissions (according to Scope 1, 2, 3) including via the Carbon Disclosure Project.	0	n.a.	0	0.0
9	The pension provider expects companies to reduce their GHG emissions.	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**9**

Human Rights					
1	The pension provider gives consideration within its investment process to governments' respect and protection of all human rights as described in international declarations and conventions	0	n.a.	0	0.0
2	The pension provider gives consideration within its investment process to companies' respect for human rights as described in the United Nations Guiding Principles on Business and Human Rights (UNGPs).	0	n.a.	0	0.0
3	The pension provider discloses further details about how it supports compliance with human rights standards or regulations.	0	n.a.	0	0.0
4	The pension provider expects companies to have a policy commitment to meet their responsibility to respect human rights.	0	n.a.	0	0.0
5	The pension provider expects companies to have a human rights due diligence process to identify, prevent, mitigate and account for how they address their impact on human rights.	0	n.a.	0	0.0
6	The pension provider expects companies to have processes to enable the remediation of any adverse human rights impact to which they cause or to which they contribute.	0	n.a.	0	0.0
7	The pension provider expects companies to prevent conflicts over land rights and acquire natural resources only by engaging in meaningful consultation with local communities and obtaining free, prior and informed consent (FPIC) when it concerns indigenous peoples.	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**7**

Labour Rights					
1	The pension provider gives consideration to labour rights in its investment process.	0	n.a.	0	0.0
2	The pension provider discloses details about how it supports compliance with labour rights standards or regulations.	0	n.a.	0	0.0
3	The pension provider expects companies to uphold the freedom of association and the effective recognition of the right to collective bargaining.	0	n.a.	0	0.0
4	All forms of forced and compulsory labour are unacceptable.	0	n.a.	0	0.0
5	Child labour is unacceptable.	0	n.a.	0	0.0
6	Discrimination in respect of employment and occupation is unacceptable.	0	n.a.	0	0.0
7	The pension provider expects companies have a solid health and safety policy.	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**7**

The People's Pension

Nature

#	Criterion	Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the protection of natural capital within its investment process.	0	n.a.	0	0.0
2	The pension provider expects companies to take steps to prevent deforestation.	0	n.a.	0	0.0
3	The pension provider expects companies to prevent negative impact on UNESCO World Heritage sites.	0	n.a.	0	0.0
4	The pension provider expects companies in industries with a large impact on water to report their water footprint to the CDP's Water Program.	0	n.a.	0	0.0
5	The pension provider expects companies in industries with a large impact on forests to report their forest footprint to the CDP's Forests Program.	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**5**

Taxes and Corruption

#	Criterion	Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider gives consideration to the issues of taxation and/or corruption in its investment process.	0	n.a.	0	0.0
2	The pension provider's discloses details about how it encourages compliance with standards or regulations relevant to taxes and corruption.	0	n.a.	0	0.0
3	For each country in which companies operate, the pension provider encourages them to report country-by-country on their revenues, costs, profits, subsidies received from governments and payments to governments (e.g. withholding taxes, payments for concessions and company tax).	0	n.a.	0	0.0
4	The pension provider encourages companies to have anti-corruption policies in line with the OECD guidelines for multinational enterprises or Transparency International Business Principles for Countering Bribery.	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**4**

Remuneration and Operations

#	Criterion	Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider expects companies not to award excessive executive compensation packages.	0	n.a.	0	0.0
2	The pension provider expects executive compensation packages to be linked to the long-term success of the company and defines clear targets to achieve this.	0	n.a.	0	0.0
3	The pension provider expects companies to disclose the pay ratio between the highest paid employee and the median.	0	n.a.	0	0.0
4	The pension provider expects companies to report on social and environmental performance in line with the GRI G4 Sustainability Reporting Guidelines, the Sustainability Accounting Standards Board (SASB) or International Integrated Reporting Council (IIRC) reporting guidelines.	0	n.a.	0	0.0
5	The pension provider expects companies to include clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers.	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**5**

Arms

#	Criterion	Basic score	Internally managed assets	Externally managed assets	Final score
1	The pension provider discloses how it addresses ESG factors in the arms sector.	0	n.a.	0	0.0
2	Production of, maintenance of, and trade in anti-personal landmines, including important parts of landmines, is unacceptable.	0	n.a.	0	0.0
3	Production of, maintenance of, and trade in cluster munitions, including important parts of cluster munitions, is unacceptable.	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**3**

The People's Pension

		Basic score	Internally managed assets	Externally managed assets	**Final score**
Extractive Industries					
1	The pension provider discloses how it addresses ESG factors in the extractive industries sector.	0	n.a.	0	0.0
2	The pension provider expects companies to ensure the complete recovery of ecosystems after commercial activities have been completed, for all extractive industry projects (i.e. this is included as an activity in the planning and the budget of the project).	0	n.a.	0	0.0
3	Establishing new coal mines is unacceptable.	0	n.a.	0	0.0
4	Fund managers assess risks of fossil fuel companies' project portfolios, including of stranded assets.	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**4**

Power generation					
1	The pension provider discloses how it addresses ESG factors in the power generation sector.	0	n.a.	0	0.0
2	The pension provider seeks to actively finance companies involved in renewable energy generation (wind, solar, small and medium scale hydro power, geothermal power, tidal power, etc.).	0	n.a.	0	0.0
4	The pension provider has a measurable target to increase its finance for renewable energy generation.	0	n.a.	0	0.0
5	The pension provider has a measurable target to decrease its finance for fossil fuel power generation, in absolute terms or relative to its finance for renewable energy generation.	0	n.a.	0	0.0
6	The pension provider excludes investments in unabated coal power plants (i.e. without carbon capture and storage).	0	n.a.	0	0.0
Total score (sum)					**0.0**
Total points available					**5**

Overall Scores

Overview of scores	Points awarded	Total points available	%
Operational themes			
Governance	3.0	17	18%
Transparency & Accountability	0.5	13	4%
Cross-cutting themes			
Climate change	0.0	9	0%
Human rights	0.0	7	0%
Labour rights	0.0	7	0%
Nature	0.0	5	0%
Taxes & Corruption	0.0	4	0%
Remuneration & Operations	0.0	5	0%
Sector themes			
Arms	0.0	3	0%
Extractive industries	0.0	4	0%
Power generation	0.0	5	0%
Total	**4**	**79**	**4%**

* The total score was less than 80 for this provider as some questions were not applicable. The final score per centage has been weighted to bring it in line with the other participants

Appendix 3
Glossary

Asset manager	An individual (or company) to whom the management of all or part of a scheme's or individual's assets is delegated.
Asset owner	the legal owner of assets, this includes pension plans, insurance companies, official institutions, banks, foundations, endowments, family offices, and individual investors
AUM	Assets Under Management. The total of all funds being managed on behalf of savers.
Auto-enrolment	A legislative requirement for employers to enrol their employees into a pension scheme if they are aged between 22 and State Pension age, earn more than £9,440 a year and work in the UK.
Contract-based schemes	In a contract-based scheme an employer appoints a pension provider, often an insurance company, to run the scheme. The scheme members sign a contract with this provider should make the majority of decisions about the way the scheme is run.
Defined Benefit (DB)	In defined benefit schemes is the benefits are defined in the scheme rules and accrue independently of the contributions payable and investment returns for example are based on years of employment, average or final salary,
Defined Contribution (DC)	A defined contribution schemes' benefits are based on how much the member and employer pay into the scheme, and also on the performance of the investments made with that money.
ESG	Environmental, social and corporate governance
Master-trust	a multi-employer pension scheme where each employer has its own division within the master arrangement. There is one legal trust and, therefore, one trustee board.
PRI	the UN led Principles for Responsible Investment
RI	Responsible Investment

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