



LEA 02	Discipline: Mandatory	Principle: PRI 1, 2, 3
<p>By identifying specific risks related to the environment, the company can assess its exposure to these risks and take appropriate measures to manage them. This includes identifying the risks and assessing their potential impact on the company's financial performance.</p> <p>The company should also consider the risks to its financial performance arising from its own operations, including those related to climate change, pollution, and natural resource depletion.</p>	<p><b>Type of engagement</b></p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decision-making in &amp; company's portfolio</li> <li><input checked="" type="checkbox"/> To influence corporate transition for identifying the need to invest in low-carbon assets</li> <li><input checked="" type="checkbox"/> To engage internal ESG advisors</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage with internal staff</li> <li><input type="checkbox"/> To support investment decision-making in &amp; company's portfolio</li> <li><input type="checkbox"/> To influence corporate transition for identifying the need to invest in low-carbon assets</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage with collaborative engagements</li> <li><input type="checkbox"/> To support investment decision-making in &amp; company's portfolio</li> <li><input type="checkbox"/> To influence corporate transition for identifying the need to invest in low-carbon assets</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage with service providers</li> <li><input type="checkbox"/> To support investment decision-making in &amp; company's portfolio</li> <li><input type="checkbox"/> To influence corporate transition for identifying the need to invest in low-carbon assets</li> <li><input type="checkbox"/> Other: specify</li> </ul>

# RI TRANSPARENCY REPORT

## 2017

Church of England Pensions Board

## About this report

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

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

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

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

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

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

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

# Principles Index

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

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04		✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Private	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 16	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 17	Innovative features of approach to RI	✓	Private							✓
SG End	Module confirmation page	✓	-							

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Role of investment consultants/fiduciary managers	✓	Public				✓			
SAM 02	RI factors in selection, appointment and monitoring across asset classes	✓	Public	✓						
SAM 03	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private							✓
SAM 04	ESG incorporation strategies	✓	Public	✓	✓					
SAM 05	Selection processes (LE and FI)	✓	Public	✓						
SAM 06	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	✓	Public		✓					
SAM 07.1	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 07.2-5	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 08	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 09	Monitoring on active ownership (listed equity/fixed income)	✓	Public	✓						
SAM 10	Percentage of (proxy) votes	🔒	n/a		✓					
SAM 11	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓						
SAM 12	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public	✓						✓
SAM 13	Disclosure of RI considerations	✓	Public							✓
SAM End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagement methods	✓	Private		✓					
LEA 13	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 14	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 15	Examples of ESG engagements	✓	Private		✓					
LEA 16	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 17	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 18	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 19	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 20	Confirmation of votes	✓	Public		✓					
LEA 21	Securities lending programme	✓	Public		✓					
LEA 22	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 23	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 24	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 25	Shareholder resolutions	✓	Public		✓					
LEA 26	Examples of (proxy) voting activities	✓	Private		✓					
LEA 27	Disclosing voting activities	✓	Public		✓				✓	
LEA End	Module confirmation page	✓	-							

# Church of England Pensions Board

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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

## Basic Information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the type that best describes your organisation or the services you provide.

- Non-corporate pension or superannuation or retirement or provident fund or plan
- Corporate pension or superannuation or retirement or provident fund or plan
- Insurance company
- Foundation
- Endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Family office
- Other, specify

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United Kingdom

OO 02.2

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

- 1
- 2-5
- 6-10
- >10

OO 02.3

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

FTE

19

OO 02.4

Additional information. [Optional]

3 directly employed investment staff, 1 pension fund accountant, 15 pension managers and administrators.

In addition, we call upon the services of one and a half staff in the Church's EIAG (Ethical Investment Advisory Group) for the development of ethical investment policy, and two and a half staff working jointly for the Church Commissioners and the Board on engagement with investee companies and voting at company meetings.

The EIAG is part sponsored by the Church of England Pensions Board, along with the Church Commissioners and the Trustees of the CBF Investment Funds.



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

- Yes
- No

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

31/12/2016

**OO 04.2** Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		2	169	809	651
Currency	GBP				
Assets in USD		2	762	613	570

OO 06	Mandatory	Public	Descriptive	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**OO 06.1** How would you like to disclose your asset class mix.

- as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	59
Fixed income	0	23
Private equity	0	0
Property	0	9
Infrastructure	0	4
Commodities	0	0
Hedge funds	0	4

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

○ as broad ranges

**OO 06.2**

Publish our asset class mix as per attached image [Optional].

### Gateway asset class implementation indicators

OO 10	Mandatory	Public	Gateway	General
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**OO 10.1**

Select the direct or indirect ESG incorporation activities your organisation implemented for listed equities in the reporting year.

- We address ESG incorporation in our external manager selection, appointment and/or monitoring processes
- We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

**OO 10.2**

Select the direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.

- We engage with companies on ESG factors via our staff, collaborations or service providers
- We require our external managers to engage with companies on ESG issues on our behalf
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

**OO 10.3**

Select the direct or indirect voting activities your organisation implemented for listed equity in the reporting year

- We cast our (proxy) votes directly or via dedicated voting providers
- We require our external managers to vote on our behalf
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

OO 11	Mandatory	Public	Gateway	General
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**OO 11.2**

Select the externally managed assets classes where you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes (during the reporting year)

- Fixed income - SSA
- Fixed income - corporate (financial)
- Fixed income - corporate (non-financial)
- Property
- Infrastructure
- Hedge funds
- Cash
- None of the above

# Church of England Pensions Board

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

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## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Processes / approaches to incorporating ESG
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Other RI considerations, specify (1)

A specifically Christian and Anglican approach that embraces Anglican theology, and ESG and SRI principles

- Other RI considerations, specify (2)

**SG 01.4**

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

**SG 01.5**

Describe your organisation's investment principles, and overall investment strategy, and how they consider ESG factors and real economy impact.

The Board's investment beliefs are attached to the Statements of Investment Principles of each of its four pensions schemes. See here for one example:

<https://www.churchofengland.org/media/3897124/cefps-sip.pdf>

The first and leading belief is: "Ethical and responsible investment considerations are central to the Board's work".

In managing the assets of four pension schemes, the Board has to balance its fiduciary duty to sponsors and scheme members with the ethical principles of the Church. Investment return is given the same priority as ethical considerations. However, the Board believes that companies that pay proper attention to ESG and SRI principles, and are responsive to shareholders' concerns, will generate superior returns.

The Board expects companies in which its schemes invest to demonstrate responsible employment and corporate governance practices; to be conscientious with regard to environmental performance and human rights; and to deal fairly with customers and act with sensitivity to the communities in which they operate. When appointing its investment managers, the Board takes into consideration how they incorporate analysis of companies' performance on environmental, social and governance ("ESG") issues into their stock selection.

No

**SG 01.6**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Extract from Statement of Investment Principles:

**8. Ethical and responsible investment**

The Trustee recognises that the beneficiaries and the sponsors of the Scheme are part of the Church of England and that the Scheme's investments should reflect that as far as possible without compromising its objectives. The Trustee wishes to exercise its responsibilities as an asset owner fully.

The Trustee receives advice on the ethical implication of investments from the Ethical Investment Advisory Group ("EIAG") of the Church of England, including ethical investment policies that are developed for all Church of England investors.

The Trustee also values engagement with companies over responsible and ethical investment issues, and it considers that as a more effective means of exercising its stewardship responsibilities than disinvestment in many situations. Company engagement is carried out by the in-house Engagement Team that works jointly for the Church of England Pensions Board and the Church Commissioners.

The Engagement Team produces a list of restricted investments that reflects the ethical policies approved by the Trustee. Investment managers appointed by the Trustee are instructed to exclude these investments from their portfolios.

The Trustee expects companies in which the Scheme invests to demonstrate responsible employment and corporate governance practices; to be conscientious with regard to environmental performance and human rights; and to deal fairly with customers and act with sensitivity to the communities in which they operate. When appointing its investment managers, the Trustee takes into consideration how they incorporate analysis of companies' performance on environmental, social and governance ("ESG") issues into their stock selection.

The Ethical Investment Statement of the EIAG, which has been adopted by the Trustee, is adapted from time to time and can be found on the EIAG's website.

Before an investment is made in a pooled vehicle, where the Trustee cannot directly influence the selection of individual investments, the Trustee will satisfy itself that the proportion of restricted investments (as shown on the EIAG's restricted list) in the pooled fund is not material.

The Trustee intends that the Scheme should vote at all company meetings held by its investee companies. This is carried out by the in-house Engagement Team.

**SG 02**

**Mandatory**

**Public**

**Core Assessed**

**PRI 6**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 02.1**

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

URL

<https://www.churchofengland.org/media/3953548/statement-of-ethical-investment-policy-march-2017.pdf>

- Attachment (will be made public)
- Formalised guidelines on environmental factors

URL/Attachment

- URL

URL

<https://www.churchofengland.org/about-us/structure/eiag/ethical-investment-policies.aspx>

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

<https://www.churchofengland.org/about-us/structure/eiag/ethical-investment-policies.aspx>

- Attachment (will be made public)
- Asset class-specific RI guidelines

URL/Attachment

- URL

URL

<https://www.churchofengland.org/about-us/structure/eiag/ethical-investment-policies.aspx>

- Attachment (will be made public)
- Screening / exclusions policy

URL/Attachment

- URL



URL

<https://www.churchofengland.org/about-us/structure/eiag/ethical-investment-policies.aspx>

- Attachment (will be made public)
- Engagement policy

URL/Attachment

- URL

URL

<https://www.churchofengland.org/about-us/structure/eiag/ethical-investment-policies.aspx>

- Attachment (will be made public)
- (Proxy) voting policy
- We do not publicly disclose our investment policy documents

**SG 02.2**

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

<https://www.churchofengland.org/about-us/structure/eiag/ethical-investment-policies.aspx>

- Attachment
- Active ownership approaches
- Other RI considerations, specify (1)
- We do not publicly disclose any investment policy components

**SG 02.3**

Indicate if your organisation's investment principles, and overall investment strategy is publicly available

- Yes

URL

<https://www.churchofengland.org/clergy-office-holders/pensions-and-housing/church-of-england-investment-fund-for-pensions.aspx>

- No

SG 02.4

Additional information [Optional].

We have a proxy voting template that is derived from our ethical investment policies, but we do not disclose the template. We aim to vote at all company meetings for companies we own, globally.

SG 03

Mandatory

Public

Core Assessed

General

SG 03.1

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

Yes

SG 03.2

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

Extract from the Board's Code of Conduct for trustees:

Handling Conflicts of Interest

7. The purpose of the provisions set out at paras 9 - 16 below is to avoid any danger of members being influenced, or appearing to be influenced, by their private interests (or the interests of those persons or bodies they are closely connected with) in the exercise of their duties as a member.

8. Prospective members should consider possible conflicts of interest before they are appointed or stand for election. All members should advise of actual or potential conflicts of interest as soon as they become aware of them.

Registration of Interests

9. All members should register in the Central Register of Members' Interests any personal interest which might influence their judgement or which could be perceived (by a reasonable member of the public) to do so.

10. In particular, members should register -

• **relevant personal direct or indirect pecuniary interests;**

"pecuniary" interests including shareholdings or other financial interests (including remunerated directorships) in commercial organisations with which the Pensions Board has, or may reasonably be expected to have, a financial relationship.

No

Objectives and strategies

SG 05

Mandatory

Public

Gateway/Core Assessed

General

**SG 05.1**

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

**SG 05.2**

Additional information. [Optional]

This is done both at the level of the Ethical Investment Advisory Group and at investment sub-committee level within the Board

## Governance and human resources

**SG 07****Mandatory****Public****Core Assessed****General****SG 07.1**

**Roles present in your organisation**

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)
- Other role, specify (2)

**SG 07.2** For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

The Board is advised on responsible investment by the Ethical Investment Advisory Group whose Secretariat staff carry out work on the Board's behalf. A separate engagement team carries out engagement with investee companies and votes at company meetings for the Board and the Church Commissioners.

**SG 07.3** Indicate the number of dedicated responsible investment staff your organisation has.

Number

4

SG 07.4

Additional information. [Optional]

These are resources shared between the Pensions Board and the Church Commissioners - 2 on policy development in the EIAG and 2 in the engagement team.

## Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

Principles for Responsible Investment

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

- Basic
- Moderate
- Advanced

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

Participate in the Hedge Funds work stream and the Director Nominations Steering Committee.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

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

- Basic
- Moderate
- Advanced

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

Through the "Aiming for A" investor collaboration, we have encouraged companies to improve their performance and disclosure ratings under the CDP mechanism.

CDP Forests

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

- Basic
- Moderate
- Advanced

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

Member in collaborative initiative.

CDP Water

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

- Basic
- Moderate
- Advanced

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

Member in collaborative initiative.

- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)

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

- Basic
- Moderate
- Advanced

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

Representatives from the EIAG serve on the Public Policy and Climate Risk committees. Board has co-sponsored a research role at IIGCC

- Interfaith Center on Corporate Responsibility (ICCR)

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

- Basic
- Moderate
- Advanced

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

Through membership of the Church Investors Group, serve as an observer member of the ICCR (a memorandum of understanding was developed to define co-operation between ICCR and CIG members). In this capacity, attended the 2013 AGM and conference in St Louis.

- International Corporate Governance Network (ICGN)

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

- Basic
- Moderate
- Advanced

- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES

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

- Basic
- Moderate
- Advanced

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

Participate in the Carbon Asset Risk initiative (an investor collaboration).

- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
UKSIF

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

- Basic
- Moderate
- Advanced

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

Serve on the Leadership Committee.

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

Church Investors Group

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

- Basic
- Moderate
- Advanced

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

Serve on the Steering Group.

- Other collaborative organisation/initiative, specify

Aiming for A

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

- Basic
- Moderate
- Advanced



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

Collaborate in investor initiative seeking to advance corporate disclosure and performance on carbon emissions using the CDP ratings system.

Other collaborative organisation/initiative, specify

Transition Pathway Initiative (TPI)

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

- Basic
- Moderate
- Advanced

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

Joint founder and sponsor with the Environment Agency of this multi-trillion dollar climate change engagement initiative described in detail in later sections.

Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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**SG 10.1** Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

**SG 10.2** Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

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

No

<b>SG 10.3</b>	Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]
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Have contributed to the establishment of a second Mercer study into the implications of climate change for investors.

**Implementation not in other modules**

<b>SG 12</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 12.1</b>	Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.
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- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

<b>SG 12.2</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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- We do the following
  - Allocation between asset classes
  - Determining fixed income duration
  - Allocation of assets between geographic markets
  - Sector weightings
  - Other, specify
- We do not consider ESG issues in strategic asset allocation

<b>SG 12.3</b>	Additional information. [OPTIONAL]
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We will not invest in the sovereign debt of repressive regimes, nor in assets classes (distressed debt for example) where we have concerns.

<b>SG 16</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 16.1</b>	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Property	The principles that have guided the EIAG's ethical policies have been encapsulated into guidance that is passed to our property managers. They also see the Board's list of restricted stocks, to give them a sense of tenants that would not be tolerable for the Board. Investment though is through pooled property vehicles, so the Board has very limited control over tenancies. We look to our manager to vet funds and their managers closely before they invest on our behalf. The manager provides a consolidated list of all the underlying properties in the funds in which we are invested.
Infrastructure	The process for infrastructure investment is similar to that for property, except that we are much closer to the underlying investment, even though it is made through pooled vehicles. The two managers selected by the Board were very closely vetted by the Investment Committee before they were appointed, recognising the very long term nature of the relationship that would ensue.

**SG 16.2**

Additional information.

We have a portfolio of private loans in the US, our ethical policies are hard-wired into the IMA for this and the manager expected to observe the policies' spirit and to flag when a loan might breach a policy before it is made, if that is not clear.

We use EIRIS's list of repressive regimes to govern our investment in emerging market sovereign debt. The manager (and the portfolio's benchmark) exclude investment in the debt of repressive regimes.

# Church of England Pensions Board

## Reported Information

### Public version

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

## PRI disclaimer

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

## Overview

<b>SAM 01</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SAM 01.1** Indicate whether your organisation uses investment consultants and/or fiduciary managers.

- Yes, we use investment consultants

**SAM 01.2** Indicate how your organisation uses investment consultants in the selection, appointment and/or monitoring of external managers.

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

Asset class

- Listed Equity (LE)  
 Fixed income - SSA  
 We use investment consultants in our monitoring of external managers

**SAM 01.3** Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants.

- Responsible investment is incorporated in the selection process for investment consultants  
 Consultants' responsibilities in terms of responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with them.  
 Responsible investment is considered when reviewing investment consultants' advice on manager selection and performance monitoring.  
 We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.
- Yes, we use a fiduciary manager that delegates management of some or all of our assets to third-party managers.  
 No, we do not use investment consultants or fiduciary managers.

<b>SAM 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 1</b>
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**SAM 02.1** Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

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

**SAM 02.2**

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

The bulk of our effort goes into the selection and appointment processes. We use our investment consultant's ESG and investment ratings of prospective managers as a starting point, but we research and meet with managers to come to our own conclusions. We particularly want to see our managers, and potential managers, acknowledging all risks in their investment processes, so not just the conventional short term business risks inherent generally in any investment, but also the longer term risks relating to climate change, societal and demographic changes, regulatory threats relating to ESG issues as well as what we might call moral issues.

We always like managers that have an instinctive affinity with our own ethical world view, good examples being our private debt manager and our emerging market sovereign debt and equity managers. In practice, we give as great a weight to such qualitative measures as to more quantitative ones.

We acknowledge we could do more in terms of ongoing ESG monitoring of existing managers, but our consultant (Mercer) puts substantial resource into monitoring managers in its research universe for attention to ESG and SRI, and that is a constant referenc for us.

Mercer's capability in researching ESG and the importance the firm gives to ESG and SRI in its advice to clients were significant influencers in the firm's initial appointment as consultant 8 years ago and in its re-appointment 2 years ago.

**Listed Equity and Fixed Income Strategies**

**SAM 04**

**Mandatory**

**Public**

**Gateway**

**PRI 1,2**

**SAM 04.1**

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

Active investment strategies

Active investment strategies	Listed Equity	FI - SSA			
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Thematic	<input type="checkbox"/>	<input type="checkbox"/>			
Integration	<input type="checkbox"/>	<input type="checkbox"/>			
None of the above	<input type="checkbox"/>	<input type="checkbox"/>			

Passive investment strategies

Passive investment strategies	Listed Equity	FI - SSA				
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Thematic	<input type="checkbox"/>	<input type="checkbox"/>				
Integration	<input type="checkbox"/>	<input type="checkbox"/>				
None of the above	<input type="checkbox"/>	<input type="checkbox"/>				

**SAM 04.2** Explain how you integrate ESG factors in the selection, appointment and monitoring of your passive funds

Where we passively track market indices, we use ethically modified versions of them. Our main passive equity manager uses a version of the MSCI World Index that has our ethically restricted stocks removed from it. As described elsewhere, the Board's list of restricted stocks is derived from its ethical policies and reflects ethical concerns on a range of issues, including climate change, the environment, defence, tobacco, gambling, alcohol, pornography and high interest rate lending.

**SAM 04.3** Additional information. [Optional]

All the effort and work on engagement, stock screening, integration and company voting is done for the Board by the Church's Ethical Investment Advisory Group (EIAG), as indicated in the answers to other sections. We do not therefore look to our external fund managers to do these things for us, but, as mentioned earlier, what is key for us is their attitudes to ESG generally and their integration into the investment process of ESG principles.

**Selection**

<b>SAM 05</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**SAM 05.1** Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

	LE	FI - SSA							
Investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>							
ESG incorporation requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
ESG reporting requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Other	<input type="checkbox"/>	<input type="checkbox"/>							
No RI information covered in the RFPs	<input type="checkbox"/>	<input type="checkbox"/>							

**SAM 05.2** Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach

Strategy

	LE	FI - SSA							
Assess the time horizon of the investment manager's investment strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Assess the investment approach and how ESG objectives are implemented in the investment process (asset class specific)	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Assess the ESG definitions to be used	<input type="checkbox"/>	<input type="checkbox"/>							
Other	<input type="checkbox"/>	<input type="checkbox"/>							
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>							

ESG people/oversight



	LE	FI - SSA							
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Review the ownership of the ESG implementation	<input type="checkbox"/>	<input type="checkbox"/>							
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Other	<input type="checkbox"/>	<input type="checkbox"/>							
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>							

Process/portfolio construction/investment valuation

	LE	FI - SSA							
Review the process ensuring the quality of the ESG data used	<input type="checkbox"/>	<input type="checkbox"/>							
Review and agree the investment decision making process (and ESG data use in it)	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Review and agree the ESG incorporation strategy impact of ESG analysis on investment decisions	<input type="checkbox"/>	<input type="checkbox"/>							
Review and agree how the manager is targeting returns and ESG objectives	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Review and agree how the manager identifies, measures and manages ESG risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Review and agree return and risk in combination at a portfolio level (portfolio construction) and ESG objectives	<input type="checkbox"/>	<input type="checkbox"/>							
Review how ESG materiality is evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Review process for defining and communicating on ESG incidents	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>							
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>							

**SAM 05.3** Describe the selection process

- Review responses to RfP, RfI, DDQ etc.
- Review Limited Partners' Responsible Investment Due Diligence Questionnaire (PE DDQ)
- Review publicly available information
- Review assurance process
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers
- Site visits to potential managers offices
- Other, specify

**SAM 05.4** When selecting external managers does your organisation set any of the following:

	LE	FI - SSA							
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>							
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>							
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>							
Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>							
None of the above	<input type="checkbox"/>	<input type="checkbox"/>							

**SAM 06**

**Mandatory**

**Public**

**Additional Assessed**

**PRI 2**

**SAM 06.1** Indicate how your organisation typically evaluates the manager's active ownership practices in the majority of the manager.

Engagement

	LE	FI - SSA			
Review the manager's engagement policy	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Review the manager's engagement process (with examples and outcomes)	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Ensure that engagement outcomes feed back into the investment decision-making process	<input type="checkbox"/>	<input type="checkbox"/>			
Other engagement issues in your selection process specify	<input type="checkbox"/>	<input type="checkbox"/>			
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>			

**SAM 06.2**

Describe how you assess if the manager's engagement approach is effective.

- Impact on investment decisions
- Impact on company / asset level
- Impact on ESG profile or the portfolio
- Evidence of changes in corporate practices
- Other, specify
- None of the above

**SAM 06.4**

Additional information [OPTIONAL]

Mainly assessed qualitatively through discussion and regular meetings with the managers

**Appointment**

**SAM 07.1**

**Mandatory**

**Public**

**Core Assessed**

**PRI 1**

**SAM 07.1**

Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment

- Sets standard or ESG benchmarks
- Defines ESG objectives
- Sets incentives and controls linked to the objectives
- Requires reporting on these objectives
- None of the above
- None of the above, we invest only in pooled funds and have a thorough selection process

**SAM 07.2-5**

**Mandatory**

**Public**

**Core Assessed**

**PRI 1**

**SAM 07.2**

Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.

**Asset class**

Listed equity (LE)

**Benchmark**

We do not set benchmarks

**Objectives**

We do not define ESG objectives

**Incentives and controls**

We do not set incentives and controls

**Reporting requirements**

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

Fixed income - SSA (SSA)

**Benchmark**

We do not set benchmarks

**Objectives**

We do not define ESG objectives

**Incentives and controls**

We do not set incentives and controls

**Reporting requirements**

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

**SAM 07.3**

Explain how your organisation evaluates the reporting capacity of the manager to meet your reporting requirements during the selection process

	LE	FI - SSA							
Agree upon ESG reporting requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Review ESG reporting processes and capacity in place	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Agree processes for raising ad-hoc ESG issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>							
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>							

**SAM 07.4**

Explain which of these actions your organisation might take if any of the requirements are not met

- Discuss requirements not met and set project plan to rectify
- Review performance in more detail
- Place investment manager on a “watch list”
- Investigate reason for non-compliance
- Require action plan from the manager
- Negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify
- No actions are taken if any of the requirements are not met

**Monitoring**

**SAM 08**

**Mandatory**

**Public**

**Core Assessed**

**PRI 1**

**SAM 08.1**

When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates from the investment manager in meetings/calls

	LE	FI - SSA							
ESG objectives linked to investment strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
ESG incorporation objectives (with examples)	<input type="checkbox"/>	<input type="checkbox"/>							
ESG portfolio characteristics	<input type="checkbox"/>	<input type="checkbox"/>							
How ESG materiality has been evaluated by the manager in the monitored period	<input type="checkbox"/>	<input type="checkbox"/>							
Information on any ESG incidents	<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Metrics on the real economy influence of the investments	<input type="checkbox"/>	<input type="checkbox"/>							
PRI Transparency Reports	<input type="checkbox"/>	<input type="checkbox"/>							
PRI Assessment Reports	<input type="checkbox"/>	<input type="checkbox"/>							
Other general RI considerations in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>							
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>							

**SAM 08.2**

When monitoring external managers, does your organisation set any of the following to measure compliance/progress

	LE	FI - SSA							
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>							
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>							
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>							
Other RI considerations	<input type="checkbox"/>	<input type="checkbox"/>							
None of the above	<input type="checkbox"/>	<input type="checkbox"/>							

**SAM 09**

**Mandatory**

**Public**

**Additional Assessed**

**PRI 1**

**SAM 09.1**

When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls

Engagement

	LE	FI - SSA			
Report on engagements undertaken (outcomes and examples)	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Account on engagement ESG impacts	<input type="checkbox"/>	<input type="checkbox"/>			
Other RI considerations relating to engagement in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>			
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>			

**Outputs and outcomes**

<b>SAM 12</b>	<b>Mandatory</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,6</b>
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**SAM 12.1** Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

Add Example 1

Topic or issue	Infrastructure investment
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA
Scope and process	Agreed with a prospective manager that the Church's input on ESG would be valuable for their pooled funds and its investors.
Outcomes	Have offer of seat on the firm's investor advisory committee

Add Example 2

Topic or issue	ESG in low volatility equity allocations
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA
Scope and process	We ensured that the two prospective managers applied ESG risk assessments in their stock selection processes.
Outcomes	Acheived satisfaction on those issues

- Add Example 3
- Add Example 4
- Add Example 5
- We are not able to provide examples

## Communication

SAM 13	Mandatory	Public	Core Assessed	PRI 6
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**SAM 13.1** Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

- Yes, we disclose information publicly

provide URL

<http://www.churchofengland.org/media/1817724/pensions%20board%20report%202012%20final.pdf>

**SAM 13.2** Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

- Yes



**SAM 13.3**

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

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
  - Details of the responsible investment activities carried out by managers on your behalf
  - E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
  - Other, specify
- No
- Yes, we disclose information to clients/beneficiaries only
- We do not proactively disclose information to the public and/or clients/beneficiaries

**SAM 13.4**

Additional information. [Optional]

We release our voting record, though not at the company level, and we release our equity portfolio carbon footprint report

# Church of England Pensions Board

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

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## Engagement

### Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 01.1

Indicate whether your organisation has a formal engagement policy.

Yes

LEA 01.2

Indicate what your engagement policy covers:

- Conflicts of interest
- Prioritisation of engagements
- Transparency
- Environmental factors
- Social factors
- Governance factors
- Engagements following on from decisions
- Other, describe
- None of the above

LEA 01.3

Attach or provide a URL to your engagement policy. [Optional]

URL

<https://www.churchofengland.org/media/1891510/statement%20of%20ethical%20investment%20policy%20-%20nov%202014.pdf>

Attach document

[File 1:Business and Engagement Policy 2014.docx](#)

**LEA 01.4**

Provide a brief overview of your organization’s approach to engagement

The Church of England Pensions Board jointly with the Church Commissioners resource an in-house Engagement Team. It is important to prioritise our engagement interventions in line with our capacity and ability to seek genuine change in corporate practices and behaviour. Our approach distinguishes engagement interventions into six categories:

- **Catalytic Engagement:** A significant strategic intervention on a policy issue that seeks to influence both company behaviour as well as the wider investment community. Likely to be resource intensive and high profile.
- **Church Collaborative:** Via the Church Investors Group (CIG) to pool some of our engagement capacity with other UK Church Investors to work on four commonly agreed engagement priorities.
- **Investor Collaborative:** Led by other asset owners/managers and we work collaboratively on an issue relating to a number of companies or a particular issue relating to a single company's behaviour.
- **Church Specific:** Specific bespoke Church policy working as three National Investing Bodies. Requires capacity either through our screening provider or consultancy support to independently assess company responses against engaged criteria.
- **Monitoring:** We maintain a monitoring engagement brief on a particular policy.
- **Intensive:** This category is reserved for instances when there is a particular event that falls outside of our planned engagement activities.

○ No

LEA 02	Mandatory	Public	Gateway	PRI 1,2,3
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**LEA 02.1** Indicate the method of engagement, giving reasons for the interaction.

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements run internally

LEA 03	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 03.1** Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

Yes

**LEA 03.2** Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.

- Geography/market of the companies targeted
- Materiality of ESG factors
- Systemic risks to global portfolios
- Exposure (holdings)
- In reaction to ESG impacts which has already taken place
- As a response to divestment pressure
- As a follow-up from a voting decision
- Client request
- Other, describe

No

**LEA 03.3** Additional information. [Optional]

The first priority of engagement stems from our own policies. These policies are developed by an advisory group - the Church of England Ethical Investment Advisory Group (EIAG). The EIAG's membership ranges from a senior Bishop, to leading theologians, to the Chief Executives of the Church of England's National Investing Bodies (including the Pensions Board and Church Commissioners), to other expertise.

A number of the policies that are developed require engagement as a key aspect of implementation. For example, the responsible alcohol policy, climate change policy, corporate tax policy etc. Trustee bodies will consider the prioritisation of engagement and the focus given to each area. We also use our voting template to address a number of the engagement objectives.

Where we can effectively collaborate, either as a Church Investor, or with other non-church funds we seek to do so in line with our priorities. We continue to play a leading role in the Church Investors Group and actively contribute to the prioritisation of issues that are engaged upon each year. This includes issues ranging from modern day slavery, water resilience, tax transparency and climate change.

Finally, we undertake intensive engagement as issues become apparent during the year such as concerns relating to the way a particular company may be acting or the response to a particular incident.

LEA 04	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

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

- Yes
  - Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out by internal staff.

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

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out by internal staff.

**LEA 04.3** Indicate whether your organisation defines milestones and goals for engagement activities carried out by internal staff.

- Yes

**LEA 04.4** Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities carried out by internal staff.

- Define timelines for milestones and goals
  - Tracking, monitoring progress against defined milestones and goals
  - Establish a process for when the goals are not met
  - Revisit and, if necessary revise goals on continuous basis
  - Other, please specify
- No

**LEA 04.5** Additional information. [Optional]

In each engagement we look to record and set clear objectives - although some engagements may be exploratory to begin with before we establish clear objectives. We have developed our own internal data-base and monitoring system to track progress. In each policy area that we are engaging on we have a specific over-arching objective that focusses our engagement 'asks' of the company. For example, in developing our engagement strategy for climate change we have engaged academic expertise from the London School of Economics Grantham Research Institute to develop a climate change transition pathway for major companies in energy intensive sectors. Together we have been developing along with other Asset Owners and with the support of FTSE Russell a clear framework to transparently assess company progress on i) management quality and ii) future projected carbon performance. The Transition Pathway Initiative (TPI) has been a major undertaking and seeks to provide a transparent framework for undertaking engagement and guiding our future voting decisions on climate change.

**Process for engagements conducted via collaborations**

LEA 05	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

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

LEA 05.2	Describe the criteria used to identify and prioritise collaborative engagements
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- Potential to learn from other investors
- Ability to add value to the collaboration
- Geography / market of the companies targeted
- Materiality of ESG factors
- Systemic risks to global portfolios
- Exposure (holdings)
- In response to ESG impacts which has already taken place
- In response to divestment pressure
- Client requests
- Other, describe

No

LEA 05.3	Additional information [Optional]
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As already stated we use our policies to determine our engagement priorities and thereafter assess the most effective way that we can support engagement to make genuine change in company behaviour.

LEA 06	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 06.1	Indicate if you define specific objectives for your engagement activities carried out collaboratively.
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Yes

- Yes, for all engagement activities
- Yes, for the majority of engagement activities
- Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out collaboratively.

**LEA 06.2** Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out collaboratively

**LEA 06.3** Indicate whether your organisation defines milestones and goals related to engagement activities carried out via collaborations.

- Yes

**LEA 06.4** Indicate if you do any of the following to monitor and evaluate the progress of your collaborative engagement activities.

- Define timelines for milestones and goals
  - Tracking, monitoring progress against defined milestones and goals
  - Establish a process for when the goals are not met
  - Revisit and, if necessary revise the goals on a continuous basis
  - Other, please specify
- No

**LEA 06.5** Additional information. [Optional]

Where the Pensions Board are part of a systematic engagement programme then monitoring and evaluation will be by the collaborative group in the first instance. We will actively participate in this process ensuring clear focus and objective. The systematic collaborative programme in which we participate will normally be subject to evaluation against external data - for example improvements in CDP or FTSE ESG ratings. In the case of the Church Investors Group climate change programme the effectiveness of the engagement programme has been evaluated academically and independently by the University of Edinburgh.

In addition the Engagement Team will assess against their own expectations the effectiveness of collaborative engagements. This will determine the prioritisation of engagement resources and input into the respective initiative. We also are conscious that we can maximize our impact through effective targeting of our engagement and participation.

Over the past year on climate change we have developed a major undertaking - The Transition Pathway Initiative (TPI) to have a transparent and academically robust tool to assess company performance against which we will target our engagement with other asset owners.

## General processes for all three groups of engagers

**LEA 10**

**Mandatory**

**Public**

**Gateway**

**PRI 2**

**LEA 10.1** Indicate if you track the number of engagements your organisation participates in.



Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
<b>Collaborative engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements

**LEA 10.2** Additional information. [OPTIONAL]

The number of engagements is also disclosed in both the Board's Annual Report and previously in the Annual Report of the EIAG (which also describes the topics around which engagement was based).

## Outputs and outcomes

LEA 13	Voluntary	Public	Additional Assessed	PRI 2
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**LEA 13.1** Indicate if your engagements in the reporting year covered E, S and/or G issues, providing an estimation of the breakdown.

Individual / Internal staff engagements

% Environmental only

40

% Social only

20

% Corporate Governance only

30

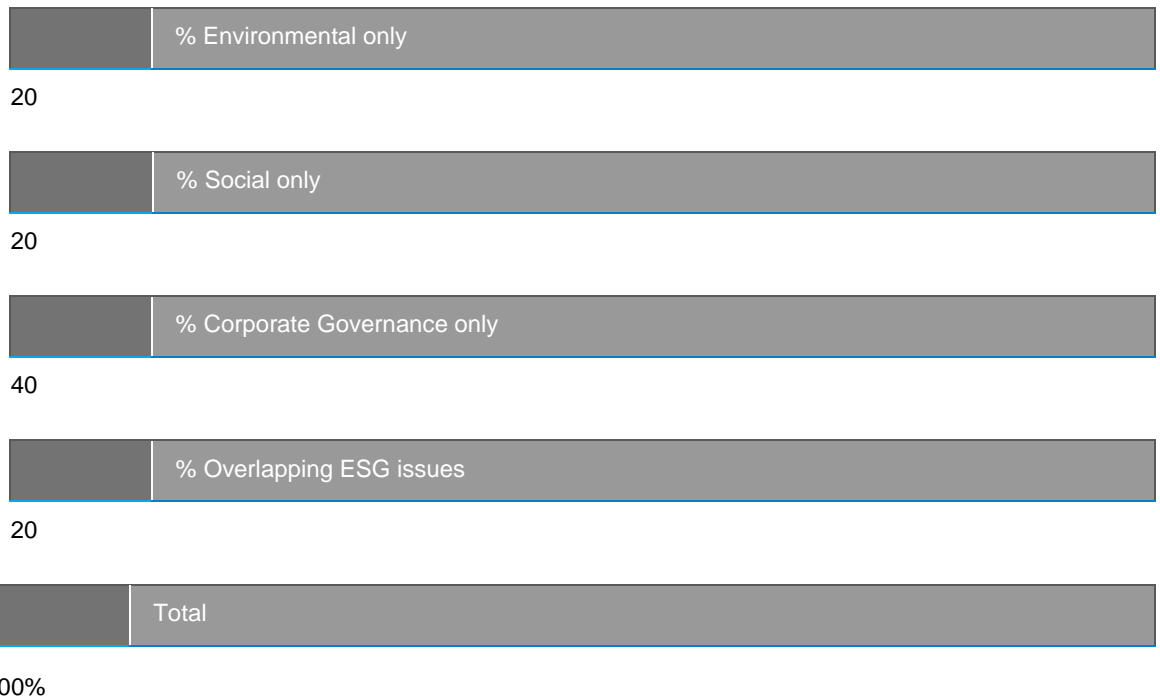
% Overlapping ESG issues

10

Total

100%

Collaborative engagements



## Communication

LEA 16	Mandatory	Public	Core Assessed	PRI 2,6
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**LEA 16.1** Indicate whether your organisation proactively discloses information on its engagements.

We disclose it publicly

provide URL

<http://www.churchofengland.org/media/1817724/pensions%20board%20report%202012%20final.pdf>

provide URL

<http://www.churchofengland.org/media/1788515/eiag%20annual%20review%202013.pdf>

**LEA 16.2** Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

**LEA 16.3** Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

**Engagement information disclosed**

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

**LEA 16.4** Indicate how frequently you report engagements information.

- Disclosed continuously (prior to and post engagements)
- Disclosed quarterly or more frequently
- Disclosed biannually
- Disclosed annually
- Disclosed less frequently than annually
- Ad hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

**LEA 16.8** Additional information. [Optional]

Detail about our engagements by type/topic is included in the annual report, in addition to the information disclosed during the year as part of ongoing specific engagements that may attract media attention.  
 Further information about engagement is reported on a bi-annual basis to trustees.

**(Proxy) voting and shareholder resolutions**

**Overview**

<b>LEA 17</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 1,2,3</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 17.1** Indicate whether your organisation has a formal voting policy.

- Yes

**LEA 17.2**

Indicate what your voting policy covers:

- Conflicts of interest
- Prioritisation of voting activities
- Transparency
- Decision making processes
- Environmental factors
- Social factors
- Governance factors
- Filing/co-filing resolutions
- Extraordinary meetings
- Share blocking
- Regional voting practices
- Record keeping
- Company dialogue pre/post vote
- Securities lending process
- Other, describe
- None of the above

Attach document

[File 1:2016 Voting Policy Overview Final 3 Mar 2016.docx](#)**LEA 17.4**

Provide a brief overview of your organization's approach to (proxy) voting.

Voting is conducted internally with a dedicated staffing resource with a full time Voting and Screening Manager. This role is central to overseeing all voting on all holdings against our agreed voting policies. The policy is reviewed and further developed each year. It is also submitted to Trustee Committees for formal approval. To ensure that Church investors magnify the impact of their voting we seek to align our policy with other UK Church investors.

We use the ISS platform to log our votes. We engage with our proxy provider each year on the voting policy. This is an extensive discussion to ensure that they understand our particular requirements. We have a dedicated provision within the proxy provider to provide bespoke reports against our policy. This ensures that the service provider interprets our policy correctly. The internal staff member then checks votes as a further quality control.

We also answer queries from companies about our voting policies.

<b>LEA 17.5</b>	Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made (if applicable).
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We have a clear voting policy and when areas emerge that diverge from the instructions these are referred to the Voting and Screening Manager. The Manager then reviews them to consider if they can be addressed in accordance with our policies or if further judgement is needed by the Head of Engagement. Issues can be elevated further to the CIO and even Trustees if of particular importance and variance on a policy issue. Each year we monitor the number of referrals to identify if further clarification is required on the detailed voting template. We also review effectiveness of our voting provider on an annual basis. This year also saw the voting process audited by our internal auditor which concluded that the processes we have in place provide 'substantial assurance' to Trustees.

No

<b>Process</b>
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<b>LEA 18</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 18.1</b>	Indicate how you typically make your (proxy) voting decisions.
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	Approach
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- We use our own research or voting team and make voting decisions without the use of service providers.
- We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) that make voting decisions on our behalf.

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

<b>LEA 18.2</b>	Additional information.[Optional]
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The custom voting policy of the Pensions Board and Church Commissioners draws on the expertise of our proxy advisers on corporate governance good practice, the recommendations of the Church of England's Ethical Investment Advisory Group (EIAG) on executive remuneration (a matter of significant concern to Church stakeholders), and a common approach to issues like board diversity and environmental disclosure agreed with partners in the Church Investors Group who apply the same template.

<b>LEA 20</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 20.1	Describe your involvement in any projects to improve the voting trail and/or to obtain vote confirmation .
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We review the internal quality assurance process of our voting provider on an annual basis to assess potential issues related to this issue.

LEA 21	Voluntary	Public	Additional Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 21.1	Indicate if your organisation has a securities lending programme.
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- Yes
- No

LEA 22	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 22.1	Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting
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- Yes, in most cases
- Sometimes, in the following cases:
  - Votes for selected markets
  - Votes relating to certain ESG issues
  - Votes for significant shareholdings
  - Votes for companies we are engaging with
  - On request by clients
  - Other
- Neither we nor our service provider raise concerns with companies ahead of voting

**LEA 22.2** Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.

- Yes, in most cases
- Sometimes, in the following cases.
  - Votes in selected markets
  - Votes on certain issues
  - Votes for significant shareholdings
  - Votes for companies we are engaging with
  - On request by clients
  - Other
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers do not abstain or vote against management recommendations

**LEA 22.3** Additional information. [Optional]

There are a very small number of markets that pose particular challenge to be able to operationalise votes within defined timeframes. We are working with our service provider to ensure that we can vote in these markets in future. At present this presents a very small percentage that we are unable to vote in time. Our clearly stated intention is to seek to vote in 100% of cases and we have resourced this provision internally to deliver it.

**Outputs and outcomes**

<b>LEA 23</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**LEA 23.1** For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information

Votes cast (to the nearest 1%)

99 %

Specify the basis on which this percentage is calculated

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

**LEA 23.2** Explain your reason(s) for not voting certain holdings




- Shares were blocked
- Notice, ballots or materials not received in time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- We do not vote on environmental resolutions
- We do not vote on social resolutions
- On request by clients
- Other
- We do not track or collect this information

LEA 24	Mandatory	Public	Additional Assessed	PRI 2
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**LEA 24.1** Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.

- Yes, we track this information

**LEA 24.2** Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	 83.5
Against (opposing) management recommendations	 16.2
Abstentions	 0.3

100%



**LEA 24.3** Describe the actions you take after voting against management recommendations.

We review the areas that there is serious misalignment with our ethical policies and consider if we need to undertake engagement with the company. We also consider if additional interventions are required at the AGM itself when having voted in advance.

No, we do not track this information

**LEA 24.4** Additional information. [Optional]

We review the areas that there is serious misalignment with our ethical policies and consider if we need to undertake engagement with the company. We also consider if additional interventions are required at the AGM itself when having voted in advance.

<b>LEA 25</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 25.1** Indicate if your organisation directly or via a service provider filed or co-filed any ESG shareholder resolutions during the reporting year.

Yes

**LEA 25.2** Indicate the number of ESG shareholder resolutions you filed or co-filed.

Total number

3

**LEA 25.3** Indicate what percentage of these ESG shareholder resolutions resulted in the following.

Went to vote	<input type="text" value="100"/> %
Were withdrawn due to changes at the company and/or negotiations with the company	<input type="text" value="0"/> %
Were withdrawn for other reasons	<input type="text" value="0"/> %
Were rejected/not acknowledged by the company	<input type="text" value="0"/> %

	Total
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100%

<b>LEA 25.4</b>	Of the ESG shareholder resolutions that you filed or co-filed and that were put to vote (i.e. not withdrawn) how many received:
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	>50%
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3

<b>LEA 25.5</b>	Describe the ESG shareholder resolutions that you filed or co-filed and the outcomes achieved.
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In line with our engagement on climate change we submitted shareholder resolutions at major diversified mining companies. The resolutions at mining companies were seeking additional disclosure, targets and clear assessments against 2 degrees scenarios. We engaged the Boards of the companies and following these discussions the Boards also recommended support to shareholders. As a result the resolutions received considerable support and were passed.

No

## Communication

<b>LEA 27</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>LEA 27.1</b>	Indicate if your organisation proactively discloses information on your voting activities.
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We disclose it publicly

	provide URL
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<http://www.churchofengland.org/media/1817724/pensions%20board%20report%202012%20final.pdf>

	provide URL
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<http://www.churchofengland.org/media/1788515/eiag%20annual%20review%202013.pdf>

<b>LEA 27.2</b>	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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Yes

<b>LEA 27.3</b>	Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.
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Indicate how much of your voting record you disclose

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

Indicate what level of explanation you provide

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

**LEA 27.4**

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/as requested
- No
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

**LEA 27.8**

Additional information. [Optional]

As well as publishing on our website half yearly summaries of our voting, we disclose in our annual report the proportion of UK remuneration resolutions we supported in the course of the year as a whole, as this a matter of significant stakeholder interest.