

FairPensions' Responsible Investment Survey of UK Pension Schemes, 2009:

Pension scheme scorecard: **IBM United Pensions Trust Ltd. Pension Scheme***

<http://www.smartpensionsuk.co.uk/>

Part 1. RI Policy, Implementation and Monitoring (20 points)

1	Statement of Investment Principles:	Score	Notes
	The pension fund has a Statement of Investment Principles that includes a commitment to consideration of Environmental, Social and Governance risks and opportunities in its investment process.	0/2	NE
2	Detailed RI policy: (Total 9 points)		
	The pension fund's commitment to consideration of ESG risks / opportunities as detailed in the SIP and / or in separate written statements incorporates the following:		
a	The pension fund's RI policy specifically requires that ESG considerations are taken into account in research and investment decisions.	0/1	NE
b	The pension fund has a voting policy with regard to shareholder resolutions in investee companies which requires active voting with respect to ESG factors, (i.e. not simply voting in line with investee company management recommendations)	0/1	NE
	The voting policy requires voting of all shares:		
i	held in UK companies only	0/0.5	NE
Or ii	held in all companies globally (where practical)	0/1	NE
c	The pension fund's RI policy requires active engagement with investee companies regarding ESG issues	0/1	NE
d	The pension fund can demonstrate that specific ESG risks and opportunities have been identified as priorities and fund managers have been asked to incorporate these in research and investment decisions		
	Specific Environmental issues identified	0/1	NE
	Specific Social issues identified	0/1	NE
	Specific Governance issues identified	0/1	NE
e	The pension fund's RI policy includes detailed performance monitoring and reporting measures to enable the effectiveness of ESG policy implementation to be assessed		

* Did not actively participate in the survey.

	These include:		
i	The pension fund's ESG policy requires a written report on ESG activity undertaken internally or externally on its behalf on at least a six-monthly basis.	0/1	NE
ii	The effectiveness of internal or external dedicated ESG engagement resources employed by the pension fund is reviewed on an annual basis at board level against specific performance measures, and formally reviewed with the internal / external managers	0/1	NE
3	RI Policy review: (Total 1 point)		
	The pension fund's RI policy is required to be reviewed at the trustee board level at minimum every 5 years:	0/1	NE
4	Integration of ESG policy into fund manager selection:		
	Assessment of a fund manager's ability to comply with the pension fund's ESG policy requirements forms an integral part of the external/internal fund manager appointment process.	0/1	NE
5	Integration of RI policy into Investment Management Agreements		
	The pension fund's RI policy is referenced within its Investment Management Agreements (IMAs) with external managers and/or within internal fund managers' job descriptions	0/1	NE
6	The pension fund's ESG policy is applied to non-equity asset classes:		
	In addition to a focus on equities, the pension fund's investment policy considers ESG risks / opportunities in:		
a	at least one non-equity asset class (e.g. fixed interest, property, private equity, infrastructure)	0/1	NE
b	or - all non-equity asset classes	0/2	NE
7	Engagement Resources		
a	The pension fund has allocated dedicated internal staff to undertake ESG engagement with investee companies in accordance with the pension fund's RI policy.	0/1	NE
b	The pension fund has employed dedicated external resource (e.g. engagement overlay) to undertake specific ESG engagement with investee companies on its behalf in accordance with the pension fund's RI policy.	0/1	NE
8	UN Principles for Responsible Investment:		
a	The pension fund is a signatory of the UN Principles for Responsible Investment	0/1	Not a signatory at date of survey.
b	The pension fund uses membership of the UNPRI as a significant criterion in external fund manager selection	0/1	NE
9	RI Policy in Action: Climate Change: (Note this question has been included for information purposes only, as one example of a highly topical ESG issue, to discern what practical approach is currently being taken by the UK's largest pension funds on the issue)		
a	When appointing fund managers the pension fund explicitly considers their capacity to assess and act on risks and opportunities relating to climate change Yes <input type="checkbox"/>		No information provided.

	No <input type="checkbox"/>		
b	The pension fund requires its fund managers to actively consider risks and opportunities relating to climate change in their research and investment decisions Yes <input type="checkbox"/> No <input type="checkbox"/>		No information provided.
		0/20	

Part 2. Transparency (10 points)

Points for transparency will be awarded depending on whether information is:
Automatically available (i.e. not on a specific request basis) to pension fund members only, either via intranet or regular newsletter / annual report
- **50% score awarded**
Available to the general public via the pension fund’s website
- **100% score awarded**

1	Disclosure of the Statement of Investment Principles:	Score	Notes
a	Complete SIP is disclosed (1 point) <i>or</i>	0/1	NWE
b	Only part or a summary SIP is disclosed	0/0.5	NWE
2	Disclosure of the pension fund’s RI Policy (either detailed within the SIP or in separate policy statements)		
a	Detailed policy disclosed (1 point) <i>or</i>	0/1	NWE
b	Outline policy only	0/0.5	NWE
3	Disclosure of Equity holdings:		
a	100 or more, largest equity holdings are disclosed (1 point) <i>or</i>	0/1	NWE
b	20 or more, largest equity holdings are disclosed	0/0.5	NWE
4	Disclosure of policy implementation / monitoring		
a	Details are disclosed regarding measures taken to ensure that the pension fund’s RI policy is implemented.	0/1	NWE
b	Details are disclosed regarding the monitoring / reporting requirements that enable the effectiveness of the pension fund’s RI policy implementation to be gauged.	0/1	NWE
5	Disclosure of voting:		
a	Full voting record is disclosed. (1 point) <i>or</i>	0/1	NWE
b	Partial disclosure	0/0.5	NWE
6	Disclosure of engagement activity:		
a	Full details of all engagement initiatives conducted by / on behalf of the pension fund are disclosed at least annually.	0/2	NWE
b	Sample engagement initiatives are disclosed at least annually	0/1	NWE
7	The pension fund’s Annual Report:		
a	The pension fund’s full Annual Report is made available	1/1	W
b	The Annual Report has a detailed section on responsible investment	0/1	NWE
		1/10	
	TOTAL SCORE	1/30	

		(3%)	
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Key to notes:

A	Acknowledged	W	Found on website
NE	No evidence found	NW	No public website found
NEW	No evidence found on website		

RECOMMENDATIONS:

RI policy, implementation and monitoring

- With no SIP or policy documents available publicly, or otherwise disclosed to FairPensions, it is unclear whether the scheme has any detailed RI policy, and if so, whether comprehensive attention is paid to policy implementation and performance monitoring. If this is not the case then we would recommend that steps are taken which include:
 - Establishing a detailed RI policy
 - Establishing clear measures to ensure fund managers’ performance on ESG issues is carefully monitored and regularly assessed.
 - Incorporating assessment of the capacity of fund managers to carry out the Scheme’s ESG policy into its fund manager selection process, and into its investment management agreements
 - Consideration of membership of the UN PRI, both for itself and as a screen re fund manager selection

Transparency

- Given the fundamental importance of transparency to responsible investment, we would recommend significantly expanding the depth of detail publicly disclosed via the scheme’s website, including:
 - The Statement of Investment Principles
 - Detailed statements of RI policy, policy implementation and performance monitoring
 - Full voting records and summary voting analysis
 - Detailed ESG engagement initiatives and outcomes
 - A detailed section on responsible investment in the scheme’s annual report.