



LEA 02	Disclosures	Monetary	Principles
<p>By providing detailed information on the nature and extent of the engagement, the investor can demonstrate its commitment to the principles of responsible investment and its contribution to the achievement of the Sustainable Development Goals.</p>	<p>LEA 02</p>	<p>Monetary</p>	<p>Principles PRI 1, 2, 3</p>
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate transition for climate change</p> <p>To engage in other ESG issues</p> <p>Other: specify</p> <p>We do not engage in internal staff</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate transition for climate change</p> <p>Other: specify</p> <p>We do not engage in collaborative engagements</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate transition for climate change</p> <p>Other: specify</p> <p>We do not engage in service provider engagements</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate transition for climate change</p> <p>Other: specify</p>	<p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate transition for climate change</p> <p>To engage in other ESG issues</p> <p>Other: specify</p> <p>We do not engage in internal staff</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate transition for climate change</p> <p>Other: specify</p> <p>We do not engage in collaborative engagements</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate transition for climate change</p> <p>Other: specify</p> <p>We do not engage in service provider engagements</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate transition for climate change</p> <p>Other: specify</p>

RI TRANSPARENCY REPORT

2020

BT Pension Scheme

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 2020 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 TG		🔒	n/a							
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	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	🔒	n/a							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	✓	Private							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	✓	Public							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	✓	Private							✓
OO PE 01	Breakdown of private equity investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership in private equity investments	🔒	n/a							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	✓	Private	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		✓	Public							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Public							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 18	Innovative features of approach to RI	✓	Private							✓
SG 19	Communication	✓	Public		✓				✓	
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	ESG incorporation strategies	✓	Public	✓						
SAM 02	Selection processes (LE and FI)	✓	Public	✓						
SAM 03	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	✓	Public		✓					
SAM 04	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 05	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 06	Monitoring on active ownership (listed equity/fixed income)	✓	Public	✓						
SAM 07	Percentage of (proxy) votes	✓	Public		✓					
SAM 08	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓						
SAM 09	Examples of ESG issues in selection, appointment and monitoring processes	✓	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	Role in engagement process	✓	Public		✓		✓			
LEA 07	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 08	Tracking number of engagements	✓	Public		✓					
LEA 09	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 10	Engagement methods	✓	Private		✓					
LEA 11	Examples of ESG engagements	✓	Private		✓					
LEA 12	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 13	Percentage of voting recommendations reviewed	✓	Public		✓					
LEA 14	Securities lending programme	✓	Public		✓					
LEA 15	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 16	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 17	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 18	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 19	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 20	Shareholder resolutions	✓	Private		✓					
LEA 21	Examples of (proxy) voting activities	✓	Private		✓					
LEA End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Incorporation strategies applied	✓	Public	✓						
FI 02	ESG issues and issuer research	✓	Private	✓						
FI 03	Processes to ensure analysis is robust	✓	Public	✓						
FI 04	Types of screening applied	🔒	n/a	✓						
FI 05	Examples of ESG factors in screening process	🔒	n/a	✓						
FI 06	Screening - ensuring criteria are met	🔒	n/a	✓						
FI 07	Thematic investing - overview	🔒	n/a	✓						
FI 08	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 09	Thematic investing - assessing impact	🔒	n/a	✓						
FI 10	Integration overview	✓	Public	✓						
FI 11	Integration - ESG information in investment processes	✓	Public	✓						
FI 12	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 13	ESG incorporation in passive funds	🔒	n/a	✓						
FI 14	Engagement overview and coverage	✓	Private		✓					
FI 15	Engagement method	✓	Private	✓	✓					
FI 16	Engagement policy disclosure	✓	Private	✓	✓					
FI 17	Financial/ESG performance	✓	Private							✓
FI 18	Examples - ESG incorporation or engagement	✓	Private	✓	✓					
FI End	Module confirmation page	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year`s PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year`s PRI data	✓	Public							✓
CM1 05	External assurance	🔒	n/a							✓
CM1 06	Assurance or internal audit	✓	Public							✓
CM1 07	Internal verification	🔒	n/a							✓
CM1 01 End	Module confirmation page	✓	-							

BT Pension Scheme

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 01.3

Additional information. [Optional]

Background information to the BT Pension Scheme (BTPS):

The BTPS is the largest private sector pension scheme in the UK with close to 290,000 members and approximately £54bn of assets. It is a defined benefit scheme managed by an independent Trustee on behalf of its members. The Scheme was closed to new members in 2001 and closed to future accrual on 30 June 2018. BT Pension Scheme Management Ltd (BTPSM), a team of approximately 70 staff, acts as the executive arm of the Trustee and is the Scheme's principal investment advisor. The Scheme's assets are managed by external investment management companies across a diversified range of asset classes including equities, corporate and government bonds, property and alternatives.

The Scheme has a long history of being a responsible investor and engaged owner. It was a founding signatory of the Principles for Responsible Investment (PRI) in 2006 and is a Tier 1 signatory to the UK Stewardship Code. This commitment is articulated in the Scheme's Responsible Investment Policy (publicly available at www.btpensions.net) by the mission statement which explains that "as a responsible investor we will manage the Scheme's assets by seeking the optimal long-term risk-adjusted return while limiting outcomes which may harm our beneficiaries' shared interests." To do this effectively, the Trustee has integrated financially material environmental, social and governance (ESG) considerations throughout the investment process and promotes active stewardship of the portfolio companies and assets owned by the Scheme.

The Trustee oversees the Scheme's responsible investment strategy, which also includes the consideration of emerging, long-term structural risks, including climate change and technological disruption. The implementation of the responsible investment strategy is undertaken by BTPSM, with activity focused on the following core areas: i) Understanding the risks and opportunities that may face the Scheme because of its long-term investment horizon; ii) Integrating financially material ESG factors throughout the investment process, including in the design of investment mandates, new manager searches and ongoing monitoring of managers; and iii) Ensuring the Scheme is delivering long-term value through responsible ownership. The majority of the Scheme's stewardship activities are undertaken by Hermes EOS, a leading provider of engagement resources.

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

70

OO 03 **Mandatory** **Public** **Descriptive** **General**

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**

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

30/06/2019

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

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		54	400	000	000
Currency	GBP				
Assets in USD		70	273	515	763

Not applicable as we are in the fund-raising process

OO 06.1	Select how you would like to disclose your asset class mix.
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- as percentage breakdown
- as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	0	10-50%
Fixed income	10-50%	10-50%
Private equity	0	<10%
Property	0	<10%
Infrastructure	0	<10%
Commodities	0	0
Hedge funds	0	<10%

Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	<10%
Other (1), specify	0	<10%
Other (2), specify	0	0

OO 06.2 Publish asset class mix as per attached image [Optional].

OO 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

OO 09

Mandatory

Public

Peering

General

OO 09.1 Indicate the breakdown of your organisation's AUM by market.

Developed Markets

93

Emerging Markets

6

Frontier Markets

1

Other Markets

0

Total 100%

100%

Asset class implementation gateway indicators

OO 10	Mandatory	Public	Gateway	General
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OO 10.1 Select the active ownership activities your organisation implemented in the reporting year.

Listed equity – engagement

- 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 factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

Listed equity – voting

- 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

Fixed income SSA – engagement

- We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with SSA bond issuers on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

Fixed income Corporate (financial) – engagement

- 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 factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (non-financial) – engagement

- 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 factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (securitised) – engagement

- 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 factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Public	Gateway	General
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OO 11.1

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Fixed income - SSA

- We address ESG incorporation.
- We do not do ESG incorporation.

OO 11.2

Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.

Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
Listed equity	<p data-bbox="571 342 1474 423">Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="571 439 1294 465"><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p data-bbox="571 479 1331 506"><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p data-bbox="571 519 1310 546"><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p data-bbox="571 560 948 586"><input type="checkbox"/> We do not do ESG incorporation</p>
Fixed income - SSA	<p data-bbox="571 656 1474 736">Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="571 752 1294 779"><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p data-bbox="571 792 1331 819"><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p data-bbox="571 833 1310 860"><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p data-bbox="571 873 948 900"><input type="checkbox"/> We do not do ESG incorporation</p>
Fixed income - corporate (financial)	<p data-bbox="571 969 1474 1072">Fixed income - corporate (financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="571 1088 1294 1115"><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p data-bbox="571 1128 1331 1155"><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p data-bbox="571 1169 1310 1196"><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p data-bbox="571 1209 948 1236"><input type="checkbox"/> We do not do ESG incorporation</p>
Fixed income - corporate (non-financial)	<p data-bbox="571 1312 1474 1415">Fixed income - corporate (non-financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="571 1431 1294 1458"><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p data-bbox="571 1471 1331 1498"><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p data-bbox="571 1512 1310 1538"><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p data-bbox="571 1552 948 1579"><input type="checkbox"/> We do not do ESG incorporation</p>
Fixed income - securitised	<p data-bbox="571 1655 1474 1736">Fixed income - securitised - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="571 1751 1294 1778"><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p data-bbox="571 1792 1331 1818"><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p data-bbox="571 1832 1310 1859"><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p data-bbox="571 1872 948 1899"><input type="checkbox"/> We do not do ESG incorporation</p>
Private equity	

	<p>Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Property	<p>Property - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Infrastructure	<p>Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Hedge funds	<p>Hedge funds - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Money market instruments	<p>Money market instruments - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Other (1)	<p>Other (1) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p>

	<input type="checkbox"/> We do not do ESG incorporation
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OO 11.4 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

During the manager selection process, the BTPSM Manager Selection team evaluates potential managers' approach and capabilities with regard to responsible investment, including ESG factors. In all cases, the team look for a manager to provide evidence that they have integrated responsible investment into their investment process in a consistent manner and can report accordingly. When appointing a chosen manager, responsible investment is incorporated into mandate guidelines and reporting requirements and the Manager Selection team monitor managers against these guidelines on an ongoing basis.

OO 12	Mandatory	Public	Gateway	General
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OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed income - SSA

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- Listed Equities
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private Equity
- Property
- Infrastructure

Closing module

Closing module

Peering questions

OO FI 03	Mandatory	Public	Descriptive	General
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Update: this indicator has changed from "*Mandatory to report, voluntary to disclose*" to "*Mandatory*". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 03.1 Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.

SSA	Developed markets	90
	Emerging markets	10
	Total	100%

If you are invested in private debt and reporting on ratings is not relevant for you, please indicate below

OO FI 03.2 is not applicable as our internally managed fixed income assets are invested only in private debt.

BT Pension Scheme

Reported Information

Public version

Strategy and Governance

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.

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 type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input 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
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

In early 2020 the Trustee agreed to replace the Scheme's Responsible Investment Mission statement. This change also resulted in replacing our separate Responsible Investment beliefs with beliefs that are incorporated into the Scheme's wider investment investment beliefs. This reflects that Responsible Investment is central to our approach and fully integrated into the day-to-day management and decision making process, rather than being a separate consideration.

The new core investment belief states:

"The Scheme's investments should be managed to create sustainable long-term wealth, supporting the generation of optimal investment returns to ensure the Scheme can pay all benefits in full.

This means that the Scheme's investments are selected and managed, through ESG integration and stewardship, to have the characteristics necessary to create wealth sustainably over the long term."

SG 01.5

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

Our approach and belief, outlined above, has implications for governance, investment strategy, portfolio implementation and reporting. There are 3 key elements that apply to our approach:

1. Long-term horizon: the Scheme's long term horizon gives us both a responsibility and an advantage which we believe will produce better investment outcomes.
2. ESG integration: integrating financially material environmental, social and particularly governance (ESG) factors into asset, manager and security selection processes will help the Scheme and its agents make more informed investment decisions.
3. Stewardship: exercising ownership rights, collaborative engagement with its agents and portfolio companies, as well as active management of physical assets can improve long-term risk-adjusted returns.

No

SG 01 CC**Mandatory to Report Voluntary to Disclose****Public****Descriptive****General**

SG 01.6
CC

Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Climate change has been identified as one of 4 critical long-term risks and opportunities that may have a material adverse impact or give rise to significant opportunities for the Scheme. As part of our analysis of climate risks we include all aspects, including transition risks and physical risks, as well as issues such as climate change data and disclosure risks which could result in less informed decision making.

Historically we viewed climate related risks as a less imminent, longer term risk. However, recently climate change has resulted in clear valuation implications, including permanent loss of value (flooding, wildfires, rising sea levels) for assets highlighting it as an influencing factor across all time-horizons. This has led to the decision to establish a top-down Scheme-wide goal on climate change.

Our strategy to address climate change is part of the Scheme's broader responsible investment strategy which integrates ESG factors across 3 key phases of our approach: (i.) investment strategy, (ii.) manager selection, monitoring and mandate design, and (iii.) active stewardship and engagement. As with managing anything, having the ability to measure is vital. Across the 3 phases of our approach measuring the impact of climate change is important: whether that's scenario analysis of different temperature outcomes on our assets as part of investment strategy, the carbon footprint of manager mandates or how engagement is effecting change in company emissions.

In the short to medium term our work and analysis suggests transition risks are more significant to our portfolio. As we move out longer term, physical risks become more impactful. In the case of the latter, the range of potential outcomes is very wide, albeit for certain asset classes and sectors the long-term return impacts are less disperse. This is important for a mature Scheme like BTPS that is increasingly seeking to reduce the range of portfolio outcomes to meet our objectives. In general climate change (transition and physical risks) exposure needs to be carefully monitored and managed for us to achieve our funding, fiduciary and sustainability goals.

There are numerous examples of how we have factored in climate change to our investment decision making, for example:

Investment strategy - to date we have not invested in insurance linked strategies, in part because we didn't feel the risks of climate change were adequately reflected in underwriting activity. A more positive example would be the adoption of climate targets for our UK real estate portfolio across a range of factors including emissions, waste & recycling and heating, to ensure properties are resilient to climate risks.

Manager mandates - In 2019 we exited a value orientated equity strategy, in part because we didn't feel the strategy adequately either exploited climate opportunities or mitigated the risks. We reallocated into two actively managed equity mandates where the managers clearly incorporate climate change factors (and wider ESG considerations) into their bottom-up analysis, and company engagements.

Stewardship - a focus of stewardship activity and emphasis has been on climate related issues. Examples detailed in other sections of this submission.

No

SG 01.7
CC

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

This risks and opportunities are considered relevant to the Scheme over all time horizons, short (twelve months), medium (one to ten years) and long-term (beyond ten years). Transition risks are likely to be most relevant over short and medium-term horizons. Physical risks are relevant for all time horizons, although their impact is expected to increase over time as climate conditions become increasingly volatile.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

The Scheme has a climate and carbon risk management process, which includes the following pillars:

Risk register

Climate risk is monitored as part of the regular review of the Investment Committee risk register. Controls include ongoing monitoring by BTPSM of climate and carbon risk (with high risk exposures and incidents reported to the Investment Committee), an annual performance review of the Scheme comparing outcomes against expectations and investment beliefs, and regular asset class deep dives that include coverage of responsible investment and climate risk.

Scenario analysis

Use of a range of external publications and information sources as tools to help monitor climate change developments. The Scheme is also continuing to develop its quantitative scenario analysis, based on the Mercer study updated for 2019, and in parallel is developing narrative-driven climate change scenarios to help us understand the potential implications for the Scheme's assets of different transition pathways.

Monitor exposures

Assessment of the Scheme's exposures to high and low carbon assets and to physical risks.

Manage risk and opportunity

As part of its integrated approach to responsible investment, the Scheme undertakes three core risk management strategies which help mitigate the impact of all significant long-term risks on Scheme assets:

i) Investment Strategy

Climate and wider ESG considerations are included in our evaluation of asset classes and investment strategies. This is done through a combination of scenario analysis and the impact of climate change on long term return assumptions across asset classes including climate risk.

ii) Integrating ESG factors into manager selection and mandates

BTPSM ensures, where appropriate, that new and managers are properly integrating responsible investment into their investment processes. This means consideration is given to both risks and opportunities relating to ESG factors in most of the Scheme's active and passive mandates.

ii) Engagement with companies and policymakers

Engagement on environmental matters is one of the core client objectives for our managers and Hermes EOS, covering a number of important issues including climate change risk, consumption of natural resources and pollution. With respect to climate change, their engagement is aimed at ensuring companies appropriately

manage the risks and opportunities arising from climate change through board level oversight, strategic risk appraisal and target setting.

Further directly or through our managers or Hermes EOS we engage on public policy and market best practice. An example undertaken by Hermes EOS has been to support collaborative engagement initiatives on climate change by working with the IIGCC, Ceres in the US, the PRI and Climate Action 100+.

No

SG 1.10 CC Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

SG 02	Mandatory	Public	Core Assessed	PRI 6
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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.btpensions.net/assets/uploads/documents/BTPS-Responsible-Investment-Policy.pdf>

- Attachment (will be made public)
- Engagement policy
- (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.btpensions.net/assets/uploads/documents/BTPS-Responsible-Investment-Policy.pdf>

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

<https://www.btpensions.net/assets/uploads/documents/BTPS-Responsible-Investment-Policy.pdf>

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

<https://www.btpensions.net/assets/uploads/documents/BTPS-Responsible-Investment-Policy.pdf>

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

<https://www.btpensions.net/assets/uploads/documents/BTPS-Responsible-Investment-Policy.pdf>

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

<https://www.btpensions.net/assets/uploads/documents/BTPS-Responsible-Investment-Policy.pdf>

Attachment

Active ownership approaches

URL/Attachment

URL

URL

<https://www.btpensions.net/assets/uploads/documents/BTPS-Responsible-Investment-Policy.pdf>

Attachment

Reporting

URL/Attachment

URL

URL

<https://www.btpensions.net/information/investment/responsible-investment>

Attachment

Climate change

URL/Attachment

URL

URL

<https://www.btpensions.net/information/investment/responsible-investment>

Attachment

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

The Trustee of the Scheme has approved setting a Paris aligned emissions objective for BTPS. We are in the process of finalising the timeframe for achieving a net zero objective and the interim goals required to meet the target. We plan to announce the net zero target over the coming months, ahead of the Glasgow COP 26 Conference.

The Scheme's annual report and accounts comply with the TCFD reporting standards.

SG 03	Mandatory	Public	Core Assessed	General
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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.

A conflicts of interest policy is in place to assist Trustee Directors in identifying, managing and monitoring any conflicts of interest which may arise in relation to the Scheme. The policy takes account of the guidance from The Pensions Regulator, the Scheme Rules, Articles of Association and the Companies Act 2006. On appointment, each Trustee Director completes a declaration of his or her conflicts of interest and these are recorded in a conflicts of interest register which is reviewed and approved at least annually by the Trustee Board. Conflicts of interest are a standing item at all Trustee meetings.

BT Pension Scheme Management Limited (BTPSM), the Executive, also conducts its business according to the principle that it must manage conflicts of interests fairly and effectively both between itself and its Client - the BTPS, and between the Scheme and other parties it deals with. It aims to act professionally and independently at all times with the Scheme's best interests in mind, and takes all reasonable steps to: (i) identify circumstances that may give rise to conflicts of interest entailing a material risk of damage to the Scheme's interests (ii) establish appropriate mechanisms and systems to monitor and manage those conflicts.

No

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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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 set/reviewed

SG 05.2 Additional information. [Optional]

The Responsible Investment Oversight Committee (RIOC) met quarterly during 2019 and standing items at each of these meetings included a review of the forward agenda and the risk register. In addition, on an annual basis, the Committee undertakes a full review of the Scheme's Responsible Investment Policy and associated implementation activity and a review of the Committee's terms of reference.

Following a governance review in late 2019, the Trustee board made a decision to amalgamate the activities of the RIOC into the Investment Committee. This decision was made to reflect responsible investment being core and fully integrated into our investment process. Having a separate RI committee didnt reflect the integrated nature of our investment approach to consider ESG across all aspects of investment decision making. Going forward we feel this change will better ensure the Scheme's RI approach optimally results in better investment outcomes and meets our fiduciary and regulatory obligations in this area.

Governance and human resources

SG 07

Mandatory

Public

Core Assessed

General

SG 07.1

Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), 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
 - Deputy Chief Investment Officer (DCIO)**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
- Investment analysts
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)

Other description (1)

Manager selection team.

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment

SG 07.2

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

Board members or Trustees - The Trustee established a Responsible Investment Policy and reviews this annually. The Trustee Board delegated specific RI governance responsibilities to a sub-committee of Trustee Directors, the Investment Committee (IC). The IC has delegated authority to oversee the Scheme's responsible investment strategy, which includes ensuring the Scheme's activities comply with and fulfil its fiduciary and regulatory obligations and consideration of emerging, long term risks, such as climate change and technological disruption. Following a review in late 2019, the Trustee Board made a decision to elevate responsibility for responsible investment to the Investment Committee.

CEO, CIO, DCIO (and other members of the BTPSM Management Committee) - The implementation of the responsible investment strategy has been delegated to BT Pension Scheme Management (BTPSM), the executive arm of the Trustee. The Management Committee of BTPSM is responsible for the oversight of the implementation of the RI strategy, including ensuring that BTPSM has the necessary people, resources and skills to adequately discharge its responsibilities in this area.

Responsible Investment staff - the Head of Responsible Investment for BTPSM both oversees the responsible investment strategy and is integral to ensuring its effective implementation throughout BTPSM and external agents, including external managers and providers of stewardship services. The Head of RI reports regularly on responsible investment matters to the Trustee via the meetings of the IC. The Head of RI is also responsible for engaging with other asset owners and third-parties to inform best practice and improve the effectiveness of the Scheme's responsible investment activities.

The Manager Selection team - as part of their ongoing monitoring they ensure that the Scheme's managers are properly integrating RI into their investment processes and activities and have reporting in External managers or service providers - We ensure that, where relevant, external managers embed responsible investment considerations, including ESG factors, into their investment processes. As part of the process, external managers are expected to provide evidence and ongoing reporting on the RI integration process across, for example, fundamental analysis, asset valuation and portfolio construction.

The majority of the Scheme's stewardship activities are undertaken by Hermes EOS, one of the world's largest collaborative stewardship services. Alternatively, a manager may, where engagement is fundamental to the investment strategy and they can demonstrate sufficient capabilities, be appointed to provide stewardship services for their specific mandate. The Scheme's stewardship service providers may engage with a company both individually and collaboratively with other investors where they are concerned about company practices and performance. In determining whether and how engagement is taken forward, stewardship service providers are expected to have due regard to the likelihood of success in bringing about change and the level of company exposure. Providers are expected to report the effectiveness of their intervention activities and where appropriate explain how engagement informs investment decisions. To achieve change service providers may undertake a series of escalating engagement actions depending on the nature of the challenge and the initial reaction of the company's board to engagement, including meeting with the chairman or other board members, discussions with other shareholders of the company and submitting resolutions and speaking at General Meetings. Hermes EOS and, where applicable, investment managers are mandated to execute all votes for the Scheme's directly held public securities. Proxy voting activity should not be conducted in isolation but rather as part of a wider engagement strategy. Rather than prescribing specific actions, the Scheme's agents are afforded a measure of discretion and flexibility. Agents may adapt their stewardship practices to accepted local market conventions and regional best practice including for example the U.K. corporate governance code and the Hermes EOS U.S. corporate governance principles.

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

1

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

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

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff
--

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers
--

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

Manager selection team.

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6
CC**

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The Scheme has in place a climate and carbon risk management process, which includes the following components:

Risk Register. Climate risk is monitored as part of the regular review of the Investment Committee (IC) risk registers. Controls include ongoing monitoring by BTPSM of climate and carbon risk (with high risk exposures and incidents reported to the IC), an annual performance review of the Scheme comparing outcomes against expectations and investment beliefs, and regular asset class deep dives that include consideration of responsible investment matters and climate risks.

Scenario analysis. A range of external publications and information sources are used as tools to help monitor climate change developments. The Scheme also continues to develop its quantitative scenario analysis (based on the studies done by Mercer in 2011, 2015 and in 2019) and is developing narrative-driven climate change scenarios to help inform the possible implications for the Scheme's assets under different transition pathways.

Measuring exposure. The Scheme assesses its exposure to high- and low-carbon assets and also to physical risks.

Managing risk and opportunity. As part of its integrated approach to responsible investment, the Scheme undertakes three core risk management activities that help mitigate the impact of climate change on the Scheme's assets:

Integrating ESG factors into investment mandates

Where appropriate, BTPSM ensures that new and existing managers are properly integrating responsible investment into their investment processes. This means consideration is given to both risks and opportunities relating to environmental, social and governance (ESG) factors in most of the Scheme's active and passive mandates.

Engagement with companies

Engagement on environmental matters is one of the core client objectives for Hermes EOS and covers a number of important issues including climate change risk, natural resource consumption and pollution. With respect to climate change, engagement is aimed at ensuring companies appropriately manage the risk and opportunities arising from climate change through board-level oversight, strategic risk appraisal and target setting.

Engagement with policymakers

Hermes EOS also engages on matters of public policy and market best practice. One of their engagement objectives for 2018 - 2020 is to support collaborative engagement initiatives on climate change by working with the IIGCC, Ceres in the US, the PRI and Climate Action 100+, where Hermes EOS leads or co-leads engagement with 27 companies and supports engagement with a further 14.

**SG 07.8
CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

Promoting responsible investment

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]

BTPS was a founding signatory to the PRI and continues to support various initiatives, both directly and through Hermes EOS.

- Asian Corporate Governance Association
 Australian Council of Superannuation Investors
 AVCA: Sustainability Committee
 France Invest – La Commission ESG
 BVCA – Responsible Investment Advisory Board
 CDP Climate Change
 CDP Forests
 CDP Water
 CFA Institute Centre for Financial Market Integrity
 Climate Action 100+
 Code for Responsible Investment in SA (CRISA)
 Council of Institutional Investors (CII)
 Eumedion
 Extractive Industries Transparency Initiative (EITI)
 ESG Research Australia
 Invest Europe Responsible Investment Roundtable
 Global Investors Governance Network (GIGN)
 Global Impact Investing Network (GIIN)
 Global Real Estate Sustainability Benchmark (GRESB)
 Green Bond Principles
 HKVCA: ESG Committee
 Institutional Investors Group on Climate Change (IIGCC)

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

- Basic
- Moderate
- Advanced
- Interfaith Center on Corporate Responsibility (ICCR)
- 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
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- 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
Mercer Future Makers Working 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]

We continue to be an active participant in the Future Makers Working Group organised and run by Mercer.

- Other collaborative organisation/initiative, specify
UK pension funds roundtable

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

- Basic
- Moderate
- Advanced

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

We work as an informal group of UK pension schemes share best practice on responsible investment implementation.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
WTW Thinking Ahead Institute

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

- Basic
- Moderate
- Advanced

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 the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description

ESG training videos (produced by our stewardship provider, Hermes EOS) are available to staff through our intranet site.

In addition, we hold an annual conference for the Scheme's representative unions and the National Federations of Pensioners where we present our approach to responsible investment approach and invite questions on the topic from our members representatives.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Provided financial support for academic or industry research on responsible investment

Description

Participated in the Mercer climate change project.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Provided input and/or collaborated with academia on RI related work
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description

Publicly supported the TCFD in our 2019 Report and Accounts.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- 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

Description

Encourage adoption with asset managers and owners that we meet.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description

The Head of RI is on the Client Advisory Board of Hermes EOS.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
- Other, specify
- No

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1 Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

Describe

The Scheme participates in Mercer study which investigates the implications of climate change for investment returns and the investment strategy.

In addition we are working with MSCI Carbon Delta on modelling future climate risks.

- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

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

SG 13 CC**Mandatory to Report Voluntary to Disclose****Public****Descriptive****General****SG 13.4 CC**

Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment

Describe

In 2019, the Scheme, together with a number of other institutional investors, partnered again with Mercer to update its 2015 study investigating the potential impact of climate change on investment returns. As part of this work, the impact of three different climate scenarios were evaluated (ranging from 2°C to 4°C warming) on the Scheme's asset portfolio. Relative to the 2°C scenario, the potential negative impact on the Scheme's expected annual return was up to 10 basis points, depending on timeframe. This impact is relatively modest, especially relative to some of the other investment risks the Scheme faces such as to interest rates, inflation and equity risk. However, given the deep uncertainties inherent in modelling the complex chain of manmade greenhouse gas (GHG) emissions, physical changes in the climate system and their potential socioeconomic consequences, it is recognised that continued monitoring is needed in this area. In addition, Mercer modelling includes a stress testing for a sudden shift which could result from an Inevitable Policy Response pathway.

We have also conducted analysis with the help of MSCI Carbon Delta on the Scheme's current investments and their alignment with different climate outcomes. This work has been very informative in understanding (a) the impact of transition vs physical risks faced by the portfolio and (b) which assets and sectors contribute the most risk.

Lastly we have worked and consulted with groups around the impact of climate change on our long term asset class risk and return assumptions. In particular, Schrodgers have undertaken thoughtful analysis that we are factoring into our internal LT, climate change aware, risk-return expectations.

- Incorporation into investment analysis

Describe

The modelling and scenario work is very important as part of our strategy work determining the future mix of Scheme assets. As a gradually maturing pension Scheme, over time we typically allocate increasingly to fixed income assets, to both hedge our liability risk and generate income to pay our members. Understanding the timeframes for climate change impacts on different asset classes and sectors is a factor informing the timing of our de-risking journey plan and, also which fixed income and bond like assets form part of our future asset mix.

Recently we have expanded the range of bond-like assets in our investible universe, in part to create flexibility to allocate more capital to less liquid infrastructure and property assets, that combine both attractive income attributes with improved sustainability, and return outcomes less impacted by climate change than some traditional credit investments.

- Inform active ownership

Describe

Critically the scenario and modeling work allows us to better understand the magnitude of the risks and areas of our portfolio in which they reside most meaningfully. From this we can better focus and direct our engagement and stewardship activity to be most impactful.

- Other

**SG 13.5
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
 Portfolio managers
 Dedicated responsible investment staff
 External managers
 Investment consultants/actuaries
 Other

**SG 13.6
CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes

Describe

The climate scenario analysis work we undertook in 2019 looked at impacts out to 2050 and the revised model will look at impacts to 2100. This is beyond the investment time horizon that the Scheme typically focusses on.

- No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 5px; display: inline-block;">Other (1) please specify:</div> Climate scenarios developed by Mercer
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Our engagement service provider, Hermes EOS, engages companies specifically with a view to enhance disclosure around climate-related risks.

- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.4

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

The Scheme has a carbon and climate risk management process. Please see the 2019 Report and Accounts for further information on this.

SG 14 CC	Voluntary	Public	General
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SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	<p>The Scheme does not currently invest according to a carbon intensity target however we are in the process of putting one in place. Nevertheless, we are conscious of the data and methodological challenges noted by the Task Force. ESG factors are integrated into the Scheme's investment mandates and we believe measuring the Scheme's carbon intensity will help facilitate dialogue with the Scheme's managers, on the risks and opportunities of climate change within their portfolios, and that it could be an important first step in helping to prompt advancements in the development of decision-useful, climate-related risk metrics.</p>	<p>Tonnes of carbon dioxide equivalents per million US dollars of revenue (tCO₂e/US\$m) for the equity, corporate bond and infrastructure portfolios.</p> <p>Tonnes of carbon dioxide equivalents per square meter of lettable floor (tCO₂e/m²) for the property portfolio.</p>	<p>The weighted average carbon intensity of the Scheme's portfolios is calculated by summing the carbon intensity of each company (or property) according to its proportionate weight in the Scheme's total portfolio as at 30 June 2019.</p> <p>The carbon intensity of an individual company is calculated by dividing the company's GHG emissions (including direct emissions, 'scope 1', and indirect emissions from purchased electricity, 'scope 2') by the company's annual revenue.</p> <p>For the property portfolio, GHG emissions are divided by lettable floor area.</p>

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Ⓞ Processes for climate-related risks are integrated into overall risk management

Please describe

The Scheme's climate and carbon risk management process includes the following pillars:

Risk register

Climate risk is monitored as part of the regular review of the Investment Committee risk register. Controls include ongoing monitoring by BTPSM of climate and carbon risk (with high risk exposures and incidents reported to the Investment Committee), an annual performance review of the Scheme comparing outcomes against expectations and investment beliefs, and regular asset class deep dives that include coverage of responsible investment and climate risk.

Scenario analysis

Use of a range of external publications and information sources as tools to help monitor climate change developments. The Scheme is also continuing to develop its quantitative scenario analysis, based on the Mercer study, and in parallel is developing narrative-driven climate change scenarios to help understand the potential implications for the Scheme's assets of different transition pathways.

Monitor exposures

Assessment of the Scheme's exposures to high and low carbon assets and to physical risks. MSCI Carbon delta allows us to monitor and manage how our current portfolio is positioned to climate outcomes.

As part of its integrated approach to responsible investment, the Scheme undertakes three core risk management strategies which help mitigate the impact of all significant long-term risks on Scheme assets:

i) Investment Strategy

Climate and wider ESG considerations are included in our evaluation of asset classes and investment strategies. This is done through a combination of scenario analysis and the impact of climate change on long term return assumptions across asset classes including climate risk.

ii) Integrating ESG factors into manager selection and mandates

BTPSM ensures, where appropriate, that new and managers are properly integrating responsible investment into their investment processes. This means consideration is given to both risks and opportunities relating to ESG factors in most of the Scheme's active and passive mandates.

ii) Engagement with companies and policymakers

Engagement on environmental matters is one of the core client objectives for our managers and Hermes EOS, covering a number of important issues including climate change risk, consumption of natural resources and pollution. With respect to climate change, their engagement is aimed at ensuring companies appropriately manage the risks and opportunities arising from climate change through board level oversight, strategic risk appraisal and target setting.

Further directly or through our managers or Hermes EOS we engage on public policy and market best practice. An example undertaken by Hermes EOS has been to support collaborative engagement initiatives on climate change by working with the IIGCC, Ceres in the US, the PRI and Climate Action 100+.

Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.
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Yes

	Please describe
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The Scheme supports the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), which aim to promote better disclosure of climate-related financial risks in order to improve understanding of the risks and opportunities of climate change. Engagement on environmental matters is one of the core client objectives for Hermes EOS and covers a number of important issues including climate change risk, natural resource efficiency and pollution. With respect to climate change, their engagement is aimed at ensuring companies manage the physical and transitional risks that climate change poses. This includes advocating for companies to set strategies consistent with the goals of the Paris Agreement, supported by appropriate management structures and clear disclosure - in particular, TCFD-aligned reporting that enables more reliable, consistent data to inform investment decision-making. Engagement is conducted via confidential, board and executive-level meetings and correspondence, supported, where appropriate, by speaking at AGMs, filing shareholder resolutions and proxy voting. In 2019, Hermes EOS engaged with all companies scoring 0 or 1 in the Transition Pathway Initiative assessment, which considers the quality of management of climate risk. Where companies were not taking sufficient action, Hermes EOS recommended voting against the Chair of the board, or other relevant board representatives, at the annual shareholder meeting.

No, we do not undertake active ownership activities.

No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

SG 15.2 | Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

8

SG 15.3 | Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Energy efficiency / Clean technology

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

15

- Property
- Infrastructure
- Hedge funds
- Other (1)

Brief description and measures of investment

BTPS acts in the best interests of its members and invests in the low-carbon economy where the Scheme's long-term risk adjusted return requirements are met. To date dedicated investments have been made including but not exclusively as follows:

- £350million allocation to a specialist global renewable energy manager; and
- In 2011, BTPS and the UK Government seeded the Hermes GPE Environmental Innovation fund with £75million and £50million respectively making investments in UK-based, low carbon and clean technology funds.

Renewable energy

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

Percentage of AUM (+/-5%) per asset class invested in the area

20

- Hedge funds
- Other (1)

Brief description and measures of investment

The Scheme has invested directly in UK renewable infrastructure (offshore wind) assets as part of its broader 'Core UK Infrastructure' mandate.

- Green buildings

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

Percentage of AUM (+/-5%) per asset class invested in the area

65

- Infrastructure
- Hedge funds
- Other (1)

Brief description and measures of investment

Our property portfolio is managed with a strong focus on sustainability and improving outcomes. The implementation framework centres around three themes: meaningful placemaking, climate & resource efficiency and health and wellbeing. It has to date led to eight large urban regeneration developments across the UK, spanning a combined 19m square feet. The portfolio has reduced its carbon intensity by over 23% over that period.

In 2019, Hermes - the Scheme's principal property manager, was rated A+ across the board, including on strategy and governance, which placed the property module by Hermes Real Estate in the top 10% of respondents.

- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

15

- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Other (1)

Brief description and measures of investment

Within the private credit portfolio, the Scheme has two mandates focused on lending to small & medium enterprises in UK and Europe

- Social enterprise / community investing
- Affordable housing

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

Percentage of AUM (+/-5%) per asset class invested in the area

10

- Infrastructure
- Hedge funds
- Other (1)

Brief description and measures of investment

In addition to meaningful affordable housing component (c. 30% of housing) of the estates, the Scheme has two direct affordable housing development programs

- Education
- Global health
- Water
- Other area, specify

Waste management

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

1

- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Other (1)

Brief description and measures of investment

Funding of Thames Tideway tunnel development which will collect sewage & rain water, currently going into the river, from across London

No

Asset class implementation not reported in other modules

SG 17	Mandatory	Public	Descriptive	General
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SG 17.1 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.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Hedge funds - DDQ	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center;">Select whether you use the PRI Hedge Fund DDQ</div> <p><input type="radio"/> Yes</p> <p><input checked="" type="radio"/> No</p>
Hedge funds	<p>We evaluate the quality of hedge fund managers' intergration of responsible investment considerations into their investment processes both at the initial selection phase and on an ongoing basis. The weight we place on this evaluation will vary depending how important responsible investment considerations are to the investment strategy being considered.</p> <p>We use our own bespoke DDQ which covers responsible investment matters.</p>
Money market instruments	<p>The selection approach for money market funds follows the same principles as for other asset classes - it focuses on integration of ESG into the investment process, consistency of application and evidence through reporting. In addition, we expect the managers to engage with issuers on environmental, social and governance related matters to positively influence the outcomes.</p>
Other (1) [as defined in Organisational Overview module]	<p>We evaluate the quality of opportunistic credit managers' intergration of responsible investment considerations into their investment processes both at the initial selection phase and on an ongoing basis. The weight we place on this evaluation will vary depending how important responsible investment considerations are to the investment strategy being considered.</p>

Communication

SG 19	Mandatory	Public	Core Assessed	PRI 2, 6
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SG 19.1

Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Selection, Appointment and Monitoring

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="checkbox"/> How responsible investment considerations are included in manager selection, appointment and monitoring processes	
<input type="checkbox"/> Details of the responsible investment activities carried out by managers on your behalf	
<input type="checkbox"/> E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership	
<input type="checkbox"/> Other	
Frequency	
<input type="checkbox"/> Quarterly or more frequently	
<input type="checkbox"/> Biannually	
<input checked="" type="checkbox"/> Annually	
<input type="checkbox"/> Less frequently than annually	
<input type="checkbox"/> Ad-hoc/when requested	
URL	
https://www.btpensions.net/	

Listed equity - Engagement

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="checkbox"/> Details on the overall engagement strategy <input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input checked="" type="checkbox"/> Number of engagements undertaken <input checked="" type="checkbox"/> Breakdown of engagements by type/topic <input checked="" type="checkbox"/> Breakdown of engagements by region <input checked="" type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input checked="" type="checkbox"/> Examples of engagement cases <input checked="" type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input type="checkbox"/> Details on whether the provided information has been externally assured <input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement <input checked="" type="checkbox"/> Other information Public policy engagement activity.	
Frequency	
<input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested	
URL	
https://www.btpensions.net/information/investment	

Listed equity – (Proxy) Voting

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/> Disclose all voting decisions	
<input checked="" type="radio"/> Disclose some voting decisions	
<input type="radio"/> Only disclose abstentions and votes against management	
Frequency	
<input checked="" type="checkbox"/> Quarterly or more frequently	
<input type="checkbox"/> Biannually	
<input type="checkbox"/> Annually	
<input type="checkbox"/> Less frequently than annually	
<input type="checkbox"/> Ad hoc/when requested	
URL	
https://www.btpensions.net/information/investment/voting-disclosure	

Fixed income

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="radio"/> Broad approach to RI incorporation <input type="radio"/> Detailed explanation of RI incorporation strategy used	
Frequency	
<input type="checkbox"/> Quarterly <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc/when requested	
URL	
https://www.btpensions.net/	

BT Pension Scheme

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

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Listed Equity and Fixed Income Strategies

SAM 01	Mandatory	Public	Gateway	PRI 1
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SAM 01.1 Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf for all your listed equity and/or fixed income assets:

Active investment strategies

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

Passive investment strategies

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

Selection

SAM 02	Mandatory	Public	Core Assessed	PRI 1
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SAM 02.1 Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Your organisation's investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG incorporation requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No RI information covered in the selection documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 02.2

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

Strategy

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Assess the time horizon of the investment manager's offering vs. your/beneficiaries' requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the investment approach and how ESG objectives are implemented in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's firm-level vs. product-level approach to RI	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the ESG definitions to be used	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ESG people/oversight

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's RI-promotion efforts and engagement with the industry	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Process/portfolio construction/investment valuation

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Review the process for ensuring the quality of the ESG data used	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the use of ESG data in the investment decision making process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the impact of ESG analysis on investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree manager's ESG risk framework	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review how ESG materiality is evaluated by the manager	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review process								

for defining and communicating on ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG reporting frequency and detail	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 02.3

Indicate the selection process and its ESG/RI components

- Review ESG/RI responses to RfP, RfI, DDQ etc.
- Review responses to PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (LP DDQ)
- Review publicly available information on ESG/RI
- Review assurance process on ESG/RI data and processes
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers covering ESG/RI themes
- Site visits to potential managers offices
- Other, specify

SAM 02.4

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

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
ESG performance development targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG score	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

You selected an 'Other' option in table SAM 02.4 above, please specify

Responsible investment considerations are embedded across a number of the Scheme's mandates. These considerations differ by asset class and investment strategy. As an example, for the Scheme's infrastructure mandate, the manager is obliged to meet best practice ESG standards and reporting, incorporating all relevant standards from the PRI, UK Corporate Governance Code, Hermes' Responsible Ownership Principles and the BTPS Sustainability Policy.

SAM 02.5 Describe how the ESG information reviewed and discussed affects the selection decision making process.[OPTIONAL]

Evaluation of a manager's responsible investment approach and capabilities is an integrated part of the manager selection process. We seek to appoint managers who are best-in-class at responsible investment, but clearly this is not the only one of numerous considerations when selecting a manager.

SAM 03	Mandatory	Public	Additional Assessed	PRI 2
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SAM 03.1 Indicate how your organisation typically evaluates the manager's active ownership practices in the majority of the manager selection process.

Engagement

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised
Review the manager's engagement policy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's engagement process (with examples and outcomes)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ensure whether engagement outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other engagement issues in your selection process specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Proxy) voting

	LE
Review the manager's voting policy	<input checked="" type="checkbox"/>
Review the manager's ability to align voting activities with clients' specific voting policies	<input checked="" type="checkbox"/>
Review the manager's process for informing clients about voting decisions	<input checked="" type="checkbox"/>
Ensure whether voting outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/>
Review the number of votes cast as a percentage of ballots/AGMs or holdings and available rationale	<input checked="" type="checkbox"/>
Other active ownership voting issues in your selection process; specify	<input type="checkbox"/>

SAM 03.2

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

- Impact on investment decisions
- Financial impact on target company or asset class
- Impact on ESG profile of company or the portfolio
- Evidence of changes in corporate practices(i.e. ESG policies and implementation activities)
- Other, specify
- None of the above

SAM 03.3

Describe how you assess if the manager’s voting approach is effective/appropriate

- Impact on investment decisions
- Impact on ESG profile of company or the portfolio
- Evidence of changes in corporate practices(i.e. ESG policies and implementation activities)
- Other, specify
- None of the above

Appointment**SAM 04****Mandatory****Public****Core Assessed****PRI 1****SAM 04.1**

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 and/or commitment process

- Sets standard benchmarks or ESG benchmarks
- Defines ESG objectives and/ or ESG related exclusions/restrictions
- Sets incentives and controls linked to the ESG objectives
- Requires reporting on ESG objectives
- Requires the investment manager to adhere to ESG guidelines, regulations, principles or standards
- Other, specify (1)
- Other, specify (2)
- None of the above

SAM 04.2

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

- Standard benchmark
- ESG benchmark, specify

ESG Objectives

- ESG related strategy, specify
- ESG related investment restrictions, specify
- ESG integration, specify

Managers are required to integrate ESG into their investment process.

- Engagement, specify

Where we assess a manager to have sufficient capability they will be appointed to undertake engagement and voting activities on behalf of their portfolio holdings. Where this is not the case we appoint Hermes EOS to undertake these activities.

- Voting, specify

Where we assess a manager to have sufficient capability they will be appointed to undertake engagement and voting activities on behalf of their portfolio holdings. Where this is not the case we appoint Hermes EOS to undertake these activities.

- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- We do not set incentives and controls

Reporting requirements

- Monthly
 - Quarterly
 - Bi-annually
 - Annually
 - Ad-hoc/when requested
- Fixed income - SSA (SSA)

Benchmark

- Standard benchmark, specify
Custom fixed income benchmark.
- ESG benchmark, specify

ESG Objectives

- ESG related strategy, specify
- ESG related investment restrictions, specify
- ESG integration, specify
Managers are required to integrate ESG into their investment process.
- Engagement, specify
Where we assess a manager to have sufficient capability they will be appointed to undertake engagement activities on behalf of their portfolio holdings. Where this is not the case we appoint Hermes EOS to undertake these activities.
- Voting, specify
In rare instances fixed income investors are asked to vote, where we assess a manager to have sufficient capability they will be appointed to undertake the voting activities on behalf of their portfolio holdings. Where this is not the case we appoint Hermes EOS to undertake these activities.
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- We do not set incentives and controls

Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly
- Fixed income - Corporate (financial)

Benchmark

- Standard benchmark, specify
Customised credit benchmark.
- ESG benchmark, specify

ESG Objectives

- Other, specify
- ESG related strategy, specify
- ESG related investment restrictions, specify
- ESG integration, specify
Managers are required to integrate ESG into their investment process.
- Engagement, specify
Where we assess a manager to have sufficient capability they will be appointed to undertake engagement activities on behalf of their portfolio holdings. Where this is not the case we appoint Hermes EOS to undertake these activities.
- Voting, specify
In rare instances fixed income investors are asked to vote, where we assess a manager to have sufficient capability they will be appointed to undertake the voting activities on behalf of their portfolio holdings. Where this is not the case we appoint Hermes EOS to undertake these activities.
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- We do not set incentives and controls

Reporting requirements

- Ad-hoc/when requested
 - Annually
 - Bi-annually
 - Quarterly
 - Monthly
- Fixed income - Corporate (non-financial)

Benchmark

- Standard benchmark, specify
Customised credit benchmark.
- ESG benchmark, specify

ESG Objectives

- Other, specify
- ESG related strategy, specify
- ESG related investment restrictions, specify
- ESG integration, specify
Managers are required to integrate ESG into their investment process.
- Engagement, specify
Where we assess a manager to have sufficient capability they will be appointed to undertake engagement activities on behalf of their portfolio holdings. Where this is not the case we appoint Hermes EOS to undertake these activities.
- Voting, specify
Where we assess a manager to have sufficient capability they will be appointed to undertake engagement and voting activities on behalf of their portfolio holdings. Where this is not the case we appoint Hermes EOS to undertake these activities.
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- We do not set incentives and controls

Reporting requirements

- Ad-hoc/when requested
 - Annually
 - Bi-annually
 - Quarterly
 - Monthly
- Fixed income - Securitised

Benchmark

- Standard benchmark, specify
Customised credit benchmark.
- ESG benchmark, specify

ESG Objectives

- ESG related strategy, specify
- ESG related investment restrictions, specify
- ESG integration, specify
Managers are required to integrate ESG into their investment process.
- Engagement, specify
Where we assess a manager to have sufficient capability they will be appointed to undertake engagement activities on behalf of their portfolio holdings. Where this is not the case we appoint Hermes EOS to undertake these activities.
- Voting, specify
In rare instances fixed income investors are asked to vote, where we assess a manager to have sufficient capability they will be appointed to undertake the voting activities on behalf of their portfolio holdings. Where this is not the case we appoint Hermes EOS to undertake these activities.
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- We do not set incentives and controls

Reporting requirements

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

Benchmark

Standard benchmark, specify

Custom public market equivalent (PME) benchmark.

ESG benchmark, specify

ESG Objectives

ESG related strategy, specify

The investment strategy is thematically designed to take into account the risks and opportunities arising from long-term investment trends, e.g. changing demographics.

ESG related investment restrictions, specify

ESG integration, specify

Managers are required to integrate ESG into their investment process.

Engagement, specify

Managers are expected to assess ESG policies and engage with the underlying portfolio companies and funds, if the investment is through another PE manager

Voting, specify

Promoting responsible investment

ESG specific improvements

Other, specify

ESG guidelines/regulation, principles/standards, specify

The manager must seek to meet relevant best practice ESG standards and reporting, including the standards set by the PRI, UK Corporate Governance Code, Hermes Responsible Ownership Policy and the BTPS Responsible Investment Policy.

Incentives and controls

We do not set incentives and controls

Reporting requirements

Ad-hoc/when requested

Annually

Bi-annually

Quarterly

Monthly

Property

Benchmark

Standard benchmark, specify

IPD UK Large Life & Pension Funds benchmark

ESG benchmark, specify

ESG Objectives

- ESG related strategy, specify

The Scheme's property portfolio is manager in accordance with Hermes Responsible Investment Policy.

- ESG related investment restrictions, specify

- ESG integration, specify

Managers are required to integrate ESG into their investment process.

- Engagement, specify

- Voting, specify

- Promoting responsible investment

The Hermes property team promoted responsible investment within its portfolio and within the wider industry.

- ESG specific improvements

Hermes applies its impact framework, developed internally with input from UNEP FI and PIII, to investments which focuses, amongst other things, on meaningful placemaking, climate and resource efficiency and health and well-being.

- Other, specify

- ESG guidelines/regulation, principles/standards, specify

The Scheme's property portfolio is manager in accordance with Hermes Responsible Investment Policy.

Incentives and controls

- We do not set incentives and controls

Reporting requirements

- Monthly

- Quarterly

- Bi-annually

- Annually

- Ad-hoc/when requested

- Infrastructure

Benchmark

- Standard benchmark, specify

UK inflation+ benchmark.

- ESG benchmark, specify

ESG Objectives

- ESG related strategy, specify

- ESG related investment restrictions, specify

- ESG integration, specify

Managers are required to integrate ESG into their investment process.

- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

The manager must seek to meet relevant best practice ESG standards and reporting, including the standards set by the PRI, UK Corporate Governance Code, Hermes

Incentives and controls

- We do not set incentives and controls

Reporting requirements

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

SAM 04.3 Indicate 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
- Place investment manager on a “watch list”
- Track and investigate reason for non-compliance
- Re-negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify
- No actions are taken if any of the ESG requirements are not met

Monitoring

SAM 05	Mandatory	Public	Core Assessed	PRI 1
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SAM 05.1 When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
ESG objectives linked to investment strategy (with examples)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Compliance with investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG portfolio characteristics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
How ESG materiality has been evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Information on any ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Metrics on the real economy influence of the investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PRI Transparency Reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PRI Assessment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Reports								
RI-promotion and engagement with the industry to enhance RI implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Changes to the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general RI considerations in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 05.2

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

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
ESG score	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG performance minimum threshold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

SAM 06.1	When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls
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	Engagement
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	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised
Report on engagements undertaken (summary with metrics, themes, issues, sectors or similar)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Report on engagement ESG impacts (outcomes, progress made against objectives and examples)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information on any escalation strategy taken after initial unsuccessful dialogue	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alignment with any eventual engagement programme done internally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information on the engagement activities' impact on investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations relating to engagement in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	(Proxy) voting
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	LE
Report on voting undertaken (with outcomes and examples)	<input checked="" type="checkbox"/>
Report on voting decisions taken	<input checked="" type="checkbox"/>
Adherence with the agreed upon voting policy	<input type="checkbox"/>
Other RI considerations relating to (proxy) voting in investment management agreements; specify	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

SAM 07	Mandatory	Public	Core Assessed	PRI 2
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SAM 07.1 For the listed equities for which you have given your external managers a (proxy) voting mandate, indicate the approximate percentage (+/- 5%) of votes that were cast during the reporting year.

Votes cast (to the nearest 5%)

	%
--	---

100

	Specify the basis on which this percentage is calculated.
--	---

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

SAM 07.2 For the listed equities for which you have given your external managers a mandate to engage on your behalf, indicate the approximate percentage (+/- 5%) of companies that were engaged with during the reporting year.

	Number of companies engaged
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250

	Proportion (to the nearest 5%)
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80

Outputs and outcomes

SAM 09	Mandatory	Public	Additional Assessed	PRI 1,6
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SAM 09.1

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	Addressing the lack of a formalised ESG policy by a listed equity manager
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 <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Fixed income – securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input type="checkbox"/> Infrastructure
Scope and process	We have engaged with a newly appointed listed equity manager which, despite having a very strong focus on ESG matters, governance in particular, and a strong company engagement approach, lacked a formalised ESG policy and associated reporting.
Outcomes	The manager formalised its ESG policy which has a strong emphasis on climate change risk, being considered the most material risk to their portfolio. As part of its commitment, the manager set out its expectations for all portfolio companies to report to CDP annually and have a clear low-carbon transition plans in place. In addition, the manager has improved its quarterly reporting on ESG related issues and engagements.

Add Example 2

Topic or issue	Climate change data
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input checked="" type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Fixed income – securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input type="checkbox"/> Infrastructure
Scope and process	Although integral to their credit selection process, the reporting around the climate change sensitivity at the portfolio level was lacking.
Outcomes	We have worked with the managers and the data provider (MSCI) to obtain carbon intensity scores for our credit portfolios, which are included in the 2019 Report & Accounts for the Scheme

Add Example 3

Topic or issue	PE manager appointment
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Fixed income – securitised <input checked="" type="checkbox"/> Private equity <input type="checkbox"/> Property <input type="checkbox"/> Infrastructure
Scope and process	Strong focus on ESG integration and stewardship in the manager selection process
Outcomes	Led to an appointment of a A+/A UN PRI rated private equity manager with long standing responsible investment credentials

Add Example 4

Topic or issue	Review of the composition of the equity portfolio
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 <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Fixed income – securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input type="checkbox"/> Infrastructure
Scope and process	The Scheme's listed equity portfolio consists of active strategies, which integrate ESG in their investment approach, and passive strategies which incorporate ESG as part of the strategy methodology and implementation. The Scheme's passive value equity strategy was identified as a significant drag on the overall ESG quality of the listed equity portfolio as well as a meaningful contributor to carbon intensity
Outcomes	Following an extensive analysis, which assessed the ways the portfolio can be evolved, the passive value equity strategy was divested from and proceeds reallocated to active equity managers. This reallocation has had a positive impact on the listed equity portfolio's overall ESG scores and carbon metrics

- Add Example 5
- Add Example 6
- Add Example 7
- We are not able to provide examples

BT Pension Scheme

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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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 an active ownership policy (includes engagement and/or voting).

Yes

LEA 01.2

Attach or provide a URL to your active ownership policy.

Attachment provided:

URL provided:

URL

<https://www.btpensions.net/assets/uploads/documents/BTPS-Responsible-Investment-Policy.pdf>

LEA 01.3

Indicate what your active engagement policy covers:

General approach to Active Ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

Engagement

- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other; (specify)
- (Proxy) voting approach

Voting

- ESG issues
 - Prioritisation and scope of voting activities
 - Methods of voting
 - Transparency of voting activities
 - Regional voting practice approaches
 - Filing or co-filing resolutions
 - Company dialogue pre/post-vote
 - Decision-making processes
 - Securities lending processes
 - Other; (specify)
- Other
- None of the above
- No

LEA 01.4 Do you outsource any of your active ownership activities to service providers?

- Yes

LEA 01.5

Where active ownership activities are conducted by service providers, indicate whether your active ownership policy covers any of the following:

- Outline of service provider's role in implementing your organisation's active ownership policy
 - Description of considerations included in service provider selection and agreements
 - Identification of key ESG frameworks which service providers must follow
 - Outline of information sharing requirements of service providers
 - Description of service provider monitoring processes
 - Other; (specify)
 - None of the above
- No

Engagement

LEA 02

Mandatory

Public

Core Assessed

PRI 1,2,3

LEA 02.1

Indicate the method of engagement, giving reasons for the interaction.

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

LEA 02.2

Indicate whether your organisation plays a role in the engagement process that your service provider conducts.

Yes

LEA 02.3

Indicate the role(s) you play in engagements that your service provider conducts on your behalf.

- We discuss the topic of the engagement (or ESG issue(s)) of engagement
- We discuss the rationale for the engagement
- We discuss the objectives of the engagement
- We select the companies to be engaged with
- We discuss the frequency/intensity of interactions with companies
- We discuss the next steps for engagement activity
- We participate directly in certain engagements with our service provider
- Other; specify
- We play no role in engagements that our service provider conducts.

No

LEA 02.4 Additional information. [Optional]

We provide a strategic direction to Hermes EOS and oversee their activities. We provide input into their processes for setting objectives and prioritising themes and issues as well as their three year engagement plan. BTPSM holds a quarterly meetings with Hermes EOS to review progress on the engagement plan and material engagement and voting activities. Hermes EOS also meet annually with the Trustee Responsible Investment Oversight Committee to discuss the forward-looking strategic engagement plan. Also, Hermes EOS systematically makes engagement activity reports available to us via their EOSi client portal which is regularly updated, enabling a company-level view of engagement objectives and issues.

LEA 03 **Mandatory** **Public** **Core Assessed** **PRI 2**

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 engagements.

Yes

LEA 03.2 Indicate the criteria used to identify and prioritise engagements for each type of engagement.

Type of engagement	Criteria used to identify/prioritise engagements
Service-provider engagements	<div style="background-color: #0070C0; color: white; padding: 5px; margin-bottom: 10px;">Service-provider engagements</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Geography/market of the companies <input checked="" type="checkbox"/> Materiality of the ESG factors <input checked="" type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input type="checkbox"/> Responses to divestment pressure <input checked="" type="checkbox"/> Consultation with clients/beneficiaries <input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Follow-up from a voting decision <input checked="" type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input checked="" type="checkbox"/> Other; (specify) <div style="background-color: #808080; color: white; padding: 5px; margin-bottom: 10px;">specify</div> <p>The additionality of engagement, the feasibility of engagement and its potential impact (voting rights)</p> <ul style="list-style-type: none"> <input type="checkbox"/> We do not outline engagement criteria for our service providers

No

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

Our service provider EOS at Federated Hermes further considers the additionality of its engagement, the feasibility of engagement and its potential impact (voting rights). Considerations that support our decision to use a service provider include: alleviate the resource burden of engagement, the ability to have greater impact on ESG issues as well as the potential to enhance knowledge of ESG issues through collaboration and being part of a larger network.

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 whether you define specific objectives for your organisation's engagement activities.
-----------------	--

Service-provider engagements	<input type="radio"/> All engagement activities <input checked="" type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by our service providers
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LEA 04.2	Additional information. [Optional]
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Our service provider EOS at Federated Hermes conducts engagements using specific milestone-driven objectives for most companies in its engagement programme.

LEA 05	Mandatory	Public	Core Assessed	PRI 2
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LEA 05.1	Indicate whether you monitor and/or review engagement outcomes.
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Service-provider engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our service providers.
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LEA 05.2	Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.
-----------------	--

Service-provider engagements	<input type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
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LEA 06	Mandatory	Public	Additional Assessed	PRI 2,4
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LEA 06.1 Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

Yes

LEA 06.2 Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- Collaborating with other investors
- Issuing a public statement
- Filing/submitting a shareholder resolution
- Voting against the re-election of the relevant directors
- Voting against the board of directors or the annual financial report
- Submitting nominations for election to the board
- Seeking legal remedy / litigation
- Reducing exposure (size of holdings)
- Divestment
- Other; specify

No

LEA 06.3 Additional information. [Optional]

Our service provider EOS at Federated Hermes continually reviews the progress of its engagements and considers whether to intensify efforts and escalate the engagement or discontinue the objectives as the situation demands. Our service provider keeps us informed of the progress through quarterly reporting as well as a client portal.

LEA 07	Voluntary	Public	Additional Assessed	PRI 1,2
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LEA 07.1 Indicate whether insights gained from your organisation`s engagements are shared with investment decision-makers.

Type of engagement	Insights shared
Service-provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 07.2 Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.

- Involving investment decision-makers when developing an engagement programme
- Holding investment team meetings and/or presentations
- Using IT platforms/systems that enable data sharing
- Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- Other; specify
- None

LEA 07.3 Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.

Type of engagement	Insights shared
Service-provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 07.4 Additional information. [Optional]

We actively monitor and review the activities of our service provider Hermes EOS through quarterly calls and regular reports. Hermes EOS provide a client facing portal which allows us to refer to the full history of engagement with each company and track progress. We communicate the summary of these activities to our beneficiaries annually.

LEA 08 Mandatory Public Gateway PRI 2

LEA 08.1 Indicate whether you track the number of your engagement activities.

Type of engagement	Tracking engagements
Service-provider engagements	<input checked="" type="radio"/> Yes, we track the number of service-provider engagements in full <input type="radio"/> Yes, we partially track the number of our service-provider engagements <input type="radio"/> We do not track

LEA 08.2 Additional information. [Optional]

Hermes EOS' regular reporting provides full disclosure on the number of engagements conducted on our behalf.

(Proxy) voting and shareholder resolutions

LEA 12 Mandatory Public Descriptive PRI 2

LEA 12.1

Indicate how you typically make your (proxy) voting decisions.

Approach

- We use our own research or voting team and make voting decisions without the use of service providers.
- We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.
- We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.

Based on

- The service-provider voting policy we sign off on
- Our own voting policy
- Our clients` requests or policies
- Other (explain)
- We hire service providers who make voting decisions on our behalf.

LEA 12.2

Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

Hermes EOS provide us with voting recommendations based on our voting policy which are input on the voting platform prior to the vote deadline. The voting recommendations are then cast as voting instructions if there is no further intervention, except in the case of shareblocking votes.

LEA 12.3

Additional information.[Optional]

Where appropriate we also delegate voting to investment managers who are able to demonstrate strong capabilities in enagement and voting.

LEA 13**Mandatory****Public****Additional Assessed****PRI 2****LEA 13.1**

Of the voting recommendations that your service provider made in the reporting year, indicate the percentage that was reviewed by your organisation, giving the reasons.

Percentage of voting recommendations your organisation reviewed

- 100-75%,
- 74-50%,
- 49-25%,
- 24-1%
- None

Reasons for review

- Specific environmental and/or social issues
- Votes concerning significant holdings
- Votes against management and/or abstentions
- Conflicts of interest
- Corporate action, such as M&As, disposals, etc.
- Votes concerning companies with which we have an active engagement
- Client requests
- Ad-hoc oversight of service provider
- Shareholder resolutions
- Share blocked securities
- Other (explain)

LEA 14	Voluntary	Public	Additional Assessed	PRI 2
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LEA 14.1 Does your organisation have a securities lending programme?

- Yes
- No

LEA 14.2 Describe why your organisation does not lend securities.

We do not lend securities because we want to retain the right to vote and also want to minimise the risk of conflicts of interest.

LEA 15	Mandatory	Public	Descriptive	PRI 2
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LEA 15.1 Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2 Indicate the reasons for raising your concerns with these companies ahead of voting.

- Vote(s) concerned selected markets
- Vote(s) concerned selected sectors
- Vote(s) concerned certain ESG issues
- Vote(s) concerned companies exposed to controversy on specific ESG issues
- Vote(s) concerned significant shareholdings
- Client request
- Other

Explain

In order to help progress engagement (driving change), as well as to help clarify matters at hand to inform better voting decisions

LEA 15.3 Additional information. [Optional]

Our voting recommendation and engagement provider Hermes EOS interacted with companies around 1000 meetings in 2019. This would usually be ahead of meetings and as a result of concerns around the vote or an anticipated vote against management.

LEA 16

Mandatory

Public

Core Assessed

PRI 2

LEA 16.1 Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers did not abstain or vote against management recommendations

LEA 16.2 Indicate the reasons why your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations.

- Vote(s) concern selected markets
- Vote(s) concern selected sectors
- Vote(s) concern certain ESG issues
- Vote(s) concern companies exposed to controversy on specific ESG issues
- Vote(s) concern significant shareholdings
- Client request
- Other

	Explain
--	---------

In order to help progress engagement (driving change), as well as to help clarify matters at hand to inform better voting decisions

LEA 16.3	In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.
-----------------	--

- Yes
- No

LEA 16.4	Additional information. [Optional]
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Our voting recommendation and engagement provider Hermes EOS interacted with companies around 1000 meetings in 2019. This would usually be ahead of meetings and as a result of concerns around the vote or an anticipated vote against management.

LEA 17	Mandatory	Public	Core Assessed	PRI 2
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LEA 17.1	For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- We do track or collect this information

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

	%
--	---

100

	Specify the basis on which this percentage is calculated
--	--

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

LEA 17.3	Additional information. [Optional]
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Our service provider Hermes EOS submits vote recommendations on all ballots available to vote in the portfolios for which we have subscribed to their proxy voting service.




LEA 18	Voluntary	Public	Additional Assessed	PRI 2
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LEA 18.1	Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.
-----------------	--

- Yes, we track this information

LEA 18.2

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

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	 88
Against (opposing) management recommendations	 11
Abstentions	 1

100%

No, we do not track this information

LEA 18.3

In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.

14

LEA 18.4

Additional information. [Optional]

Our service provider EOS at Federated Hermes engaged around 1000 meetings of the 6,305 where it recommended one or more votes against management. All of their voting recommendations and rationales for not supporting management are published on their website.

LEA 19

Mandatory

Public

Core Assessed

PRI 2

LEA 19.1

Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

Yes

No

LEA 19.2

Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.

- Contacting the company's board
- Contacting the company's senior management
- Issuing a public statement explaining the rationale
- Initiating individual/collaborative engagement
- Directing service providers to engage
- Reducing exposure (holdings) / divestment
- Other

LEA 19.3

Additional information. [Optional]

Our service provider EOS at Federated Hermes continually reviews the progress of its engagements and voting and considers whether to intensify efforts and escalate the engagement or discontinue the objectives as the situation demands. Our service provider keeps us informed of the progress through quarterly reporting as well as a client portal.

BT Pension Scheme

Reported Information

Public version

Direct - Fixed Income

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ESG incorporation in actively managed fixed income

Implementation processes

FI 01	Mandatory	Public	Gateway	PRI 1
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FI 01.1	Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.
----------------	---

SSA		
	Screening alone	0
	Thematic alone	0
	Integration alone	100
	Screening + integration strategies	0
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
		100%

FI 01.2	Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.
----------------	---

The Scheme's approach to ESG within fixed income is aligned with its overall approach of integrating financially material environmental, social and governance factors into the Scheme's investment process, including in the design of investment mandates, new manager searches and ongoing monitoring of managers. The Scheme also is a strong proponent of stewardship and engagement.

FI 03	Mandatory	Public	Additional Assessed	PRI 1
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FI 03.1	Indicate how you ensure that your ESG research process is robust:
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- Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- Other, specify

specify description

The Scheme's external managers maintain an up to date issuer level financially material ESG information in addition to Hermes EOS records on engagement

- None of the above

FI 03.2	Describe how your ESG information or analysis is shared among your investment team.
----------------	---

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is displayed on front office research platforms
- ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify

Our service provider Hermes EOS provides us with insights from its engagement through its client portal. External managers make the information available upon request

- None of the above

(C) Implementation: Integration

FI 10	Mandatory	Public	Descriptive	PRI 1
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FI 10.1	Describe your approach to integrating ESG into traditional financial analysis.
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The Scheme's approach to ESG integration in fixed income is based on the following principles. We require our external managers to:

1. Take account of financially material short and long-term risk factors in our investment research and decision-making processes. These risk factors may include environmental, social and governance (ESG) issues.
2. Exercise our stewardship role in the companies and other entities in which we invest. We believe that good stewardship can create investment opportunities and reduce investment risk.
3. Support efforts that seek to improve the operation, resilience and stability of financial markets.

As the Scheme typically looks to hold bonds to maturity, ESG considerations play a critical part in the assessment of creditworthiness of issuers. To evaluate the likelihood of future changes in a company's credit rating and the potential for a sudden change in credit quality, our external managers conduct detailed credit risk analysis. This involves an examination of the earnings of an issuer as well as its balance sheet structure, together with a forecast of a company's future cash flows, debt burden and credit metrics. The analysts, working for the manager, assign internal ratings and a trend indicator to the companies they cover. An overall ESG risk score is assigned to each issuer that the manager covers. A failure to meet recognised standards of good governance and responsible management may represent threats to financial performance that are not adequately compensated by the expected returns; indeed, effective management of the environmental and social aspects of the business are useful indicators of the overall quality of management. The ESG data can provide evidence that management have adopted and implemented appropriate policies, systems and controls to manage risks and comply with relevant codes, laws and regulations and go beyond them to meet the expectations of key stakeholders. A full investment analysis is required to inform an investment decision and ESG risk scores are a necessary element in assigning a credit rating that indicates the relative risk of default loss. MSCI provided ESG ratings often supplement the fundamental credit work performed by the manager.

Whilst bond investors do not have the same right to vote equity investors do, we expect our managers to actively meet and engage with issuers to review performance, strategy, risk management and ESG issues. In addition, Hermes EOS provides us with their insight from its engagement.

Finally, as part of integral risk management, we expect our external managers to engage with policymakers, regulators, central banks, clearing house, trading counterparties to ensure that financial markets continue to operate efficiently and that risk management requirements are effective and not compromised.

FI 10.2	Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.
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	SSA
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We use the same approach, described in FI 10.1, across all fixed income sectors: in corporate credit, government bonds and structured products.

FI 11	Mandatory	Public	Core Assessed	PRI 1
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FI 11.1	Indicate how ESG information is typically used as part of your investment process.
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Select all that apply

	SSA			
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>			
ESG analysis is used to adjust the internal credit assessments of issuers.	<input type="checkbox"/>			
ESG analysis is used to adjust forecasted financials and future cash flow estimates.	<input type="checkbox"/>			
ESG analysis impacts the ranking of an issuer relative to a chosen peer group.	<input type="checkbox"/>			
An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.	<input type="checkbox"/>			
The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.	<input type="checkbox"/>			
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation.	<input type="checkbox"/>			
ESG analysis is integrated into portfolio weighting decisions.	<input type="checkbox"/>			
Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.	<input type="checkbox"/>			
The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.	<input type="checkbox"/>			
Other, specify in Additional Information	<input type="checkbox"/>			

FI 12	Mandatory	Public	Additional Assessed	PRI 1
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FI 12.1 Indicate the extent to which ESG issues are reviewed in your integration process.

	Environment	Social	Governance
SSA	<div style="background-color: #0072bc; color: white; padding: 2px;">Environmental</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

FI 12.2 Please provide more detail on how you review E, S and/or G factors in your integration process.

Our external managers are required to monitor and report any financially material changes to creditworthiness of an issuer resulting from deterioration of environmental, social or governance related risks and opportunities.

BT Pension Scheme

Reported Information

Public version

Confidence building measures

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Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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CM1 01.1 Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
- Other, specify
Internal review or responses by members of BTPSM's Portfolio Design and Manager Selection teams.
- None of the above

CM1 01.2 Additional information [OPTIONAL]

As a member of Hermes Fund Managers Limited, our service provider EOS at Federated Hermes was subject to an AAF audit during the year which scrutinised the controls in place around its activities on behalf of clients. EOS is also subject to quarterly risk/control reviews by Hermes Fund Managers Limited internal audit, and reports monthly to the Hermes Fund Managers Limited compliance function.

CM1 02	Mandatory	Public	Descriptive	General
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CM1 02.1 We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

CM1 03	Mandatory	Public	Descriptive	General
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CM1 03.1 We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report

CM1 03.3 Provide a link to the public report (such as a sustainability report that you carry out third party assurance over and for which you have used extracts of in this year's PRI Transparency Report. Also include a link to the external assurance provider's report.

Link to sustainability, RI, or integrated report [URL]

<https://www.btpensions.net/assets/uploads/documents/BTPS-RA-2019.pdf>

Link to external assurance provider`s report [URL]

<https://www.btpensions.net/assets/uploads/documents/BTPS-RA-2019.pdf>

- ESG audit of holdings
- Other, specify
- None of the above

CM1 04	Mandatory	Public	Descriptive	General
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CM1 04.1 Do you plan to conduct third party assurance of this year`s PRI Transparency report?

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year`s PRI Transparency report

CM1 06	Mandatory	Public	Descriptive	General
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CM1 06.1 Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year)

What RI processes have been assured

- Data related to RI activities
- RI policies
- RI related governance
- Engagement processes
- Proxy voting process
- Integration process in listed assets
- Screening process in listed assets
- Thematic process in listed assets
- Manager selection process for externally managed assets
- Manager appointment process for externally managed assets
- Manager monitoring process for externally managed assets
- Other

Who has conducted the assurance

Hermes EOS was subject to an AAF audit by KPMG during 2019 which scrutinised the controls in place around its activities on behalf of clients.

When was the process assurance completed(dd/ mm/yy)

2019

Assurance standard used

- IIA's International Standards for the Professional Practice of Internal Auditing
- ISAE 3402
- ISO standard
- AAF 01/06
- SSE18
- AT 101 (excluding financial data)
- Other

Level of assurance sought

- Limited or equivalent
- Reasonable or equivalent