showcasing excellence in responsible investment and ESG reporting

The **RI Reporting Awards 2016** were presented at the ninth annual **RI Europe** conference in London on Wednesday 22nd June.
Introduction

Congratulations to the Winners, those who were Commended (runners up) and all 25 of the Nominated (short listed) funds at the fourth annual RI Reporting Awards 2016.

The RI Reporting Awards showcase excellence in responsible investment and ESG reporting, recognising the highest standards in the disclosure of responsible investment activities by investors globally. The RI Reporting Awards for Asset Owners were established in 2013, creating an aspirational benchmark for pension funds and other asset owners to follow. It was a natural step, therefore, to introduce the RI Reporting Awards for Asset Managers this year, encouraging best practice and transparency across the entire industry. We would also like to extend our heartfelt thanks to the judges (see page 10) who give up so much of their time to read and assess the reports.

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Results at a glance

RI Reporting Awards for Asset Owners
Sponsored by Bank J. Safra Sarasin

J. SAFRA SARASIN

Best RI Report: Large Funds
Winner: Pensioenfonds Zorg en Welzijn (PFZW)
Commmended (joint runners up):
Allianz Group
Norwegian Government Pension Fund Global

RI Reporting Awards for Asset Owners
Sponsored by Bank J. Safra Sarasin

J. SAFRA SARASIN

Best RI Report: Medium/Small Funds
Winner: ERAFP
Commmended (joint runners up):
Environment Agency Pension Fund
New Zealand Superannuation Fund

RI Reporting Awards for Asset Managers
Sponsored by MSCI ESG Research

MSCI

Best RI Report: Asset Managers
Winner: Australian Ethical Investment
Commmended (joint runners up):
Kohlberg Kravis Roberts
Pax World

The RI Awards are organised by Response Global Media, publishers of Responsible Investor and ESG Magazine.

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Organised by:
Research Partner:
Winners:

Pensioenfonds Zorg en Welzijn (PFZW)

Judges’ Comments

- Hands down the best. This report excels in its statements of clarity of purpose, focus of approach, and excellence of graphic presentation. The clear statements of both beliefs and principles are complemented by clear explanation of its areas of focus.
- Excellent overview of responsible investment indicators including comparables from the previous year.
- Provides a high level of transparency across a range of key RI Focus areas. It also educates its readers on RI by building up the case for RI within the fund. The infographics are excellent!
- The areas of focus are related to the core activities, and it is explained why each area is important, what they are doing to address the issue, and how it was actioned in 2014.
- Provides the reader with a holistic understanding of how PGGM works, and is a signal of maturity in the field.
- Strong beliefs and principles show strategic commitment; very good rationale in priority areas, clear differentiation between asset classes; strong governance and ownership principles.

Received by: Jan Willem Van Oostveen, Manager Investments and Financial Policy, PFZW
Presented by: Pierin Menzli, Head Sustainable Investment Research, Bank J. Safra Sarasin

See Page 9 for a list of all the Nominated (short listed) funds in this category >>

Organised by: responsible-investor.com

Research Partner: ReFine Research
Judges’ Comments

- Interesting outlook regarding “areas of special interests” and the implications of these on the fund.
- This report reflects the forward thinking of Allianz on the major issues of the day. It clearly links the importance of these issues to the funds it manages and to its beneficiaries.
- Provides 3rd party certification of results and lays out a work-plan for future action that allows for RI accountability.
- Provides the opportunity to compare results and track development over time as the indicators show results for the last three years.
- Strong top management level commitment; clear structure and priorities; clear separation of asset classes, good context information.

Received by: Urs Bitterling, Head of ESG Office, Allianz Group
Presented by: Pierin Menzli, Head Sustainable Investment Research, Bank J. Safra Sarasin

Judges’ Comments

- Well structured and clear report that links mission and strategy for responsible investments to explaining how RI is undertaken. Focus areas are well described and the report gives many examples of different pro-active responsible investment activities/initiatives.
- Strong focus on risk management, voting and divestments; no strategic focus on asset allocation and different focus per asset class.
- Risk picture is complex; assessments need to be forward looking and have a long time horizon. In 2014 they chose to divest from 49 companies after a review of environmental and social risks. Norges is engaged in standards setting and research on the theory that it can affect understanding of risk and future returns. Norges also presents top holdings in environment related equity fund - no one else presented holdings. Excellent details on engagement, voting, and dialogue, including specific outcomes.
- Voting, engagement (great Tesco example, as well as JP Morgan and GS - separation of Chair function. Excellent details on how they engaged with companies, voted proxies, and engaged in dialogue including asking companies for disclosure on specific topics.

Received by: Wilhelm Mohn, Senior Analyst, Ownership Strategies, Norges Bank Investment Management
Presented by: Pierin Menzli, Head Sustainable Investment Research, Bank J. Safra Sarasin

Commended (joint runners up):

Allianz Group

Norwegian Government Pension Fund Global
RI Reporting Awards for Asset Owners
Best RI Report by a Medium/Small Asset Owner

Winner:
ERAFP

Judges’ Comments

- RI Integrated throughout the entire report.
- Extremely clear reporting.
- Very vocal and engaged among peers and in wider industry.
- The report highlights a particularly strong commitment from board and directors.
- RI commitments and priorities are contextualized, with reference to the Fund’s role as a universal owner and long-term investor.
- Major report section devoted to commitment to climate change action and opportunities.
- Clear explanation of relevance of long term investment horizon and climate change integration.
- Forward-looking dimension with the target of defining a roadmap for progressively aligning all portfolios on a 2° pathway.
- Very innovative "responsible dividend" criteria in the voting policy.
- Excellent articulation of RI philosophy and investment principles and how they link to the fund’s strategies and decision-making.

Received by: Philippe Desfossés, CEO, ERAFP
Presented by: Pierin Menzli, Head Sustainable Investment Research, Bank J. Safra Sarasin

See Page 9 for a list of all the Nominated (short listed) funds in this category >>
RI Reporting Awards for Asset Owners
Best RI Report by a Medium/Small Asset Owner

Commended (joint runners up):
Environment Agency Pension Fund

Judges’ Comments
- Clearly relates the environmental mission of the organization to its investment practices.
- Excellent level of detail, and indication of where to access further information.
- An organization with a clear mission and a clear investment policy and practice, clearly explained.
- Extensive and rare methodology for environmental footprint of equity and debt portfolios.
- Vocal and strong collaboration efforts.
- Responsible investment principles integrated into detailed Statement of Investment Principles.
- Clear board commitment to responsible and long term investment.
- Sets out clear expectations for asset managers.

Received by: Faith Ward, Chief Responsible Investment and Risk Officer, Environment Agency Pension Fund
Presented by: Pierin Menzli, Head Sustainable Investment Research, Bank J. Safra Sarasin

New Zealand Superannuation Fund

Judges’ Comments
- RI integrated throughout the report: leadership statements, mandates, investment beliefs, risk management, portfolio allocation process and performance.
- Clear ambition and roadmap.
- Comparability/Clarity: Santiago principles, PRI and GRI compatible reporting.
- Mission statement/policy: the report showcases a clear board commitment to integrate ESG across asset classes, that is very pedagogically and synthetically described. The global RI strategy is identified and there are clear explanation of updates on climate change and corporate engagement. This logically translates into A+ PRI rating. A small thematich investment allocation (1%) to growth capital and an interest in clean energy.
- The stakeholder survey is particularly notable, showcasing very positive results on the ESG strategy.
- The breakdown of the engagement activities is best practice.

Received by: Duncan Bonfield, (on behalf of the New Zealand Superannuation Fund) Acting Chief Executive, International Forum of Sovereign Wealth Funds
Presented by: Pierin Menzli, Head Sustainable Investment Research, Bank J. Safra Sarasin

Organised by: responsible-investor.com
Research Partner: ReFine Research
RI Reporting Awards for Asset Managers
Best RI Report by an Asset Manager

Winner:
Australian Ethical Investment

Judges’ Comments

- Demonstrated a through-and-through culture of responsible principles in its investments and the organisation.
- Clearly describes the fund’s definition of ethical investments and the materiality of results indicators chosen.
- Good description of the responsible investment approach across asset classes / strategies.
- Good to see forward view for 2016.
- Case studies provide valuable insight in how the company is implementing their RI / ESG / ethical investment approach in practice.
- Clear, with a good explanation of motivation and strategy, particularly the ethical charter.
- Clear disclosure of carbon intensity of portfolios and to decarbonize these over time.
- Clear demonstration of results through evidenced beliefs that add clarity to their strategies and processes; in particular decarbonization, zero emissions and people.

Received by: Hugh Wheelan, Managing Editor, Response Global Media, on behalf of Australian Ethical Investment
Presented by: Eric Moen, Managing Director and Head of ESG Products, MSCI

See Page 9 for a list of all the Nominated (short listed) funds in this category >>
RI Reporting Awards for Asset Managers
Best RI Report by an Asset Manager

Commended (joint runners up):
Kohlberg Kravis Roberts

Judges’ Comments
- The materiality driven approach to ESG integration across asset classes is explained well, and creates an understanding of why KKR has chosen to focus on integrating ESG in their private equity investments.
- Clear articulation of responsible investment strategy.
- Comprehensive description of impact of ESG programs.
- Good explanation of the responsible investment strategy, the guiding values and the governance of responsible investing.
- The achievements and goals for ESG management make it possible to track the development over time.
- An organisation that is still learning and developing its responsible investment approach but their definitions of demonstrate an absolute commitment to improve, and a knowledge that by doing so they will have a real impact on economic growth and societal outcomes.

Received by: Douglas Watt, Director, KKR
Presented by: Eric Moen, Managing Director and Head of ESG Products, MSCI

Pax World

Judges’ Comments
- The report impressed with the strong message about the values and vision of the company.
- Inspiring to see company’s commitment to such core values as compassion, fairness, honesty, responsibility and respect.
- The report showed clearly how different investment approaches and instruments were integrated, including impact investing and engagement.
- The company showed its commitment to transparency in its own operations, e.g. presenting the results of gender pay equity survey and its own environmental impact (including trends over time).
- Indicates that it applies ESG criteria to all its security selection and portfolio construction. Pax clearly states that it avoids investing ‘in companies significantly involved in coal or the production of oil from tar sands.
- The full integration of responsible investing leading into impact investing was impressive.

Received by: Greg Hasevalt, Sustainability Research Analyst, Pax World Funds
Presented by: Eric Moen, Managing Director and Head of ESG Products, MSCI

Organised by: responsible-investor.com
Research Partner: ReFine Research
RI Reporting Awards 2016

Nominations:

RI Reporting Awards for Asset Owners

Best RI Report by an Asset Owner, Large Funds
- Allianz SE
- Andra AP-fond (AP2)
- Folksam
- Norwegian Government Pension Fund Global
- Pensioenfonds Zorg en Welzijn (PFZW)
- Pfa Pension
- Stichting Pensioenfonds ABP
- Swiss Re

Best RI Report by an Asset Owner, Small & Medium Funds
- Church Commissioners for England
- Environment Agency Pension Fund
- ERAFP
- Hesta Super Fund
- New Zealand Superannuation Fund
- Vic Super
- West Midlands Pension Fund

RI Reporting Awards for Asset Managers

Best RI Report by an Asset Manager
- Aberdeen Asset Management
- Aegon Asset Management
- Amundi Asset Management
- APG
- Ashmore Group
- Australian Ethical Investment
- Kohlberg Kravis Roberts
- Pax World
- Robeco Group

See Page 11 for a full explanation of the judging Methodology >>
RI Reporting Awards 2016

Judges:

Best RI Report by an Asset Owner, Large Funds (see pp 3,4,9)

- Karin Askelöf, Investment Manager, Swedfund International, Sweden
- Prof. Dr. Alexander Bassen, Capital Markets and Management, University of Hamburg, Germany
- Tine Fossland, Analyst – Responsible Investment, Folketrygdfondet, Norway
- Tessa Hebb, Distinguished Research Fellow, Carleton Centre for Community Innovation, Canada
- Dr. Andreas Hoepner, Associate Professor of Finance, ICMA Centre, Henley Business School, UK
- Steve Lydenberg, Partner, Domini Social Investments, USA
- Pierin Menzli, Head Sustainable Investment Research, Bank J. Safra Sarasin, Switzerland
- Dr. Jean Rogers, CEO and Founder, SASB, USA
- Hugh Wheelan, Managing Editor and Co-founder, Response Global Media, UK

Best RI Report by an Asset Owner, Small & Medium Funds (see pp 5,6,9)

- Helena Charrier, Responsible Investment Project Director, Caisse des Dépôts, France
- Lody Geerst, Senior Policy Advisor, ABP (winner 2014), Netherlands
- Michael Greis, Principal, Riverbend Advisors, USA
- Dr. Heather Hachigian, Research Associate, Carleton Centre for Community Innovation, Canada
- Dr. Andreas Hoepner, Associate Professor of Finance, ICMA Centre, Henley Business School, UK
- Marcel Jeucken, Managing Director Responsible Investment, PGGM Investments, Netherlands
- Steve Lydenberg, Partner, Domini Social Investments, USA
- Pierin Menzli, Head Sustainable Investment Research, Bank J. Safra Sarasin, Switzerland
- Hugh Wheelan, Managing Editor and Co-founder, Response Global Media, UK

Best RI Report by an Asset Manager (see pp 7,8,9)

- Karin Askelöf, Investment Manager, Swedfund International, Sweden
- Kris Douma, Director Investment Practice & Reporting, PRI, UK
- Tine Fossland, Analyst – Responsible Investment, Folketrygdfondet, Norway
- Dr. Andreas Hoepner, Associate Professor of Finance, ICMA Centre, Henley Business School, UK
- Eric Moen, Managing Director, MSCI Inc., USA
- Ivo Mulder, REDD+ Economics Advisor, UNEP, Switzerland
- Dr. Tatiana Rodionova, Lecturer in Finance, University of Edinburgh Business School, UK
- Dawn Turner, Head of Pension Fund Management, Environment Agency Pension Fund, UK
- Hugh Wheelan, Managing Editor and Co-founder, Response Global Media, UK

See Page 11 for a full explanation of the judging Methodology >>
RI Reporting Awards 2016

Methodology:
The RI Reporting Awards are organised by Responsible Investor in association with our research partner the Responsible Finance Research (RFR) Charity.

The RI Reporting Awards are based on proprietary research of more than 2,000 asset owner and asset manager reports around the world. Using publicly available information, we look for reporting best practice in terms of simplicity, relevance, disclosure and process, applying a series of pre-determined objective indicators to create pools of RI reports which are short listed (Nominated) for consideration by our judges (see page 10). You can download the objective indicators at: responsible-investor.com/images/uploads/reports/RI_Reporting_Awards_Objective_Indicators.pdf

Responsible Investor and RFR would like to express their special gratitude to the researchers, Agnes Neher and Pei-Shan Yu, for their exceptionally detailed and timely analysis.

The categories for the RI Reporting Awards 2016 are:

RI Reporting Awards for Asset Owners
• Best RI Report by a Large Fund (Aum < €25 bn)
• Best RI Report by a Medium / Small Fund (Aum > €25 bn)

RI Reporting Awards for Asset Managers
• Best RI Report by an Asset Manager

Research Team:
The research is supervised by Dr. Agnes Neher, Sustainability Manager at Bank J. Safra Sarasin and Co-Founder of ReFine Research, and Dr. Pei-Shan Yu, General Secretary, ReFine Research. Hugh Wheelan, Managing Editor, Responsible Investor, also provides oversight and guidance to the entire research process.

Research:
Using public sources we search the web sites of more than 2,000 asset owners and asset managers globally to ascertain whether they publish a downloadable annual report including information relating to their responsible investment activities.
• Research 2,000+ funds to create pools of RI reports for asset owners and asset managers
• Split the asset owner pool into two categories of Large and Medium & Small funds
• Apply the objective indicators (above) to filter the reports into short lists of Nominated reports
• The Judging Panels then rank the Nominated reports
• The rankings are aggregated to create short lists of Commended reports
• The awards for Best RI Report 2016 were announced at RI Europe in London on Wednesday 22nd June

Ranking & Judging:
The content of these reports is then analysed and filtered according to our objective indicators to create short lists, which are Nominated for consideration by our judging panels. Each of the judges is given a copy of all the Nominated reports. The judges are asked to rank the reports, including a short comment on their top three. The judges then pass their rankings back to the research team who aggregate the scores to identify two Commended reports (runners up) and one Winner in each category. See page 10 for the lists of judges.

About Responsible Investor:
Launched June 2007, Responsible Investor (RI) is the only dedicated news service reporting on responsible investment, ESG (environmental, social and governance) and sustainable finance for institutional investors globally. Responsible Investor also organizes a series of highly successful conferences focusing on how investors integrate RI and ESG factors into their investment analysis and decision-making processes: RI Asia, RI Europe and RI Americas, see www.responsible-investor.com/

About Refine Research:
Responsible Finance Research (ReFineResearch) is an organization with charitable ambitions which supports and leverages academic and industry research in the area of responsible investment. ReFineResearch aims to achieve deeper knowledge of responsible investing through innovative thinking, greater transparency and advanced research methods. Anybody with similar interests is welcome to join us.