

Implementation of the Santiago Principles

Edwin M. Truman, Senior Fellow
IFSWF Annual Meeting
Oslo, Norway
October 4, 2013

The IFSWF should be proud

2013 Scoreboard

| | Average | Change from 2007 |
|-----------------------|---------|-------------------|
| Groups of SWFs | Percent | Percentage Points |
| All SWFs | 54 | 17 |
| IFSWF funds | 65 | 21 |
| 2013 survey funds | 71 | 22 |
| Non-IFSWF funds | 42 | 10 |

Overlap between SWF Scoreboard and Santiago Principles

33 elements in the SWF Scoreboard

25 overlaps with the 30 Santiago Principles and Sub-principles

Scoreboard covers **16** of the **24** Santiago Principles

(**8** principles cannot be verified, are repeats, or have no operational content)

SWFs are not a uniform group

| Fund | Scoreboard | Santiago Principles | |
|------|------------|---------------------|-------------|
| | | 25 elements | 16 elements |
| 1 | 98 | 98 | 99 |
| 2 | 94 | 98 | 97 |
| 3 | 91 | 92 | 92 |
| 4 | 91 | 94 | 91 |
| 5 | 90 | 94 | 85 |
| 6 | 89 | 96 | 96 |
| 7 | 88 | 90 | 87 |
| 8 | 86 | 90 | 89 |
| 9 | 85 | 86 | 83 |
| 10 | 85 | 80 | 73 |
| 11 | 83 | 82 | 81 |
| 12 | 76 | 82 | 84 |
| 13 * | 73 | 77 | 85 |
| 14 | 69 | 76 | 77 |

| Fund | Scoreboard | Santiago Principles | |
|-------------------|------------|---------------------|-------------|
| | | 25 elements | 16 elements |
| 15 | 66 | 79 | 82 |
| 16 | 64 | 70 | 79 |
| 17 | 59 | 64 | 69 |
| 18 | 58 | 71 | 78 |
| 19 | 56 | 62 | 64 |
| 20 | 53 | 56 | 49 |
| 21 | 44 | 42 | 40 |
| 22 * | 39 | 43 | 39 |
| 23 | 29 | 32 | 34 |
| 24 | 17 | 17 | 20 |
| 25 * | 6 | 7 | 5 |
| 26 * | 2 | 2 | 2 |
| IFSWF (26) | 65 | 68 | 69 |
| IFSWF (22) | 71 | 74 | 75 |

* Indicates a non-participant in the 2013 survey.

Differences in implementation scores (1)

Legal Framework, Objectives, and Coordination with Macroeconomic Policies

| | | Implementation * | |
|---|------------|------------------|------------------|
| Principle | Scoreboard | Full | Full and Partial |
| 1. Legal framework | 89 | 95 | 98 |
| 2. Policy purpose | 98 | 95 | 98 |
| 3. Integrated with macroeconomic policies | 70 | 55 | 78 |
| 4. Source of funds and use of earnings | 81 | 95 | 98 |
| <i>Subtotal</i> | <i>84</i> | <i>85</i> | <i>93</i> |

* IFSWF Survey with half credit for partial implementation.

Differences in implementation scores (2)

Institutional Framework and Governance Structure

| Principle | Scoreboard | Implementation * | |
|--------------------------------------|------------|------------------|------------------|
| | | Full | Full and Partial |
| 6. Division of roles | 91 | 90 | 95 |
| 7. Role of government | 91 | 86 | 93 |
| 8. Role of governing body | 91 | 95 | 98 |
| 9. Decisions made by management | 75 | 95 | 98 |
| 11. Annual report | 86 | 95 | 98 |
| 12. Audit | 86 | 100 | 100 |
| 13. Internal ethical standards | 63 | 86 | 93 |
| 17. Financial information disclosure | 78 | 81 | 90 |
| Subtotal | 79 | 87 | 96 |

* IFSWF Survey with half credit for partial implementation.

Differences in implementation scores (3)

Investment and Risk Management

| Principle | Scoreboard | Implementation * | |
|-------------------------------------|------------|------------------|------------------|
| | | Full | Full and Partial |
| 18. Investment policies | 64 | 80 | 90 |
| 19. Investment principles | 35 | 95 | 98 |
| 21. Corporate responsibility policy | 34 | 76 | 88 |
| 22. Risk management framework | 77 | 71 | 86 |
| <i>Subtotal</i> | 53 | 80 | 91 |
| Total (16 principles) | 76 | 87 | 94 |

* IFSWF Survey with half credit for partial implementation

General observations on 2013 Survey

1. 2013 survey is less informative than the 2011 Survey
2. Concern about operational independence of SWFs is unfortunate
3. Public disclosure is not highlighted nor promoted on SWF websites
4. IFSWF participation by members and non-members should be enhanced
5. I look forward to the 2015 survey results