



UK
Social
Investment
Forum

*Working with others to promote
socially responsible investment*

UKSIF encourages pension funds to adopt responsible investment

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The UK Social Investment Forum (UKSIF) [1] as part of its mandate to promote sustainable and responsible investment is launching a new two year programme aimed at pension funds. The first initiative of its kind, it will encourage companies which are leading the way on corporate social responsibility (CSR) to also consider environmental and social issues in their pension fund investments.

Later this year, UKSIF will contact the pension funds of around 300 UK listed companies, including those in the FTSE4Good Index [2] and the Carbon Disclosure Project's Climate Leadership Index [3], to ask them about how they incorporate environmental and social principles.

The UKSIF programme will identify and highlight leadership examples among the pension funds. In addition, it will also target local government pension funds to encourage them to support the government's commitment to socially responsible investment (SRI). Rt Hon Stephen Timms MP, Chief Secretary to the Treasury and formerly Minister for Pensions Reform, regards SRI as an "important component of investment strategies".

The project has attracted investment industry heavy weights to its Advisory Committee. It will be chaired by Michael Deakin [4], ex-CIO for Insight Investment and current member of the board of London Pension Fund Authority and Pension Protection Fund.

Other committee members include Will Oulton, Head of Responsible Investment at FTSE Group, Emma Hunt, Senior Analyst at Mercer Investment Consulting and Tim Currell, Head of Sustainable Investment and Corporate Governance at Watson Wyatt. The project has received financial support from the Esmée Fairbairn Foundation.

Welcoming the launch, Michael Deakin said "The time is ripe for this important leadership initiative. Extra-financial issues are increasingly recognised as a fiduciary concern. Last year's trustee guide to climate risk produced for the Institutional Investors Group on Climate Change [5] is just one example of this new focus."

Will Oulton of FTSE Group said "As an inaugural signatory of the United Nations Principles for Responsible Investment [6], FTSE Group supports this innovative UKSIF initiative that promotes responsible investment practices by pension funds. With the recent report by Freshfields [7] regarding SRI and fiduciary duty, responsible investment is now a mainstream investment issue for pension funds."

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Notes to Editor

1. The **UK Social Investment Forum (UKSIF)** is the UK's membership network for socially responsible investment (SRI). UKSIF's primary purpose is to promote and encourage the development and positive impact of SRI amongst UK based investors. UKSIF believes that all material social, environmental and ethical (SEE) issues should be integrated into standard investment practice and that individual investors should be able to reflect their values in their investments.

The Forum was launched in 1991 to bring together the different strands of SRI nationally and to act as a focus and a voice for the industry. UKSIF's 200 members and affiliates include retail and institutional fund managers, financial advisers, SRI research providers, consultants, trade unions, banks, building societies, community development finance institutions, NGOs and individuals interested in SRI. For more information on the UK Social Investment Forum visit www.uksif.org.

2. FTSE Group is a world-leader in the creation and management of indexes. With offices in Beijing, London, Frankfurt, Hong Kong, Madrid, Paris, New York, San Francisco, Boston, Shanghai and Tokyo, FTSE Group services clients in 77 countries worldwide. It calculates and manages the FTSE Global Equity Index Series, which includes world-recognized indexes ranging from the FTSE All-World Index, the FTSE4Good series and the FTSEurofirst Index series, as well as domestic indexes such as the prestigious FTSE 100. The company has collaborative arrangements with the Athens, AMEX, Cyprus, Euronext, Johannesburg London, Madrid, NASDAQ and Taiwan exchanges, as well as Nomura Securities, Hang Seng and Xinhua Finance of China. FTSE also has a collaborative agreement with Dow Jones Indexes to develop a single sector classification system for global investors.

FTSE indexes are used extensively by investors world-wide for investment analysis, performance measurement, asset allocation, portfolio hedging and for creating a wide range of index tracking funds. Independent committees of senior fund managers, derivatives experts, actuaries and other experienced practitioners review all changes to the indexes to ensure that they are made objectively and without bias. Real-time FTSE indexes are calculated on systems managed by Reuters. Prices and FX rates used are supplied by Reuters.

3. The **Carbon Disclosure Project (CDP)** provides a secretariat for the world's largest institutional investor collaboration on the business implications of climate change. CDP represents a process whereby many institutional investors collectively sign a single global request to companies for disclosure of information on Greenhouse Gas Emissions and publish the results. In 2005, based entirely on the responses received by the Carbon Disclosure Project, a Climate Leadership Index © was constructed comprising the 60 "best in class" responses. For further details, see www.cdproject.net. The CDP web site is the largest registry of corporate greenhouse gas emissions in the world.

4. **Michael Deakin** is Director of Michael Deakin Consultancy Ltd (www.michaeldeakin.co.uk) has over 25 years investment experience. He is currently Chairman of Manifest Information Services Ltd, Chairman of trustees of the Clerical Medical Staff Superannuation Fund and a member of the board of the London Pension Fund Authority and of the Pension Protection Fund. He retired as Chief Investment Officer for Insight Investment, the investment management business of the HBOS Group, at the end of September 2003. At Insight Michael was responsible for over £65 billion of assets, including fixed income, equities, property and cash and for over 150 investment professionals. He is a former Deputy Chairman of the Investment Committee of the Association of British Insurers.

5. "**A Climate for Change – A trustee's guide to understanding and assessing climate risk**" was published in November 2005. It was produced by Mercer Investment Consulting for the Carbon Trust and the Institutional Investors Group on Climate Change. It is available at www.carbontrust.co.uk/climatechange/investors.

The Institutional Investors Group on Climate Change (IIGCC) is a forum for collaboration between pension funds and other institutional investors on issues related to climate change. For further details, see www.iigcc.org.

6. The **Principles for Responsible Investment** are an initiative of the UN Secretary-General implemented by the UNEP Finance Initiative and the UN Global Compact. They were launched on 27 April 2006 and have been endorsed by asset owners and managers representing over four trillion dollars in investment funds. For further details, see www.unpri.org.

7. Freshfields report “**A Legal Framework for the integration of environmental, social and governance issues into institutional investment**”

The longstanding conventional wisdom that fiduciary duty precludes environmental, social, or governance (ESG) considerations in institutional investment decisions was overturned by a report <http://www.unepfi.org/fileadmin/documents/freshfields_legal_resp_2005.pdf> released by the United Nations Environment Programme. The report was conducted pro bono by Freshfields Bruckhaus Deringer , a London-based global law firm.

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