

UKSIF ANNUAL REVIEW 2010-11



ADVANCING
SUSTAINABILITY
THROUGH UK
INVESTMENT
AND FINANCE

UKSIF

*the sustainable investment
and finance association
20th Anniversary: 1991-2011*

Introduction

UKSIF's vision is that the UK finance sector leads the world in advancing sustainable development through responsible investment and other financial services.

The UK's sustainable finance capacity is central to the transition to a sustainable resilient economy both locally and across the globe. It is not only essential for a prosperous future for all but also offers a key strategic advantage for the UK as we seek to retain our crown as the world's leading finance centre.

In 2011, UKSIF celebrated 20 years of supporting the UK finance sector to advance sustainability through financial services. In the twenty years since 1991, responsible investment and other financial services that support sustainable development have moved from the margins to the mainstream.

The UK is now widely recognised as a global hub for sustainable and responsible financial services. UKSIF supports and develops this hub by:

- Providing a **voice** for the industry in the UK
- Supporting our members with **networking and member services**, so that they are stronger and more competitive because they draw from and contribute to this thriving cluster of expertise and innovation
- **Convening** our members to understand, educate and influence their stakeholders – whether these are individual and institutional clients, listed companies, regulators, government or non-governmental organisations

In 2011-2012, UKSIF plans to support the UK finance sector to lead the world in advancing sustainable development through financial services by:

- Championing long-term responsible ownership and investment in response to the Kay Review on UK Equity Markets and other public policy debates
- Accelerating low carbon, resource efficient and socially beneficial investment and finance by supporting the UK Green Investment Bank, and encouraging regulators to understand and enable sustainable investment and finance
- Assisting our members to deepen their practices through regular seminars, information exchange, support for awards programmes and other activities

We will also support the growth of UK market demand for responsible investment and other financial services that advance sustainability by assisting:

- Occupational Pension Funds with practical information, signposting and our free UKSIF pension fund affiliate option
- Consumers by running National Ethical Investment Week for the 4th consecutive year to raise awareness of modern green and ethical financial services
- Financial Advisers through the Ethical Investment Association, our chapter dedicated to our financial adviser members, and by involvement with National Ethical Investment Week
- Church and Charity investors by our free UKSIF charity affiliate option, activities in support of mission-related investing and specialist action guides

We thank our members for their commitment and encourage others to join us. Today, we face a significant imperative and opportunity to advance sustainability through investment and finance.



Martin Clarke
Chair



Penny Shepherd MBE
Chief Executive

UK Sustainable & Responsible Finance 2010-11

Over the last year, UKSIF worked with its members to help them influence their stakeholders and provide a collective voice for UK sustainable investment and finance on public policy measures and other issues.

Highlights of our work include:

Celebrated 20 years of supporting the UK finance sector to advance sustainability through financial services.

Called successfully for a UK Green Investment Bank with independent borrowing powers. We convened our members to advocate to the Prime Minister for the world's first development bank dedicated to the low carbon economy.

Responded to significant EU and UK policy consultations on financial regulation and corporate governance. Informed by seminars held with our members, UKSIF advocated that effective European and UK regulation must enable and encourage sustainable capital markets and long-term responsible investment and ownership.

Raised awareness of modern green and ethical financial services by running National Ethical Investment Week for the 3rd consecutive year.

Championed responsible investment by UK's new National Employment Savings Trust (NEST). We believe that NEST will act as a beacon for responsible investment practices by UK occupational pension funds.

Meanwhile the UK Sustainable and Responsible Finance Industry has seen:

Approximately £940 billion in assets managed responsibly. This is equivalent to 14% of over £6.5 trillion in responsibly managed assets tracked by sustainable investment and finance associations around the world.

118 UK signatories to the UN-backed Principles for Responsible Investment. The UK ranks second in signatory numbers.

130 asset managers, 30 asset owners and 12 service provider signatories to the UK Stewardship Code on responsible asset ownership launched in June 2010.

New UK government strategy to grow the social investment market so charities and social enterprises have better access to investment capital.

Supporting Leadership

20th Anniversary: Advancing sustainability through UK investment and finance

In July 2011, UKSIF celebrated its 20th anniversary at an event for its members at the House of Lords. It also launched a report calling for the UK to show global leadership in sustainable investment and finance.



UKSIF 20th Anniversary Celebration at The House of Lords. Keynote speaker Chris Cummings, The CityUK, with UKSIF CEO Penny Shepherd MBE.

Promoting sustainable finance as strategic advantage for the UK finance sector

UKSIF engaged with key leaders in the UK finance sector and its regulators to promote sustainable finance as a strategic advantage for the UK finance sector and encourage them to embed it more deeply in their organisations. In support of The CityUK and responding to significant UK government consultations, UKSIF highlighted that sustainable finance is central to the transition to a sustainable resilient economy.

"The UK finance sector must take first mover advantage to avoid missing out on this key strategic opportunity for its continued success internationally and its economic and social contribution at home. If we get it right, the UK can remain a world leader in sustainable investment and finance. If we get it wrong, we will be left behind."

—
Taking Responsibility: Achieving Resilience, UKSIF 2011

Championing long-term responsible ownership and investment

UKSIF contributed to policy debates on long-term responsible ownership, facilitating discussion on the EU Green Paper on Corporate Governance, the UK government consultation prior to the Kay Review of UK equity markets, and other public policy issues.

"In our view, a long-term focus for corporate Britain is critically dependent on a shift to a more long-term focus within society. We would therefore encourage the government to play a leading role in driving and supporting this cultural change to long-term thinking."

—
UKSIF response to BIS Consultation on a Long-term focus for Corporate Britain

Accelerating low-carbon, resource efficient investment

UKSIF supported the creation of the UK Green Investment Bank through advocacy, influencing and facilitating dialogue between investors and policy makers. With our members, we highlighted that good governance and transparency are essential for the success of the Green Investment Bank and the importance of its role in the transition to a low-carbon economy.

Supporting ESG investment practices

UKSIF's analyst seminar programme catalysed debate on emerging environmental, social and governance issues and assisted our members to deepen their practices. 2010-11 seminar topics included: Peak Oil Implications for Investment, Implementation of the UK Bribery Act, Gender Diversity on Boards.

"The UKSIF Analyst Programme facilitates vibrant debate on ESG issues and creates a strong network of investment analysts. The Analyst Committee advises on key priorities for events and other activities focused on UKSIF's investment analyst and research members."

—
Bozena Jankowska Chair
UKSIF Analyst Committee

Thomson Reuters Extel / UKSIF 2011 SRI and Sustainability Survey Awards

UKSIF is Thomson Reuters's partner for the Extel SRI and Sustainability Survey. Now in its 9th year, the Survey recognises leading sell-side research and SRI fund management. CA Cheuvreux won the overall award in 2011 for SRI and Sustainability Research.

Strategic Meeting of Global SIFs

In March 2011, the leaders of sustainable and responsible investment associations around the world met for a strategic summit in New York. The discussion focused on global policy initiatives, professional education for the responsible investment industry and sharing of best practice among organisations. The next Global SIF meeting will be organised in 2012 in the UK.

What's New and UKSIF website

Going back over a decade and with nearly 1,000 subscribers, 'What's New' is UKSIF's comprehensive monthly information digest. It keeps members informed on latest industry developments. The UKSIF website is the hub for our news, resources and policy responses as well as events and jobs advertised by our members. Follow [@UKSIF](#) on Twitter to keep in touch with the latest UKSIF news.

Developing the UK sustainable finance cluster

In 2010/2011, we organised and supported over 20 networking events and awards ceremonies that brought together the UK's world leading cluster of sustainable investment and finance practitioners. These included our Annual Lecture, and our support for the City of London's Sustainable City Awards.

Growing Markets

Sustainable Pensions Project

The UKSIF Sustainable Pensions Project supports occupational pension funds to adopt more sustainable and responsible investment strategies, with the aim of enhancing long-term shareholder value and financial returns. In September 2011, UKSIF launches the third 'Responsible Business: Sustainable Pension' report which highlights good practice in RI by corporate pension funds. This biennial survey of the UK pension funds of Corporate Responsibility leaders shows early signs of a step change in how corporate pension funds are responding to the case for responsible ownership and investment.

"Our report demonstrates heartening progress in the approach of leading corporate pension funds to responsible investment. I congratulate those funds which have scored highly in our ranking. In addition, the significantly higher response rate this year is a very welcome demonstration of increased transparency by corporate funds."

—
Michael Deakin Chair
UKSIF Sustainable Pensions Advisory Board

Ethical Investment Association and Transparency Code

The Ethical Investment Association (EIA) is UKSIF's financial adviser chapter. Members commit to support increased access to advice on green and ethical investments and to improve their own expertise. The EIA holds quarterly training conferences and provides networking and marketing support to over 50 financial adviser firms. It makes annual awards to product providers that demonstrate their commitment to transparency on green and ethical issues through implementing the European SRI Transparency Code. The 2010 Awards went to Axa Investment Managers, Henderson Global Investors, Jupiter Asset Management and Rathbone Unit Trust Management.

National Ethical Investment Week

National Ethical Investment Week (NEIW) is a campaign to ensure that everyone knows that they have green and ethical options for their finance and investment decisions. Held for the third time in 2010, the Week brings together advisers, charities, financial organisations, NGOs and faith groups to spread the word about green and ethical investing. NEIW has inspired national SIFs in Belgium and France to organise their own green and ethical promotional weeks. (www.neiw.org)

> 2010 Highlights:

- **320+** financial advisers actively engaged with NEIW
- **35+** events held in 11 towns and cities across the UK and Ireland
- Over half (**54%**) of all British adults with investments want to 'make money and make a difference' with their savings and investments, according to YouGov research for NEIW 2010

UKSIF 2011-14 Strategy

Our mission

UKSIF promotes responsible investment and other forms of finance that support sustainable economic development, enhance quality of life and safeguard the environment. We also seek to ensure that individual and institutional investors can reflect their values in their investments.

What we want to achieve

The UK finance sector leads the world in advancing sustainable development through financial services.

How we add value

UKSIF advances its mission and delivers value for its members by:

- » acting as a voice for the sustainable and responsible finance industry in the UK
- » convening its members to understand, educate and influence governments, non-governmental organisations, business and others
- » providing networking and support that enables the UK's leading cluster of sustainable investment and finance businesses and practitioners to grow assets under management, effectiveness and productivity

What we do

Our activities are grouped into two main programmes:

Supporting Leadership

Supporting the development and delivery of responsible investment management and other financial services, and influencing the industry's operating environment. This includes our Investment Analyst Programme, our Low Carbon Investment support and our Public Policy engagement.

Growing Markets

Educating and assisting clients through our annual National Ethical Investment Week and our Sustainable Pensions Project. Supporting financial advisers, marketing staff and distributors through our chapter for advisers, called the Ethical Investment Association, and other activities.

How we work

- » We operate in the 'co-operative space' where a critical mass of our members wish to work together
- » We seek to stimulate a healthy market in responsible finance products. We believe that, so long as accurate information is available, customers and the market should select preferred strategies
- » We support transparency and effective governance and management processes within financial services. We celebrate the positive rather than criticise the negative
- » Our members are our primary stakeholders but we also recognise our wider responsibilities to civil society, the environment and future generations

A full version of our strategy is available at www.uksif.org/strategy.
Our values and operating principles are available at www.uksif.org/values.

Board of Directors

Martin Clarke, *Chair*

Pension Protection Fund

Sagarika Chatterjee, *Vice Chair*

F&C Management

David Harris, *Vice Chair*

FTSE Group

Helen Wildsmith, *Vice Chair to June 2011*

CCLA Investment Management

Peter Webster, *Treasurer*

EIRIS

Roseanne Newbould, *Board Observer, Treasurer Designate*

KPMG

Barry Clavin

The Co-operative Financial Services

Aled Jones

London Pensions Fund Authority

My-Linh Ngo

Henderson Global Investors

Julian Parrott

Ethical Futures

Will Oulton

Mercer

James Vaccaro

Triodos Bank

Amanda Young

Newton Investment Management

Board Members serve in a personal capacity. Organisational affiliations are given for information only.

Staff

Penny Shepherd MBE, *Chief Executive*

Adam Ognall, *Deputy Chief Executive (to December 2010)*

Niaz Alam, *Chief Operating Officer (from February 2011)*

Rachel Annison, *Events Officer (maternity cover)*

Louise Hopper, *Office & Events Administrator (maternity leave)*

Pamela Lindegaard, *Company Secretary & PA to Chief Exec*

Catalina Secreteanu, *Information Officer*

Lisa Wootton, *Project Manager*

Advisory Group Members

Analyst Committee:

Jenny Anderson (Citi Investment Research), Chiew Chong (Living Planet Fund), Barbara Evans (Bloomberg), Marianne Harper Gow (Chair to May 2011, Baillie Gifford), Bozena Jankowska (Chair from May 2011, RCM), Jorien Van Hoogen (MSCI), Meryam Omi (LGIM), Robert Nash (Oxfam), Ryan Smith (AEGON), Rick Stathers (Schroders), Robert Walker (CA Cheuvreux), Alexia Zavos (Cazenove Capital Management).

Leadership Committee:

Sagarika Chatterjee (F&C Management), Martin Clarke (Chair, Pension Protection Fund), Adam Frost (Sarasin & Partners), Bozena Jankowska (RCM), Paul Reynolds (Pension Protection Fund), Penny Shepherd (UKSIF), James Stacey (Earth Capital Partners), Steve Waygood (Aviva Investors).

Market Committee:

Barry Clavin (The Co-operative Financial Services), Martin Fox (Bulletin Group), My-Linh Ngo (Henderson Global Investors), Penny Shepherd (UKSIF), James Vaccaro (Triodos Bank), Helen Wildsmith (Chair, CCLA).

Sustainable Pensions Advisory Board:

Sally Bridgeland (BP Pension Trustees Limited), Jocelyn Brown (FRC), Tim Currell (Aon Hewitt), Michael Deakin (Chair, Michael Deakin Consultancy Ltd), Jane Goodland (Towers Watson), David Harris (FTSE Group), Catherine Howarth (FairPensions), Emma Hunt (Towers Watson), Will Oulton (Mercer), David Paterson (NAPF), Hugh Savill (ABI), Mike Taylor (London Pensions Fund Authority), Helen Winch (BT Pension Fund).

National Ethical Investment Week Advisory Board:

Ryan Brightwell (The Co-operative Financial Services), Lee Coates (Ethical Screening), Margaret Craig (ABI), Lord Deben (AIFA), Fay Goddard (The Personal Finance Society), Julian Parrott (Ethical Investment Association), Mark Robertson (EIRIS), Gavin Shreeve (ifs School of Finance), Penny Shepherd (Chair, UKSIF).

Ethical Investment Association Advisory Board:

Olivia Bowen (The G&IA Partnership), Lee Coates (Ethical Investors Group), Alex Farrow (Treasurer, Independent Insurance Consultants), Alan Kirkham (Investing Ethically), Julian Parrott (Chair, Ethical Futures), Lisa Wootton (UKSIF).



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This publication should not be taken as financial advice or seen as an endorsement of any particular company or individual. Whilst every effort has been made to ensure the information contained in this document is precise, UKSIF cannot guarantee accuracy.

Membership Fees at 1 July 2011

An inflation-linked increase will apply from 1 January 2012

Group Category: Fee by negotiation: (£11,000 minimum)

Category One: Financial Institutions

Funds over £5bn:	£5,500
Funds over £1bn:	£3,300
Funds over £0.25bn:	£1,650
Funds over £0.1bn:	£990
Other:	£500

Category Two: Research, Consultants and Financial Advisers

Full time staff (or equivalent) of more than 50:	£1,650
Full time staff of 20-49:	£825
Full time staff of 10-19:	£440
Full time staff of 2-9:	£220
Sole Trader/Registered Individual:	£110

Category Three: Pension Funds, Private Investors, Charities and Others

Assets over £0.5bn:	£990
Assets over £50m:	£330
Other:	£110

Affiliates: Significant Asset Owners**

Pension Fund Affiliate:	No Fee
Charity Affiliate:	No Fee

Individual Supporter: £45

(All fees are subject to VAT)

For more information about UKSIF Membership visit www.uksif.org/members/join.

** e.g. where not selling investment products or services, related products or professional services or providing financial or professional services or managing their own funds. Affiliates are not UKSIF members and do not participate in UKSIF governance.

Become an UKSIF Member

As an UKSIF member, you join a world leading cluster of sustainable investment and finance organisations and practitioners. Our services support you to build relationships, trust, competencies and knowledge. In addition, we work with you to champion sustainable finance, develop markets and tackle market failures.

Our **networking and member services** support your innovation and achievement in this rapidly developing field. They include:

- Opportunities to deepen your relationships with other members and opinion formers through our networking events programme
- Routes to highlight innovation and leadership, including our online member directory, monthly e-digest and "Future of Investment" reports
- Targeted support for selected member categories, including our analyst seminar programme and our financial adviser training conferences
- Access to "What's New", our monthly e-digest of the latest developments in UK sustainable investment and finance; and relevant invitations and discounts from UKSIF partners

Our **convening and advocacy** add to your influence on policy makers and the market. Current priorities include:

- Carefully targeted joint advocacy by senior executives of major investment institutions (eg. collective letters)
- Seminars and policy-maker dialogues to enable relevant market participants to exert influence and inform UKSIF policy
- Our co-operative marketing campaign National Ethical Investment Week to increase awareness and understanding of sustainable investment and finance

UKSIF Membership 2011

71 Financial Institutions

Includes investment managers, banks and investment banks

63 Investment Consultants, Research Providers & Advisers

Includes investment consultants, social finance, research and related providers of professional services

56 Financial Advisers

50 Pension Funds, Foundations and Others

Includes occupational pension funds, charitable foundations, ngos and trade unions

Members*

Banks and Building Societies

—
Bank of London & the Middle East
Barclays Bank
Charity Bank
The Co-operative Financial Services
Ecology Building Society
HSBC Bank
Lloyds Banking Group
Standard Chartered Bank
Triodos Bank

Investment Management Institutions

—
Aberdeen Asset Management
Active Earth Investment Management
Alquity Investment Management
Auriel Capital Management
Aviva Investors
AXA Investment Managers
Baillie Gifford and Co
Beetle Capital
Bridges Ventures
R C Brown Investment Management
Carbon Footprint Investments
Cazenove Capital Management
CCLA Investment Management
Cheviot Asset Management
Earth Capital Partners
Ecclesiastical Investment Management
Epworth Investment Management
Equitix
F&C Management
Fidelity Investment Management
FIM Services
Foresight Group
Friends Life
Generation Investment Management
Global Forestry Investments
Governance for Owners
HartHill
Hazel Capital

Henderson Global Investors
Hermes Equity Ownership Services
Impax Asset Management
Insight Investment
Invicta Capital
Jupiter Asset Management
Kames Capital
King and Shaxson
Kleinwort Benson Investors
Legal & General Investment Management
Living Planet Fund Management
Newton Investment Management
Osmosis Investments
Pictet Asset Management
Premier Asset Management
Rathbone Greenbank Investments
RCM (UK)
Sarasin & Partners
Schroder Investment Management
Scottish Widows Investment Partnership
Standard Life Investments
Sturgeon Ventures
Threadneedle Investments
Truestone Asset Management
WHEB Asset Management

Investment Banks

—
Bank of America Merrill Lynch
Citi Investment Research
Crédit Agricole Cheuvreux
Goldman Sachs
Morgan Stanley
Oddo Securities
Sustainable Development Capital
UBS

Occupational Pension Funds

—
Environment Agency Pension Fund
London Pensions Fund Authority
Railway Pension Investments
Universities Superannuation Scheme

Investment Consultants

—
AllenbridgeEpic Investment Advisers
Aon Hewitt
MainStreet Partners
Mercer
SceptreCO2e
Towers Watson

Financial Advisers

—
Abbott & Booth Ethical Financial Planning
Ashlea Financial Planning
Aspen Financial Services
Baker Davies
Barchester Green Investment
Bromige
Barry Brown
T F Colby Associates
Sarah Del Bravo
Peter Dracup
Richard Essex
Ethical Financial Planning
Ethical Futures
The Ethical Investment Co-operative
Ethical Investors Group
The Ethical Partnership
Ethikos
Evans Ash Financial Services
Alex Farrow
The Financial Planning Group
Finansec Green
The GÆIA Partnership
Ian Green
Heron House Financial Management
Hettle Andrews Employee Benefits
Highcliffe Financial Management
Holden & Partners
David Lloyd Hudson
Innovate Financial Services
Interface Financial Planning
Investing Ethically
Stacey Johnson

Dr Robin Keyte
Kingswood Consultants
Keith Lamley
Life Financial Planning
Lighthouse (Impact)
Colm McMenamin
Oliff Associates
Orkney IFA
Tanya Pein
Platinum (SRI) Financial Services
Prest Financial Services
Profit with Principle
Smythe & Walter
Solomon's IFA
Southgate Financial Services
Stewart Investment Planning
Jason Tse
Graham Walton
Robin Wood
Virtuo Wealth Management

Research Providers and Professional Advisory Firms

—
3D Offshore Perspectives
Acclimatise
Acona
Agora Microfinance Partners
Andlug Consulting
Appleseed Training
Association of Independent Financial Advisers (AIFA)
Bloomberg
CO2 Benchmark
CO3
CSR Consulting
Capita Financial Software
Centre for Social and Environmental Accounting Research
Clifford Chance
CorporateRegister.com
Corporation Financière Européenne
Andrew Dakers
Julia Dreblow (SRI Services)
EIRIS
EnviroMarket
Ethical Investments

Ethical Money
Ethical Screening
FTSE Group
Future Value
Inrate
Jones Lang LaSalle
Kaleidoscope Policy & Research
Lancea Partners
Professor Chris Mallin
Manifest
Marksman Consulting
Mirador Consulting
MSCI
Professor Andy Mullineux
oekom research
PIRC
Paradigm Change Capital Partners
Polaris Energy
Rayner Spencer Mills
Responsible Research
Sam Indexes
Sancroft
SI Partners
SKI Partners
Social Finance
SRI-CONNECT
SustainAbility
Sustainable Capital Group
Sustainalytics
Thomson Reuters
Tricor
VB/Research
Vigeo
Watch FYI
West Sands Advisory

Other Organisations

—
Amnesty International UK
Angier Griffin
ASrIA
Big Issue Invest
Blue and Green Communications
Carbon Disclosure Project
Carbon Tracker
Carbon Trust
Church of England Ethical Investment Advisory Group

The Cochabamba Project
ClearlySo
Community Development Finance Association (CDFA)
Earthworks
ecoConnect
Ecumenical Council on Corporate Responsibility (ECCR)
The Environmental Industries Commission
Equfund (IPS)
Eurosif
The European Association for Philanthropy & Giving (EAPG)
FairPensions
Forum for the Future
Greenpeace UK
International Institute for Environment and Development
ifs School of Finance
Joseph Rowntree Charitable Trust
Just Share
KoSIF
LSESU Sustainable Investment Society
nef
Oikocredit
Oxfam
Polden-Puckham Charitable Foundation
RIAA
Relationships Global
Renewable Energy Association
SEIU Capital Stewardship Programme
Charles Scanlan
Shared Interest
Social Investment Organization (Canada)
SROI UK
Tomorrow's Company
Traidcraft Exchange
US SIF: The Forum for Sustainable and Responsible Investment
WWF

*at 30June 2011