

# UKSIF

the sustainable investment  
and finance association

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## Responsible and Sustainable Investment Update

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**Welcome to UKSIF's quarterly update for pension funds and their advisers.** It is produced as part of UKSIF's Sustainable Pensions Project which assists occupational pension funds to adopt more responsible and sustainable investment strategies.

### I. Key Responsible Investment Highlights

#### **UNEP FI Fiduciary II report highlights legal responsibility to consider ESG issues**

'[Fiduciary responsibility: Legal and practical aspects of integrating environmental, social and governance issues into institutional investment](#)' has been produced by the Asset Management Working Group of the UNEP Finance Initiative. The report is a follow on to the 2005 'Freshfields Report' and highlights the potential legal risks facing investment consultants and managers who do not take environmental, social and governance (ESG) factors into consideration. Visit [www.unepfi.org](http://www.unepfi.org).

### II. The UKSIF Sustainable Pensions Project (SPP)

#### **December launch event of the Eurosif Investment Consultants and RI study**

The Eurosif/UKSIF event, hosted by AXA IM, will be held on the 1st of December to launch the survey findings in the UK. The study investigates how investment consultants address RI. For more information or to register your interest in this event contact [lisa.wootton@uksif.org](mailto:lisa.wootton@uksif.org).

#### **Survey of the RI practices of LGPS Schemes to be published in December**

The survey follows up on the 2007 RI self-assessment template produced by UKSIF, CIPFA and LAPFF. Contact [adam.ognall@uksif.org](mailto:adam.ognall@uksif.org).

### **UKSIF holds briefing event on RI strategies of corporate pension funds**

Pension funds, CSR managers and consultants were briefed on the findings of our 2009 survey on the responsible investment (RI) approaches of the pension funds of corporate responsibility leaders at an event in July. Speakers were from the BP Pension Fund, FTSE and UKSIF. The survey report is available at [www.uksif.org/projects/sustainable\\_pensions](http://www.uksif.org/projects/sustainable_pensions).

### **UKSIF welcomes inclusion of RI in PADA discussion paper on investment approach**

UKSIF has responded to the PADA discussion paper 'Building personal accounts: designing an investment approach' which included a chapter on responsible investment. It is available at [www.uksif.org/projects/sustainable\\_pensions](http://www.uksif.org/projects/sustainable_pensions).

## **III. Pension Funds and Responsible Investment**

### **1. UK Pensions**

#### **Environment Agency pension fund publishes RI Review**

'Responsible Investment Review: Active Pension Fund' outlines the responsible management strategy of the £1.2 billion fund and how it is implementing the PRI. The Review is the first of its kind for a public pension fund in the UK. Visit [www.environment-agency.co.uk](http://www.environment-agency.co.uk).

### **2. International Pensions**

#### **APG publishes its first Responsible Investment Report and invests in alternative energy**

'APG Responsible Investment Report 2008' reiterates APG's commitment to taking sustainability and corporate governance considerations into account in the wake of the financial crisis. APG has made a €150 million investment in alternative energy by purchasing 40 companies involved in green energy production. Visit [www.apggroep.com](http://www.apggroep.com).

#### **Norwegian Government Pension Fund - Global raises its level of active ownership**

The \$380 billion fund has published a report about its expectations for companies' environmental impact and performance. The fund has announced that water management issues are a particular priority as water shortages present a significant environmental risk to its future performance. Visit [www.regjeringen.no](http://www.regjeringen.no).

#### **French retirement fund to launch SRI index and mandate**

The €6.5 billion ERAFP French civil servants retirement fund is launching its own SRI index. It will hire a fund manager to run the SRI mandate against the index. Visit [www.rafp.fr](http://www.rafp.fr).

### **3. Collaborative Initiatives by Pension Funds**

### **Investor Statement on a Global Agreement on Climate Change published**

[The statement](#) has been produced by the IIGCC, UNEP FI, INCR and IGCC. It is supported by 181 investment institutions representing assets of \$13 trillion. It calls on world leaders to reach a strong post-2012 climate change agreement in Copenhagen which includes government support for energy efficient and low carbon technology in order to catalyze global investments. Visit [www.iigcc.org](http://www.iigcc.org).

### **UNEP FI and investor groups outline plans for encouraging low carbon investment in developing economies**

UNEP and a global partnership of investors and insurers, including The Prince of Wales's P8 Group, the UN-backed PRI and IIGCC have produced the report '[Catalysing Low Carbon Growth in Developing Economies](#)'. It outlines recommendations to encourage low carbon technology investment in developing countries. Visit [www.unep.org](http://www.unep.org).

## **IV. Research Highlights and Other Initiatives**

### **IPE Survey respondents believe ESG issues are a part of fiduciary duty**

Approximately 70% of respondents believe it is part of a trustee's fiduciary duty to include ESG in their decision-making and during the manager selection process. Visit [www.ipe.com](http://www.ipe.com).

### **Carbon Disclosure Project (CDP) launches 2009 Reports**

'[CDP FTSE 350](#)' found that the UK's largest businesses are showing year-on-year improvement in the quantity and quality of climate change data disclosed. '[CDP 2009 Global 500](#)' and '[S&P 500](#)' were launched at New York Climate Week. Both reports received the highest response rate ever from corporations. '[CDP 2009, Asia ex-Japan Report](#)' outlines data from 127 reporting companies. Visit [www.cdproject.net](http://www.cdproject.net).

### **Fairpensions report considers UK fund managers' actions and attitudes around climate change**

'[Preparing for the storm? UK fund managers and the risks and opportunities for climate change](#)' found that 56% of asset manager respondents cited lack of demand from pension funds and others as a barrier to incorporating climate change issues into investments. Visit [www.fairpensions.org.uk](http://www.fairpensions.org.uk).

### **ACCA and ESRC publish pension fund trustees and climate change research**

'Pension Fund Trustees and Climate Change' addresses trustees' attitudes towards climate change and its potential impact on pension fund investment. Visit [www.uk.accaglobal.com](http://www.uk.accaglobal.com).

### **Marathon Club calls for dialogue regarding accounting standards for pension schemes**

In a paper submitted to the International Accounting Standards Board the Marathon Club highlights concerns that current accounting standards

encourage unnecessary short-term behaviour. Visit [www.marathonclub.co.uk](http://www.marathonclub.co.uk).

### **ASrIA report predicts Asian pensions could become leaders in the use of ESG guidelines**

['The Time to Lead is Now: The Adoption of ESG Analysis by Asian Government Pensions Funds'](#) provides an overview of how Asian pension funds are adopting ESG guidelines and outlines a roadmap to encourage all investment managers to do so. Visit [www.asria.org](http://www.asria.org).

For more information about the project or past copies of this newsletter visit [www.uksif.org/projects/sustainable\\_pensions](http://www.uksif.org/projects/sustainable_pensions). Do please pass this update on to colleagues or other interested parties.

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