

UKSIF

the sustainable investment
and finance association

Issue 15: Autumn 2010

Responsible and Sustainable Investment Update

In This Issue

[I. Key Responsible Investment Highlights](#)

[II. The UKSIF Sustainable Pensions Project \(SPP\)](#)

[III. Pension Funds and Responsible Investment](#)

[IV. Research Highlights and Other Initiatives](#)

Quick Links

[Contact Us](#)
[About Us](#)
[Related Topics](#)

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

Institutional investors sign up to UK Stewardship Code

Sixty-eight institutional investors including 12 asset owners, 48 asset managers and 8 service providers have published [statements of commitment to the UK Stewardship Code](#). A group of 11 UK pension funds also issued a [joint statement](#) supporting the Code. Visit www.frc.org.uk.

European SRI Study 2010 highlights 19% growth in sustainable investment in the UK

[The European SRI Study 2010](#) assesses the market in 19 countries as at 31 December 2009. It shows the European market now totals €5 trillion AuM. The UK section of the Study, written by UKSIF, identifies SRI AuM in the UK as £938.9 billion, with £54.7 billion defined as Core SRI and £884.2 billion as Broad SRI. This represents a 19% increase in AuM, compared with the end of 2007. The report highlights that occupational pension funds are a significant factor in the growth of the market. Visit www.eurosif.org.

II. The UKSIF Sustainable Pensions Project (SPP)

UKSIF research reveals that some FTSE 100 firms are starting to help their pension funds address RI

The research, which is exclusively featured in an [article on SchemeXpert.com](#), examines whether FTSE 100 companies are providing valuable strategic insights that can help their pension funds benefit from RI. The full results of the research will be published later this month at www.uksif.org/sustainablepensions.

Sustainable Index Investing report launched

'[The Future of Investment: Sustainable Index Investing](#)' considers how sustainable index investing approaches can match the priorities of institutional investors. It is the second in UKSIF's series of 'Future of Investment' reports. The third report due early next year will focus on fixed income. Contact info@uksif.org.

III. Pension Funds and Responsible Investment

1. UK Pensions

UK local government pension funds tender for ESG advisory mandate

The Environment Agency Pension Fund and a group of seven other local government pension schemes have issued a combined tender for investment and actuarial advice with sustainability criteria embedded. The fund management aspect of the tender includes providing advice on ESG issues. Visit www.environment-agency.gov.uk.

London Pension Funds Authority (LPFA) plans to expand RI policy

LPFA has announced plans to introduce a more coherent approach to RI across asset classes and managers. It will consider improvements to its exercising of voting rights, ESG engagement and class actions. Visit www.lpfa.org.uk.

2. International Pensions

Calpers launches \$500 million environmental index strategy

Calpers has switched part of its environmental investment portfolio to an index based approach using the HSBC Global Climate Benchmark Index as its universe. Visit www.calpers.ca.gov.

3. Collaborative Initiatives by Pension Funds

UK Pension Funds join call for international action on climate change

259 investors, representing more than one quarter of global capitalisation, have called on governments in the run up to the Cancun Summit to take action on climate change now or risk economic disruptions for more severe than the financial crisis. The investor statement was coordinated by IIGCC and other investor initiatives. Visit www.iigcc.org.

NAPF Survey finds increased shareholder engagement

NAPF's Engagement Survey, '[Pension Funds' Engagement with companies](#)' collected responses from 38 pension funds with combined AuM of over £200 billion. The survey shows that pension funds consider that the effectiveness of engagement has improved from previous years and that schemes intend to spend more time on engagement. Visit www.napf.co.uk.

PRI progress report finds \$6.8 trn of managed assets worldwide integrate ESG

PRI's '[Report on Progress 2010](#)' highlights that 95% of asset owner signatories and 87% of investment manager signatories have an ESG policy. Visit www.unpri.org.

IV. Research Highlights and Other Initiatives

EFRP proposes EU Stewardship Code

The European Federation for Retirement Provisions (EFRP) has recommended a European Stewardship Code following the model of the UK Stewardship Code. Visit www.efrp.eu.

Aberdeen surveys ESG integration by European pension funds

Aberdeen Asset Management's '[Environmental, Social and Governance White Paper](#)' explores the importance pension funds in Europe place on ESG integration in investment strategies. Visit www.aberdeen-asset.co.uk.

Trucost assesses environmental damage to capital markets for PRI and UNEPFI

'[Universal ownership: why environmental externalities matter to institutional investors](#)' quantifies in monetary terms the environmental harm caused by business. Visit www.trucost.com.

Mercer highlights link between CSR strategies and DC plans

'[DC Plan Management and Pension Inconsistency: Is your Plan at Risk](#)' explores the

gap between CSR strategy implementation and DC plan management. Visit www.mercer.com/ri.

FairPensions launches microsite for its seminar series on Fiduciary Duties

The microsite contains materials for the seminar series 'Protecting our Best Interests: Exploring the Future of Fiduciary Duty'. Visit www.fairpensions.org.uk.

For more information about the project or past copies of this newsletter visit www.uksif.org/projects/sustainable_pensions. Do please pass this update on to colleagues or other interested parties.

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