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# UKSIF

*the sustainable investment  
and finance association*

## 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

### NEST announces RI focus within Statement of Investment Principles

The National Employment Savings Trust (NEST) published its investment approach. This includes a strong responsible investment (RI) focus across both default and optional funds. UKSIF [commented](#) that employers should use NEST's RI approach as a benchmark when selecting defined contribution pensions for their staff. F&C has been appointed to manage NEST's ethical fund and HSBC to manage its Sharia fund. Visit [www.nestpensions.org.uk](http://www.nestpensions.org.uk).

## II. UKSIF Sustainable Pensions Project (SPP)

### UKSIF welcomes UK Government statement on ESG disclosure by pension funds

During the Pensions Bill debate, government minister Lord Freud has supported ESG disclosure by occupational pension funds. UKSIF's [comment](#) on the minister's response is available on the UKSIF website. Contact [penny.shepherd@uksif.org](mailto:penny.shepherd@uksif.org).

### UKSIF calls for credible GIB governance

UKSIF has welcomed the government's announcements about the Green Investment Bank (GIB). In the week prior to the announcements, we wrote to the Prime Minister and Deputy Prime Minister calling for the GIB to be set up by legislation so that it can demonstrate credible governance and sufficient political independence. The government announcements substantially addressed our concerns. The UKSIF letter is available on our website. Contact [penny.shepherd@uksif.org](mailto:penny.shepherd@uksif.org).

### UKSIF's Sustainable Pensions Corporate Survey receives increased responses

We have received over 58 responses to our survey of responsible

investment approaches of pension funds of the UK's Corporate Responsibility leaders, ie. companies listed in the FTSE4GOOD or the Carbon Leadership Index. The results of the survey will be launched later this year. Contact [niaz.alam@uksif.org](mailto:niaz.alam@uksif.org).

### **Jocelyn Brown joins the UKSIF Sustainable Pensions Advisory Board**

Jocelyn supports the Stewardship Code at the Financial Reporting Council. Contact [niaz.alam@uksif.org](mailto:niaz.alam@uksif.org).

### **UKSIF launches free affiliate category for pension funds**

Occupational pension funds will be able to get free information and support from UKSIF as part of the new Pension Fund Affiliate category. The new category is open at no charge to pension funds that do not manage investments internally. Contact [niaz.alam@uksif.org](mailto:niaz.alam@uksif.org).

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

### **1. UK Pensions**

#### **Legal & General Investment Management launches carbon index fund**

The UK Equity Carbon Optimised Index Fund is designed for pension fund investors concerned about carbon risk. The Fund was developed by Legal & General using a custom index created by FTSE Group and data provided by Trucost. Visit [www.legalandgeneralgroup.com](http://www.legalandgeneralgroup.com).

### **2. International Pensions**

#### **Global investors sign-up to microfinance principles**

Major Dutch pension funds such as APG and PGGM are among the signatures of the PRI-backed [microfinance principles](http://www.unpri.org). Visit [www.unpri.org](http://www.unpri.org).

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

#### **USS, APG and PGGM launch sustainable real estate benchmark**

Global Real Estate Sustainability Benchmark (GRESB) will undertake an annual sustainability review of fund managers in the real estate industry. Visit [www.gresb.com](http://www.gresb.com).

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

#### **UK Government sets out vision for the social investment market**

'[Growing the Social Investment Market: A vision and strategy](#)' seeks greater involvement of pension fund investors in the social investment market. Visit [www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk).

### **LAPFF releases guide to climate change**

'[Investing in a changing climate](#)' provides an overview of the investment challenges posed by climate change and encourages pension funds to review their own investment strategies addressing climate change. Visit [www.lapfforum.org](http://www.lapfforum.org).

### **NAPF publishes guide to help pension funds implement the Stewardship Code**

'[Stewardship made simple: Practical Steps for Pension Fund Trustees in applying the Stewardship Code](#)' aims to encourage pension funds to sign up to the Code. The report presents a ten-step framework to help pension fund trustees to develop and implement a stewardship policy. Visit [www.napf.co.uk](http://www.napf.co.uk).

### **IMA survey analyses investors' adherence to the UK Stewardship Code**

'[Adherence to the FRC's Stewardship Code survey](#)' was completed by 41 asset managers and 7 asset owners that adopted the Code. Visit [www.investmentfunds.org.uk](http://www.investmentfunds.org.uk).

### **PIRC reviews stewardship practices**

'[Stewardship Review 2011](#)' analyses trends in companies' governance practices and investor responses. Visit [www.pirc.co.uk](http://www.pirc.co.uk).

### **FairPensions report considers fiduciary duty**

'[Protecting Our Best Interests: Rediscovering Fiduciary Obligation](#)' highlights ESG issues as an integral part of fiduciary duty. Visit [www.fairpensions.org.uk](http://www.fairpensions.org.uk).

### **Mercer analyses financial impacts of climate change on investors' portfolios**

'[Climate Change Scenarios - Implications for Strategic Asset Allocation](#)' identifies steps for investors to consider in their strategic asset allocation. Visit <http://uk.mercer.com>.

### **FTSE4GOOD launches ESG Ratings service**

The service assesses ESG practices of over 2,300 public companies worldwide and aims to provide institutional investors with a scoring model which covers ESG practices in multiple dimensions. [www.ftse.com](http://www.ftse.com).

### **EFAMA publishes report on Responsible Investment**

The European Fund and Asset Management Association (EFAMA) [report](#) highlights the need for increased transparency of client reporting as well as communication of investment approaches and selection methods. Visit [www.efama.org](http://www.efama.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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