

**UKSIF**  
**ANNUAL REVIEW**  
2009-10



SUPPORTING  
LEADERSHIP

# Introduction

The world is undergoing significant change and the issues around sustainability have become fundamental to today's global society. Sustainable investment themes are increasingly regarded as offering the greatest potential for major growth, while effective management of sustainability risks and opportunities is becoming vital for profitability in many industry sectors.

We are fast approaching a point when responsible investment will become the norm for major investors worldwide. Meanwhile, UK private investors and their advisers show rising interest in sustainable and responsible financial services both to protect and grow wealth and to make a difference in the world at the same time.

Internationally and domestically, there is increasing recognition of the UK's position as a global leader in sustainable and responsible investment and finance.

UKSIF's role is to support the UK's sustainable investment and finance cluster of businesses and individuals by:

- Providing a **voice** for the industry in the UK
- **Convening** our members to understand, educate and influence their stakeholders
- Supporting them with **networking and member services**, so that this hub of expertise and innovation makes them stronger and more competitive



**Martin Clarke**  
Chair



**Penny Shepherd MBE**  
Chief Executive

With the active involvement of over 200 members, we aim to consistently punch above our weight. Our reach and impact is particularly notable given our turnover of under £500,000 per annum and a staff team considerably smaller than most other trade bodies.

We look forward to working with our members and all seeking to advance sustainable and responsible finance as we approach our 20th anniversary in 2011.

# UK Sustainable & Responsible Finance 2009-10

Over the last year, UKSIF worked with its members to support and advance UK leadership in sustainable and responsible finance. In particular, we

**Celebrated** the 10th anniversary of the UK introducing the world's first responsible investment disclosure regulation

**Advocated** and supported the introduction of the UK Stewardship Code, and a Green Investment Bank to redeploy capital for the transition to a low carbon economy

**Raised awareness** among UK-based clients through our annual National Ethical Investment Week for private and charitable investors and their advisers, and our Sustainable Pensions project for occupational pension funds

**Highlighted** and facilitated the work of our members, including through our new 'Future of Investment' series and our investment analyst programme

**Appointed** Martin Clarke, a senior executive with a long-standing track record in responsible investment, as our new Chair to steer UKSIF through the implementation of its new strategy

## Meanwhile, the UK Sustainable and Responsible Finance Industry has seen

**The world's first** Stewardship Code, on responsible asset ownership, launched in the UK

**19% increase** to nearly £940 billion in total UK sustainable and responsible investment assets under management at end 2009 compared with under £770 billion at end 2007 (source: UKSIF data published in Eurosif 2010 European SRI Study). In contrast, total assets managed in the UK by member firms of the Investment Management Association remained broadly static over this time period

**£9.5 billion invested** in UK green and ethical retail funds at end 2009 – up from £2.4 billion ten years ago (source: EIRIS)

**Among world-wide signatories** of the UN-backed Principles for Responsible Investment (PRI), 13% of asset managers, 15% of service providers and 10% of asset owners are from the UK

# Supporting Global Leadership in Sustainable and Responsible Finance

## 10 years of pension disclosure regulation

In June 2010, UKSIF celebrated 10 years of responsible investment disclosure by UK occupational funds at an event for pension funds held at the House of Commons. It also launched a report that assessed the effects of the regulation and set out predictions on future developments.

*"The NAPF congratulates UKSIF on its contribution to raising awareness of the importance of non-financial factors for pension funds. It is a happy coincidence that the tenth anniversary of the pensions disclosure regulation is marked by the publication of the new Stewardship Code."*

—  
**Joanne Segars** CEO  
NAPF



UKSIF Parliamentary Reception, Keynote speaker: Rt. Hon. Stephen Timms MP

## Influencing a landmark for responsible ownership

UKSIF supported the introduction of the new UK Stewardship Code through advocacy, influencing and facilitating debate between policy makers and responsible investors. Working with its members, it highlighted that strong asset owner demand was central to effective implementation and the need for synergy with Principles for Responsible Investment (PRI) reporting.

*"Quality of stewardship should drive mandates, the way quality of stock picking does."*

—  
**Penny Shepherd** in Financial Times 16 April 2010

## Catalysing the transition to a low carbon economy

UKSIF contributed to policy and practice on low carbon investment, including proposals for a UK Green Investment Bank, by co-writing a report for the Conservative Party on Green ISAs, assisting the new global Climate Bonds Initiative and partnering with the World Bank to promote UK debate on green bonds.

## Supporting responsible investors

*“Participating in UKSIF’s analyst programme supports our ESG integration agenda by highlighting latest thinking on ESG topics from a range of perspectives and allowing us to participate in a vibrant dialogue with other industry leaders.”*

**Therese Niklasson** Head of Governance and Responsible Investment  
Threadneedle Asset Management

### > Analyst Seminars

2009-10 seminar topics included: Sustainable Forestry, Extractives in Africa, Ageing Society, Carbon Capture and Storage, Nanotechnology and Water.

### > Collaborative Investor Engagement

UKSIF coordinated a UK and European investor collaboration on tar sands.

## 8th year of Thomson Reuters Extel SRI and Sustainability Survey Awards

UKSIF is Thomson Reuters’s partner for the Extel SRI and Sustainability Survey which recognises and awards leading sell-side research. CA Cheuvreux won the overall award in 2010 for SRI and Sustainability Research.

*“Investors are increasingly focusing on investment that is environmentally and socially sustainable. The BP oil spill has catapulted the discussion into the front pages but this is not some new phenomenon. The demand from fund managers for intelligent, well-argued analysis has been strong for some time and is still growing.”*

**Steve Kelly** Global Head  
Thomson Reuters Extel Surveys

## Highlighting emerging sustainable investment trends

UKSIF launched its new ‘Future of Investment’ reports to provide insight into the growing sophistication of sustainable investment and the breadth of opportunities available for institutional and HNWI investors. The first report focused on sustainable investment boutiques and brought together leading-edge investment practitioners from among UKSIF members.

## Networking members and keeping them informed

‘What’s New’, UKSIF’s monthly member-only newsletter, provided a digest of industry developments. This resource now stretches back nearly a decade.

## Contributing to the media debate

UKSIF generated over 140 items of coverage in national and financial services media. It also featured on several radio current affairs programmes.

# UK Clients

## Raising Awareness, Improving Support

### Sustainable Pensions Project

UKSIF's Sustainable Pensions Project supports and provides resources for occupational pension funds with the aim of enhancing long-term shareholder value and financial returns. This includes through its research, quarterly e-newsletter and library. In December 2009, the survey of local authority pension funds found increasing commitment to responsible investment.

*"Trustees have an increasing level of awareness of responsible investment issues, according to UKSIF pension fund surveys. It is very encouraging that we are seeing more UK pension funds adopting a responsible investment policy and a greater level of interest by trustees in engagement and voting part of these RI policies."*

—  
**Michael Deakin** Chair  
Sustainable Pensions Advisory Board

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### Ethical Investment Association

Over 50 financial adviser firms are members of the EIA, UKSIF's financial adviser chapter. Members commit to supporting increased access to advice on green and ethical investments and to improving their own expertise. The EIA holds quarterly training conferences and provides networking and marketing support to advisers. The Ethical Investment Association's (EIA) Transparency Awards recognise excellence in implementing the European SRI Transparency Code. The 2009 Awards were received by Axa Investment Managers, Henderson Global Investors, Insight Investment, and Jupiter Asset Management.

*"Participating in the EIA improves my professional knowledge of green and ethical investing and helps me promote my green financial planning services."*

—  
**Ian Green** Financial Adviser

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### National Ethical Investment Week (NEIW)

NEIW is a campaign to ensure that everyone knows that they have green and ethical options when it comes to their finance and investment decisions. The Week, held for the second time in 2009, brings together advisers, charities, financial organisations, NGOs and faith groups to spread the word about green and ethical investing. ([www.neiw.org](http://www.neiw.org))

#### > Highlights NEIW09:

- 250+ financial advisers and 64 supporting organisations got involved with NEIW
- 33 events in 16 different locations across the UK
- Research found that half of people would like 'to make money and make a difference'

NEIW10 will be sponsored by:

The **co-operative**  
financial services



# 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.

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## What we want to achieve

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

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## 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.
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## What we do

Our activities are grouped into two main programmes:

### *Global Leadership in Sustainable and Responsible Finance*

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.

### *UK Clients: Raising Awareness, Improving Support*

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.

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## 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 values and operating principles is available on our website [www.uksif.org/values](http://www.uksif.org/values). Our strategy is available at [www.uksif.org/strategy](http://www.uksif.org/strategy).

## Board of Directors

**Martin Clarke** (Chair - from 1 July 2010)

*Pension Protection Fund*

**Steve Waygood** (Chair - to 30 June 2010)

*Aviva Investors*

**Sagarika Chatterjee** (Vice Chair)

*F&C Management*

**Helen Wildsmith** (Vice Chair)

*CCLA Investment Management*

**Peter Webster** (Treasurer)

*EIRIS*

**Katie Gordon**

*Cazenove Capital Management*

**David Harris**

*FTSE Group*

**Aled Jones**

*London Pensions Fund Authority*

**My-Linh Ngo**

*Henderson Global Investors*

**Julian Parrott**

*Ethical Futures*

**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 and Company Secretary

**Louise Hopper**, Office and Events Administrator

**Pamela Lindegaard**, PA to Chief Executive

**Catalina Secreteanu**, Information Officer

**Lisa Wootton**, Project Manager

## Advisory Group Members

### **Research and Analyst Services Advisory Group:**

Ryan Smith (AEGON), Barbara Evans (RCM), Marianne Harper-Gow (Chair, Baillie Gifford), Daniel Ingram (Hermes), Robert Nash (WWF), Therese Niklasson (Threadneedle), Deeti Vyas (Trucost), Robert Walker (CA Cheuvreux), Alexia Zavos (Cazenove Capital Management).

### **Sustainable Pensions Advisory Board:**

Sally Bridgeland (BP Pension Trustees Limited), Tim Currell (Hewitt Associates), Michael Deakin (Chair, Michael Deakin Consultancy Ltd), Duncan Exley (FairPensions), David Harris (FTSE Group), Emma Hunt (Towers Watson), Will Oulton (Mercer), Andrew Parker (BT Pension Fund), David Paterson (NAPF), Hugh Savill (ABI), Mike Taylor (London Pensions Fund Authority).

### **National Ethical Investment Week Advisory Board:**

Daniel Barber (Ecclesiastical Investment Management), 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), Penny Shepherd (Chair, UKSIF).

### **Ethical Investment Association Advisory Board:**

Olivia Bowen (The GÆIA Partnership), Lee Coates (Ethical Investors Group), Alex Farrow (Treasurer, Independent Insurance Consultants), Alan Kirkham (Investing Ethically), Julian Parrott (Chair, Ethical Futures).

### **UKSIF Contact Details:**

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