

UKSIF Strategy 2011-2014

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Introduction and executive summary

Purpose

This strategy aims to:

Support and advance UKSIF's vision that the UK finance sector leads the world in advancing sustainable development through financial services

and

Assist our members to achieve their objectives in delivering and supporting effective sustainable and responsible financial services.

Consultation

The strategy is based on an extensive process of member consultation that included:

- Discussion at the UKSIF Board and UKSIF's Research and Analyst Services Advisory Group (RASAG)
- 1:1 interviews by UKSIF Chief Executive Penny Shepherd with a sample of members
- Two roundtable meetings with institutional investment members hosted by board members Amanda Young and Helen Wildsmith
- Briefing for the Ethical Investment Association, UKSIF's financial adviser chapter, at its Summer Conference
- Consultation of all members, using a consultation paper and an online questionnaire. Responses were received mainly from members who had not participated in the other consultation activities.

In total, consultation participants were drawn from about 50 UKSIF members. We are grateful for their valuable comments and advice. The final strategy has been changed and improved as a result.

Programmes

The strategy proposes that UKSIF's activities from 2011-2014 will be delivered through three work programmes:

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 **influence** on regulation, public policy, international promotion and the stakeholders who shape the industry.

This programme aims to create a virtuous cycle in which **the UK both promotes and continuously improves its leadership** in sustainable and responsible investment and finance. We will encourage the UK's trade promotion bodies, particularly The CityUK, the new UK financial services promotional body, to promote sustainable investment and finance, while supporting the UK sustainable finance cluster to achieve the productivity, innovation and growth needed to stay ahead in this evolving and internationally competitive field. This should, in turn, drive global change by stimulating other markets to respond.

The programme focuses on asset managers and other financial institutions, investment banks, research providers, institutional investment trade and promotional bodies, regulators, public policy makers and opinion formers and civil society stakeholders in the finance sector.

Market

Raising awareness about sustainable and responsible investment and associated financial services among private investors and institutional asset owners and improving the support they receive from financial and professional advisers, financial services marketing staff, service providers and distributors.

This includes educating and assisting UK investment and finance clients through our annual **National Ethical Investment Week** and our **Sustainable Pensions Project**, and supporting financial advisers, marketing staff and distributors through our chapter for advisers, called the **Ethical Investment Association**, and other activities.

The programme focuses on mass affluent and high net worth individuals, family offices, charities and churches; their advisers and distributors; institutional asset owners including pension funds and insurance companies and their professional advisers; mass membership NGOs and community organisations.

Association

Providing a core networking and information clearing house service to UKSIF's members and maintaining and improving UKSIF's capacity to achieve its mission.

Implementation

The delivery of the strategy will be overseen by new and continuing committees of the UKSIF board. Building on the success of our existing Advisory Boards/Groups, we will use co-options to these committees to involve members and partners in steering our strategy implementation. Several specialist Advisory Boards/Groups will report to the board via the programme committees.

While we are confident that UKSIF's business model is fit for purpose today, it needs to remain appropriate as the market develops. For this reason, a review of our business model forms an important part of the Association programme within the new strategy.

Draft milestones and measures of success have been identified for each programme. These will be refined by the board committees as part of the strategy implementation.

This strategy will enable UKSIF to advance its vision, support its members and build on its achievements to date at this hugely important and exciting time for sustainable investment and finance. While it is ambitious, we believe that – with the active support of UKSIF's members – it is achievable. We commend it to you.

Martin Clarke, Chair
on behalf of the UKSIF Board

October 2010

Section 1: Our mission, vision and approach

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

Our vision is that “The UK finance sector leads the world in advancing sustainable development through financial services”.

This requires us to work with our members to

- 1 – Grow customer demand
- 2 – Ensure access to high quality supply
- 3 – Ensure an effective operating environment
- 4 – Maintain and continuously improve UKSIF’s capacity to achieve its mission and vision

The outcomes that we want to see are

Customer Demand: Most customers in our target audiences are aware of the concept of sustainable and responsible financial services and, where products and services are available that meet their needs, a significant percentage of them purchase these.

Access to High Quality Supply: A broad range of sustainable and responsible financial services are available; they meet the needs of customers, particularly in the target customer audiences, and create commercial opportunities for all industry actors.

An Effective Operating Environment: Senior financial services decision makers, government and regulators support the importance of financial services that advance sustainable development and a long-term responsible approach to wealth creation and management. This commitment is manifested by changes to the operating environment, together with senior level support for innovation in UKSIF members and strategic support for UKSIF projects.

UKSIF’s Capacity: UKSIF makes a highly regarded, effective and sustainable contribution to achieving the outcomes above.

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
- Providing the **networking and member support** that enables the UK’s world leading cluster¹ of sustainable investment and finance businesses and practitioners to grow assets under management, effectiveness and productivity. This includes delivering its “community of practice” events and information support.
- **Convening** its members to **understand, educate and influence** governments, non-governmental organisations, regulators, companies, professional advisers, the general public and other stakeholders. As the industry matures and access to and information about companies becomes easier to obtain, UKSIF’s role in support of dialogue with governments and regulators in the UK and potentially elsewhere has become a more significant part of its role.

¹For a description of the economic value of clusters to their members and others, see <http://www.isc.hbs.edu/econ-clusters.htm>

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 how we work (our values and operating principles) is available on our website at www.uksif.org/values.

In addition, following member consultation, our 2011-2014 strategy aims to:

1. Support **both** responsible investment and finance approaches that “stand out” as a **distinct and different product/service** and also those that aim to “disappear” over time because they become “**a normal part of doing investment well**”.

A minority of members want UKSIF to support only one of these two approaches. However, our consultation indicated that those wanting us to support only distinctive approaches were evenly matched by those wanting us to support only “integrating” approaches. The two views are not incompatible when each is highlighted as a positive option as there will always be innovation that is ahead of the norm. In our view, they become incompatible only when either tries to position itself as better or more desirable than the other.

2. Both **make UKSIF members more productive and effective** within the current industry structure and also encourage **change in the capital markets** so that only sustainable activities are profitable for both business and financial services.

The strategy recognizes that supporting investment professionals within its members to undertake their current roles is an important part of what UKSIF offers to most of its investment and finance members.

3. **Focus mainly on influencing UK stakeholders**. Specifically, UKSIF aims to be the leading voice of the responsible investment industry to UK government, regulators and other industry stakeholders, and work with and through the European Sustainable Investment Forum (Eurosif) and other channels to influence at the European Union level.

Although the UK finance sector supports global investment and financial services, with emerging markets increasingly important for UKSIF members, influence outside Europe is not our priority during this period. However, we will continue to explore opportunities to achieve productivity and impact through joint working with other Sustainable Investment and Finance (SIF) organizations.

Section 2: Our programmes

2.1 Leadership

This programme supports the development and delivery of responsible investment management and other financial services, and influences the industry's operating environment. It includes our **investment analyst programme**, our **low carbon investment support**, and our **influence** on regulation, public policy, international promotion and the stakeholders who shape the industry.

It aims to create a virtuous cycle in which **the UK both promotes and continuously improves its leadership** in sustainable and responsible investment and finance. We will **encourage the UK's trade promotion bodies**, particularly The CityUK, the new UK financial services promotional body, to promote sustainable investment and finance, while **supporting the UK sustainable finance cluster** to achieve the productivity, innovation and growth needed to stay ahead in this evolving and internationally competitive field. This should, in turn, **drive global change** by stimulating other markets to respond.

The programme focuses on asset managers and other financial institutions, investment banks, research providers, institutional investment trade and promotional bodies, regulators, public policy makers and opinion formers and civil society stakeholders in the finance sector.

The following key activities will be delivered to achieve our aims:

To grow Customer Demand

- Encourage international promotion of the UK's sustainable and responsible investment services and related financial and professional services, by TheCityUK and others, to increase market share of UK-based asset managers and service providers
- Collaborate on the bi-annual pan-European RI market survey and on selected other activities led by Eurosif; and potentially introduce annual measurement of the domestic and international AUM held by our UK-based investment manager members
- Encourage and respond to media enquiries and opportunities

To ensure access to High Quality Supply

- Highlight the sustainable finance capacity of UKSIF members, eg. by our new "Future of Investment" publications and as part of the "demand" activities above
- Deliver UKSIF's analyst programme and associated activities (collaborative engagement support, Extel survey, etc.); work with analyst members to measure how this supports quality and productivity improvement
- Provide support for member achievement of their Principles for Responsible Investment (PRI) and similar commitments
- Provide catalytic support to low carbon investment and other emerging investment areas, including support for green bonds and a UK green investment bank

To ensure an Effective Operating Environment

- Encourage improved asset owner disclosure; and support effective implementation of the Stewardship Code and other measures to improve the investment chain
- Support public policy measures that enable, incentivize and require companies and other investments to "race to the top" in delivering sustainability and to be transparent on sustainability strategies and practices; and ensure that the responsible investor voice is present and influential in relevant public policy debates
- Encourage and facilitate innovative thinking and research about the operation of capital markets and the future of capital investment and stewardship

To maintain and continuously improve UKSIF's Capacity

- Work with members to increase senior executive involvement with UKSIF
- Deepen relationships with relevant opinion formers

2.2 Market

This programme raises awareness about sustainable and responsible investment and associated financial services among **private investors and institutional asset owners** and improves the support they receive from financial and professional advisers, financial services marketing staff, service providers and distributors.

This includes educating and assisting UK investment and finance clients through our annual **National Ethical Investment Week** and our **Sustainable Pensions Project**, and supporting financial advisers, marketing staff and distributors through our chapter for advisers, called the **Ethical Investment Association**, and other activities.

The programme focuses on mass affluent and high net worth individuals, family offices, charities and churches; their advisers and distributors; institutional asset owners including pension funds and insurance companies and their professional advisers; mass membership NGOs and community organisations.

The following key activities will be delivered to achieve our aims:

To grow Customer Demand

- Continue to organise National Ethical Investment Week (NEIW), a high profile promotional week based on Fairtrade Fortnight
- Encourage and support activities by regulators, trade bodies and others that grow demand from domestic institutional asset owners; and, where resources and other priorities permit, continue delivery of key Sustainable Pensions Project outputs to encourage and support this demand
- Develop funded activities that grow demand for impact investing
- Encourage and respond to media enquiries and opportunities

To ensure access to High Quality Supply

- Highlight the capacity of UKSIF members via the promotional week
- Undertake activities during the year to build capacity for the week, including running marketing seminars and encouraging platforms and wraps to highlight and improve their support
- Support financial advisers by providing the Ethical Investment Association secretariat (including organising quarterly conferences and maintaining a dedicated web site) and an online training course and other resources for advisers and wealth managers

To ensure an Effective Operating Environment

- Support the European SRI Transparency Code
- Support Green ISAs and similar developments
- Ensure government and regulatory proposals, such as the Retail Distribution Review, do not impede the growth of sustainable investment and finance

To maintain and continuously improve UKSIF's Capacity

- Maintain NEIW website, logo, network, case studies, guides, celebrities and other resources
- Deepen relationships with relevant opinion formers

Note: While UKSIF's 2011-2104 strategy does not anticipate a core focus on financial literacy or financial inclusion, any support for this area would be delivered as part of this work programme. For example, members might chose to work with schools to raise awareness of the impact of responsible investment during National Ethical Investment Week, while support for impact investing might highlight how it is addressing financial inclusion.

2.3 Association

This programme provides UKSIF's core **networking and information clearing house** service to members, and maintains and improves UKSIF's capacity to achieve its mission. It seeks to ensure that UKSIF continues to be an **exemplary membership association** in its impact on the achievement of sustainable development.

The following key activities will be delivered to achieve our aims:

To grow Customer Demand and ensure access to High Quality Supply

- Deliver core UKSIF networking and information clearing house service:
 - UKSIF web site, including jobs listings and member area, and appropriate use of social media
 - "What's New" e-newsletter or equivalent
 - Annual Lecture and significant anniversary events (eg. UKSIF's 20th birthday in 2011)

To ensure an Effective Operating Environment

- Support measurement of social and environmental impact of responsible investment

To maintain and continuously improve UKSIF's Capacity

- Provide and improve UKSIF brand management
- Provide and improve an "RI Outcomes Barometer", an expert assessment of the state of responsible investment and finance using our desired outcomes
- Deliver and improve UKSIF governance, including AGM, Board and Board committees
- Provide and improve UKSIF membership administration and financial and office management
- Implement inflation-based increases to membership fees
- Review UKSIF business model
- Introduce strategic improvements based on learning from Action Networks and other research²
- Potentially increase productivity and impact by deepening relationships with SIFs in major finance centres and elsewhere around the world

² For example, see <http://www.networkingaction.net/index.html>

Section 3: Our governance

The delivery of the strategy will be overseen by new and continuing committees of the UKSIF board. Building on the success of our existing Advisory Boards/Groups, we will use co-options to these committees to involve members and partners in steering our strategy implementation. Several specialist Advisory Boards/Groups will report to the board via the programme committees.

At UKSIF's 2010 AGM, members approved changes to the composition of the Board to enable greater use of co-options to achieve an optimal mix of skills and competencies while ensuring that two thirds of Board seats are normally held by directors elected by the membership.

The governance structure to oversee the strategy implementation will be:

UKSIF Board (continuing)

Leadership Committee (new)

Research and Analyst Services Advisory Group (continuing)

Market Committee (new)

Sustainable Pensions Advisory Board (continuing)

National Ethical Investment Week Advisory Board (continuing)

Ethical Investment Association Advisory Board (continuing; open only to financial advisers)

Executive Committee (continuing; oversees the 'Association' programme)

Section 4: Our business model

4.1 UKSIF's business model today

UKSIF plans to fund its activities in 2011-2014 from a mixture of membership fees, project sponsorship and (where available) grants in a mix that is broadly unchanged from 2007-2010. Membership fees provide about two thirds of this income.

Member feedback during the strategy consultation has confirmed that UKSIF provides a valuable and distinctive offering that continues to attract member support. This is reinforced by the number of new sustainable investment houses that have chosen to join in recent years.

We are grateful to those members and others who provide additional sponsorship or grants for our project activities; we could not deliver our programmes without them. As well as continuing to seek such sponsorship and grant support to deliver the new strategy, we will also explore additional approaches to securing resources. This includes partnering with others where appropriate and seeking more pro bono support.

4.2 UKSIF's business model in the future

As sustainable and responsible investment becomes a mainstream choice, UKSIF needs to ensure that its proposition remains relevant and can continue to attract the resources needed to achieve its mission. While we are confident that our business model is fit for purpose today, it needs to remain appropriate as the market develops. For this reason, a review of UKSIF's business model forms an important part of the Association programme within the new strategy. The board will start this review at its 2010 Strategy Day and will consult and involve members during the review process.

Section 5: Our key milestones and measures of success

5.1 Key Milestones

The following milestones will be refined by the board committees as part of the strategy implementation.

	2011	2012	2013	2014
Leadership				
- Analyst Support & Collaboration	Events Target opinion former contacts achieved	Events Target opinion former contacts achieved	Events Target opinion former contacts achieved	Events Target opinion former contacts achieved
- Low Carbon & Emerging Investment Practice	Low Carbon leadership report published "Future of Investment" reports published Low Carbon / Emerging Investment member support & development plan completed	(as in 2011 plan)	(as in 2011 plan)	(as in 2011 plan)
- Fin Services Stakeholder Management & Influence	Stakeholder Management plan developed Target opinion former contacts achieved	Target opinion former contacts achieved	Target opinion former contacts achieved	Target opinion former contacts achieved
- Other leadership support	N/A	(to be agreed)		
Market				
- Ethical Investment Association	(Recruitment milestone)	(Recruitment milestone)	(Recruitment milestone)	(Recruitment milestone)
- National Ethical Investment Week	NEIW11 (Oct-Nov)	NEIW12	NEIW13	NEIW14
- Other adviser support	Provisional: Wealth manager advice course published			
- Impact investing support	Project funding secured			
- Sustainable Pensions	Third Corporate PF Survey produced	Sustainable Pensions strategy review completed		
Association	Revised membership fees implemented (1 Jan) "RI Outcomes Barometer" developed 20 th Anniversary Celebration at House of Lords (Summer)	Business model review completed Agreed inflation-linked membership fee increase implemented (1 Jan)	Agreed inflation-linked membership fee increase implemented (1 Jan)	Agreed inflation-linked membership fee increase implemented (1 Jan)

5.2 Measures of Success

The following measures will be refined by the board committees as part of the strategy implementation. Targets will be set and monitored for each measure.

Role	Acting as a voice	Networking and supporting the cluster	Convening members to understand, educate and influence	Impact
Leadership	<p>PR measures, eg. coverage in target publications (eg. FT) and of key messages</p> <p>Number of quality contacts with target opinion formers</p> <p>[At least one more specific measure of influence to be set by board committee]</p>	<p>Member involvement (eg. attendance at analyst events; participation in committees; investment manager member recruitment)</p> <p>Member satisfaction (eg. with the analyst programme)</p>	<p>Stakeholder perception of RI and UKSIF</p> <p>Member involvement with UKSIF stakeholder relations</p>	<p>“RI Outcomes Barometer” (an expert assessment using our desired outcomes)</p>
Market	<p>PR measures by audience, eg. coverage in target publications and of key messages (already in place for NEIW)</p>	<p>Member involvement (eg. number of member NEIW events and supporters; attendance at EIA conferences; EIA member recruitment; Associate member recruitment)</p> <p>Member satisfaction (Member satisfaction with NEIW involvement; EIA member retention)</p>	<p>Stakeholder perceptions of RI / NEIW / other programmes</p> <p>Total (member and non-member) involvement with NEIW / other programmes</p> <p>Usage of adviser training material</p>	
Association	N/A	<p>Usage of core services (web site hits, use of What’s New, attendance at all member events)</p> <p>Member satisfaction with core services</p> <p>Benchmarking against other associations (for consideration)</p>	<p>Organisational effectiveness (particularly Board, Secretariat, Financial, Other Resources)</p> <p>Progress in measuring impact</p>	

Appendix 1: About UKSIF

UKSIF, the sustainable investment and finance association, promotes responsible investment and other forms of finance that support sustainable economic development, enhance quality of life and safeguard the environment. It also seeks to ensure that individual and institutional investors can reflect their values in their investments. Founded in 1991, it has over 200 members including banks, asset managers, pension funds, financial advisers, research providers and non-governmental organisations. For more information, visit www.uksif.org.

Membership (at end June 2010)

47	Pension Funds, Foundations and Others
71	Financial Institutions
51	Financial Advisers
65	Investment Consultants, Research and Other Professional Advisers

	Income (£K; 2009)		Expenditure (£K; 2009)
Membership Fees	219	Staff	193
Sponsorship / Other	132	Other core costs	65
		Direct project costs	62
Total	351	Total	320

Appendix 2: Our opportunities and challenges

This strategy seeks to address the following key opportunities and challenges for UKSIF to work effectively with its members to achieve its sustainable finance mission. These were identified during our member consultation.

Opportunities

- Following the financial crisis, there is a new openness to responsible and sustainable approaches to investment and financial services
- There is ever stronger underlying political commitment to creating a public policy framework that delivers market-based solutions to sustainable development, in spite of setbacks. This includes incentivising the changes in capital allocation needed.

It is increasingly clear that these offer huge opportunities for influence and success for the responsible and sustainable finance industry and that UKSIF is well positioned to help it to respond.

Challenges

To respond effectively to the scale of the opportunities, UKSIF must get ever better at

- Continuing to support its members to advance responsible investment and associated finance services effectively and productively
- Articulating clearly the role it uniquely plays and seeks to play in working with its members to support sustainable finance so that they can understand and communicate the particular value that it delivers.
- Setting priorities, harnessing all its resources in the most effective way, working with and through others and, where possible, identifying additional funding. As an organisation with a turnover of around £350,000 per annum, UKSIF's financial resources are very limited compared with the impact it aims to achieve; but it has considerable non-financial resources including the enthusiasm, skills and contacts of its members, staff and partners and its brand, knowledge and track record.

Last Updated: 25 October 2010