



UK Social Investment Forum (UKSIF)

Evidence from the UK Social Investment Forum to the Work and Pensions Committee Inquiry into Pension Reform

Summary: This submission addresses the need and opportunity for the government to provide a policy framework to ensure responsible and sustainable investment practices by any future National Pension Savings Scheme (NPSS).

1. Recommendations

- 1.1 To ensure the government's wider aims of high quality of life in retirement, successful pension reform needs to deliver both financial security in retirement and sustainable development at the same time. We therefore recommend that it is essential for enduring pension reform that the government provides a policy framework which ensures responsible and sustainable investment practices by any future National Pension Savings Scheme (NPSS).
- 1.2 To achieve both financial security through investment and sustainable development should be mutually reinforcing rather than contradictory. Nevertheless it will require significant changes to today's investment culture.
- 1.3 Other countries, within Europe and worldwide, are taking significant steps towards responsible and sustainable investment of national pension funds. We believe that the government should aim to be among the leaders rather than the laggards in this group.
- 1.4 In early 2006, UKSIF made a submission "Next Steps towards Sustainable & Responsible Investment" to the Minister for Pension Reform. Drawing on international experience, a key part of the submission made recommendations specifically on how this integration of responsible and sustainable investment into any NPSS might be achieved.
- 1.5 There is a range of information available on international experience of responsible and sustainable investment by national pension funds. This includes the submission described above and the pension toolkit published in 2004 by our sister organization the European Social Investment Forum (Eurosif).
- 1.6 This is a rapidly developing area internationally. For example, the first annual report of the Council on Ethics of the Norwegian Government Pension Fund – Global was published this month. This council was set up by governmental decision in November 2004. Information about its work is given at www.etikkradet.no.

2. UK Social Investment Forum

- 2.1 The UK Social Investment Forum (UKSIF) is the UK's membership network for socially responsible investment (SRI). UKSIF's primary purpose is to promote and encourage the development and positive impact of SRI amongst UK based investors. UKSIF believes that all material social, environmental and ethical (SEE) issues should be integrated into standard investment practice and that individual investors should be able to reflect their values in their investments.
- 2.2 The Forum was launched in 1991 to bring together the different strands of SRI nationally and to act as a focus and a voice for the industry. UKSIF's 200+ members and affiliates include retail and institutional fund managers, financial advisers, SRI research providers, consultants, trade unions, banks, building societies, community development finance institutions, NGOs and individuals interested in SRI. Information on the UK Social Investment Forum is available at www.uksif.org.

3. Supporting Documents

- 3.1 UKSIF's submission to the Minister for Pension Reform "Next Steps towards Sustainable & Responsible Investment" is available at www.uksif.org. Section 2 gives an overview of the case for sustainable pension investment and Section 4 specifically addresses any future NPSS.
- 3.2 A summary of the policy frameworks for sustainable investment adopted for other European national pension funds is given in on Pages 12-16 of the European Social Investment Forum Pension Programme Toolkit (2004-5) available at <http://www.eurosif.org/pub2/lib/2004/11/pensiontk/index.shtml>.

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March 2006

Attachment:
Next Steps towards Sustainable & Responsible Investment: Submission from the UK Social Investment Forum to Stephen Timms MP, Minister for Pension Reform (February 2006)