



## Top UK Corporate Pension Funds for Responsible Investment named in groundbreaking UKSIF report

London, 4<sup>th</sup> October 2007 - The **British Telecom Pension Scheme**, **Friends Provident Pension Scheme** and **Stagecoach Group Pension Scheme** were named today as the leading UK corporate pension funds in their approach to responsible investment in the first report ranking the pension funds of the UK's Corporate Social Responsibility (CSR) Leaders.

The report *Responsible Business: Sustainable Pension - How the Pension Funds of the UK's Corporate Responsibility Leaders are approaching responsible investment* by the UK Social Investment Forum (UKSIF), the membership body for responsible investment, considered the responsible investment practices of the pension funds of UK companies listed in the FTSE4Good UK Index and in the Carbon Disclosure Project's Climate Disclosure Leadership Index.

The survey found also that for participating funds:

- **Nearly two thirds of funds with a Responsible Investment (RI) policy give at least “some significance” to alignment with the plan sponsor’s CSR/Sustainability policies;** this includes one fifth of funds that give this “great significance”.
- **Two out of three corporate pension funds of CSR leaders have trustees who believe that environmental, social and governance (ESG) issues can have a material impact on the fund’s investments in the long term.**
- Nearly three quarters of participating funds have an RI policy. This rises to over four fifths for larger pension funds. It is two thirds for smaller funds.
- Where an RI policy has been adopted, it is almost always applied to equities. Where other asset classes are used, the RI policy is applied in about half of the cases.
- Three quarters of funds said that they monitored whether their RI policy was being carried out, and two thirds said that RI featured in the assessment, appointment, evaluation or remuneration of fund managers.

In the ranking of funds into five categories according to their implementation and communication of responsible investment, one third of participating funds were placed one of the top three categories.

But the report raised questions about the commitment to transparency of the pension funds of the UK's CSR leaders compared with their plan sponsors. Less than half of the participating funds actively communicated their RI policy and how it is implemented to members and other stakeholders, while over half of the 278 funds originally approached declined to participate in the survey.

The report was produced as part of the UKSIF Sustainable Pensions Project that seeks to encourage the pension schemes of companies which are leading the way on corporate responsibility practices to consider environmental and social issues also in their pension fund investment decisions. It was developed with funding from Esmée Fairbairn Foundation and support from FTSE Group.

Michael Deakin, Chair of UKSIF's Sustainable Pensions Advisory Board, said "For the first time, we have data on the existence and application of responsible investment policies in the pension funds of the UK corporate sector. Pension fund trustees are facing many challenges but I hope that, by highlighting how the best in class are performing, other funds will look to make progress in this regard."

Will Oulton, Head of Responsible Investment, FTSE Group said "UKSIF's Sustainable Pensions Project provides a welcome and credible benchmark for corporate pension funds in assessing their RI approaches. Credible benchmarks can change behaviours as FTSE have seen with the constituents of the FTSE4Good Index. I believe that this project will similarly provide encouragement for corporate pension funds to further implement RI practices into their investment processes."

Penny Shepherd, UKSIF's Chief Executive, said "We would like to repeat this survey regularly and hope that this will enable UK corporate pension funds to track their progress over time. "

- ENDS -

## **Notes to Editor**

### **About the Report**

The report *Responsible Business: Sustainable Pension – How the Pension Funds of the UK's Corporate Responsibility Leaders are approaching responsible investment* is based on questionnaire responses from the pension funds of companies in the FTSE4Good UK Index and the Carbon Disclosure Project's Climate Disclosure Leadership Index at June 2006. Out of the 278 pension funds which were sent the questionnaire, 34 pension funds (12%) responded with a completed questionnaire, of which 33 were usable. A further 146 pension fund contacts (53%) stated that they did not wish to participate. The analysis in the report is based upon these 33 responses.

### **About the UKSIF Sustainable Pensions Project (SPP)**

The UK Social Investment Forum (UKSIF) is the UK's membership network for sustainable and responsible financial services. It promotes responsible investment and other forms of finance that support sustainable economic development, enhance quality of life and safeguard the environment. For further details, see [www.uksif.org](http://www.uksif.org).

Launched in 1991, UKSIF brings together the different strands of sustainable and responsible financial services within the UK and to act as a focus and a voice for the industry. Its 200+ members and affiliates include pension funds, investment consultants, retail and institutional fund managers, banks, investment

banks, financial advisers, socially responsible investment (SRI) research providers, non-governmental organisations and interested individuals.

The UKSIF Sustainable Pensions Project ([www.uksif.org/pension-funds/sustainable](http://www.uksif.org/pension-funds/sustainable)) was launched in 2006 to assist UK occupational pension funds to adopt more sustainable and responsible investment strategies. It seeks to encourage the pension schemes of companies which are leading the way on corporate responsibility (CR) practices and local government pension funds to consider environmental and social issues also in their pension fund investment decisions. It believes that this should help to protect and enhance long-term shareholder value and financial returns for the scheme beneficiaries.

The project is core funded by Esmée Fairbairn Foundation and overseen by an independent Sustainable Pensions Advisory Board, chaired by Michael Deakin. The members of the Sustainable Pensions Advisory Board are:

<b>Michael Deakin (Chair)</b>	Michael Deakin Consultancy Ltd
<b>Tim Currell</b>	Hewitt Associates
<b>Reg Hinkley</b>	formerly BP Pension Trustees Limited
<b>Emma Hunt</b>	Mercer Investment Consulting
<b>Shaun McCarthy</b>	Action Sustainability
<b>Peter Montagnon</b>	Association of British Insurers (ABI)
<b>Will Oulton</b>	FTSE Group
<b>Larry Stone</b>	BT Pension Scheme
<b>Mike Taylor</b>	Local Authority Pension Fund Forum
<b>Alex Van der Velden</b>	FairPensions

The following were formerly members:

<b>Rob Lake</b>	then Henderson Global Investors
<b>Paul Moody</b>	Morley Fund Management

All members serve in a personal capacity.

### **About Michael Deakin**

Michael is Director of Michael Deakin Consultancy Ltd ([www.michaeldeakin.co.uk](http://www.michaeldeakin.co.uk)) and has over 25 years investment experience. He is a member of the board of the London Pension Fund Authority and of the Pension Protection Fund and a trustee of the HBOS Final Salary Pension Scheme. Until his retirement in 2003, he was Chief Investment Officer for Insight Investment, the investment management business of the HBOS Group, where he was responsible for over £65 billion of assets, including fixed income, equities, property and cash, and for over 150 investment professionals. He is a former Deputy Chairman of the Investment Committee of the Association of British Insurers.

### **About FTSE Group**

FTSE Group is a world-leader in the creation and management of indexes. With offices in Beijing, London, Frankfurt, Hong Kong, Madrid, Paris, New York, San Francisco, and Tokyo, FTSE Group services clients in 77 countries worldwide. It calculates and manages the FTSE Global Equity Index Series, which includes world-recognized indexes ranging from the FTSE All-World Index, the FTSE4Good series and the FTSEurofirst Index series, as well as domestic indexes such as the prestigious FTSE 100. The company has

collaborative arrangements with the Athens, AMEX, Cyprus, Euronext, Johannesburg London, Madrid, NASDAQ and Taiwan exchanges, as well as Nomura Securities, Hang Seng and Xinhua Finance of China. FTSE also has a collaborative agreement with Dow Jones Indexes to develop a single sector classification system for global investors.

FTSE indexes are used extensively by investors world-wide for investment analysis, performance measurement, asset allocation, portfolio hedging and for creating a wide range of index tracking funds. Independent committees of senior fund managers, derivatives experts, actuaries and other experienced practitioners review all changes to the indexes to ensure that they are made objectively and without bias. Real-time FTSE indexes are calculated on systems managed by Reuters. Prices and FX rates used are supplied by Reuters.

### **About the Carbon Disclosure Project (CDP)**

The Carbon Disclosure Project (CDP) provides a secretariat for the world's largest institutional investor collaboration on the business implications of climate change. CDP represents a process whereby many institutional investors collectively sign a single global request to companies for disclosure of information on Greenhouse Gas Emissions and publish the results. The CDP web site is the largest registry of corporate greenhouse gas emissions in the world. In 2007, 315 signatory investors agreed to put their name on the CDP information request (CDP5) and the project received over 1300 responses to the CDP5 questions. The CDP has published the Climate Disclosure Leadership Index (CDLI) for four years. In CDP5, it consists of 68 FT500 companies that show distinction in their responses to the Carbon Disclosure Project survey, based on their reporting of greenhouse gas emissions and assessment of the company's climate change strategy. For further details, see [www.cdproject.net](http://www.cdproject.net).

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