

JUSTPENSIONS

Just Pensions highlights potential risk to investors from ownership and governance of media sector

Just Pensions, a programme of the UK Social Investment Forum (the UK's membership network for Socially Responsible Investment) today launches the third in a series of notes aimed at highlighting non-traditional financial risks to pension fund trustees. The notes, covering the largest UK industry sectors, will identify potentially material social, ethical and environmental (SEE) risks facing each sector in the long and short term, i.e. **risks that have the potential to impact on shareholder value**, and are therefore of interest to all investors.

This third note focuses on the **Media sector** and highlights two risks related to their operations in the UK market. The note acts as a co-ordinated investor response to the industry who are currently consulting on their own framework of Corporate Social Responsibility issues facing the sector.

The risks highlighted in the note include:

- **Media ownership and governance**

The management of a number of media companies is dominated by a chief executive or chairman who is also a major shareholder. There is a risk that such an imbalance of power within the board may result in strategic decisions aligned with the ambitions of the management rather than with the priorities of other shareholders. Minority shareholders (such as pension fund trustees) will be concerned to know whether or not there is a strong, independent counter balance in the leadership, preferably at non-executive level, who will act in their interests.

- **Maintaining relevance to the audience**

Media companies are dependent on attracting the attention of their target audience to maximize advertising revenue and product sales. As the demographics of the population alters, audiences fragment into more diverse interest groups (aided by new digital technologies) and corporate advertisers aim to reach increasingly wealthy groups (such as working women, the retired and ethnic minorities), creative departments must be adaptable to communicating with an ever widening range of cultures and interests.

Tom Powdrill, Senior Policy Officer and trustee of the Trades Union Congress pension fund commented, "Once again this note highlights real risks facing pension fund investments. This series is becoming a valuable tool to help trustees understand how their fund managers are taking such risks into account in their day-to-day investment decisions."

The Media note has been produced in collaboration with 9 of UKSIF's fund management members: CIS, Henderson, Insight, Jupiter, Morley, RCM, Schroders, Storebrand, and USS.

The series is planned to run for two years, with the next note focusing on the Telecoms sector due for release in early May 2004.

-ENDS-

Notes to Editors

1. *Just Pensions* is a programme of the UK Social Investment Forum (UKSIF) - the UK's membership network for socially responsible investment (SRI). *Just Pensions* aims to educate and influence UK pension funds

PRESS NOTICE: 26st February 2004

and other institutional investors about the importance of international development issues in their practice of SRI. In addition to its education and awareness raising activities, *Just Pensions* co-ordinates in-depth research to assess current practice and works to address the blocks to the growth of SRI generally and pro-poor SRI in particular. *Just Pensions* also provides SRI toolkits for trustees, and engages with stakeholders on SRI best practice. Together with UKSIF and Eurosif, *Just Pensions* aims to raise SRI on the public policy agenda in the UK and Europe. *Just Pensions* draws upon the expertise of a multi-stakeholder advisory board of SRI practitioners and other industry specialists and currently receives core funding from the Department for International Development (DFID). For further information, visit www.justpensions.org.

2. 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. 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 250+ 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. In addition to UKSIF's programmes and parliamentary work, the Forum prepares member newsletters and briefings, as well as co-ordinating a wide range of events, from small seminars to conferences on topics reflecting the full spectrum of interest in the SRI field. UKSIF also works to educate the public and Government about SRI. For further information, visit www.uksif.org.

For further information and press enquiries, please contact Meg Brown on 020 7440 9711 or at meg.brown@justpensions.org.