

PRESS NOTICE: FOR IMMEDIATE RELEASE

JUSTPENSIONS

Just Pensions launches tenth in a series of sector notes for pension fund trustees

In a continued effort to inform pension fund trustees of non-traditional financial risks, Just Pensions has launched the tenth in a series of sector specific notes covering the beverages industry. The notes, covering the largest UK industry sectors 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.

The beverages sector note offers insightful analysis for pension fund trustees and outlines the SEE risks associated with the beverages sector (outlined below).

Further regulation and restriction on the industry

Alcoholic beverage products are already strictly regulated and are usually subject to high levels of taxation. A sudden change in regulation or taxation can influence consumer-purchasing behaviour and therefore potentially impact sales. Recent examples have included a police clamp down on drink driving significantly reducing alcohol sales in France. Tax increases and smoking bans in public places in Ireland have encouraged consumers to purchase beverages from the off-trade (e.g. supermarkets) for consumption at home rather than in a pub or bar. A significant consumer shift to lower priced own brand products may reduce profitability of branded beverages producers.

Responsible marketing

Companies developing products likely to appeal to the younger drinker must be careful to ensure that they market those products responsibly. Regulators will be vigilant in their assessment of how new products are advertised and marketed, to prevent the encouragement of under-age drinking. Governments often set higher levels of tax, for example on alcopops, in an attempt to set the price above the reach of an average teenager. Litigation may be triggered by advertising campaigns perceived to be targeted at under-age drinkers. Cultural sensitivity is also important to ensure advertising is appropriate to the specific market in which the product is being sold.

Safe and sustainable production

As with any food or drink product, the impact of a contamination scare may be significant. If branded drinks are implicated in safety scares, the potential for long term damage to brand value and therefore sales is significant. Beverage companies trading within the EU, but sourcing raw materials from abroad, need to be careful to label any product containing GM derived ingredients in accordance with GM Food and Feed Regulation (2003). Effective traceability systems throughout the supply chain will reduce the risk of accidental inclusion of GM or unsafe ingredients within products, protecting consumer trust in the brand.

One more sector note (financials) remains in the series while the following sectors have already been covered: 1) pharmaceuticals, 2) utilities, 3) media, 4) telecoms, 5) food producers and retailers, 6) tobacco, 7) general retailers, 8) construction and building materials, and 9) extractives.

For more information on any of the sector notes or to request either electronic or hard copies please see the UKSIF website at <http://www.uksif.org>.

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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 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.
3. This series of notes for pension fund trustees has been compiled by the UK Social Investment Forum in collaboration with a group of its members and the Just Pensions programme. Each note covers one FTSE industry sector in which UK pension funds invest. Potentially material social, ethical and environmental risks facing the largest sectors are highlighted and discussed in relation to their potential impact on shareholder value. In addition, one potentially material developing world issue relating to the sector's activities is explored in more detail. The aim of the notes is to help pension fund trustees understand risks that lie outside the realm of traditional financial analysis but may influence the performance of their investments. Additional questions to aid trustees in their discussion with fund managers will be provided during the series. For further information on the series, or to receive any individual sector note, please do not hesitate to contact the Just Pensions programme at info@justpensions.org or on 020 7440 9712.

For further information and press enquiries, please contact 020 7440 9712 or email info@justpensions.org.