



UK Social Investment Forum

Holywell Centre, 1 Phipp St, London EC2A 4PS
Email: info@uksif.org

Tel: 020 7749 9950
Web: www.uksif.org

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Kate Smith
Climate and Energy: Households and Markets Division
Department for Environment, Food and Rural Affairs
Ashdown House Zone 3/H17
123 Victoria Street
London SW1E 6DE
Email: offsetting.code@defra.gsi.gov.uk

Dear Ms Smith

Response of the UK Social Investment Forum (UKSIF) to Defra's Consultation on establishing a voluntary Code of Best Practice for the provision of carbon offsetting to UK customers

UK Social Investment Forum (UKSIF) very much welcomes this consultation and the opportunity to comment on these proposals.

Inclusion of Verified Emissions Reductions ("VERs") within the proposed Code

UKSIF believes that it is essential that any Code of Best Practice adopted supports London's leadership within sustainable and responsible finance - specifically as the international financial centre for the global carbon market.

We believe that the membership of London Climate Change Services (LCCS) play a significant role in maintaining that leadership. We note the views expressed by LCCS in response to your consultation that "the voluntary carbon market will be a big part of the global carbon market over the next few years" and that "the UK has the opportunity again to set the agenda on this issue and this in turn will help maintain London's leading position as the World's leading financial centre for Carbon Finance".

We note also the comments of F&C, a leading fund manager and UKSIF member, in their recent publication *F&C Guide to Carbon Offsetting*¹ that "Whilst F&C strongly supports the need for greater standardisation, we believe that the focus on mandatory credits is an excessively restrictive approach. The voluntary market can be a valuable source of innovation, particularly for smaller projects where the cost of getting full regulatory approval may be prohibitive."

We hope that Defra will take account of these expert views. In particular, we hope that Defra will take due account of LCCS's call for the Code to leave the door open for the inclusion of real, independently verified, quantifiable, additional and permanent Verified Emissions Reductions ("VERs") from the voluntary carbon market.

UK Social Investment Forum


UK Social Investment Forum (UKSIF) is the membership network for sustainable and responsible financial services. 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.

The Forum was launched in 1991 to bring together the different strands of sustainable and responsible

1 Available at http://www.fandc.com/FN_FileLibrary/File/Carbon%20Offsetting%20-%20FINAL%205107.pdf.

finance nationally and to act as a focus and a voice for the industry. UKSIF's 200+ members and affiliates include banks and building societies, retail and institutional fund managers, pension funds, financial advisers, research providers, consultants, trade unions, NGOs and individuals interested in sustainable and responsible finance. Information on UKSIF is available at www.uksif.org.

With best wishes

A handwritten signature in black ink that reads "Penny Shepherd". The signature is written in a cursive style with a long, sweeping underline under the word "Penny".

Penny Shepherd MBE
Chief Executive