



UK  
Social  
Investment  
Forum

*Working with others to promote  
socially responsible investment*

# **Next Steps towards Sustainable & Responsible Investment**

**Submission from the UK Social Investment Forum  
to  
Stephen Timms MP  
Minister for Pension Reform**

**February 2006**

## Preface

Dear Stephen

In 2000, you pioneered the embedding of social and environmental disclosure into pension policy. Following the UK's lead, this measure has been adopted internationally.

On your appointment last year as Minister for Pension Reform, we were delighted that you invited a group of socially responsible investment specialists, including UK Social Investment Forum (UKSIF), to meet with you to discuss progress since then.

At that meeting, we were inspired by your vision that socially responsible investment and corporate social responsibility were key to the government's overall strategy of promoting long-term sustainable investment.

You asked us to make recommendations on how this could be achieved. This paper has been prepared by UKSIF with input from the experts present to respond to this request.

As an acknowledged leader in sustainable and responsible investment, the UK can build on international experience to deliver long-term sustainable financial security for the pensioners of tomorrow by supporting rather than reducing future quality of life and economic success.

UKSIF is the UK's leading SRI membership association. Our membership encompasses the majority of leading thinkers and practitioners in the UK on long-term sustainable, responsible and ethical investment. We would welcome the opportunity to meet further with you to discuss the proposals in this submission and, more generally, the development of pension policy which supports sustainable development. In addition, we would be delighted to participate in other activities which advance this agenda.

We believe that the package of measures recommended here offers a way to work with the financial services industry to help your vision to become a reality. UKSIF and our members look forward to working with you to achieve this.

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  
UK Social Investment Forum

# 1. Executive Summary

This paper recommends the steps which should be taken now and in the future to ensure the sustainable investment of pensions and other savings in the UK. By “sustainable investment”, we mean investment which delivers financial security and sustainable development at the same time.

Pension reform offers a historic opportunity to integrate sustainable development and the provision of long-term pension savings in the interests of fund beneficiaries, and society and the environment more broadly.

The government has made significant commitments to deliver sustainable development and pension reform. Both are major policy challenges requiring a long-term focus. Now is the time to bring them together.

To achieve this, we recommend a three-pronged approach:

1. Key short-term measures to catalyse immediate improvements.
2. Delivering the government’s policy commitment to sustainable development as part of any future National Pension Savings Scheme.
3. A sustained focus on changing investment culture and practices to deliver long-term sustainable and responsible investment ie. an investment culture fit for the challenges of the 21<sup>st</sup> century.

## **Short-term measures**

We recommend the following three short-term catalytic measures as the highest priority:

- Supporting the effective implementation of pension fund social, environmental, ethical (SEE) policies by requiring regular reporting to pension fund members on how they are implemented in practice and including them in manager agreements. This should include reporting of engagement undertaken on their behalf.
- Ensuring access to suitable responsible investment options for defined contribution funds.
- Stimulating new sustainable investment opportunities.

## **Sustainable development and any National Pension Savings Scheme (NPSS)**

Sustainable investment should be fully integrated into any NPSS. In particular, we recommend that:

- Any NPSS should aim to match or exceed best practice across the EU in sustainable public procurement of pension investment.
- Ethical, environmental and culturally appropriate investment funds should be available via the NPSS across a sufficient range of asset classes, at a suitable cost and with sufficient publicity. In addition, there should be sufficient information and general advice to enable informed choices on ethical as well as financial grounds.

- If core funds are identified, the government should explore the inclusion of socially responsible investment (SRI) funds within these rather than excluding them prematurely.

**A sustained focus on changing investment culture and practices**

The government should adopt a sustained focus on changing investment culture and practice to meet the challenges of the 21<sup>st</sup> century, in partnership with the financial services industry. A focal point should be delivered initially by the creation of an interdepartmental working group on sustainable and responsible investment. At an appropriate point, a Sustainable Investment Commission should be appointed with a mission of catalysing, publicising and championing systemic change. It is important that both are adequately resourced and that they influence government, the financial services industry and other bodies over a significant period of time.

## 2. Overview: Financial Security and Sustainable Development - A Partnership not a Trade-Off

Sustainable development and pension reform are major policy challenges. Both require a long-term focus. Now is the time to bring them together. Pension reform offers a historic opportunity to integrate sustainable development and the provision of long-term pension savings in the interests of fund beneficiaries, and society and the environment more broadly.

### 2.1 The government's commitment to sustainable procurement and consumption

In "Securing the Future", the UK Sustainable Development Strategy published in Spring 2005, the government committed itself to an integrated approach to achieving sustainable development. It stated "we want to achieve our goals of living within environmental limits and a just society, and we will do it by means of a sustainable economy, good governance and sound science" and "for a policy to be sustainable, it must respect all five of these principles"<sup>1</sup>.

In his Foreword, the Prime Minister said "This is a truly challenging agenda. It will involve working across departmental boundaries ... It involves channelling the power of business by stimulating the market to innovate and to produce more cost effective and sustainable options for all purchasers .... it involves influencing the individual everyday choices we all make"<sup>2</sup>.

Key commitments within the strategy include:

- To "lead by example"<sup>3</sup> and to be "recognised as among the leaders in sustainable procurement across EU member states by 2009"<sup>4</sup>. This has implications for the government's procurement of investment services, including by any future national pension savings scheme.
- To "help people to make better choices", using a comprehensive behaviour change model for policy making of enabling, encouraging, engaging, exemplifying (ie. leading by example and achieving policy consistency) and catalysing<sup>5</sup>.

### 2.2 The important and challenging agenda of pension reform

At the same time, the government has set an important and challenging agenda of ensuring financial security in retirement through pension reform. It has laid out a set of principles for reform and engaged industry leaders and others. The recent report of the Pensions Commission is one notable response.

Financial security in retirement is a significant component of a just society. The government's Sustainable Development strategy highlights the critical importance of delivering this in a way that respects the other sustainable development principles. We therefore welcome your request for us to make this submission.

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<sup>1</sup> "Securing the future: delivering UK sustainable development strategy" (March 2005), Pages 15-17.

<sup>2</sup> Ibid., Page 4.

<sup>3</sup> Ibid., eg. Pages 4 and 26.

<sup>4</sup> Ibid., Page 54.

<sup>5</sup> Ibid., Chapter 2 (with model on Page 26).

### 2.3 Responding successfully to both challenges at the same time

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.

Fundamentally, healthy long-term investment returns come not only from good investment timing and other fine-tuning measures by investment technicians but even more from long-term wealth creation within vibrant economies drawing on strong social capital and healthy environmental resources. Pension policy needs to complement, support and build on the government's sustainable development policies to build and maintain these essential economic, social and environmental resources.

One of the most difficult problems of current investment approaches adopted by pension funds is their tendency to be invested in a way that encourages over-emphasis on short-term financial performance, at the expense of investment in the tangible and intangible assets necessary to deliver more responsible, sustainable and productive business activities. This outcome is not in the public interest and nor is it in the long-term interest of pension fund beneficiaries.

There are a range of cultural and other inhibitors to the changes needed. Too often, actors within the investment supply chain are rewarded for disregarding the long-term or they have insufficient tools to take it sufficiently into account.

To address this, we recommend that pension policy should:

1. Encourage the pensions supply chain to shift from its current focus on short-term return to support long-term sustainable economic success. This involves changing the incentives for fund managers, expanding the current focus on corporate governance to address a broader approach to responsible ownership of companies and other investments, and encouraging investment that directly supports sustainability.
2. Build confidence in long-term savings by helping savers to understand better the underlying ownership of companies and other assets that deliver long-term returns – ie. encouraging them to “know what you own”.
3. Support effective informed choice by savers keen to encourage greater corporate responsibility, more sustainable business behaviour and other sustainable investment opportunities.

This submission suggests how these objectives might be achieved.

### 3. Initial Steps

To start immediately to catalyse improvements, we suggest the following three initial measures:

**3.1 Supporting the effective implementation of pension fund social, environmental, ethical (SEE) policies by requiring regular reporting to Pension Fund members on how they are implemented in practice and including them in manager agreements. This should include reporting of engagement undertaken on their behalf.**

Last year's Department for Work and Pensions (DWP) study indicated that most pension funds have done little to implement their socially responsible investment policies. We believe that a key initial step to rectify this is to introduce regular reporting to pension fund members on how any social, environmental, ethical (SEE) policies are implemented and to include these policies in manager agreements.

Transparency is a vital part of ensuring trust in financial services. Pension fund members, retail investors and civil society need to be confident that investment choices and ownership responsibility are exercised effectively on their behalf. There is demand for this information from pension fund members. For example, a 2003 survey by NMG research found that nearly three quarters of those questioned wanted to see a report on what had been done to address these types of ethical and environmental issues.

Independent surveys of pension fund trustees undertaken by Ashridge Centre for Business and Society as part of UKSIF's Just Pensions programme have shown increasing enthusiasm for regulation or legislation to require disclosure. Forthcoming research shows support from two thirds of trustees responding.

The draft enabling clauses on voting disclosure tabled in the Company Law Reform Bill in October 2005 are a significant contributor to achieving this. It is important that they form part of the final company law changes adopted. The government should give consideration to broadening these measures to take powers enabling it to require pension funds to report more broadly on the implementation of any SEE policies in their statements of investment principles in addition to voting disclosure.

In addition, the government should continue to encourage a voluntary approach, building on the Institutional Shareholders Committee's Statement of Principles. It should challenge pension funds to demonstrate the progress that can be achieved without moving to implement regulatory measures.

If it proves necessary to move to regulation, we would encourage the government to consult widely and draw on international experience to ensure that any mandatory approach is both effective and workable.

International experience suggests that both voluntary and mandatory approaches can be delivered effectively.

For example, the US has over two years of experience in implementing mandatory voting disclosure for mutual funds following an SEC rule introduced in 2003. Our American sister organisation reports increasingly strong retail investor interest and anecdotal evidence that costs of continued disclosure are proving to be low. Almost all funds are now releasing their voting record on their web sites, while electronic voting services offer automated support for disclosure and additional capabilities such as online search facilities. In addition, the Canadian securities regulators recently introduced similar proxy voting disclosure

requirements for mutual funds with reporting from summer 2006 about voting over the previous year.

### **3.2 Ensuring access to suitable responsible investment options for defined contribution funds**

We recommend that all defined contribution pension funds should be required to offer responsible investment options suitable for their members.

There is a range of possible ways to determine “suitability”. Member surveys could be used. An approach similar to the right to request flexible working might also be effective. We suggest that the government should consult widely to determine the best approach.

The 2003 survey by NMG Research mentioned above found that over three quarters of those questioned wanted their employer to offer them an ethical investment option. The Ashridge independent surveys of pension fund trustees also show increasing enthusiasm for regulation or legislation on ethical options. Their forthcoming research finds over 60% in support.

### **3.3 Stimulating new sustainable investment opportunities**

We anticipate steadily increasing demand for investment opportunities tailored to the needs of the UK’s increasingly internationally mobile and ethnically diverse workforce.

Such investments are likely to support other government policy objectives, such as encouraging sustainable development in the UK and internationally.

Demand will probably go beyond culturally appropriate investment such as Islamic funds to include seeking investments in the business and infrastructure of a wide range of countries of origin. The availability of such investments may increase willingness to save for retirement. For example, anecdotal evidence suggests that African diaspora communities could be incentivised to save by offering, over time, increased opportunities to invest within Africa.

In addition, pension savers may be attracted by investment in the infrastructure needed for a low carbon economy in the UK or by increased opportunities to invest in bonds issued by providers of social housing, public transport and similar essential services. These types of investments may also be attractive for maturing pension funds seeking to align their asset profile with their liabilities.

The government should monitor the provision of such investments and take action to stimulate supply where needed. In some cases, it is reasonable to assume that the market will respond to consumer and pension fund needs. In others, government measures may be needed to encourage action and address any inappropriate regulatory or other barriers.

## 4. Sustainable Development and any future National Pension Savings Scheme

### 4.1 Sustainable Public Procurement of Investment Services

Over recent years, national pension funds in a number of countries have been moving gradually towards more sustainable investment.

Le Fonds de Réserve pour les Retraites<sup>6</sup> (FRR – the French Reserve Fund) was created to smooth retirement funding. Funds invested will not be drawn down until 2020. Its investment policy has a dual aim. It seeks to maximise investment returns over the long-term and under the best possible conditions of security. In addition, it states that its investment policy must be consistent with “certain shared values that promote economically, socially and environmentally sustainable development”. Its latest highlights report<sup>7</sup> describes its three-pronged approach to socially responsible investment:

1. An active policy of proxy voting
2. Commitments requested of asset managers of European equities about certain extra-financial considerations. These commitments relate to research and analysis, efforts to include research within stock-picking, transparency and reporting, and exchange of learning with FRR. The ten principles of the UN Global Compact are a particular focus.
3. Dedicated SRI mandates

Sweden’s National Pension Funds follow a legal requirement expressed in legislation as “Investment activities shall take environmental and ethical considerations into account without lowering the overall objective of a high return”. A distinction is made between these requirements and economic policy objectives where the legislation states that “there shall be no economic policy or other economic political objectives”. Some funds undertake a degree of negative screening while others implement this requirement by engagement.

The Canada Pension Plan Investment Board adopted a Policy on Responsible Investing in October 2005<sup>8</sup> and is currently recruiting a Responsible Investing Manager.

This is only a selection of international examples. We anticipate that there will be further progress overseas before the new UK pensions settlement is agreed and implemented.

### 4.2 The Recommendations of the Pensions Commission

The Pensions Commission report released in November 2005 is largely silent on how sustainable investment issues should be integrated into pension reform.

Nevertheless, its design for a National Pension Saving Scheme (NPSS) based on individual choice among a government-selected range of defined contribution funds seems to provide a sound platform on which a sustainable pension investment policy could be built. Only minor changes would be needed.

The report proposes a set of “core” funds negotiated by government with the asset management industry and possibly some additional specialist ones. It does recognise that some pension savers will want environmental, ethical or culturally appropriate investments and yet it proposes that at best these should be relegated to the secondary specialist group.

<sup>6</sup> See <http://www.fondsdereserve.fr/>

<sup>7</sup> <http://www.fondsdereserve.fr/Faits-Saillants-2005-uk.pdf>

<sup>8</sup> [http://www.cppib.ca/who/policy/Responsible\\_Investing\\_Policy.pdf](http://www.cppib.ca/who/policy/Responsible_Investing_Policy.pdf)

This group is suggested only as an option and in part to “help avoid what might otherwise be contentious debates about what funds of these types should be included in the core range of bulk negotiated funds”.

It is important to recognise that because government will provide the distribution channel, it is likely to become financially unattractive for individuals other than the very wealthy to opt out of the NPSS into a completely private pension solution and, for this reason, it will become difficult for regulated financial advisers to recommend responsible investment solutions outside the NPSS.

We appreciate that it is still early days for knowing whether the government will take forward the Pensions Commission’s recommendations or some alternative solution. It is important that any alternative or modified approach adopted following the current consultation exercise is similarly supportive of sustainable development. We anticipate that our comments below on the NPSS proposals would be broadly applicable to other proposals.

#### **4.3 Changes to the National Pension Savings Scheme model to support Sustainable Investment**

To support the sustainable procurement of investment services within the NPSS and to help savers to make sustainable investment choices, we recommend the following three measures:

1. The NPSS should aim to match or exceed best practice across the EU in sustainable public procurement of pension investment, assessing its performance in this regard against the French Reserve Fund, the Swedish National Pension Funds and others. This approach should apply to all the funds negotiated although, of course, detailed implementation could vary between funds.
2. To support the government’s commitment to sustainable consumption and informed choice, ethical, environmental and culturally appropriate investment funds should be available via the NPSS across a sufficient range of asset classes, at a suitable cost and with sufficient publicity. In addition, there should be sufficient information and general advice to enable informed choices on ethical as well as financial grounds.
3. Integrating sustainable development with Turner’s proposals suggests a rethink of his implied dismissal of socially responsible investment (SRI) funds with the core range. There may well be merit in including one or more explicitly values-based or sustainability-themed funds. This could be a valuable opportunity to help pension savers benefit from the transition to sustainable development or to encourage greater savings by women, ethnic minorities and others. The government should explore this further rather than excluding it at this stage.

## 5. Towards an Investment Culture for the Challenges of the 21<sup>st</sup> Century

### 5.1 Features of a 21<sup>st</sup> Century Investment Culture

Looking towards the longer term, Table 1 lists some of the key features we would expect to see as a more sustainable investment culture develops. This list could be used as an initial checklist for government, the finance sector and others to measure progress and success.

We believe that a more sustainable investment culture will require wide acceptance of the imperative of sustainable investment and responsible ownership, and an understanding of fiduciary responsibility that encourages and enables this. In response, the pensions industry will need to deliver a new wave of innovation in concepts, tools and products. Early steps are already happening.

#### *Fiduciary Responsibility*

The October 2005 report “A legal framework for the integration of environmental, social and governance issues into institutional investment” produced by Freshfields Bruckhaus Deringer for the Asset Management Group of the UNEP Finance Initiative provides a powerful rebuttal of those who argue that fiduciary responsibility precludes a sustainable approach. In particular, it demolishes the argument for depending on the Cowan v. Scargill case as a precedent, describing it as “a misunderstood UK authority” with Megarry’s judgement “distorted by commentators over time”.

#### *Long-term Sustainable Mandates*

Some pioneering work has been done in the UK, USA and elsewhere to explore the potential for long-term sustainable mandates but more is needed. This early work includes, for example, the competition on “Managing Pension Fund Assets As If The Long Term Really Did Matter” organised in 2003 by the Universities Superannuation Scheme, the UK’s second largest occupational pension fund.

#### *Responsible Ownership*

There is a growing acceptance in the investment community of the importance of playing an active role in corporate governance. Some interesting work has emerged in recent years on how questions of corporate responsibility and sustainable development fit with investor’s corporate governance role although this remains subject to debate.

Although both public policy goals and long-term shareholder interests are likely to be better served if investors are encouraged to play a wider role as responsible owners, most active shareholders still focus on a relatively narrow range of governance issues. However, a recent successful example of the achievement of public policy goals and shareholder interests has been the role played by responsible owners in contributing to occupational health and safety by supporting the development and use of the Corporate Health and Safety Performance Index (CHaSPI).

An important driver for responsible ownership is disclosure by investors and their agents of their policies and practice on voting, engagement and integration of SEE issues into the investment process. Disclosure by investors is addressed in Section 3. The transparency guidelines project run by the European Social Investment Forum (Eurosif) has developed valuable learning to encourage appropriate disclosure by agents.

## **5.2 A Sustained Focus on a 21<sup>st</sup> Century Investment Culture**

In spite of these positive signs, very significant changes are still required. We believe that the government needs to adopt a sustained focus on changing investment culture and practice to meet this challenge, in partnership with the financial services industry. This should involve a combination of policy interventions such as:

- Publicity and awareness raising (eg. support in ministerial speeches, ministerial “summits”)
- Research
- Encouragement for voluntary initiatives, legislation (primary or secondary) and/or regulation
- Financial or other support for independent implementation
- And where the government procures investment services, leading by example

However, we believe also that a sustained and adequately resourced focal point will be needed to deliver change. This will need to influence government, the financial services industry and other bodies over a significant period of time. It should highlight the important developments that are already taking place both within the UK and, even more importantly, internationally as well as pressing for further change.

## **5.3 Interdepartmental Working Group on Sustainable and Responsible Investment**

We recommend that, in the short term, a small group of relevant government ministers create an inter-departmental working group of senior civil servants with invited outside experts to start to provide this focal point.

We suggest that these ministers should be drawn from HM Treasury, the Department for Work and Pensions (DWP), the Department of Trade and Industry (DTI), the Department for Environment Food and Rural Affairs (Defra) and perhaps also the Department for International Development (DFID) and the Department for Education and Skills (DfES). They might chair meetings on a rotating basis.

All six departments together with other key bodies such as the Financial Services Authority should be represented on the working group.

## **5.4 A Sustainable Investment Commission**

In the longer term, we believe that the government needs to work in partnership with the financial services industry and other stakeholders to create a focal point for change that can influence equally all sectors.

In 2001, pioneering venture capitalist Sir Ronald Cohen was invited by the Chancellor of the Exchequer to lead a Social Investment Task Force instigated by UKSIF to make recommendations on the development of the more specialist area of community development finance. As a result of the Task Force’s influence, much has been achieved. Five years later, Sir Ronald and the Task Force continue to provide a focal point for accelerating the development of the sector and hence achieving a step change in access to finance for enterprise in disadvantaged communities.

We recommend the replication of this successful model. We therefore suggest that, at an appropriate point, a high profile Sustainable Investment Commission should be created. Its mission should be to catalyse, publicise and champion systemic change towards the more sustainable investment culture needed by the 21<sup>st</sup> century’s pension fund beneficiaries.

**Table 1: Some Measures of Success in Achieving Long-term Sustainable and Responsible Investment**

Measure	Options for Government Action			
	Awareness Raising & Publicity	Legislation/ Regulation	Research	Other Support
<b>In relation to Trustees</b>				
1. Pension Fund trustees <b>reporting to their members how their SEE policies are implemented</b> , including the engagement undertaken on their behalf, and including their SEE policies within their manager agreements. <i>(Recommended Initial Step)</i>	X	X		
2. Pension Funds which provide <b>suitable responsible investment options within defined contribution schemes</b> . <i>(Recommended Initial Step)</i>	X	X		
3. <b>Trustees with good knowledge and understanding of sustainable and responsible investment</b> and of how the pensions supply chain encourages short-termism and discourages longer term decision making.	X	X		X
4. Wide <b>acceptance of the imperative</b> of responsible ownership and sustainable investment, and an understanding of <b>fiduciary responsibility</b> that encourages and enables it.	X	X	X	
5. <b>Long-term sustainable mandates</b> that support the development and productive use of human capital and environmental assets.			X	
<b>In relation to UK Pension Funds managed by the Public Sector</b>				
1. Government leading by example in the sustainable investment of funded <b>public sector pension funds</b> .		X	X	X
2. Government leading by example in the sustainable investment of <b>any future government-managed national pension funds</b> . <i>(See Section 4)</i>		X	X	X
<b>In relation to Corporate Pension Funds</b>				
1. <b>Corporate pension funds which practice leadership</b> in responsible investment, benefiting from and take due account of corporate responsibility priorities and expertise of their plan sponsors.	X			
<b>In relation to Investors and their Agents</b>				
1. A greater range of <b>sustainable investment opportunities</b> which meet the needs of the UK's diverse communities and other investors. <i>(Recommended Initial Step)</i>	X	X	X	X
2. Investors and their agents who <b>act as responsible owners and disclose</b> the measures they take on behalf of responsible ownership and <b>integration of SEE issues</b> into investment decision-making and the effectiveness and challenges they experience.	X	X	X	
3. Investors and their agents who <b>engage positively and transparently in the public policy process</b> to assist government to explore areas of market failure in sustainable and responsible investment, develop measures to incentivise responsible business and investor behaviour and address perverse incentives.	X			
<b>In relation to Professional Training and Academic Research</b>				
1. Integration of responsible investment into the <b>professional qualifications and academic training</b> available to the investment community and into <b>academic investment research</b> .		X	X	
<b>In relation to Consumer Education and Financial Literacy</b>				
1. Promotion within financial literacy education of " <b>knowing what you own</b> " ie. understanding investment in companies and other opportunities, highlighting the differences between <b>long-term sustainable wealth creation</b> and short-term trading.				X
2. A vibrant " <b>Responsible Investment Week</b> " or similar to increase consumer awareness of responsible investment choices.				X

## Appendix 1: Meeting with Minister for Pension Reform, July 2005

### Attendees

Tony Colman	formerly Chair of the All Party Parliamentary Group on Socially Responsible Investment.
Emma Howard Boyd	Chair, UK Social Investment Forum and Head of Socially Responsible Investment and Governance, Jupiter Asset Management
Alan MacDougall	Managing Director, PIRC Limited
Craig Mackenzie	Head of Investor Responsibility, Insight Investment
Penny Shepherd MBE	Chief Executive, UK Social Investment Forum
Peter Webster	Executive Director, Ethical Investment Research Service (EIRIS)

## Appendix 2: Relevant Government Policy, Principles & Commitments

### PENSIONS

<p>DWP Principles for Reform</p> <ul style="list-style-type: none"> <li>• The pensions system must tackle poverty effectively</li> <li>• The opportunity to build an adequate retirement income should be open to all</li> <li>• Affordability and economic stability must be maintained</li> <li>• The pensions system should produce fair outcomes for women and carers</li> <li>• Reform should seek to establish a system that people can understand</li> <li>• Reform should be based around as broad a consensus as possible</li> </ul>
<p>The Pensions Commission's Proposed National Pension Savings Scheme - Investment Options</p> <ul style="list-style-type: none"> <li>• Individual accounts with investment choice between permitted investment funds; option to "opt-out"</li> <li>• A core range of funds with fees negotiated by government; Possibly other funds at non-negotiated fees which would allow investment in "funds designed to be ethical, environmentally responsible, or appropriate to particular religious groups"</li> </ul>

### SUSTAINABLE DEVELOPMENT

<p>Government's Sustainable Development Guiding Principles</p> <ul style="list-style-type: none"> <li>• Living within Environmental Limits</li> <li>• Ensuring a Strong, Healthy and Just Society</li> <li>• Achieving a Sustainable Economy</li> <li>• Promoting Good Governance</li> <li>• Using Sound Science Responsibly</li> </ul>
<p>Government's Shared Sustainable Development Priorities for Action</p> <ul style="list-style-type: none"> <li>• Sustainable Consumption and Production</li> <li>• Climate Change and Energy</li> <li>• Natural Resource Protection and Environmental Enhancement</li> <li>• Sustainable Communities</li> </ul>
<p>Key Themes in Prime Minister's Forward to Sustainable Development Strategy</p> <ul style="list-style-type: none"> <li>• Involving people</li> <li>• Government leading by example</li> <li>• Government demonstrating its commitment to deliver</li> </ul>
<p>Government's Sustainable Development integrated approach</p> <ul style="list-style-type: none"> <li>• Enable</li> <li>• Engage</li> <li>• Encourage</li> <li>• Exemplify</li> <li>• And Catalyse</li> </ul>

### CORPORATE RESPONSIBILITY

<p>Government legislates for, regulates and encourages corporate responsibility in a wide range of areas including</p> <ul style="list-style-type: none"> <li>• Equal opportunities</li> <li>• Health and Safety duties</li> <li>• Advertising Standards Authority code of practice</li> <li>• Financial Services Authority: "Treating Customers Fairly"</li> <li>• Environment Agency's modern regulation</li> </ul>
<p>Government's CSR priorities for action</p> <ul style="list-style-type: none"> <li>• Taking a leading role internationally</li> <li>• Raising awareness and creating an environment in which CSR can thrive</li> <li>• Mainstreaming CSR into general business practice</li> <li>• Reaching a wide audience and tackling key sectors</li> </ul>