



UK
Social
Investment
Forum

Review of Activities

1 July 2005 - 30 June 2006

UKSIF believes that all material social, environmental and ethical (SEE) factors should be an integral part of standard investment practice, and that individual investors should be able to reflect their values in their investments.

Chair and Chief Executive's Report

Since 1991, the UK Social Investment Forum (UKSIF) has taken the lead in promoting socially responsible investment (SRI) and other forms of finance that support sustainable economic development, enhance quality of life and safeguard the environment.

UKSIF's strength and influence comes principally from its members working together. As well as delivering information and networking support to them, we act as a key focal point for a number of high impact programmes. At end June 2006, the main programmes were:

- **Sustainable Pensions** – supporting occupational pension funds in the private and public sectors;
- **Retail Revolution** – focusing on consumers and their advisers; and,
- **Charity Project** – supporting charity trustees.

Highlights from July 2005 to June 2006 have included:

- Successful delivery of a new **Member Services** programme, which responded to our member consultation in late 2004;
- The completion and positive evaluation of our **Just Pensions** project on SRI and international development, as well as the development and launch of our new **Sustainable Pensions** project;
- Using our **Responsible Investment Toolkit** to educate and inform over 9,000 financial advisers;
- Successfully **influencing standards and training** for financial advisers and other investment professionals;
- UKSIF Project Manager Cassie Higgs's secondment to the Department for Environment, Food and Rural Affairs (Defra) to explore **policy options to encourage more sustainable investment**; and,
- The delivery of a major **policy submission requested by the Pensions Minister** on next steps to sustainable and responsible investment, and the subsequent May 2006 Pensions White Paper's statement that socially responsible investment options should be included in the new National Pension Savings Scheme.

We would like to thank, in particular, two people who have given tremendous service to UKSIF over many years - Emma Howard-Boyd, who stepped down as Chair in April 2006 after eight years on the Board, and Malcolm Lynch, who ceased to be Company Secretary at the same time having served UKSIF since its inception. UKSIF owes much to them both and is very grateful for all that they have contributed.

Looking forward, we believe it is imperative that UKSIF continues to advance responsible and sustainable financial services, and ensure that individual and institutional investors can reflect their values in their investments.

The economic, political and cultural environment in the UK are combining in exciting ways that give UKSIF perhaps its best opportunity ever to succeed. In view of the global scale of environmental and social challenges, it has never been more important that we do.



Steve Waygood
Chair

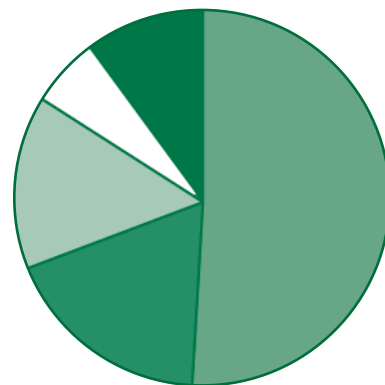
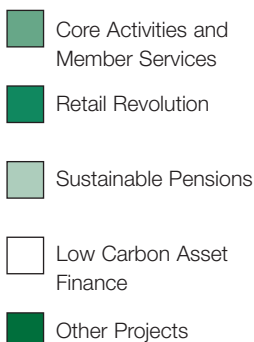


Penny Shepherd MBE
Chief Executive

Our Budget and Membership Fees

Membership income funds our core activities and member services. Our programmes, including their staffing, are fully funded by grants and sponsorship. Our latest 2006 budget anticipates expenditure on core activities and services for members of £116k and expenditure on programmes of £113K.

UKSIF Expenditure 2006



The EIRIS/UKSIF Charity Project is funded by the EIRIS Foundation and the costs of the programme appear in their accounts. Our audited accounts to end 2005 are available from info@uksif.org.

A revised membership fee structure will apply for new members from July 2006 and for existing members from January 2007. The new fee structure is set out below.

The major revisions are:

- Introduction of Group Category
- Removal of Premium Membership
- Introduction of Membership for Registered Individuals (RIs), as defined by the Financial Services Authority
- Introduction of Individual Supporters

Membership Fees (from 1 July 2006)

Group Category By negotiation (£10,000 minimum)

Category 1

<i>Banks, Fund</i>	Funds over £5bn:	£5,000
<i>Managers and</i>	Funds over £1bn:	£3,000
<i>Investment Banks</i>	Funds over £0.25bn:	£1,500
	Other:	£900

Category 2

<i>Advisers,</i>	Staff >50:	£1,500
<i>Consultants</i>	Staff 10-49:	£750
<i>and Research</i>	Staff 2-9:	£200
<i>Providers</i>	Sole Trader/RI:	£100

Category 3

<i>Pension Funds,</i>	Assets >£0.5bn:	£900
<i>Charities and</i>	Assets >£50m:	£300
<i>Others</i>	Other:	£100

Individual Supporters

£40
(all fees exclude VAT)

Our 2005/2006 Events Included:

2005 All-Member Summer Event & Drinks Reception: Retail Revolution Update & Thomson Extel Award Ceremony

Speakers included: Julia Dreblow, Friends Provident; Richard Hewitt, DrKW; Robin Keyte, Towers of Taunton. The drinks reception was sponsored by Insight Investment.

12 July 2005

CHaSPI pre-launch briefing for SRI analysts

Greenstreet Berman presented on the HSE's Corporate Health and Safety Performance Index (CHaSPI). Hosted by Insight Investment.

14 July 2005

Just Pensions Workshop at Northern Pensions Conference

Philip Angier and Cassie Higgs facilitated a workshop on the Just Pensions Responsible Investment toolkit.

16 July 2005

Potentially Material Social, Ethical & Environmental Risks: Beverages

Speakers included: Peter Darbyshire, Thierry's Wine; Matthew Jordan, DrKW; Mark Leverton, Diageo; Kieran Simpson, Scottish and Newcastle. Hosted by DrKW.

5 September 2005

2005 AGM, Programme Workshops & Drinks Reception

The workshops covered defining engagement, charities and SRI, beyond the stockmarket and Just Pensions and future institutional programmes. The drinks reception was sponsored by Triodos Renewables.

14 September 2005

Political Influence: Donations and Lobbying

Speakers included: Seb Beloe, SustainAbility; David Lascelles, CSFI; Karina Litvack, F&C. Hosted by F&C Asset Management.

24 November 2005

UNEP FI report on fiduciary responsibilities

The seminar discussed the report on fiduciary responsibilities produced by Freshfields Brukhaus Deringer for the UNEP FI. Paul Watchman, the lead author presented. Hosted by Freshfields.

5 December 2005

Identifying priorities for useful academic research on SRI

UKSIF convened a meeting of SRI practitioners to brainstorm and build consensus on the priorities for future research. Hosted by Insight Investment.

10 January 2006

Coming Challenges for Food Retail

Speakers included: Vicki Hird, Friends of the Earth; Julian Oran, Action Aid; Nick Robins, Henderson; Alistair Smith, Banana Link. Hosted by Henderson Global Investors. In association with the UK Food Group.

16 January 2006

Just Pensions Drinks Reception

The reception was held to mark the end of the Just Pensions project and provided an opportunity to thank those who helped ensure the success of the project. Hosted by Mercer Investment Consulting.

19 January 2006

Are Safer Chemicals Within Our Reach?

Speakers included: Mark Blainey, European Commission; Richard Liroff, WWF-US; Stephanie Maier, EIRIS; Francis Sullivan, HSBC. Hosted by HSBC. In association with EuroSif.

27 February 2006

Wake up with China! Briefing for Investors on Challenges and Developments in China

Speaker: Jeanne-Marie Gescher OBE, Claydon Gescher Associates. Hosted by Morley Fund Management.

27 March 2006

UKSIF office warming party

To welcome members to UKSIF's new office.

6 April 2006

Presentation at Investment Futures for the Public Sector conference

Penny Shepherd highlighted the fiduciary case for SRI and UKSIF's new pensions project.

12 May 2006

Presentation at Financing London's Low Carbon Future conference

Adam Ognall presented on UKSIF's 'Accelerating the Financing of Low Carbon Assets' project at the conference organised by London Energy Partnership.

12 May 2006

Training events for IFAs on Responsible Investment

UKSIF ran 3 training events for independent financial advisers (IFAs). The half-day seminars provided a summary of the business benefits and opportunities for IFAs, copies of the UKSIF IFA toolkit, product provider presentations and a case study session.

Birmingham, 17 May. Hosted by Friends Provident.

Manchester, 18 May. Hosted by Friends Provident.

London, 23 May. Hosted by Insight Investment.

17-23 May 2006

UK Launch of Taking Stock – Adding Sustainability Variables to Asian Sectoral Analysis

Melissa Brown, Executive Director of ASRIA presented the key findings from the report: a survey of the state of sustainability in Asia. Hosted by Morley Fund Management.

15 June 2006

Investor Consultation on BiTC's Principles on Corporate Responsibility in the Marketplace

Organised with BiTC and Insight Investment.

22 June 2006

UKSIF Member Consultation Seminar: Next Phase of the SRI Retail Revolution

The seminar provided an update on UKSIF's Retail Revolution project and an opportunity for members to help shape the project's next phase.

Speakers included: Julia Dreblow, Friends Provident (and Chair of Retail Revolution Sub-Committee); Hyewon Kong, UKSIF Marketing Intern; Mark McKenzie, Futerra. Hosted by FTSE Group.

22 June 2006

Presentation at Launch of HSBC GIF Sustainability Leaders Fund

Penny Shepherd spoke about the development of SRI at the launch event hosted by HSBC and LEAD.

29 June 2006



At the end of June 2006 UKSIF members and affiliates included:

Bank/Building Society

Barclays PLC
Co-operative Bank
Ecology Building Society
HSBC Holdings Plc
Lloyds TSB Group Plc ^(Af)
NatWest
Triodos Bank
Unity Trust Bank

Investment Management Institutions

Aberdeen Asset Management
AEGON Asset Management
Baillie Gifford & Co ^(Af)
Barclays Global Investors Limited
Catalyst Fund Management
and Research Ltd
Cazenove Capital Management Ltd
CCLA Investment Management Ltd
Charities Aid Foundation
Co-operative Insurance Society
Ecclesiastical Insurance Group
Epworth Investment Management
F & C Asset Management plc
Fidelity Investments ^(Af)
Friends Provident Life and Pensions Ltd
Generation Investment Management LLP
Henderson Global Investors
Hermes Investment Management Ltd
Impax Group
Insight Investment
Jupiter Asset Management
Legal & General Investment Management
Marwyn Investment Management Limited
Morley Fund Management
QUADRIS Environmental Investments Ltd
Rathbone Greenbank Investments
RCM (UK) Ltd
Schroder Investment Management (UK)
SG Asset Management
Skandia Group
Standard Life Investments
Threadneedle Investments
Universities Superannuation Scheme

Investment Banks

Citigroup Global Markets
Dresdner Kleinwort
Goldman Sachs
Morgan Stanley & Co International Limited
UBS (Investment Bank)
WestLB Equity

Investment Consultants

Epic Investment Advisers
Mercer Investment Consulting ^(Af)
Watson Wyatt LLP ^(Af)

(Af) = Affiliate

Affiliate status is available to organisations wishing to use UKSIF services without supporting all of our aims.

Independent Financial Advisers

Ashlea Financial Planning Ltd
Barchester Green Investment
C F Bartlett & Co Ltd
Church Hill Finance
David Vincent
Ethical Investment Co-operative Ltd
Ethical Investors Group
Ethikos Independent Financial Advisers
Fabcats
G/EIA Partnership Ltd
Holden and Partners
Ian Goodwin Campbell White
Interface Financial Planning Ltd
Investing Ethically
John Scott & Partners Ltd
Kingswood Consultants
Lifestyle Financial Services Ltd
Social Investment Advisers Ltd
Southgate Financial Services Limited
Tamar IFA
Thompson Little
Towers of Taunton (Financial Services) Ltd

Other Research Providers and Professional Advisory Firms

Acclimatise
Aguilhas
Andlug Consulting
Dr Andy Mullineux
Bates Wells & Braithwaite
Centre for Social and Environmental
Accounting Research
Centre Info SA - Sustainable Investment
Consulting
Claros
CO3
CSR Consulting Ltd ^(Af)
Cushman & Wakefield Healey & Baker
EIRIS (Ethical Investment Research Service)
Ethical Screening
Ethics Etc...
First & 42nd
FTSE Group ^(Af)
Innovest Group
Institutional Shareholder Services ^(Af)
Investing For Good
Investor Responsibility Research Center
Jon Ralls
Kaleidoscope Policy and Research
Kinder, Lydenberg, Domini & Co., Inc.
Kingston Real Estate Research Group
Next Step Consulting
oekom research AG
P3 Capital Limited
PIRC Ltd
PricewaterhouseCoopers ^(Af)
Roger Morton
Sancroft
SERM Rating Agency
SustainAbility

Synaptic Systems Ltd
Tanya Pein
Trucost
Upstream
Vigeo Group
Wrigleys

Other Organisations

AMICUS
Amnesty International
Angier Griffin
ASRIA- Ass for Sustainable & Responsible
Investment in Asia
Aston Reinvestment Trust
Big Invest Company Ltd
Birmingham Credit Union
Development Agency
BITC (Business in the Community)
Campaign Against the Arms Trade
Carbon Trust ^(Af)
Centre for Tomorrow's Company
Charles Scanlan ^(Af)
Christian Ethical Investment Group (CEIG)
Clear Profit
Community Development Finance
Association (CDFA)
Community Enterprise Limited
Co-op America and Social
Investment Forum
Development Trusts Association (DTA)
Digital Inclusion
Environment Agency Pension Fund
Ethical Consumer Magazine
Ethical Investment Association (UK)
Ethical Investment Association (Australia)
Ethical Performance
EUROSIF (European Sustainable and Resp
Investment Forum)
FairPensions
Forum for the Future
Halal Fund
Highland Opportunity Ltd
Industrial & Research Ethical
Guarantee Ltd ^(Af)
J Sainsbury plc (Pension Fund)
Joseph Rowntree Charitable Trust
Medical Mission Sisters
New Economics Foundation
Oxfam
Polden-Puckham Charitable Foundation
Prairie Trust
Railpen Investments
Ruston WHEB
Shared Interest
Social Investment Organization (Canada)
Somerset Trust For Sustainable Development
SRI Briefings
Traidcraft Exchange
UNICEF - Private Sector Division
UNISON
WEETU
WWF-UK

UKSIF's premium members
at end June 2006 were:

The COOPERATIVE BANK

F&C

Henderson
Global Investors

Insight
INVESTMENT

HBOS plc

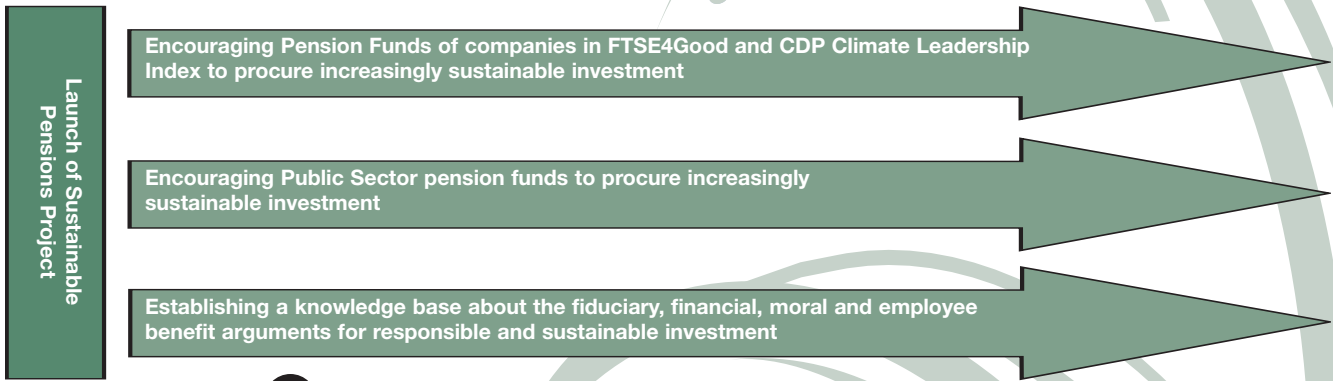
JUPITER

MORLEY
Fund Management

USS
UNIVERSITIES
SUPERANNUATION
SCHEME LIMITED

Sustainable Pensions

UKSIF launched its new pension projects in April 2006. The two-year programme aims to encourage corporate and public sector pension funds to adopt and benefit from responsible and sustainable investment.



Core 2006-8 funding from:



Just Pensions

UKSIF's Just Pensions programme was completed in December 2005. The programme aimed to educate and influence UK pension funds and other institutional investors about the importance of international development in their practice of SRI.

Key achievements and outputs of Just Pensions in 2005/6 included:

- Disseminating the 2005 edition of the Trustee Toolkit through presentations, training events and mailings
- Producing the final two in the series of Sector Notes (on beverages and financial services sectors)
- 'An Assessment of SRI Engagement' which outlined how SRI engagement is most likely to be effective
- A survey of trustees' attitudes to responsible business behaviour and an assessment of commercial SRI trustee training

Core 2002-5 funding from: **DFID**

Retail Revolution

UKSIF's Retail Revolution programme aims to radically expand the retail SRI market in the UK. The next phase will have an increased focus on consumers.



The second phase of UKSIF's Retail Revolution programme supported Independent Financial Advisers (IFAs), influenced the regulatory framework and delivered education and awareness raising. This phase was completed in June 2006.

Key achievements and outputs of Retail Revolution in 2005/6 included:

- Extensively promoting our Toolkit for Financial Advisers through Money Marketing exhibitions, media and mailings
- Training events for IFAs and IFA firms on the Toolkit
- Ensuring the integration of Responsible Investment into new qualification standards for the provision of financial advice
- A report on Child Trust Funds and a survey of top IFA firms on whether clients are asked about their ethical concerns

Core 2005-2006 funding from:



Other 2005/6 Activities

- 'Accelerating the Financing of Low Carbon Assets'. This new project, funded by the **Carbon Trust Networks Initiative**, works with providers of lending and asset finance to accelerate the use of low carbon assets by business and the voluntary sector
- Charing the Advisory Group for the Charities programme funded and housed by the **EIRIS Foundation**
- Continuing to partner **Thomson Extel** on their Survey to highlight the brokers whose SRI work is highly rated
- Publishing a report on SRI institutional investment opportunities beyond equities
- Co-signing the response to government on the abolition of the Operating and Financial Review (OFR) and working with members and others to collectively influence business reporting requirements for companies
- Engaging with government and parliament to promote SRI, including responding to consultations
- Partnering with the **City of London** to highlight innovation in sustainable investment through the Sustainable City Awards
- Producing research and recommendations on investor relations by ethical businesses at a meeting convened by Triodos Bank
- Continuing our support of Eurosif through our active board role and programme work

Board of Directors

Steve Waygood (Chair from Apr 06)
Emma Howard Boyd (Chair to Apr 06)
Clare Brook (Vice Chair)
Charles Middleton (Vice Chair from Jun 06)
Philip Angier (to Sept 05)
Mark Campanale (from Sept 05)
Lee Coates
Michael Deakin (from Jun 06)
Julia Dreblow
Katie Gordon
Rob Lake (to Sept 05)
Olivia Lankester
Rod Schwartz
Peter Webster (Treasurer)

Insight Investment
Jupiter Asset Management
Morley Fund Management
Triodos Bank
Angier Griffin
Henderson Global Investors
Ethical Investors Group
Michael Deakin Consultancy
Friends Provident
Cazenove Capital Management
Henderson Global Investors
F&C Asset Management
Catalyst Fund Management
Ethical Investment Research Services

*Board members serve in a personal capacity.
Organisational affiliations are given for information only.*

Advisory Group Members 2005/6

Accelerating the Financing of Low Carbon Assets Advisory Group (from Jun 06)

Matthew Clayton (Triodos Bank), Karen Germain (Carbon Trust), Paula Kirk (London Energy Partnership), Chris Matthews (Co-operative Bank), Richard Nuttall (Barclays Corporate), Craig Pickering (Finance and Leasing Association), Richard Simon-Lewis (Lloyds TSB)

EIRIS/UKSIF Charity Project Advisory Group

Penny Shepherd (Chair), Clare Brook (Morley Fund Management), Mark Campanale (Henderson Global Investors – as maternity cover for Clare Brook from Jun 06), Lee Coates (Ethical Investors Group), Graham Collins (NCVO), Alistair Hanton (EIRIS Foundation), Jeff Hayes (Cazenove Capital Management), Stephen Hine (EIRIS), Mark Mansley (Rathbone Greenbank Investments), Roger Morton (formerly Joseph Rowntree Charitable Trust), Gill Nunn (Charities Aid Foundation from Jun 06), Andrew Studd (Bates, Wells and Braithwaite from Jan 06), Peter Webster (EIRIS), Neville White (CCLA)

Just Pensions Advisory Board (to Dec 05)

Philip Angier (Angier Griffin - Chair), Malaika Culverwell (DFID), Fiona Gooch (Traidcraft), Rob Lake (Henderson Global Investors), Olivia Lankester (F&C Asset Management), Craig Mackenzie (Insight Investment), Simon McRae (Friends of the Earth), Jules Peck (WWF-UK), Tom Powdrill (TUC), Nicholas Sykes (Mercer Investment Consulting), Bill Trythall (USS), Peter Webster (EIRIS)

Member Secretary Advisory Group (from Apr 06)

Katie Gordon (Cazenove Capital Management - Chair), Neil Brown (Threadneedle Investments), Giles Chitty (Holden and Partners), Susie Compton (Jupiter Asset Management), Tim Currell (Watson Wyatt), Sumi Dhanarajan (Oxfam), Marianne Harper Gow (Baillie Gifford), Emma Hunt (Mercer Investment Consulting), Jennifer Walmsley (Hermes), Will Oulton (FTSE Group), Andy White (Innovest), Amanda Young (CCLA)

Retail Revolution Sub-Committee

Julia Dreblow (Friends Provident - Chair), Mark Campanale (Henderson Global Investors), Lee Coates (Ethical Investors Group), Nicola Donnelly (CIS to Oct 2005), Emma Howard Boyd (Jupiter Asset Management), Robin Keyte (Towers of Taunton), Harriet Parker (Morley Fund Management), Steve Waygood (Insight Investment), Peter Webster (EIRIS)

Sustainable Pensions Advisory Group (from June 06)

Michael Deakin (Michael Deakin Consultancy - Chair), Tim Currell (Watson Wyatt), Emma Hunt (Mercer Investment Consulting), Rob Lake (Henderson Global Investors), Shaun McCarthy (BAA), Paul Moody (Morley Fund Management), Peter Montagnon (ABI), Will Oulton (FTSE Group), Alex van der Velden (FairPensions)

Officers and Staff

Penny Shepherd MBE Chief Executive

Anne Desgagniers Sustainable Pensions Adviser (from Apr 06)

Cassandra Higgs Project Manager

Helen Hopkins Project Manager (on maternity leave from Jan 06)

Stuart Jones Administrator

Adam Ognall Member Secretary (from Sept 05) and Company Secretary (from Apr 06)

Malcolm Lynch Company Secretary (to Apr 06)

Patrons

Michael Brophy
Sir Adrian Cadbury
The Rt. Revd. Richard Harries
Hazel Henderson
Charles Jacob MBE
Lord Joffe
Jonathon Porritt CBE
Diana Schumacher
Joan Shapiro
Professor Muhammad Yunus

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