

TAKING RESPONSIBILITY: ACHIEVING RESILIENCE

*Celebrating our first 20 years of supporting
the UK finance sector to advance sustainability
through financial services*

*Accelerating UK investment and finance
leadership to calm tomorrow's perfect storm*

UKSIF

*the sustainable investment and finance association
20th Anniversary: 1991-2011*

Reflections from industry leaders

→ *Jupiter commends the pivotal role that UKSIF has played in promoting the benefits of sustainable investing over the past 20 years. With a leading commitment to this field, we are delighted to join in celebrating the support of UKSIF over this period and look forward to its ongoing leadership in developing the sustainable finance industry in the future.*

Edward Bonham Carter

Chief Executive

Jupiter Fund Management

→ *Over the last 20 years UKSIF have provided thought leadership in sustainable and responsible investment, propelling the UK to become a global leader in this growing area of investment. RCM continues to look forward to working closely with UKSIF bringing about the necessary changes the industry needs to create a stable and sustainable global economy.*

Andreas Utermann

Global CIO

RCM

→ *At MSCI ESG Research, we believe that responsibly managed companies have the potential to achieve sustainable competitive advantage and provide long-term investment opportunities. We have been cooperating with UKSIF for many years and are delighted to sponsor their 20th anniversary celebration, congratulating all involved on their efforts to date. We look forward to furthering our dialogue with the ESG community and UKSIF – while we continue to deliver best-of-class research, ratings and analysis of ESG-related business practices to companies worldwide*

Remy Briand

Managing Director, Global Head of Index and ESG Research

MSCI

→ *Over the last 20 years, both Co-operative Financial Services and UKSIF have been at the forefront in shaping the response of the financial services sector to some of the world's most pressing challenges, be it climate change or global poverty. Today, with trust in many parts of the financial sector significantly eroded by the economic crisis, there is much still to be done, and we look forward to continuing to work with UKSIF to meet these challenges and bring ethical finance firmly into the mainstream.*

Neville Richardson

Chief Executive

The Co-operative Financial Services

→ *As a leading provider of SRI products and long-standing UKSIF member, Henderson takes great pleasure in celebrating the organisation's 20th anniversary. UKSIF should take great credit for the scale and sophistication of today's SRI market in the UK and beyond. We look forward to another two decades of outstanding leadership in further developing this important market.*

Andrew Formica

Chief Executive

Henderson Global Investors

→ *We are delighted to congratulate UKSIF on its 20th Anniversary. UKSIF has always advocated a pragmatic and effective approach to sustainable investment to which we subscribe and contribute through our own theme and broad SRI solutions, which have won us several distinctions notably Global Pensions SRI Provider of the Year and the Climate Change Award for Best Fund Management Group.*

Christoph Butz

Sustainability Expert

Pictet Asset Management

→ At Newton we believe that responsibly managed companies are best placed to achieve sustainable competitive advantage and provide strong long-term investment opportunities. We are therefore delighted to sponsor UKSIF's 20th anniversary celebration of the UK as a global leader in sustainable and responsible finance, and congratulate all involved on their efforts to date.

Helena Morrissey

Chief Executive

Newton Investment Management

→ At Citi, our commitment to Responsible Finance has two areas of focus: Financial Inclusion and Environmental Innovation. We are committed to providing sustainable investment research, expanding access to savings and microfinance, financing energy efficiency and renewable energy and reducing our operational footprint, and we strive for scale and replication in all of our efforts. UKSIF helps us to remain embedded within the hub of the UK's sustainable investment community and reach out to responsible finance institutions globally. We congratulate them on reaching their 20 years anniversary.

Bob Annibale

Global Director

Citi Microfinance

Meg Brown

Head of Sustainable Investment Research

Citi Investment Research

→ Standard Life Investments has a long established and strong commitment to sustainable and responsible investment because we believe it enhances the delivery of our clients' key objectives. UKSIF's 20th anniversary is an important milestone in the evolution of responsible investment and we are delighted to join in the celebration of this event

Julie McDowell

Head of Sustainable and Responsible Investment

Standard Life Investments

→ We congratulate UKSIF on championing a vision for sustainable financial services. We share this vision and we are committed to helping investors get serious about responsible investing. FTSE plays an important role in shaping and growing the global sustainable and responsible investment market. Having launched FTSE4Good a decade ago we have recently introduced ESG Ratings and an Environmental Market Classification System.

Mark Makepeace

Chief Executive

FTSE Group

→ Over the past twenty years UKSIF has made an invaluable contribution to the growth of ethical investment in the UK. Environmental and social considerations are becoming increasingly important for the public and investors. Sarasin & Partners looks forward to supporting UKSIF in raising awareness of responsible and sustainable investment and enabling their successful development.

Henry Boucher

Deputy CIO

Sarasin & Partners

→ Over its 20 year history, UKSIF has been a leader in promoting responsible investment within financial services to facilitate sustainable economic development. UKSIF continues to support key initiatives, influence regulation and assist in forming public policy. Aviva Investors, itself a leader in SRI shares these goals and vision. We are excited to continue our support of UKSIF during the celebration of this important milestone.

Peter Michaelis

Head of Socially Responsible Investments

Aviva Investors

Supporting leadership, growing markets

In 2011, **UKSIF celebrates 20 years of supporting the UK finance sector to advance sustainability through financial services.**

In the twenty years since 1991, responsible investment and other financial services that support sustainable development have moved from the margins to the mainstream. Today, over £6.5 trillion in responsibly managed assets is tracked by sustainable investment and finance associations around the world and the UK is widely recognized as a global hub for sustainable and responsible financial services with about 14% of that total managed by our world leading practitioners and firms.

Over these years, UKSIF has played a key role in supporting this vibrant UK cluster of sustainable finance providers to develop and grow. By facilitating a strong **network**, we have enabled our members to develop their capacity and compete more effectively. By **convening** them to understand, educate and influence their stakeholders and by providing a **collective voice**, we have supported the development of key sustainable finance initiatives and public policy measures within the UK which have helped to deepen practices and maintain leadership.

We are grateful to Aviva Investors, Citi Microfinance and Investment Research, The Co-operative Financial Services, FTSE Group, Henderson Global Investors, Jupiter Asset Management, MSCI, Newton Investment Management, Pictet Asset Management, RCM, Sarasin & Partners and Standard Life Investments for their support for UKSIF's celebration of this major anniversary.



Martin Clarke
Chair

But UKSIF's task is only just beginning. Over the next 20 years, sustainable investment and finance will move even further centre stage as the world faces the challenges of moving to a resilient and resource-efficient society. By 2031, we will be facing what UK government adviser Sir John Beddington has called the "perfect storm". We must address rising demand for food, energy and water, while mitigating and adapting to climate change. **Sustainable finance is central to the transition to a sustainable resilient economy** – to calming the perfect storm.



Penny Shepherd MBE
Chief Executive

This means that the UK's sustainable finance capacity is not only essential for a prosperous future for all across the globe but also offers **a key strategic advantage** as we seek to retain our crown as the world's leading finance centre against ever stronger competition. Policy makers, investors, non-governmental organisations and others must work together to ensure that we can all rise to this critical challenge.

Today, UKSIF looks not only back to 1991 but also ahead to 2031. We will continue to provide the strong voice needed **for the UK** within the global responsible investment industry and **in the UK** to government, other stakeholders and the public. Equally, we will support the UK sustainable investment and finance community as it continues to develop leading edge practices to address the risks and opportunities of the years ahead.

UKSIF's Call to Action on its 20th Anniversary

Calming the Perfect Storm: The Challenge and Opportunity for UK Leadership

The challenges of the past have led to socially valuable innovations like insurance, pensions and trade finance. Averting the coming "perfect storm" will similarly require positive financial innovation to reallocate capital at speed, manage unfamiliar risks and enable new lifestyles and income sources. For this reason, sustainable finance is central to the global transition to well-being within a resilient resource-efficient economy.

The UK finance sector must take first mover advantage to avoid missing out on this key strategic opportunity for its continued success internationally and its economic and social contribution at home. If we get it right, the UK can remain a world leader in sustainable investment and finance. If we get it wrong, we will be left behind.

Today, we are all working our way out of one global crisis, the warning signs of which went largely unrecognised. The next crisis is plainly visible and even more challenging. Everyone - the investment and finance industry, asset owners, government & regulators and civil society - must play their part to accelerate the drive to sustainable investment and finance. Together, we must ensure that investment and finance takes responsibility and delivers resilience both in the UK and around the world.

long term role

"Recent events have demonstrated markets are a product of society and must reflect society's concerns. To this end there is a growing realisation that alongside profit, financial services should consider how to maximise benefits to society over the long term."

—
Rt Hon the Lord Mayor Alderman Michael Bear
City of London Corporation

best in the world

"To make the UK the best place in the world to establish and grow a financial services business and, in turn, to maximise the sector's contribution to the UK."

—
TheCityUK

helping the UK

"The Green Investment Bank has the potential to play a vital role in helping the UK make a successful transition to a low carbon economy."

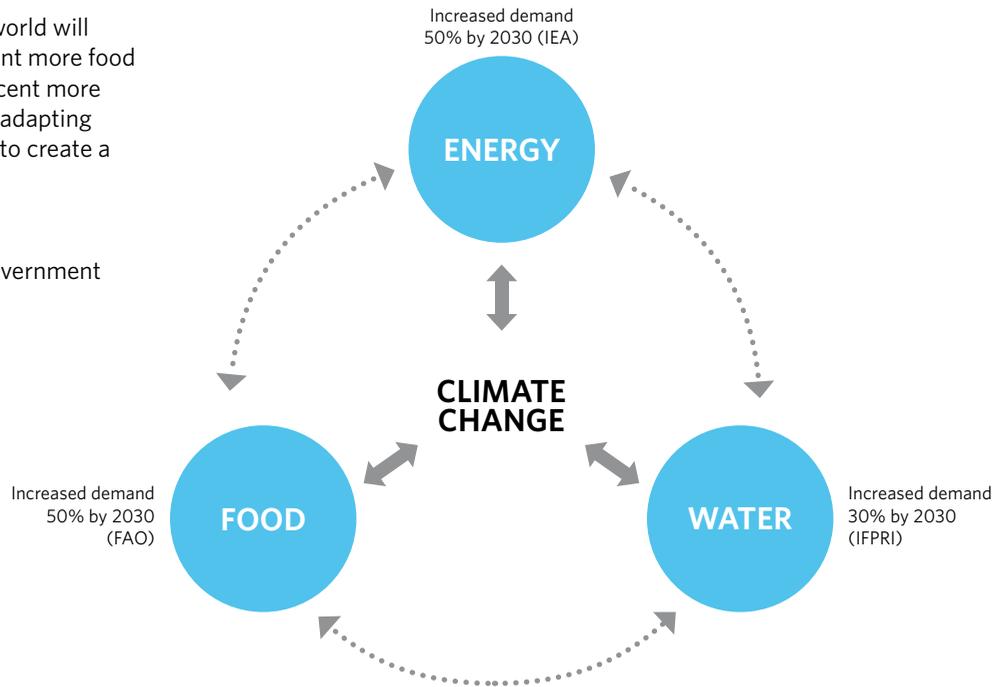
—
Sir Adrian Montague
Chair, Green Investment Bank Advisory Group

The Challenge

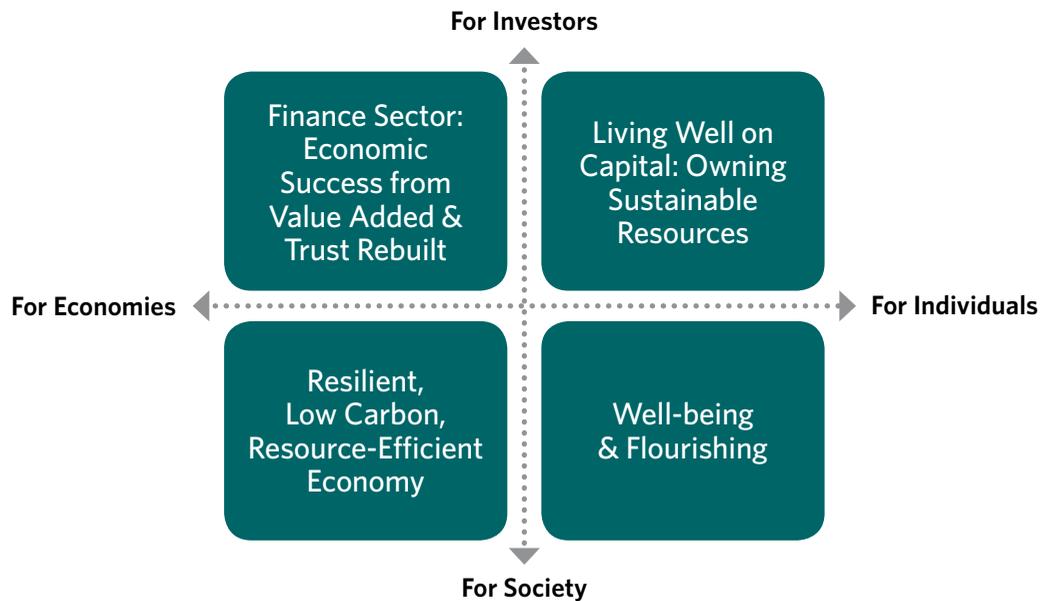
“It is predicted that by 2030 the world will need to produce around 50 per cent more food and energy, together with 30 per cent more fresh water, whilst mitigating and adapting to climate change. This threatens to create a ‘perfect storm’ of global events.”

Sir John Beddington

Chief Scientific Adviser to HM Government
(2009)



The Opportunity



¹www.bis.gov.uk/assets/bispartners/goscience/docs/p/perfect-storm-paper.pdf

<i>Who</i>	<i>Should</i>	<i>Impact</i>
<i>Asset Owners</i>	<p>Be transparent to beneficiaries and society.</p> <p>Demand responsible ownership and investment, through mandates and investment management agreements.</p>	Protection and growth of their own assets and of the collective resource base for wealth creation and high quality of life within environmental limits.
<i>Asset Managers</i>	<p>Deepen responsible investment and ownership practices across all asset classes.</p> <p>Deliver positive innovation in financial services for sustainability.</p>	<p>Business success by meeting client requirements.</p> <p>Trust of society rebuilt.</p>
<i>Service Providers</i>	<p>Provide the systems and services needed for responsible investment and ownership.</p>	Relevant financial infrastructure in place, eg. vote registration systems and investment research.
<i>Financial Regulators</i>	<p>Ensure transparency on ESG factors.</p> <p>Understand, assess and manage sustainability risks.</p>	Achieve financial stability objectives, while enabling capital allocation for sustainable development.
<i>Other Public Policy Makers</i>	<p>Ensure transparency on ESG factors.</p> <p>Create stable and effective public policy framework to align sustainability and profitability.</p> <p>Provide mechanisms like the Green Investment Bank to accelerate change.</p>	Rapid capital allocation for sustainable development.
<i>Trade & Professional Associations</i>	<p>Ensure transparency and skills and encourage improved practice on ESG factors.</p> <p>Support the debate, initiatives, relationships and capacity building that drive systemic change.¹</p>	Act in the public interest while supporting members to achieve business and professional success. ²
<i>Civil Society</i>	<p>Build capacity for understanding, scrutiny and change. Build consumer and beneficiary demand.</p> <p>Support the debate, initiatives, relationships and capacity building that drive systemic change.</p>	Effective scrutiny and consumer demand.

¹ Capacity Building for Systemic Change, Mille Bojer in Reos Partners Quarterly Newsletter, June 2011

² The relative priority given to the public interest and member success will depend on the trade and/or professional body's remit but all trade and professional bodies should seek to achieve both.

UKSIF: The first 10 years

The Ethical Era: 1991

UKSIF launches as the UK Social Investment Forum.

0.3 billion pounds (£312 million) invested in UK green and ethical retail funds¹.

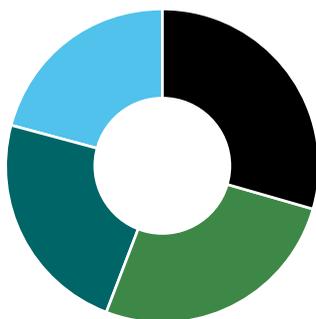
- Also in 1991:
- United Nations Environment Programme Finance Initiative (UNEP FI) founded.
 - “Bishop of Oxford” court case outlines when churches and charities can invest ethically.

Growing in Strength: 1996

UKSIF’s membership has grown to 14 financial institutions, 60 social finance and other organisations and over 50 interested individuals. UKSIF secures development funding from Charities Aid Foundation, Polden-Puckham Charitable Foundation, Prairie Trust and Unity Trust Bank and prepares to recruit its first full-time employee.

At least £60 billion of UK institutional investment invested with some environmental or social concern², while investment in UK green and ethical retail funds exceeds one billion pounds for the first time.

- Also in 1996:
- Forum for the Future founded in the UK to accelerate change to a sustainable way of life. In 2011, systemic transformation of the finance system sits at the heart of its new strategy.



UKSIF Membership 2011

- 71** **Financial Institutions**
Includes investment managers, banks and investment banks
- 63** **Investment Consultants, Research & Advisers**
Includes investment consultants, social finance, research and related providers of professional services
- 56** **Financial Advisers**
- 50** **Pension Funds, Foundations and Others**
Includes occupational pension funds, charitable foundations, ngos and trade unions



UKSIF Membership 1996

- 14** **Financial Institutions**
Includes investment managers, banks and investment banks
- 30** **Investment Consultants and Research Providers**
Includes investment consultants, social finance, research and related providers of professional services
- 15** **Financial Advisers**
- 13** **Foundations and Charities**
Includes charitable foundations, ngos and trade unions

¹ www.eiris.org/news/statistics.html

² Source: PIRC, as quoted in UKSIF newsletter, 1996

UKSIF: The next 10 years

Waking up to Materiality: 2001

With European Commission support, UKSIF joins with sustainable investment and finance associations from France, Italy, the Netherlands and German-speaking countries to launch Eurosif (now the European Sustainable Investment Forum).

Responding to the world's first responsible investment (RI) disclosure regulation in 2000, UK pension funds with over £235 billion in assets had incorporated RI principles into their investment process, according to UKSIF-commissioned research. Meanwhile, some four billion pounds were now invested in UK green and ethical retail funds.

- Also in 2001:*
- ASRIA, the Association for Sustainable & Responsible Investment in Asia launched. Today, ASRIA's members include investment institutions managing over US\$4 trillion in assets.
 - Carbon Disclosure Project (CDP) launched. Today, over 3,000 organisations in some 60 countries measure and disclose their CO₂, water management and climate change strategies through CDP.
 - FTSE4Good indices launched.

A Mainstream Choice: 2006

According to UKSIF data in the European SRI Study 2006, assets managed responsibly in the UK had grown to about £540 billion in "Broad SRI", mainly engagement and integration. This included £21 billion using "Core SRI" techniques such as thematic investment and detailed screening¹. Over seven billion pounds was now invested in UK green and ethical retail funds.

- Also in 2006:*
- The UN-backed Principles for Responsible Investment, launched to put its six principles into action. Today, over 900 investment institutions have become signatories. Assets represented have grown from two trillion dollars to some thirty five trillion dollars.
 - Eurosif's European SRI study 2006 highlights the development of the "SRI sell-side".



UKSIF 15th Anniversary Celebration at 11 Downing Street, hosted by Chief Secretary to the Treasury

¹ European SRI Study 2006, www.eurosif.org/research/eurosif-sri-study/2006

UKSIF today: Supporting leadership

UKSIF supports the UK finance sector to lead the world in advancing sustainable development through financial services.

According to latest UKSIF data, nearly £940 billion in assets is managed responsibly in the UK¹. This is approx 14% of the total of over £6.5 trillion in responsibly managed assets tracked by sustainable investment and finance associations around the world.

With 118 signatories to the UN-backed Principles for Responsible Investment, UK ranks second in signatory numbers, topped only by the USA. In contrast, France has 70 signatories and Germany has 17².

In 2011, UKSIF is supporting the UK finance sector to lead the world in advancing sustainable development through financial services by:

- Championing long-term responsible ownership and investment in response to the EU Green Paper on Corporate Governance, the Kay Review on UK Equity Markets, and other public policy debates
- Accelerating low carbon, resource efficient and socially beneficial investment and finance by supporting the UK Green Investment Bank, and encouraging regulators to understand and enable sustainable investment and finance
- Assisting our members to deepen their practices through regular seminars, information exchange, support for awards programmes and other activities

Recent achievements include

Called successfully for a UK Green Investment Bank set up in legislation with independent borrowing powers.

Championed high quality sell-side research through the Extel SRI and Sustainability Awards, now in their 9th year.

Highlighted new developments in UK sustainable investment and finance through our "Future of Investment" reports.

good governance

"Following the financial crisis, Sir David Walker recommended stronger and more effective governance of banks and other major financial institutions to protect the public interest.

Good governance and transparency are as essential for the sustained success of the Green Investment Bank as any other banking institution."

—

UKSIF letter to the Prime Minister calling for legislation to set up a UK Green Investment Bank. May 2011.

¹ European SRI Study 2010, www.eurosif.org/research/eurosif-sri-study/2010

² www.unpri.org. Accessed 27 June 2011.

UKSIF today: Growing markets

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 investment.

Over half (54%) of all British adults with investments want to 'make money and make a difference' with their savings and investments¹. In 2011, UKSIF is supporting the growth of UK market demand for responsible investment and other financial services that advance sustainable development by aiding:

- Occupational Pension Funds with practical information, signposting, a new free UKSIF pension fund affiliate option and rewarding good practice using our "Responsible Pension 2011" logo.
- Church and Charity investors by convening our members to respond to the Charity Commission's "CC14" draft guidance on investment matters, convening charitable foundations to explore mission-related investing, a new free UKSIF charity affiliate option and specialist action guides for National Ethical Investment Week 2011.
- Financial Advisers through the Ethical Investment Association, our chapter dedicated to our financial adviser members, and by offering free involvement with National Ethical Investment Week to all advisers, backed up by an action guide and other support.
- Consumers by running National Ethical Investment Week for the 4th consecutive year with our sponsors and members to raise consumer awareness of modern green and ethical financial services; and by advocating successfully for an effective responsible investment approach by the UK's new NEST pension scheme.

Recent achievements include

Launched National Ethical Investment Week, the world's first annual promotional week for sustainable investment and finance, in 2008.

Championed responsible investment by the UK's new National Employment Savings Trust (NEST).

Created a Responsible Investment benchmark for UK corporate pension funds through our Sustainable Pensions project.

forward looking

"We believe that NEST will act as a benchmark for responsible investment practices by UK pension funds. All modern pension funds should aim to follow NEST's example and develop a robust and forward looking approach to what is now a mainstream issue"

—
UKSIF welcomes the responsible investment focus within the National Employment Savings Trust (NEST)'s Statement of Investment Principles. March 2011.

¹Research from YouGov for National Ethical Investment Week 2010

Supported by



The **co-operative**
financial services



NEWTON
The Power of Ideas



Standard Life
Investments



Print & Design:
Printed by Calverts
on 100% recycled paper
Design by Transfer Studio

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