

4 May 2012

Chris Hewitt  
Investment Intermediaries Department  
Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
Email: pensionandinvestments@fsa.gov.uk

Dear Chris Hewitt

**Response from the UK Sustainable Investment and Finance Association (UKSIF)  
to FSA Guidance Consultation on 'Assessing suitability: Replacement business and  
centralised investment propositions'**

Thank you for the opportunity to respond to your guidance consultation paper.

UKSIF is pleased that the FSA is issuing guidance on this topic.

We are particularly concerned that clients with interests and requirements related to environmental, social, governance and ethical issues and the practices of responsible ownership (including practices disclosed using the UK Stewardship Code), social impact investing, sustainable investment and traditional values-based investment should have these interests and requirements taken into account in assessing suitability.

Our research for National Ethical Investment Week 2011 suggests that a far wider range of clients are interested in such issues than is sometimes assumed. For example, this research, undertaken by YouGov, found that:

- **42%** of GB adults with investments want to 'make money *and* make difference', with one in three (34%) wanting at least 25% of their investments to include green and ethical considerations and a further one in ten (10%) wanting to 'dip their toe in the water' by including green and ethical considerations in a smaller proportion of their investments.
- **23%** of GB adults with investments said their financial adviser or pension fund told them 'too little' about 'responsible ownership'; rising to **30%** amongst 45-54 year olds.
- **36%** of GB adults with investments wanted to know more about 'impact investing', i.e. investment designed to yield both a financial return and social or environmental benefits.

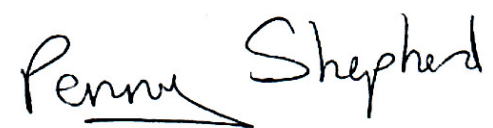
We therefore warmly welcome your emphasis on both the importance of collecting information about the client's specific needs and objectives (paras 3.4 and 3.15-17) and that the client may have additional objectives in addition to making a financial return (para 3.6).

**About the UK Sustainable Investment and Finance Association**

The UK Sustainable Investment and Finance Association (UKSIF) supports the UK finance sector to be a global leader in advancing sustainable development through financial services. We promote and support responsible investment and other forms of finance that advance 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.

UKSIF was created in 1991 to bring together the different strands of sustainable and responsible finance nationally and to act as a focus and a voice for the industry. UKSIF's 260+ members and affiliates include financial advisers, pension funds, institutional and retail fund managers, banks, research providers, consultants and non-governmental organisations. For more information about UKSIF, please visit [www.uksif.org](http://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 horizontal stroke under the name "Penny".

Chief Executive  
UK Sustainable Investment and Finance Association (UKSIF)