

Investors tell companies: ‘You are the strongest link’ in response to Kay Review

Pension funds can drive change but companies are the ‘strongest link’ in the broken investment chain, says influential trade body in response to government review

London, 18 November 2011 – UKSIF, the UK sustainable investment and finance association, has marked today’s closing of the consultation period for the Kay Review by calling on all parts of the equity investment chain to embrace a long-term approach.

Economist John Kay is investigating whether UK stock markets push companies into taking a short-term approach to business. UKSIF has welcomed the Review and publicly called for all parts of the investment chain to use the publication of Kay’s report next year as an opportunity to rebuild public trust in UK equity markets.

Penny Shepherd MBE, Chief Executive of UKSIF said:

“In our submission, we call for everyone – asset owners, the investment industry, companies, regulators and civil society - to play their part in restoring UK equity markets to their proper role as the most effective way to allocate capital for long-term wealth creation. This is urgently needed by companies, savers and society as a whole.

“Pension funds and other asset owners must drive change by incentivising their managers to act in a long-term way and by embracing best practice on transparency. That includes publicly disclosing not only their responsible investment policies but also how they are implemented.

“We are already seeing examples of brilliant practice from leading corporate and public sector pension funds but many more need to follow their example.

“All actors in the chain can improve the way the markets behave from individual pension beneficiaries demanding more information from their pension trustees, to the Chief Investment Officers who allocate billions of capital to companies lacking clear strategies to protect value in the face of pressing environmental, social or governance issues.

“But it is companies that are perhaps the strongest link in the chain. Firstly, many companies should do more to encourage their pension funds to be long-term

responsible investors. Too many major companies which recognise the importance of sustainability in their business strategies do not help their corporate pension schemes to appreciate the challenges ahead. Secondly, we need more companies to disclose clearly their strategies and key metrics for addressing the threats to business models in a world of resource constraints and social pressures. If companies do not assess and report effectively on how they will address ESG risks and opportunities, how can the market assess their potential for sustained success over the long-term?”

For more information or to request an interview with Penny Shepherd MBE, please contact :

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Notes to Editors

About UKSIF

UKSIF, the UK sustainable investment and finance association, 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. Founded in 1991, UKSIF has over 260 members including pension funds, asset managers, research providers, financial advisers, banks and non-governmental organisations. For more information, visit www.uksif.org.