Annual Review
[1 July 2008 to 30 June 2009]

UKSIF - the sustainable investment and finance association
UKSIF – the sustainable investment and finance association

Mission

UKSIF is the membership network for sustainable and responsible financial services. We promote 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 investments.

Values and Beliefs

1. UKSIF is a values-led organisation whose primary purpose is to achieve its mission.

2. UKSIF regards its members as its primary stakeholders but also recognises a wider responsibility to civil society, in the UK and internationally, and to the environment and future generations. It draws its strength from the expertise and contacts of its members in financial services providers and other financial services stakeholders. While it operates similarly to a trade association, it does not exist to defend and advance particular member interests. It therefore looks particularly to its members’ expertise rather than their individual or collective commercial interests in deciding how best to fulfil its mission.

3. UKSIF believes in and seeks to stimulate and encourage the provision of a healthy market in responsible finance products. This includes encouraging a sufficient range of products to address diversification and differing values and financial requirements; and taking a lead in encouraging innovative new approaches to achieving social and environmental impact and supporting the identification and removal of market failures.

4. UKSIF supports transparency, effective governance and management processes, principles-based regulation and “treating customers fairly”. It believes that these should be achieved by voluntary action rather than compulsion where possible. However, if encouraging a voluntary approach fails, legal or regulatory compulsion is acceptable so long as sufficient attention is given to effective implementation.

5. UKSIF believes that, so long as accurate information is available, it is the role of customers and the market to select preferred responsible finance strategies. UKSIF does not endorse specific strategies in preference to others (e.g. screening v. engagement).

6. UKSIF is willing to endorse or approve good practice standards in transparency, governance, management processes and similar. In doing this, it celebrates the positive rather than criticises the negative – it will “name and fame” but not “name and shame”. Surveys, awards and similar initiatives help to identify market leading solutions. UKSIF will undertake and endorse surveys, awards and similar where these “name and fame” rather than “name and shame”.

Operating Principles

1. UKSIF operates in the “co-operative space” where a critical mass of its members wish to work together to grow and develop responsible finance rather than the “competitive space” where they compete for their share of the resulting market.

2. UKSIF’s core business activities are:
   • to provide a membership network, delivering information, networking and other services to its members
   • to inform, educate and influence the public, the media, government and other external audiences
   • to undertake specific projects which advance sustainable and responsible finance

3. UKSIF obtains its core funding from membership, including the provision of membership services; as such, it seeks to achieve its mission in ways which secure the continuing support of a critical mass of members.

4. UKSIF seeks to build on its core funding from members by attracting project funding from sources compatible with its mission. These include sponsorship from members, charitable grants and government contracts.

5. UKSIF seeks to undertake a critical mass of activities that enable it to be a sustainable organisation that can deliver its mission. However, it avoids activities that are already being addressed effectively by other organisations. And where other organisations are more suitable and can be encouraged to take action, UKSIF prefers to be a catalyst rather than a competitor.

6. Corporate governance is within UKSIF’s scope in principle. However, UKSIF has decided that its work on corporate governance should be limited to the interface between governance and social / environmental / ethical (SEE) issues i.e. SEE governance / corporate responsibility governance. UKSIF does not seek to develop a specific competence on conventional governance issues, as this is already well served by other organisations.
Chair & Chief Executive’s Report

Today, we face a unique opportunity to advance sustainable and responsible investment and other financial services that support sustainable development. The debate on financial reform and openness to new investment ideas both offer major opportunities for change.

UKSIF aims to play a leading role in helping the UK finance sector to respond. We believe that sustainable and responsible financial services are the right solution for everyone not only for the deeply committed. Financial services must meet the needs of providers and users of capital in new and better ways and, at the same time, protect and support the real economy, society and the environment. The future will not and must not be like the past.

The efficient and effective allocation of capital is a core role of the investment sector. There is now an urgent need to redirect private sector investment and incentivise companies to build a low-carbon, resource efficient, socially sustainable economy. In summary, we need to make capitalism work better.

This review describes how we are working with our members across a range of markets to address this critical challenge.

Steve Waygood
Chair

Penny Shepherd MBE
Chief Executive

2007-2010 Strategic Aims

To ensure that the UK finance sector is the world leader in advancing sustainable development through financial services.

To achieve this, UKSIF aims to
• Grow Customer Demand
• Ensure Access to High Quality Supply
• Ensure that the Operating Environment for the UK Finance Sector encourages and enables leadership in Sustainable and Responsible Finance
• Continuously improve UKSIF’s capacity to achieve its mission and strategic aims

Finances and Governance

Founded in 1991, UKSIF is a non-profit membership association with more than 200 members, including fund managers, banks, investment banks, financial advisers, investment consultants, pension funds, research providers, NGOs, trade unions and individual members. Our latest 2009 budget anticipates a total expenditure of £351,000, which includes a core expenditure of £219,000 and programme expenditure of £132,000.

Our audited accounts are available on request.
UKSIF Achievements

Strategic Aim 1: Grow Customer Demand

NATIONAL ETHICAL INVESTMENT WEEK

National Ethical Investment Week (NEIW) supporters are currently planning activities and events for NEIW09, to be held 8-14 November. NEIW shows investors that they can make money and make a difference.

UKSIF members, representatives from major trade bodies, charities, NGOs and journalists praised the first National Ethical Investment Week in 2008 as an effective way to raise awareness of green and ethical investment options. An independent evaluation has shown how the campaign can reach more investors in 2009. Find out more at www.neiw.org

NEIW09 will be sponsored by:

The Co-operative Bank
Insurance
Investments

CCLA

Henderson New Star

SUSTAINABLE PENSIONS PROJECT

In June 2009, UKSIF published the second biannual " Responsible Business: Sustainable Pensions" report. UKSIF surveyed the pension funds of UK companies highly regarded for their Corporate Responsibility.

The report demonstrates that a group of Responsible Investment (RI) champions is beginning to emerge.

UKSIF thanks the following report sponsors:

UKSIF continues to support pension funds and their advisers through the sustainable pensions library and a quarterly e-newsletter. All publications and resources are available at www.uksif.org/sustainablepensions.

Strategic Aim 2: Ensure Access to High Quality Supply

HIGHLIGHTS FROM 2008-09 ANALYST PROGRAMME

Oil Sands
Joint event with The Co-operative Financial Services and WWF examining investor risk and the environmental impacts of oil sands.

Human Capital Management
Speakers from AstraZeneca, AXA, IPA, Oddo Securities and Standard Chartered.

From Poznan to Copenhagen
Roundtable with IIGCC discussing the outcomes of the Poznan climate change conference and opportunities for investors to influence the Copenhagen negotiations.

The Economic Impacts of Climate Change Adaptation
Speakers from ABI, Defra, Ecofys and Forum for the Future.

Chemical Safety in Consumer Products Industries
In association with Henderson Global Investors with speakers from Chem Trust, Goldman Sachs and Unilever.

Carbon Capture and Storage (CCS)
A seminar addressing developments and future trends for CCS, with speakers from CCSA, Citi Investment Research and E3G.

INVESTOR COLLABORATION
UKSIF coordinates selective collaborative engagement projects for its investment management members. These have included a project addressing labour standards in UK retailers’ global supply chains. Through the project investors have met with leading retailers and other stakeholders to examine and rebuild the investment case for well-managed supply chains.
UKSIF changed its name in 2009 to better reflect its aim of advancing sustainable investment and finance. Following a decision taken at the 2008 AGM, the organisation is no longer the UK Social Investment Forum, but is now known as UKSIF – the sustainable investment and finance association. A new logo and website launch supported this important change.

**EUROPEAN SRI TRANSPARENCY GUIDELINES**
UKSIF promotes the leading pan-European tool with which providers are demonstrating their commitment to transparency on green and ethical issues.

UKSIF supported the Ethical Investment Association in compiling “All Clear”, a report surveying the adoption of the guidelines by UK funds. The EIA recognised eight product providers for their clarity and openness, and for helping consumers and financial advisers make informed choices.

**INVESTING IN A SUSTAINABLE RECOVERY**
Convened by UKSIF, Tomorrow's Company and the HSBC Climate Change Centre of Excellence, the “Investing in a Sustainable Recovery” Initiative (ISRI) brings together leading individuals and organisations to explore systemic and practical solutions to mobilise private capital for low carbon growth and climate-resilient investment.

This is a time-limited and targeted intervention that aims to trigger “transformative” change in the run-up to the Copenhagen negotiations and beyond.

**INFLUENCING CAPITAL MARKETS**
UKSIF is working with its members to ensure that financial services policies, regulations and cultural norms support sustainable development and a long-term responsible approach to wealth creation and management. Our activities to influence and support regulators, policy makers and financial services trade and professional bodies include:

- Developing and promoting financial reform proposals
  - Articles on reshaping capital markets, eg. in Green Alliance report “From Crisis to Recovery”
  - Joint statement “Transforming global capital markets” to G20 from worldwide sustainable investment associations
  - Consultation responses on the Turner Review, the Combined Code and other regulatory plans

- Facilitating high-level engagement
  - Investor letter to G20 London Summit UK on a ‘green’ focus in economic recovery measures
  - Joint investor / NGO delegation to brief Rt. Hon Stephen Timms MP, Financial Secretary to HM Treasury

- Providing access to information and research to support the debate
  - Sustainable Capital Markets Library
  - Online repository of practitioner discussion notes
  - “Finance for a Sustainable Recovery” blog

**THOMSON REUTERS EXTEL SURVEY**
UKSIF continues its partnership with Thomson Reuters to produce the Thomson Reuters Extel SRI & Sustainability Survey, the leading assessment of sell side research and brokerage services. The 2009 Survey includes a record contribution from 215 buyside firms and 20 brokerage firms.

**ETHICAL INVESTMENT ASSOCIATION**
The Ethical Investment Association (EIA) has joined forces with UKSIF, officially becoming a separate chapter for financial advisers. The EIA provides ongoing support for advisers who want to attract the growing number of consumers looking for advice on green and ethical investment.

*The EIA also launched a new website, featuring a searchable map so that consumers can find an EIA member in their area.*

**UKSIF NAME CHANGE**
UKSIF changed its name in 2009 to better reflect its aim of advancing sustainable investment and finance. Following a decision taken at the 2008 AGM, the organisation is no longer the UK Social Investment Forum, but is now known as UKSIF – the sustainable investment and finance association.

A new logo and website launch supported this important change.

**Strategic Aim 3**: Ensure that the Operating Environment Encourages Leadership in Sustainable Finance
UKSIF Membership and Benefits

Our members are able to:

- Participate in the UK-based network representing the broadest set of stakeholders in the sustainable finance sector.
- Receive up-to-date information from “What’s New”, UKSIF’s monthly e-newsletter, and feature their organisation’s news in its pages.
- Participate in a network of contacts in sustainable finance and access the industry knowledge and experience of our members and staff.
- Join cooperative efforts to influence government and policy makers on behalf of responsible finance.
- Attend UKSIF’s members-only programme of events, including relevant aspects of our highly-regarded analyst and marketing seminars.
- Access high-level information and presentations, available only on the members’ section of our website.
- Receive invitations to networking opportunities such as our AGM and social events, as well as to events organised by UKSIF members and other leading business organisations.
- Benefit from involvement in major industry initiatives such as National Ethical Investment Week and the Sustainable Pensions Project.
- Highlight their organisation’s details in the membership directory available at www.uksif.org.
- Expand business opportunities and profile through sponsorship of UKSIF resources and activities.

“KBC joined UKSIF in 2008 because we saw the opportunity to work with UKSIF members to advance the sustainable and responsible finance agenda. Our membership has brought the additional benefit of helping us stay at the forefront of industry developments through the member services programme.

Supporting this year’s Sustainable Pensions Survey has allowed us to experience the impact of UKSIF initiatives first-hand, reinforcing our own commitment to leadership in sustainable investment.”

Steve Falci, Vice-President – Sustainable Investment, KBC Asset Management

## Membership Fees

<table>
<thead>
<tr>
<th>Group Category</th>
<th>By negotiation (minimum)</th>
<th>(£10,000 minimum)</th>
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<tbody>
<tr>
<td><strong>Category 1</strong></td>
<td>By negotiation (minimum)</td>
<td>(£10,000 minimum)</td>
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<tr>
<td>Banks/Funds</td>
<td>Funds &gt;£5bn:</td>
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<tr>
<td>Fund Managers</td>
<td>Funds &gt;£1bn:</td>
<td>£3,000</td>
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<td></td>
<td>Funds &gt;£0.25bn:</td>
<td>£1,500</td>
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<td></td>
<td>Other:</td>
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<td><strong>Category 2</strong></td>
<td>By negotiation (minimum)</td>
<td>(£10,000 minimum)</td>
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<tr>
<td>Professionals</td>
<td>Staff &gt;50:</td>
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<td></td>
<td>Staff 20-49:</td>
<td>£750</td>
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<td>Staff 10-19:</td>
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<td><strong>Category 3</strong></td>
<td>By negotiation (minimum)</td>
<td>(£10,000 minimum)</td>
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<tr>
<td>Pension Funds,</td>
<td>Assets &gt;£25bn:</td>
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<tr>
<td>Charities and Others</td>
<td>Assets &gt;£5bn:</td>
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<td></td>
<td>Assets &gt;£50m:</td>
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<td></td>
<td>Other</td>
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<td><strong>Individual Supporters</strong></td>
<td>By negotiation (minimum)</td>
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(All fees exclude VAT)
**UKSIF Members and Affiliates at 30 June 2009 include**

**Banks & Building Societies**
Barclays Plc
Co-operative Financial Services
Ecology Building Society
HSBC Holdings Plc
Lloyds Banking Group
Standard Chartered
Triodos Bank
Unity Trust Bank

**Investment Management Institutions**
Aberdeen Asset Management
AEGON Asset Management
Agro-Ecological Investment Management
Aviva Investors
AXA Investment Managers
Baillie Gifford & Co
Capita Investment
Capricorn Investment Group
Catalyst Fund Management and Research Ltd
Cazenove Capital Management Ltd
CCLA Investment Management
Cheviot Sustainable
Consensus Business Group
Credit Suisse Asset Management
Ecclesiastical Insurance Group
Epworth Investment Management
Equita Ltd
F&C Management Ltd
Foresight Group
Friends Provident Life and Pensions Ltd
Generation Investment Management LLP
Global Forestry Investments
Governance for Owners LLP
Henderson Global Investors
Hermes Fund Managers
Impax Group
Insight Investment
Invicta Capital
Jupiter Asset Management
KBC Asset Management
King and Shaxson
Legal & General Investment Management
Living Planet Fund Management
Marwyn Investment Management LLP
Newton Investment Management
QUADRIS Environmental Investments Ltd
Rathbone Greenbank Investments
RCM (UK) Ltd
Sarasin & Partners LLP
Schroder Investment Management
Skandia
Standard Life Investments
Threadneedle Investments

**Investment Banks**
Citi Investment Research
Credit Agricole Cheuvreux
Goldman Sachs
Oddo Securities
Sustainable Development Capital LLP
UBS (Investment Bank)

**Investment Consultants**
AllenbridgeEPIC Investment Advisers
Hewitt Associates
Mercer
Watson Wyatt LLP

**Occupational Pension Funds**
Environment Agency Pension Fund
London Pensions Fund Authority
Railpen Investments
Universities Superannuation Scheme

**Independent Financial Advisers**
Archtrust Financial Services Ltd
Ashlea Financial Planning Ltd
Aspen Financial Services
Barchester Green Investment
Beechwood Financial Management
Bromige
Barry Brown
Ethical Financial Planning
Ethical Futures
The Ethical Investment Co-operate
Ethical Investors Group
The Ethical Partnership
Ethikos LLP
Evans Ash Financial Services LLP
Alex Farrow
The Financial Planning Group
Finansec Green
The G/EIA Partnership Ltd
Heron House Financial Management
Highcliffe Financial Management Ltd
Holden and Partners
Honour Financial Planning Ltd
Imperial Independent Financial Advisors Ltd
Innovate Financial Services
Interface Financial Planning Ltd
Investing Ethically Ltd
Kent Insurance Services
Robin Keyse
Kingswood Consultants
Medical and Professional
Orkney IFA Ltd
Tanya Pein
Platinum (SRI) Financial Services
Prest Financial Services Ltd
Southgate Financial Services Ltd
Stewart Investment Planning
Thompson Little
UK IFA NET
Graham Walton
Ian White
Your Money Matters

**Research Providers & Professional Advisory Firms**
Acclimatise
Active Earth Research
African Rainbow Consulting Ltd
Aguilhas
Andigug Consulting
ASSET4 AG
AISFA (Association of Independent Financial Advisers)
Bates Wells & Braithwaite
Stuart Bell
Capita Financial Software
Centre for Social and Environmental Accounting Research
Centre Info SA
Clifford Chance LLP
CO2
CorporateRegister.com Ltd
CSIR Consulting Ltd
Delsus Ltd
EIRIS
Ethical Money Ltd
Ethical Screening
FTSE Group
Graham Stuart & Associates Ltd
Greenspire Advisors Ltd
Investing For Good
Julia Dreblow (SRI Consultants Limited)
Kaleidoscope Policy and Research
KCF - Consulting
KLD Research & Analytics
Zoe Knight
Markmans Consulting
Manifest
Dr Andy Mullineux
oekom Research AG
PIRC Ltd
RiskMetrics
Sancroft
Standards International
SustainAbility
Sustainable Investor
Sustainalytics
Trucost
Upstream
VB/Research Ltd
Vigeo

**Other Organisations**
Amnesty International UK
Angier Griffin
ASrIA (Association for Sustainable & Responsible Investment in Asia)
BITC (Business in the Community)
Big Issue Invest
Carbon Disclosure Project
Carbon Trust
Church of England Ethical Investment Advisory Group
Clear Profit
CDFA (Community Development Finance Association)
ECCR (Ecumenical Council on Corporate Responsibility)
EcoConnect
Ethical Consumer Magazine
Ethical Performance
EUROSIF
Fair Investment Company
Fair Pensions
Forum for the Future
Greenpeace UK
IIED
Joseph Rowntree Charitable Trust
KoSIF (Korea Sustainability Investing Forum)
NEF
Oikocredit
Oxfam
Polden-Puckham Charitable Foundation
Christopher Powles
Prairie Trust
RIAA (Responsible Investment Association Australasia)
Charles Scanlan
SEIU Capital Stewardship Program
Shared Interest
Social Investment Forum (USA)
Social Investment Organization (Canada)
SROI-UK
SRI Briefings
Tomorrows Company
Traidcraft Exchange
UNISON
Unite the Union
WWF UK
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