UKSIF members from all over the UK can access and participate in expert driven conversations
This review covers the year to summer 2015

a diverse period with an election, a referendum, the rebranding of Good Money Week and a plethora of regulatory and policy work.

On our ‘Growing the Market’ page we give a flavour of what was done in our two main campaigns, Ownership Day and Good Money Week. Ownership Day this year highlighted asset owners acting to ensure their asset managers know what owners expect from them. Good Money Week saw a record number of events and better engagement with young people, and also sought to flag banking and other financial opportunities as well as investment. Ensuring our messages are accessible and demonstrating the breadth of ‘Good Money’ allows us to better brief current and future sustainable finance customers.

On our ‘Being the Voice’ page is a review of the year’s policy work and how it is beginning to be shaped by the election. Some of the new Government’s initiatives have raised concerns, notably the changes to renewable energy subsidies, but others, like the review of the provision of financial advice, will offer an opportunity to make the case for our kind of finance. We are pressing the Government to adopt a strong, positive approach to COP 21 and we hope a successful outcome will provide a strong foundation for our sector to do what needs to be done in directing finance towards the necessary transition to a low carbon economy.

On our ‘Networking’ page we summarise the growing success of the Edinburgh Conference now in its second year ensuring members from all over the UK - and not just those based in London - can access and participate in expert-driven conversations and collaborative opportunities to influence. We want to see long-term outcomes in all that we do so look forward to continuing to work together to maximise our impact on issues that will expand the sector.

I would like to take this opportunity to thank members for all their support and for contributing to the exceptional work that the wider UKSIF network is producing.

Simon Howard
Chief Executive, UKSIF

Lesley Alexander
Chair, UKSIF

UKSIF are committed to working with members to built a resilient and sustainable economy
Achievements 2014-2015
Growing the market: Increasing acceptance and demand

We helped to grow the UK market for sustainable investment and finance to the benefit of members and asset owners in the following ways:

Ownership Day raises awareness of the financial benefits of active ownership and encourages investors to value high quality active ownership strategies.

• Bringing together asset owners and responsible investment industry experts
• Highlighting investor-led active ownership initiatives
• Spotting engagement in practice

This year Ownership Day’s key event was a half-day conference focusing on the latest developments in active ownership. The conference, hosted by Schroder Investment Management, attracted a broad range of asset owners and other stakeholders and featured:

• The public launch of the Red Line Voting Initiative, led by the Association of Member Nominated Trustees (AMNT), an initiative to develop standardised voting instructions that can be used by any asset owner looking to improve their stewardship efforts.
• A panel discussion on RI reporting featuring contributors to the ‘Guide to Responsible Investment Reporting in Public Equity’ launched by The Pension Fund Roundtable (PFR) representing sixteen asset owners with AUM of over £200bn to improve fund manager to asset owner reporting on stewardship outcomes.
• A panel discussion on engagement which asked what the industry is doing, considered actual examples of successful engagement on issues such as climate change, the living wage and employee relations and responded to common trustee concerns.

For more information and to access a number of active ownership case studies visit: www.ownershipday.co.uk

Good Money Week 2014 saw a record 60 events take place across the UK including events in Scotland, Wales and the Isle of Man. Media coverage included items in The Guardian, The Mail, The Independent, The Herald and numerous others as well as regional radio coverage. The front page of the October Investor’s Chronicle highlighted sustainable and social investment with the headline “Be an Investing Angel: Do good and make money at the same time”.

Feedback regarding the rebranding and new website, including both the design and content, was very positive. Users valued the resources section in particular and praised the range of materials available in the toolkit.

A specific infographic targeting students ‘Life of a Fiver’ (see page 9) was produced for the first time this year and was widely disseminated through student unions and student groups such as ‘People & Planet’. IFS University College ran a competition asking students to consider ‘Why does sustainable finance make a difference?’

www.goodmoneyweek.com

“Good Money just makes sense - we should make sure we know enough to use our own money responsibly - i.e. to support positive change. We should ensure we know that the bodies entrusted with public money do so too.”

Member of the public 2014

“I wouldn’t invest in arms or fossil fuels or anything else that hurts the environment so I don’t want my money used for this purpose. I want transparency from my pension company and other places who hold my money and an opt out clause if they try to use it for such purposes”

Member of the public 2014
Being the Voice:
Informing and influencing policy makers, the public and key stakeholders

The main feature of this review year was the 2015 general election providing the first majority Conservative government for eighteen years. However, with it came a loss of supportive ‘green Tories’ such as Greg Barker, Tim Yeo and Laura Sandys causing some apprehension throughout the SRI sector.

The Prime Minister offered the sector some optimism in new key ministerial appointments. These include Harriet Baldwin, ex-vice chair of the Social Investment Business as the new City Minister, Baroness Altmann, “consumer champion” as the new Pensions Minister, and Amber Rudd, previously Minister for Energy and Climate Change, now Secretary of State. All three are individuals we believe we can work with for a more sustainable economy.

Despite potential policymaker support on the environment, a shake-up to renewables policy - including early removal of subsidies - came as the world prepares to agree an ambitious deal to limit global temperature rises to 2°C during COP21. UKSIF members want a stable transition to a low-carbon economy so we are concerned about a lack of leadership with policy changes like these.

Ending incentives for clean energy investment may reduce household bills in the short-term (though this has been disputed). However, those small savings could pale in comparison to long-term pensions and savings losses if investors do not receive signals to consider climate change risk and invest in low carbon solutions. UKSIF continues to work with the sector to push the Government for an ambitious international deal at COP21 and to show consistency and credibility at home.

Looking back, our 2014 Annual Review detailed our efforts influencing the Law Commission report on fiduciary duties in which it was clarified that pension trustees should take financially material environmental, social and governance (ESG) factors into account. This was a huge result and represented effective cross-sector collaboration in engagement with policy makers. However, confusion remains widespread even within the MPs’ own pension scheme which famously contradicted the Law Commission's findings when it stated that risk to its investments stemming from climate change was a moral issue and could not be taken into account. It is essential that pension trustees are made absolutely certain that they should consider ESG factors for long-term asset protection.

To this end, we submitted our proposal to the Government to reform the Investment Regulations focusing on ESG integration and stewardship. The number of pension funds, insurance firms, asset managers, service providers and NGOs that responded to our call for evidence was staggering and a clear signal that this is an issue the SRI sector has a vested and very real interest in.

ESG-focused investment is becoming increasingly mainstream. Three investor-led examples from the past year include:

- The ‘Aiming for A’ coalition, which in April persuaded BP and Shell to adopt a series of policies linked to environmental assessment.
- The Pension Fund Roundtable (PFR) guidelines (see page 4).
- The Red Line Voting Initiative (see page 4)

But these initiatives took place despite the UK’s regulatory environment, not because of it. Regulatory certainty in this area is vital to encourage the continued growth of the SRI market in the UK. We have started to prepare responses to consultations in respect of pension reform, local government pensions schemes (for the second time in two years) and on how financial advisors should be regulated. The need for cross-sector cooperation and pressure from all types of investors to provide a stable framework for SRI has never been greater.
Networking: Maximising the impact of member intelligence and activity

UKSIF delivered 21 events, including 6 headline events, to stimulate industry networking, collaboration and offer expert insight into a variety of material issues.

We aim for long-term event outcomes. Examples from this review year include our call with Carbon Tracker Initiative and All Party Parliamentary Climate Change Group (APPCCG) for UK financial policymakers to act on the carbon bubble and ensure future economic stability. We also saw investors who had attended our event with SOCO and WWF subsequently divest from SOCO oil firm over its operations in Virunga.

We are grateful to all our members who hosted events this year including CCLA Investment Management, Henderson Global Investors, Kepler Cheuvreux, Newton Investment Management, Sarasin & Partners and Schroder Investment Management.

Edinburgh Conference 2015

Our second Edinburgh Conference was held in partnership with PRI in April 2015. We were delighted with member feedback reinforcing its success as growing as a high quality SRI conference for Edinburgh.

Key Achievements

• Increase in number of registrations (84 compared to 55 in 2014) with 95% turnout.
• Exceptional speakers and improved programme. The full programme can be found on our website.
• Successful partnership with PRI supporting positive industry collaboration.
• Non-member attendee ticket sales exceeded target.
• Three quarters of post-event survey respondents said the likelihood of them recommending this event to others would be 8 out of 10 or more. Qualitative survey and general feedback very positive.

“The speakers were excellent, the chosen topics highly relevant, and the timing was impeccable.”

Edinburgh Feedback

“I think the topics covered were reflective of the areas the sector are dealing with particularly the presentation from BAE systems and MSCI.”

Edinburgh Feedback

“[UKSIF should ensure] that all the various organisations, other regional SIF’s and PRI ... work together and act as a single force of change to put pressure on policy makers who are failing the markets and ESG.”

Member Survey 2015
Member feedback 2015

I’m a member...

- To support the development of ethical investment in Britain and to benefit from the insights of others.
- To network, attend events with experts on various sustainable investment topics to increase awareness.
- [Because] we recently launched a new ethical and charitable investment option. We [are members] to remain up to date with the latest trends and development in the socially responsible area.

UKSIF should...

- Cut across sectors; we are still very split into interest groups, asset managers, retail IFAs, alternative and social enterprise community benefit investors etc. I think that we have a lot to learn from each other.
- The group could use its expertise to advise other financial bodies on ESG issues. As the topic continues to gain traction, more and more bodies are seeking to understand how it applies to their operations.

What makes UKSIF different...

- Well governed and reflects members’ views well.
- Size and focus. It feels closer and the UK-only focus means it can be more strategic.
- A common cause that is not purely commercial or related to professional status.
- Their campaigning and Good Money Week - extremely friendly and helpful staff.

Which UK policies concern you?

- Pension policy seems to be destroying the idea of a pension as a reliable stream of income in retirement, rather than just another pot to save in.
- The stewardship code needs to work more effectively.
- The lack of clarification on fiduciary duty.
- Changes to support for renewables.
- The quality of advice in both the retail and institutional markets.
- There seem to be difficulties in bringing some investment opportunities to the retail market place for ‘ordinary’ investors. Better packaging and debate with regulators is required.

General thoughts on SRI industry

- There seem to be fewer serious champions of it than formerly and it has weakened in consequence. There are too many ‘me too’ funds around.
- Investors’ interest is constantly growing thanks to the risk-return profile of sustainable investments.
- Things are moving in the right direction but the pace needs to step up. Demand creation is the key.
The Ethical Investment Association (EIA) is the financial adviser chapter of UKSIF. EIA members commit to support increased access to advice on green and ethical investments and to improve their own expertise. The EIA holds twice-yearly day-long training conferences in various locations in the UK and provides networking and marketing support.

**EIA conferences allow advisers to:**
- Further their knowledge of sustainable and ethical investment
- Network and share learning with fellow advisers
- Put questions directly to top SRI fund managers
- Stay updated on recent developments in SRI and the wider ethical issues in financial advice

[www.ethicalinvestment.org.uk](http://www.ethicalinvestment.org.uk)

“*I’m a member because I want to get a wider perspective than just that of a retail adviser on how responsible and ethical investment works.*”

*Member Survey 2015*

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**Sustainable Investment Training Course for Financial Advisers**

Since November 2013 UKSIF has been the UK partner for the ‘Leonardo Project’, funded with support from the European Commission as part of its ‘Lifelong Learning Programme’.

The project’s primary objective is to produce the Sustainable Investment Training Course for Financial Advisers. The joint programme consists of a common course (3 modules) for all participating European countries complemented by country-specific elements.

The project partnership is made up of UKSIF and eight other European partners including Novethic, Ethix SRI Advisors and FNG, the German, Austrian and Swiss Sustainable Investment Forum.

[www.sustainable-investment.eu](http://www.sustainable-investment.eu)

“I believe [UKSIF membership] is a fundamental part of understanding client needs and expectations – I’m keen to provide as comprehensive and professional service as possible.”

*Member Survey 2015*
Member feedback and communications

UKSIF Member Survey 2015

Our second UKSIF Member Survey was answered by 31 members and affiliates including asset owners, asset managers, banks, research providers and financial advisers. A wide range of interesting – and refreshingly candid - views on the market and UKSIF’s activity were shared.

Members echoed one another when they said the main reason for being an UKSIF member is to network, share knowledge and support the industry. Members like our UK focus, broad membership and personalised service but asked us to do more on SRI and ESG mainstreaming, be more controversial when necessary, collaborate and advise other financial bodies on the concepts and issues.

You’ll see member quotes throughout this review and the full results online at uksif.org.

PR and Communications

We continue in our effort to simplify and clarify our communications ensuring they are concise, clear, direct and accessible. Member feedback and audience analytics continue to be positive.

“I think the communication methods are excellent.”
Member Survey 2015

“Bullet points are good in a busy world!”
Member Survey 2015

“Members should be told in a few bullets what UKSIF is planning to say in key consultations.”
Member Survey 2015

‘Life of a Fiver’ infographic designed for Good Money Week 2014

“Communications have been improved greatly and [I] think it’s currently pitched well.”
Member Survey 2015
Members & Affiliates

**Banks**
- Bank of America Merrill Lynch
- Barclays Bank
- Charity Bank
- Citi
- The Co-operative Bank
- Ecology Building Society
- HSBC
- Royal Bank of Scotland
- Standard Chartered Bank
- Triodos Bank

**Investment Management Institutions**
- Active Earth Investment Management
- Allia
- Alliance Trust Investments
- Allianz Global Investors
- Arabesque Asset Management
- Aviva Investors
- Ballie Gifford & Co
- Beetle Capital
- Big Society Capital
- BMO Global Asset Management
- Brewin Dolphin
- CCLA Investment Management
- Columbia Threadneedle Investments
- Deutsche Asset and Wealth Management
- Earth Capital Partners
- EdenTree Investment Management
- Epworth Investment Management
- Equitix
- Fidelity Investment Management [a]
- FIM Services
- First State Investments
- FORE Advisors LLP
- Foresight Group
- Franklin Templeton Investments
- Generation Investment Management
- Henderson Global Investors
- Hermes Investment Management
- Impax Asset Management Group
- Insight Investment
- Iona Capital

**Investment Banks**
- Jupiter Asset Management
- Karnes Capital
- Kempen Capital
- King and Shaxson
- Legal & General Investment Management
- Mirova
- Newton Investment Management
- Old Mutual
- Osmost Management
- Pictet Asset Management
- Premier Asset Management
- The Premier Group (Isle of Man)
- Rathbone Greenbank Investments
- Royal London Asset Management
- Sarasin & Partners
- Schroder Investment Management
- Social Finance
- The Social Investment Business
- Standard Life Investments
- TAM Ethical/TAM Asset Management
- Truestone Impact Investment Management
- WHEB Asset Management

**Investment Consultants**
- Consilium Capital
- Kepler Cheuvreux
- Morgan Stanley

**Pension Funds & Charity Investors**
- BT Pension Scheme [a]
- Charles Plater Trust [a]
- The Church Commissioners [a]
- Church of England Pensions Board [a]
- Council of Lutheran Churches [a]
- The Diocese of Lancaster [a]
- Dolphin Square Foundation [a]
- Environment Agency Pension Fund
- Esmée Fairbairn Foundation [a]
- Friends Provident Foundation [a]
- Golden Bottle Trust [a]
- HSBK Bank Pension Trust [a]
- Human Dignity Foundation [a]
- Jesuits in Britain [a]
- Joseph Rowntree Charitable Trust [a]
- Joseph Rowntree Foundation [a]
- The LankellyChase Foundation [a]
- Lloyds TSB Group Pension Scheme no1 [a]
- Lloyds TSB Group Pension Scheme no2 [a]
- Local Authority Pension Fund Forum (LAPFF) [a]
- Local Trust [a]
- London Pensions Fund Authority
- Marks & Spencer Pension Fund [a]
- Merseyside Pension Fund [a]
- NEST Corporation [a]
- Panahpur [a]
- Pension Protection Fund [a]
- The Pensions Trust [a]
- Polden-Puckham Charitable Foundation
- RPMI Railpen Investments
- The Representative Body of the Church in Wales [a]
- Staffordshire Pension Fund [a]
- Universities Superannuation Scheme (USS)
- URC Investment Committee [a]
- West Midlands Pension Fund [a]

**Financial Advisers**
- Abbott & Booth Ethical Financial Planning
- Aptus Wealth
- Ardent UK
- Ashlea Financial Planning
- Barchester Green Investment
- Kris Bolton
- Mark Brett
- Bromige
- Brookdale IFP
- Celandine
- Crokers Financial Planning
- Richard Essex
- Ethical Financial Planning
- The Ethical Investment Co-operative
- Ethical Investors Group
- Ethical Futures
- Ethikos
- Alex Farrow
“The need for cross-sector cooperation and pressure from all types of investors to provide a stable framework for SRI has never been greater”

Simon Howard, Chief Executive at UKSIF
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