

FairPensions is the campaign for responsible investment of UK pension funds.

## FairPensions scores victory at the BBC

After lobbying the BBC Pension Fund for almost a year, we are pleased to report that the scheme has become one of only four UK pension funds to adopt the UN Principles for Responsible Investment.

The scheme is one of the UK's 'big 20' pension funds, with almost 60,000 members, and is worth more than £7.5 billion. It joins USS in signing up to the UN initiative, that commits investors to taking environmental, social and governance factors into account in their investment decisions.

The scheme has also hired Hermes Equity Ownership Services to handle its engagement

activities. Hermes has experience of active shareholder engagement, so this is an opportunity for the BBC scheme to begin using their investment power to improve corporate behaviour on human rights and environmental issues.

FairPensions will be continuing to put pressure on the BBC pension scheme to make sure this happens. At the same time, we are launching campaigns aimed at other large pension funds in a drive to strengthen the capital power available to challenge corporate abuse.

## National Pensions Savings Scheme: Fighting for Responsible Investment for all

New pensions regulations proposed by the government are set to create a new National Pensions Savings Scheme (NPSS). Anyone who does not belong to a workplace pension scheme will be automatically enrolled and employers will be obliged to contribute, unless an employee opts out. FairPensions is currently asking the government to make sure that all funds associated with the NPSS are invested responsibly, in a manner that contributes to the maintenance of people's rights and the sustainability of the environment.

We have expressed our concern that responsible investment has been referred to only as an 'option' under personal accounts. This will give people an option of picking a specifically screened ethical fund, but will mean that only certain concerns are accounted for (typically screened funds exclude 'unethical' sectors such as tobacco, arms or

gambling, but take no action against companies in other sectors that may be abusing human rights or the environment). Importantly, it will exclude millions of people who will not have the knowledge and information necessary to make an informed choice. It is vital that all the schemes holdings subscribe to an active responsible investment policy, which must include shareholder engagement with companies that have poor social and environmental records. This is especially important with regards to any 'default scheme'.

It is likely that around 10 million people will be entered into a scheme of this kind. FairPensions is pushing to ensure that, at a minimum, all fund managers associated with the scheme sign up to the UN Principles for Responsible Investment, and agree to specifically implement clauses on active investment and transparency.

### We need your help

In recent months, FairPensions has achieved successes that many larger organisations would envy: we have added £7.5 billion to the total sum responsibly invested by UK pension funds, helped persuade USS to beef up its responsible investment capability, and are in dialogue with other pension funds, worth around £50 billion.

We are now stepping up our fundraising and campaigning activities in order to dramatically increase the force of responsible investment. We will be targeting other large pension funds, capable of using their investment power to tackle corporate behaviour that harms people and the environment.

To make this work possible, we are launching a fundraising appeal. Please use the enclosed form, and help us move billions of pounds away from supporting corporate abuse, and toward tackling it.



## Responsible Investment in practice:

### How WWF used investor power to make housing more sustainable

In 2003 Insight Investment, the asset management arm of HBOS plc, joined forces with WWF as part of their 'one million sustainable homes' campaign. The results proved highly successful, highlighting the importance of large investors in changing company behaviour.

UK homes generate nearly 30 per cent of the UK's carbon dioxide emissions, so changes in the housing industry are vital to fighting climate change. Poor housing also has an enormous social cost, adversely affecting people's mental and physical health.

WWF and Insight benchmarked the sustainability performance of the top 12 FTSE listed house-building companies, and engaged with them on how they could improve their performance. Their analysis demonstrated that the majority of house-builders were failing to address their sustainability impacts adequately.

Yet the results of their engagement were positive. Many of the house-builders were willing to review their practices, and when the second benchmark report was published in 2005, the house-builders' scores had improved significantly; rising from an

average of 47% to 68% in one year. Working with a large investor like Insight gave WWF access to the construction industry that they would not have had by themselves.

A large part of the problem faced in making housing more sustainable is the perception by companies that investors are not interested in sustainability, but just want a quick return and maximum profit. Investor involvement in this project was a vital part of removing this barrier, and beginning to change the attitudes and practices of the house-builders.

From an investor point of view this project not only helped Insight to demonstrate a commitment to responsible investment but also helped to build an understanding of the business implications of sustainable housing issues. As public concern for the issue grows, and legislative changes begin to happen, this is something that will prove vital to the sector financially, and thus to its shareholders.

Whilst there are still vast improvements to be made, positive steps have been taken that will help companies deliver better environmental and social outcomes *and* add value to their businesses.

## act:onaid Joins FairPensions

FairPensions is very pleased to announce that ActionAid has decided to become one of our member organisations. ActionAid describe themselves as "a unique partnership of people who are fighting for a world without poverty, in which every person can exercise their right to a life of dignity. We work with poor and marginalised people to help eradicate poverty by overcoming the injustice and inequity that cause it." ActionAid has a strong record of campaigning to make companies accountable for the impacts of their businesses in developing countries. We look forward to working with ActionAid to promote responsible investment and ensure that investors exercise positive influence on global justice.

## USS Expands Responsible Investment Team

In recent months, we have been urging the Universities Superannuation Scheme (USS) to strengthen their Responsible Investment team - as an essential step toward increasing their capacity to engage with companies. FairPensions was pleased to hear that an additional Responsible Investment position has been advertised. Encouragingly, the job description highlights an RI strategy "based on active engagement with companies and assets in which the fund invests".

**FairPensions**™  
The campaign for responsible investment

Tel: 020 7403 7800  
Email: [info@fairpensions.org.uk](mailto:info@fairpensions.org.uk)  
Web: [www.fairpensions.org.uk](http://www.fairpensions.org.uk)