

Top 20 UK pension funds become more accountable

Research conducted in late 2007 has found that following a year of lobbying by FairPensions, the 20 largest pension funds in the country are largely becoming more transparent and accountable.

The survey by FairPensions measured whether pension funds revealed information like their 100 largest investments, and their policies for addressing the environmental and social problems that their investments could be linked to.

This year's survey saw pension funds increase their score by an average of 58%, with many funds recognising the financial arguments for responsible investment and actively

trying to meet FairPensions' criteria. But there is still a way to go. Household names such as Barclays Bank and the National Grid scored 0 out of 10 for transparency on their employee pension funds

Greater transparency is also only the first step in responsible investment – the next step is actually engaging with companies on issues such as climate change and human rights abuses. Although there are some industry leaders in engagement (the Universities Superannuation Scheme, for example), many UK pension funds do not effectively put pressure on companies they invest in, even if they are devastating the environment and eroding workers rights.

FairPensions' reports received widespread media coverage – in national newspapers including the Financial Times, Guardian, Independent, Daily Mail and the Scotsman. We were also invited to speak on Bloomberg TV.



FairPensions on Bloomberg TV

The full report is available at: <http://www.fairpensions.org.uk/research>

Local authority pension funds targeted by arms trade campaigners



Across the country, local authorities are facing a rising tide of discontent about the investments of their pension funds.

Recently, 3 out of 5 councils in the £4.2bn (€5.8bn) Merseyside pension fund voted to disinvest from arms companies, but the fund's trustee board rejected the motion and argued that disinvestment would be illegal. Members of the Trades Union Congress (TUC), the umbrella organisation of UK unions, say they are now considering legal action.

Campaigns run by trade unionists, CND members and concerned pensioners in Lewisham, Lambeth and Islington are also calling for disinvestment from the arms trade. Lewisham voted to adopt responsible investment of its pension fund after FairPensions was asked to give a presentation to councillors in 2007.

For more news about responsible investment, see our news blog at:

<http://www.bloglines.com/blog/FairPensions>

FairPensions tackles the fund management sector

A number of fund managers have decided to improve their responsible investment policies after dialogue with FairPensions. We have been assessing 20 of the largest fund managers operating in the UK, looking at their commitment to dealing with issues like human rights abuses and climate change. The research found that three-quarters of the surveyed fund managers had no apparent policy on environmental and social issues. Only a handful could produce evidence of successful engagement with companies – meaning that most had no actual tangible evidence that they had changed corporate behaviour for the better.

This is particularly significant as many of the top 20 pension funds surveyed in FairPensions' December research stated that dealing with issues like climate change was the responsibility of their fund manager! Between them, the 20 fund managers surveyed had £7.9 trillion of assets under management, so they can make a real difference to the behaviour of multinational corporations.

The Pensions industry starts to address climate change

The pension fund industry is starting to wake up to the long-term threat climate change poses to investments made on behalf of millions of working people, as well as the catastrophic social and environmental impact it will have across the globe.

There have been some positive signs from some forward thinking funds. For example, the P8 summit – a meeting of the 8 largest institutional investors in the world about addressing climate change, hosted by Al Gore and HRH the Prince of Wales – recently invited Alex van der Velden to speak about responsible investment.

Leading pension funds and fund managers are also backing the Carbon Disclosure Project (CDP), a collaboration of 385 investors that asks companies to measure



and disclose their greenhouse gases, and report on their strategy for dealing with risks and opportunities associated with climate change. The CDP has been running for 3 years, and for

the first time in 2008 will demand that China's 100 largest companies participate.

Citigroup, Morgan Stanley and JP Morgan Chase have also launched The Carbon Principles, which will evaluate and act on carbon risks in financing of electric power projects. Under the principles, power companies will have to explain how they plan to deal with carbon dioxide pollution from any new coal power plants.

FairPensions will continue to pressure investors to tackle climate change through their investment decisions.

With your help, FairPensions is changing the world.

With your support FairPensions has influenced investors worth a total of **£827 billion**. Many are now more transparent and have started to seriously consider the impacts of their investments on society and the environment. But there is still a great deal to be done! Only with your donations and support can we continue to push investors and companies to think about climate change and human rights.

Growing acceptance of Responsible Investment

There is growing acceptance within the investment industry that responsible investment makes financial sense. This was recently illustrated when the National Association of Pension Funds published guidance stating that pension funds should consider environmental and social issues when making investment decisions. This is very important as it emphasises that Responsible Investment makes business sense, as well as being the right thing to do. FairPensions has been arguing this for three years, and it is a good sign that major industry bodies are starting to incorporate it into their recommended best practice.



A major report has also been published by the United Nations Environment Programme Finance Initiative and Mercer (an investment consultant). The report, *Demystifying Responsible Investment Performance*, looked at 20 academic works and 10 industry works on responsible investment, and found that in half the studies management of environmental

and social factors had a clear positive impact on investment (Full report available at www.unepfi.org).



Alex van der Velden leaves FairPensions

We are sad to announce that Alex van der Velden has stepped down as

Executive Director of FairPensions. Duncan Exley has moved from Director of Campaigns to Acting Chief Executive. Duncan said "In the three years Alex has headed this charity it has gone from the germ of an idea to a real force for change. I'm sure he will go on to great successes in his new role. He will be missed."

FairPensions is now looking for a new Executive Director to take over Alex's position. For more details about the job, see:

http://www.fairpensions.org.uk/about_us/Vacancies.htm