

Multi-billion pound investors pushed to invest more responsibly

Although many fund managers are still ignoring issues like climate change in investment decisions



Some Fund Managers are becoming more transparent and are taking an active interest in the companies they hold shares in, shows recent research by FairPensions. Unfortunately, most are still putting pressure on companies about traditional 'governance' concerns rather than the environmental and social issues that are not only moral concerns, but can also have a real impact on the value of your pension.

The results come from FairPensions' second survey of transparency and responsible investment strategies among fund managers, and follow a year in which we have engaged with fund managers and their clients after our first fund manager report. We surveyed 30 of the biggest firms hired by UK pension funds to invest your money, who managed assets worth \$22.9 trillion in 2007(although the recent financial crisis has seen assets tumble in value).

We are pleased to note significant improvement from our 2007 survey, with the 20 fund managers who were surveyed last year improving their scores against our criteria by 23% - proof that FairPensions is having an impact on these investment bodies. Unfortunately, many fund managers were at a very poor starting level of responsible investment practices and are not transparent, so there remains a lot of work to be done.

One of our most startling findings is that most fund managers are still concentrating only on traditional financial issues; things like the number of 'non-executive directors' on the board of companies. 27 out of 30 fund managers could not (or refused to) make available a coherent policy on engaging with companies on issues such as climate change, rainforest destruction, displacement of communities or any other environmental and social issues.

This is shocking because of the clear economic (let alone ethical) arguments for addressing issues like climate change. The Stern report on the economic impact of climate change - along with numerous other studies - has shown the importance of addressing greenhouse gas emissions and rainforest destruction immediately, to mitigate the future economic losses predicted if we allow runaway climate change. Few doubt that climate change will affect the global economy and the value of investments. As shown in recent investment industry research, engaging with companies on environmental and social issues not only protects the environment and human rights, it also protects pension investments from unnecessary risk.

We need fund managers to take these issues seriously. Your pension fund is an important client for fund managers - if pension funds demand action, fund managers will have no choice but to engage with multinational corporations on issues like climate change. Tell your pension fund to put pressure on their fund managers at http://www.fairpensions.org.uk/act_now/email.htm

To read the full report, go to <http://www.fairpensions.org.uk/research/>

TAKE ACTION - Spread the word!

FairPensions can tackle multinational corporations on human rights abuses, climate change or reckless lending far more effectively with public support. One of our greatest strengths is our backing amongst thousands of ordinary people who are willing to contact their pension funds and push these financial powerhouses into action.

Do you know anyone else ready to join the Campaign for Responsible Investment?

We would love to get your friends, family, work colleagues and neighbours involved in our ground-breaking work. If you know someone who's interested, get them to add their voice to the Campaign for Responsible Investment at:

http://www.fairpensions.org.uk/act_now/

Alternatively, you can get them to write to **FairPensions, Trowbray House, 108 Weston Street, London SE1 3QB** with their full name and address.

FairPensions recognised as a 'Big Achiever'

FairPensions was a finalist in the annual awards organised by the charity sector's magazine, *Third Sector*. We were shortlisted for the prize of 'Small Charity, Big Achiever'.



Catherine Howarth, Executive Director of FairPensions, said 'It is wonderful that FairPensions' work is being recognised in this way. We have a history of punching above our weight and influencing investors worth billions. This recognition from Third Sector shows just how effectively we use donations from supporters to achieve change.

By equipping other charities with the tools and specialist knowledge needed to exert pressure through the investment industry, FairPensions' is helping to increase the effectiveness of the whole charity sector."

FairPensions demands action to end irresponsible banking



In January, FairPensions was one of 11 high-profile signatories of a letter to Gordon Brown, asking him to ensure that pension funds play their part in rebuilding financial services into a more sustainable, responsible industry.

As the financial crisis has unfolded, public and media attention has focused mainly on the bankers and their failed regulators, rather than the pension funds and other investors who invested billions in these banks without heeding warning signs about their risk-taking. As the letter says, "We believe it is now time for pension fund boards to think hard about the records of the firms they own. Recent events have shown how the failure to hold corporate leaders to account for their decisions about risk can have a catastrophic effect on the financial system, the economy, the corporations themselves and ultimately on the well-being of members of pension schemes."

There have been some positive signs of government movement in this direction. Gordon Brown's City Minister, Lord Myners, said in January that "Institutional shareholders need to be asking themselves: were they appropriately engaged in asking questions about the risk appetite of our banks? Were they asking sufficient questions about competency of directors, and were they appropriately engaged in examining and approving compensation cultures? ...There must be a challenge put to investors that they failed to query the irrational exuberance that we now see as characterising the age of irresponsibility."

We are asking the government to ensure that pension funds' investment decisions do not undermine the stability of the entire financial system, which can put in jeopardy people's jobs, homes and savings. We have also briefed members of the Treasury Select Committee who are investigating the financial crisis, to ensure that the role and responsibilities of investors in holding companies to account is not forgotten. With your support we will continue to lobby for pension funds to engage with companies they invest in, whether this is about irresponsible risk taking, environmental destruction or worker's rights.

UNISON and Unite join the Campaign for Responsible Investment

Two more national organisations have joined the campaign for Responsible Investment.

UNISON is the UK's largest public sector union with 1.3 million members working in local authorities, the NHS, the police service, colleges and schools and many other fields. It has investigated significant resources into a 'capital stewardship' programme, which aims to ensure that pension fund trustees who are members of trade unions engage with companies, to ensure they are innovative, well-managed and not taking undue risks with the retirement savings of ordinary people.



Founded in 1930, **Unite** is the oldest and the largest occupational pensioner organisation in the United Kingdom. It has 200 local branches and aims to protect and promote pension rights, as well as strive to enhance the welfare and well being of its members. It is not to be confused with Unite the Trade Union, which is the largest trade union in the country with 2 million members – although they are also a member of the Campaign for Responsible Investment!

As member organisations they will provide FairPensions with financial and political support, as well as promoting responsible investment to their members.

Taking the campaign forward

FairPensions would like to thank all of our supporters for your generous response to our latest appeal, which raised over £1,500. We rely on your support to change corporate behaviour through the power of institutional investors.

If you have not given, please consider doing so using the enclosed donation form. We have many exciting plans for 2009, including a climate change campaign that will push pension funds and their fund managers to seriously engage with companies about their greenhouse gas emissions. We will also be lobbying the government to change regulations in favour of responsible investment, while giving you more tools and resources to take on big investors. If you would like to save paper and postage, you can give online at:

http://www.fairpensions.org.uk/support_us/online_donation.asp

In the meantime, please do keep telling people about responsible investment.

Trustee Training with the TUC helps embed Responsible Investment

In January FairPensions held a first-of-its kind responsible investment training seminar for pension fund trustees. 20 trustees heard from Catherine Howarth (Chief Executive of FairPensions), David Pitt-Watson (former Chairman of Hermes Equity Ownership Services) James Gifford (the Chief Executive of the United Nations Principles for Responsible Investment) and Bernie Doerer (a former trustee of the Shell Contributory Pension Fund). The session was extremely well received, with a number of trustees committing to take active steps to implement a Responsible Investment policy in their funds. FairPensions will be holding more trustee training sessions in the future - if you are a trustee who is interested in learning more about responsible investment, please get in contact with Ben Watson, at Ben.Watson@FairPensions.org.uk or on **020 7403 7800**