



**DWP** Department for  
Work and Pensions

Caxton House  
Tothill Street  
London  
SW1H 9DA

Telephone  
020 7340 4000

Email  
ministers@dwp.gsi.gov.uk  
www.dwp.gov.uk

POS(3)4060/251

Catherine Howarth  
CEO, FairPensions  
Trowbray House  
108 Weston Street  
London  
SE1 3QB

*302*  
June 2010

*Dear Catherine*

Thank you for the many e-mails from your supporters regarding the environmental and social consequences of BP's Deepwater Horizon oil spill.

We are all agreed that this is a human and environmental tragedy. As you may know, a Presidential Commission has been set up to carry out an investigation, and will report within six months. Also, on 2 June US Attorney General Holder announced that he would be launching a criminal and civil investigation. In light of these developments, it would not be appropriate for the Government to apportion blame or to speculate on whether or not this catastrophe could have been foreseen. That, ultimately, will be a matter for the investigation.

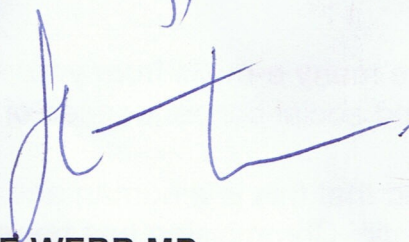
What is clear is that in light of the fall in BP share prices and its recent decision not to pay a quarterly dividend, there will be an impact on many people's pension funds. However, most UK pension schemes will be diversified across a range of investments. Whilst this will include equities, it will also include other assets such as gilts, property and cash. Those more heavily weighted toward equities should not be too exposed to a single company.

Although BP is a source of major dividends for most British pension funds, of the £60 billion income generated by self-administered pension funds in 2009, only 15 per cent came from dividend payments – 2 per cent of this was attributable to BP payments. Consequently, the decision not to pay a dividend will not have an overly significant impact on pensions.

You have also suggested that schemes should be compelled to report fully on what environmental, social and governance issues are taken into account in their investment policy, how they implement that policy, and how they exercise their shareholders' rights. As you may know, the law already requires that a scheme's 'Statement of Investment Principles' must include a declaration of the extent to which these issues are taken into account in the scheme's investments. It also requires it to include the scheme's policy, if any, in relation to the exercise of the rights (including voting rights) attaching to the investments.

Given that these requirements are aimed at supporting high standards of corporate governance and ethical behaviour, and already go some way to achieving what you are seeking to impose, we have no plans at present to review the existing regulatory framework.

I hope this is helpful to you and your members, and would be most grateful if you would publish this letter on your website.

*Yours sincerely,*  


**STEVE WEBB MP**  
**MINISTER OF STATE FOR PENSIONS**