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## **Unprecedented UK investor action to reform financial services by setting new standards for fund managers**

*UK investors worth £350bn challenge fund managers in call for improved voting, reporting and engagement standards*

- *Investor-led guidelines will address fund managers' voting, reporting and engagement practices*
- *First investor initiative of its kind will set 'red line' voting instructions*
- *Growing wave of investor-led activity challenging the industry is unique to the UK*
- *Investors will meet fund managers to debate standards and practices in event to mark Ownership Day*

**London, 10 March 2015** – Owners of pension fund assets worth more than £350bn are meeting fund management industry leaders today to debate voting, reporting and engagement standards in an event to mark Ownership Day coordinated by the UK Sustainable Investment and Finance Association (UKSIF).

The day will feature the launch of the Association of Member Nominated Trustees (AMNT) initiative called Red Line Voting – a project to set 'red lines' for companies' environmental, social and governance performance with corresponding voting instructions for fund managers. The event will also review an investor-led guide launched in January to clarify investors' reporting expectations. These initiatives will help re-connect fund managers to pension scheme members. They also show that the UK and UK investors are at the centre of innovation in the proper stewardship of assets.

Both the voting red lines and reporting guide are intended to be used by asset owners of all types and is the latest in a wave of investor activity to improve industry standards post-Kay Review and the UK Stewardship Code.

**AMNT co-chair Janice Turner commented:** *"UKSIF has given great support to AMNT as we have taken our initiative forward. We are delighted to have found so many people within the ranks of UKSIF companies who have such a strong commitment to widening responsible investment, and who have been prepared to contribute their expertise in advising AMNT as we have developed Red Line Voting."*

**Jessica Ground, Global Head of Stewardship at Schroder Investment Management commented:** *"As long term investors we view engaging with companies on ESG issues as an important part of our investment processes and a way of creating value for our clients. We are encouraged that more clients are interested in these activities. Asset owners and managers working together in this way have the potential to improve the whole investment system."*

**Simon Howard, UKSIF Chief Executive, said:** *"UKSIF members recognise that good stewardship of savers' assets, including effective use of owners' votes and top-class reporting to owners is a key way of building value for future pensioners. Well governed companies tend to be better performing companies."*

*We're delighted that UKSIF members are helping the AMNT draft the Red Lines voting instructions for maximum practical effect. They also helped to draft the reporting guidelines. We are determined to grow the market for properly managed long-term investment and welcome more future collaboration between investors and industry to improve stewardship and long-term thinking. We are very happy that senior members of the Government are supporting Ownership day."*

**END**

### **Contact**

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*Interviews with Simon Howard, Chief Executive, UKSIF and Janice Turner, Co-Chair, AMNT are available on request.*

Journalists can request to attend the event subject to availability. Photographs are welcome.

### **Notes to Editor**

#### **About Ownership Day**

Ownership Day is a national UKSIF initiative to raise awareness of the financial benefits of active ownership and encourage investors to value high quality active ownership strategies. This year Ownership Day takes place on the 10<sup>th</sup> of March and includes a half-day conference hosted by Schroder Investment Management in London. [www.ownershipday.co.uk](http://www.ownershipday.co.uk)

#### **About the Red Lines Voting Initiative**

The Association of Member Nominated Trustees initiative to enable pension schemes to invest responsibly. The AMNT – with assets worth over £350bn - will develop a series of Red Lines in a binary format covering environmental, social and corporate governance issues. For each red line there will be a proposed voting action (short of divestment) in relation to a company crossing them. The fund managers would be required to comply or explain.

#### **About the Guide to Responsible Investment Reporting in Public Equity**

A group of UK asset owners with over £200bn of assets developed the guide to clarify reporting expectations in their commitment to responsible investment (RI). They believe better reporting can help build an understanding of the extent to which RI factors and activities can help to explain both short and long-term investment risk and performance in public equity. More broadly, they believe RI reporting can help improve transparency and accountability between asset owners and fund managers. <http://www.uss.co.uk/UssInvestments/ResponsibleInvestment/Documents/guidetoRIreportinginpublicquity.pdf>

#### **About the UK Sustainable Investment and Finance Association (UKSIF)**

The UK Sustainable Investment and Finance Association (UKSIF) promotes responsible investment and other forms of finance that supports sustainable economic development, enhance quality of life and safeguard the environment. Founded in 1991, UKSIF has approximately 240 members and affiliates including pension funds, asset managers, research providers, financial advisers, banks and non-governmental organisations. [www.uksif.org](http://www.uksif.org).

#### **About the Kay Review**

The [Kay Review](#) of UK Equity Markets and Long-Term Decision Making was commissioned by Secretary of State for Business, Innovation and Skills, Vince Cable in 2011 and was tasked with assessing how well markets were serving companies, savers and pensioners. It concluded that short-termism was a problem in UK equity markets principally due to a misalignment of incentives in the equity investment chain. One key recommendation was a broadening of the concept of stewardship and increased quality of engagement.

#### **About the Stewardship Code**

The [UK Stewardship Code](#), developed by the Financial Reporting Council, aims to enhance the quality of engagement between asset managers and companies to help improve long-term risk-adjusted returns to shareholders. Revised in 2012 following the Kay Review, it sets out areas of good practice to which the FRC believes institutional investors should aspire on a 'comply or explain' basis.