

IIGCC AUDITS INVESTOR PROGRESS ON CLIMATE CHANGE

- *Climate change central to investment policies of more than three quarters of asset owners and managers surveyed*
- *Asset managers unanimous in evaluating material climate change issues within investment analysis*

13 July, 2009, London: The Institutional Investors Group on Climate Change (“IIGCC”), the European investors’ forum for collaboration on climate change, has today published its second annual report which audits the investment practices of signatories to the Investor Statement on Climate Change. The report highlights significant progress on climate change, made in 2008, among asset owners and asset managers, who in total represent €2 trillion in assets under management.

Conducted by Mercer, the research shows that institutions are paying greater attention to climate change, with 75% of asset owners and over 80% of asset managers referencing climate change in their investment policies.

Asset owners are placing greater pressure on external managers to take account of climate change, with one in two now questioning their managers as to the process for integration within investment research, decision making and shareholder engagement. This is up from 30% just a year ago.

Furthermore, 60% of asset owners specifically consider the extent to which climate change is fully integrated into the investment process when appointing a new manager, and 70% are monitoring their respective managers’ performance on climate change.

Despite these positive developments, the number of pension funds instructing their advisors to consider climate change in their recommendations is lower at 40%.

David Russell, co-head of Responsible Investment at the Universities Superannuation Scheme (USS) commented:

“That institutional asset owners’ play a highly significant role in encouraging change in investment managers has never been in doubt, but what we can see from this research

is that a majority of respondents are demonstrating leadership in this area; this a trend which we expect will become more pronounced in the future.” Mr Russell added “Asset owners in the survey are taking ownership of the issue, both acting directly and encouraging their asset managers to consider the risks and opportunities that climate change poses.”

Rory Sullivan, Head of Responsible Investment, Insight Investment commented:

“Two important trends emerge from the report. First, the focus of investor research and engagement has broadened to encompass adaptation not just mitigation. Second, investors are paying more attention to downside risk, not just upside opportunity. In both cases, the overwhelming message from the report is the critical importance of public policy as a driver for corporate and investor action, and the reality that without strong and credible public policy we will struggle to make progress towards a low carbon economy.”

The report indicates that 90% of asset managers are engaging directly with companies on a wide range of climate-related issues, such as senior management responsibilities for climate change, integration into business strategies and improving corporate disclosure. However, investors need to pay more attention to encouraging companies to make absolute emission reductions. In this respect, strong signals that governments are taking this issue seriously would again help to reinforce the message that companies need to prepare themselves for future policy action.

Marcel Jeucken, Head of Responsible Investment at PGGM, commented:

“A comparison between 2007 and 2008 appears to suggest that governance issues on climate change have moved up the agenda for both asset managers and asset owners. However, this is still predominantly in relation to equities. An increasing number of asset managers and asset owners have started to look at the impact of climate change on emerging markets, alternatives such as commodities and real estate investments. The 2008 survey also shows that climate considerations are a material factor in infrastructure investments.”

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NOTES TO EDITORS

About the Institutional Investors Group on Climate Change (IIGCC)

The Institutional Investors Group on Climate Change (IIGCC) is a forum for collaboration on climate change for European investors. The group's objective is to catalyse greater investment in a low carbon economy by bringing investors together to use their collective influence with companies, policymakers and investors. The group currently has 52 members, representing assets of around €4trillion.

In detail, the IIGCC's objectives are to: 1. encourage a pro-active approach amongst asset owners and asset managers on climate change; 2. improve company disclosure/performance on climate change; 3. encourage public policy solutions that ensure a move to a low carbon economy and which are consistent with long-term investment objectives.

This is the second annual report considering the actions taken on climate change by signatories to the Investor Statement on Climate Change. The Statement was launched by the Institutional Investors Group on Climate Change (IIGCC) in 2006 and by the end of 2008 had been signed by 22 institutional investors, pension funds and asset managers.

The statement is designed to provide an industry benchmark on progress regarding the consideration of climate change issues and allows signatories to share best practice and gauge their performance against peers. The IIGCC Investor Statement Report 2009 can be found at www.iigcc.org.

IIGCC Membership, July 2009

APG Asset Management	Hermes
ATP	HgCapital
Aviva Investors	HSBC Investments
Baptist Union of Great Britain*	Impax Asset Management
BBC Pension Trust	Insight Investment
Bedfordshire Pension Fund	Joseph Rowntree Charitable Trust*
BlackRock	Kent County Council Pension Fund
BMS World Mission*	London Borough of Hounslow Pension Fund
BNP Paribas Investment Partners	London Borough of Islington Pension Fund
CB Richard Ellis Investors	London Borough of Newham Pension Fund
CCLA Investment Management	London Pensions Fund Authority
Central Finance Board of the Methodist Church	Merseyside Pension Fund
Church Commissioners for England	Northern Trust
Climate Change Capital	PGGM Investments
Co-operative Asset Management	PRUPIM
Corporation of London Pension Fund	Schroders
Cowen Asset Management	South Yorkshire Pensions Authority
Credit Agricole Asset Management	The Church in Wales*
DWS Investments	The Roman Catholic Diocese of Plymouth*
Environment Agency Pension Fund	The Roman Catholic Diocese of Portsmouth*
Ethos Foundation	The Roman Catholic Diocese of Salford*
F&C Management Ltd	United Reformed Church*
Generation Investment Management LLP	Universities Superannuation Scheme
Greater Manchester Pension Fund	West Midlands Metropolitan Authorities Pension Fund
Grosvenor Fund Management	West Yorkshire Pension Fund
Henderson Global Investors	William Leech Charitable Trust*
	*part of the Church Investors Group