

An investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact



Media release

Investors step up pressure on corporate responsibility reporting

(London, 15 February 2010). A coalition of global investors from 13 countries, managing over US\$2.1 trillion of assets, today added its voice to the increasing calls for better corporate reporting on environmental, social and corporate governance (ESG) activities.

The international investor coalition is writing to 86 major companies urging them to honour the reporting requirements of the United Nations Global Compact, the world's biggest voluntary corporate responsibility initiative. Each of the 86 "laggard" companies has previously joined the UN initiative but failed to produce the mandatory annual report on how it puts the initiative's ten principles into action.

This is the third year that investors have engaged with UN Global Compact participant companies on the issue of transparency. In 2008, the engagement resulted in **33 per cent** of "laggard" companies subsequently submitting their reports, in 2009 positive responses increased to **47.6 per cent** (50 out of 105 companies), including from firms such as BHP Billiton, Severn Trent, The Gap and LVMH.

The status of all companies included in last year's engagement can be found here.

The investor coalition also praised **44** companies, including Bayer, Nikon and Inditex, for producing high-quality sustainability reports deemed useful for investors. <u>A full list</u> of 'leaders' can be viewed here.

Steve Waygood, Head of Sustainability, Research and Engagement at Aviva Investors, one of the investors involved in the coalition, said:

"Almost 50% of companies responded positively to this investor coalition last year and I expect responses to be even higher in 2010. Last month's publication of new interpretative guidelines for ESG disclosure by the US Securities and Exchange Commission has underlined the massive momentum on this issue.







"ESG issues are now a vital part of corporate reporting. A company's ability to manage and mitigate exposure to ESG issues is an important factor for many mainstream investors, and if companies do not report then investors cannot make sound investment decisions."

The investors in the coalition are all signatories to the UN-backed Principles for Responsible Investment Initiative (www.unpri.org), and include funds such as Aviva Investors, Boston Common Asset Management, and Nordea Investment Funds. Principle 3 of the PRI asks investors to seek better and more systematic disclosure from the entities in which they invest. This shareholder engagement is the type of activity that PRI signatories are undertaking to promote this Principle.

James Gifford, Executive Director of the PRI added,

"Companies that want to attract capital now recognise that reporting of issues such as carbon emissions and corporate governance is becoming as important as the reporting of traditional financial issues. In the wake of the financial crisis, many investors believe that analysis of ESG issues is part of a more holisitic approach to assessing a company and managing risk".

Gavin Power, Deputy Director of the UN Global Compact added,

"We welcome the proactive role these investors are taking to protect the integrity of the UN Global Compact. The most critical challenges of our time – from the global recession to climate change, from humanitarian crises to abject poverty – require a collective response involving investors, the corporate sector and all societal actors".

The PRI and UN Global Compact (UNGC) initiatives are engaged in a number of mutually reinforcing activities including the 'Seoul Initiative', an investor engagement urging companies around the world to sign the UN Global Compact. By November 2009 this had resulted in 108 more companies joining the UNGC, constituting 25% of all new publicly listed UNGC participants between November 2008 and October 2009.

Notes to editor

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- The full list of investors participating in this engagement are: Amundi, ARIA, ATP, Aviva Investors, BC Investment Management Corporation (bcIMC), Boston Common Asset Management, CCLA Investment Management Ltd, Central Church Fund of Finland, Cooperative Asset Management, CPP Investment Board, DnB NOR Asset Management, Environment Agency Pension Fund, Ethical Council (AP1; AP2; AP3; AP4), General Board of Pension and Health Benefits, Governance for Owners LLP, KLP, Mn Services N.V., New Zealand Superannuation Fund, Newton Investment Management, Nordea Investment Funds,



Northern Ireland Local Government Officers' Superannuation Committee, Northwest & Ethical Investments L.P., PGGM Investments, Rathbone Greenbank Investments, Robeco, Santa Fé Portfolios Ltda, SNS Asset Management N.V., Statewide Superannuation Trust, Syntrus Achmea Asset Management, The Guilé Foundation, Trillium Asset Management Company, Universities Superannuation Scheme - USS, and Vancity Investment Management.

This initiative is also supported by the University of St Andrews Endowment Fund.

Principles for Responsible Investment (PRI)

The Principles for Responsible Investment, convened by UNEP FI and the UN Global Compact, was established as a framework to help investors achieve better long-term investment returns and sustainable markets through better analysis of environmental, social and governance issues in investment process and the exercise of responsible ownership practices. The Principles themselves, a full list of signatories and more information can be found at www.unpri.org

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique public-private partnership between UNEP and the global financial sector. UNEP works with over 170 banks, insurers and investment firms, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through its comprehensive work programme encompassing research, training, events and regional activities, UNEP FI carries out its mission to identify, promote and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations. More information: www.unepfi.org

United Nations Global Compact

Launched in 2000, the UN Global Compact brings business together with UN agencies, labour, civil society and governments to advance ten universal principles in the areas of human rights, labour, environment and anti-corruption. Through the power of collective action, the Global Compact seeks to mainstream these ten principles in business activities around the world and to catalyze actions in support of broader UN goals. With more than 5300 participating businesses from over 135 countries, it is the world's largest voluntary corporate sustainability initiative. More at: www.unglobalcompact.org.