

News Release

25 May 2008

New Responsible Investment Report Reveals Wide Variation in Fund Manager Competencies and Practices

Responsible investment specialists RImetrics today published 'Responsible Investment 2008: an analysis and measurement of the competencies and practices of leading asset managers'.

This inaugural report reveals that many mainstream fund managers are improving their understanding of environmental, social and corporate governance ESG issues and are beginning to integrate this knowledge into their investment processes. However the report also shows the industry as a whole is a long way from best practice, with competencies and practices varying greatly from manager to manager.

The research conducted among global asset managers representing over \$12 Trillion of AUM and including over half of the world's leading 20 managers, offers a valuable insight for asset owners and pension fund trustees into the strengths and weaknesses in responsible investment practice at both an industry and manager level. Specifically the report reveals that:

- The study reveals significant inconsistencies across five key responsible investment themes of strategy, engagement, integration, voting and transparency and accountability.
- Competencies and practices vary markedly, not just across the industry but also within individual organisations.
- Clients are rarely consulted on the development of responsible investment strategies.
- Global engagement with invested companies is rarely achieved.
- Many asset managers are unable to successfully integrate ESG knowledge and research into their investment process.
- Despite industry progress on proxy voting, the survey reveals a mixed picture in execution.
- Few managers demonstrate any formal training and human resource planning necessary to deliver responsible investment strategies.

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Commenting on the report, Bill McClory, a trustee of the BT Pension Fund said, “This report provides a valuable insight into managers’ RI practices and behaviours which should stimulate trustees to ask questions of their current managers and to seek out those managers with better than average practices. This is a wakeup call to those managers who do not demonstrate good practice.”

“David Russell, Co-Head of Responsible Investment at USS said “This report is further evidence that fund managers are struggling to integrate extra financial factors into their investment processes to the extent that many trustees would like to see. The analysis provides us and other pension funds with a valuable benchmark by which to evaluate manager performance in this important area.”

Jonathan Horton CEO of RImetrics, said: “There is evidence of a shift towards a greater acceptance of the ‘materiality’ of ESG in relation to both investment performance and client demand. With this has come a greater demand for credible, independent and reliable responsible investment data and information. It is clear that the maxim, ‘If you can’t measure it, you can’t manage it.’ applies in this field just as much as in any other.”

A copy of the full report is available from RImetrics. Please call +44 (0) 20 8133 0031

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Notes to editors:

- 1 RImetrics was founded in 2007 with the objective to provide independent, credible and authoritative data to asset owners, asset managers, and others interested in incorporating environmental, social and corporate governance analysis into their investment approach.
- 2 The founders of Rimetrics: Will Oulton (former Deputy CEO, FTSE Group), Jonathan Horton (CEO) and Sir Mervyn Pedelty (former CEO, Co-operative Bank), have significant expertise in both responsible investment and information and data services development.
- 3 The RImetrics technical and policy committees include individuals from organisations such as AP3, AXA Investment Management, BT Pension Fund, Capital International, F&C, Hermes, PGGM, Railpen, Schroders, the TUC, USS and the Wellcome Trust.

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Notes to editors (Cont):

4 Some of the companies that took part in the research included:

- Alliance Bernstein
- AXA Investment Management
- Blackrock
- BNP Paribas
- Capital International
- DB Advisors
- Generation asset management
- Goldman Sachs Asset Management
- Legg Mason International Equities
- J P Morgan Asset Management
- Jupiter
- Morley Fund Management
- RCM
- SSgA (State Street Global Advisors)

5 RImetrics offers a range of services that are tailored to meet client requirements.

For asset owners and advisors:

Asset Manager Ratings (AMR) offers asset owners a comprehensive assessment of individual asset manager' responsible investment competencies and practices. This service can include peer group benchmarking and customised ratings.

For asset managers:

Responsible Investment Benchmarks (RIB) offers asset managers a comprehensive report and assessment service that enables them to better evaluate their investment in responsible investment competencies and practices. This service can include peer group benchmarking and customised ratings.