

Pensions Bulletin

Fact Sheet 4

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Charity workers want more ethical pension investments

1. The Pensions Trust, the leading multi-employer occupational pension fund in the UK for the Third Sector, reveals that nearly three quarters (72%) of charity workers believe investment in companies that operate responsibly is one of the most important pension attributes.¹
2. The Pensions Trust, working with Queen Mary, University of London and with design input from Mercer, has undertaken one of the largest surveys of charity workers views on pensions in the UK. The report found that whilst the size of the pension pot at retirement is still the most important attribute of a pension for the majority, scoring 7.93 on average on a 9 point scale, it is followed closely by investment in ethical companies, which scored 7.64.
3. Author of the study, Dr. Bernadette Kamleitner, a marketing lecturer at Queen Mary University of London, said 'We were interested in which factors people take into account and what their views on ethical investment were. We were positively surprised by the extent of interest uncovered.'
4. On average, younger members and women reported more interest in ethical investment, with 83% of those under 35 showing a moderate to high interest in ethical investment, compared to 61% of those over 65.² Similarly, 76% of women believe ethical investment is important in comparison to 66% of men.³
5. Interestingly the survey reveals that charity workers want their pension provider to take action, not just via negative screening (80%), but also to be much more engaged shareholders: looking at environmental, social and corporate governance (ESG) performance (69%), providers that are active in voting engagement (67%) and schemes that undertake positive screening (63%).⁴
6. The areas of ethical investment that respondents are most concerned about are weapons, pornography and child labour, with 79%, 82% and 92% respectively showing they were extremely or moderately concerned about those issues.⁵ In relation to this, 83% would most like their pension fund to press companies into behaving more responsibly with regard to child labour and 74% for improving their human rights record.⁶
7. When asked what positive practices charity workers would like to encourage companies to undertake, 83% said helping to improve the standards of living for people in the developing world as well as treating workers and communities fairly and minimising a company's impact on the environment were extremely important to them.⁷
8. **Sarah Smart, Chair of the Trustee of The Pensions Trust, said** 'We wanted to get views from the charity sector about what was important to them when considering their investment and it is clear that they want ESG issues to be high on the pensions investment agenda. Furthermore, with 61%⁸ of respondents claiming that they are likely to invest more responsibly in the future, we can clearly see that this is becoming an influential and key deciding factor for people choosing their pension funds. At The Pensions Trust, we are committed to providing a service that meets our members' needs, and with ethical investment high on the priority list for many, we are currently looking into ways we can upgrade our offering to make responsible investment a key element of our schemes.'



9. Dr. Dr. Bernadette Kamleitner, continued, 'The survey allowed us to further our understanding of what people in the third sector expect from responsible investment products and which investment strategies they want to see implemented. We want to see the option of responsible investment products gain further ground in people's minds and in the market place.'

Notes

¹ Survey undertaken by The Pensions Trust in collaboration with Dr. Dr. Bernadette Kamleitner, Queen Mary, University of London. 1,041 members of The Pensions Trust participated in the survey during December 2009. Where results are shown on a points scale, 1 represents a low interest and 9 represents an extreme interest.

² Interest in responsible investment by age

	< 35	35 - 45	45 - 55	55 - 65	> 65	Overall
Low Interest/Neutral	16.8%	23.3%	31.8%	27.6%	38.9%	27.4
Moderate Interest	26.6%	35.6%	33.0%	34.9%	27.8%	33.2
High Interest	56.5%	41.1%	35.2%	37.5%	33.3%	39.4

³ Interest in responsible investment by gender

	Male	Female	Overall
Low Interest/Neutral	34.1%	23.8%	27.4
Moderate Interest	35.2%	32.2%	33.2
High Interest	30.7%	44.0%	39.4

⁴ Levels of interest in negative screening, positive screening, voting/engagement and ESG intergration

Investment Approach	Negative Screening	Positive Screening	Voting/Engagement	ESG integration
Percentage of Respondents Above 6 (Moderate/High Interest)	80%	63%	67%	69%

⁵ Areas of ethical investment that respondents are most concerned about

	Weapons	Pornography	Child Labour
Moderately Concerned	17.7%	12.0%	13.5%
Extremely Concerned	60.8%	70.1%	78.4%

6 Areas respondents would most like their pension fund to press companies into behaving more responsibly

Area	Child Labour	Human Rights	Health & Labour	Environment	Directors Pay	Workplace Discrimination	Animal welfare
% of Respondents Who Replied Above 6 (Moderate/High Interest)	83.1%	74.3%	74.4%	72.2%	64.2%	62.8%	56.1%

7 Practices respondents would like to encourage companies to undertake

Area	
Activities that help secure improvements in the living standards of people in the developing world	83.2%
Treat workers and communities fairly and minimise the company's impact on the environment	83.0%
Low carbon energy and technologies which help reduce environmental damage	78.9%
Make generous donations to charity and encourage staff to be volunteers in the communities in which they operate	56.9%

Queen Mary, University of London

Queen Mary, University of London is one of the UK's leading research-focused higher education institutions with some 16,000 undergraduate and postgraduate students.

Amongst the largest of the colleges of the University of London, Queen Mary's 3,000 staff deliver world class degree programmes and research across 21 academic departments and institutes, within three sectors: Science and Engineering; Humanities, Social Sciences and Laws; and the School of Medicine and Dentistry.

Queen Mary is ranked 11th in the UK according to the Guardian analysis of the 2008 Research Assessment Exercise, and has been described as 'the biggest star among the research-intensive institutions' by the Times Higher Education.

The College has a strong international reputation, with around 20 per cent of students coming from over 100 countries.

Queen Mary has an annual turnover of £220 million, research income worth £61 million, and generates employment and output worth £600 million to the UK economy each year.

Queen Mary, as a member of the 1994 Group of research-focused universities, has made a strategic commitment to the highest quality of research, but also to the best possible educational, cultural and social experience for its students. The College is unique amongst London's universities in being able to offer a completely integrated residential campus, with a 2,000-bed award-winning Student Village on its Mile End campus.

While every effort has been made to ensure the accuracy of the information contained in this Fact Sheet, it should not be treated or relied upon as a statement of law. Readers should contact their regular Account Manager at The Pensions Trust in relation to their own circumstances and/or refer to the original source material as appropriate.