

APPENDIX I: CLIMATE CHANGE

USS has continued to play an active role in the Institutional Investors Group on Climate Change (IIGCC). Whilst the full group did not meet in the period of this report, the four workstreams (company engagement, property engagement, public policy engagement, and investor engagement) and the steering committee have been active. USS continues to participate in three workstreams (company engagement, property engagement, and public policy engagement) and on the IIGCC steering committee.

The company engagement workstream met with companies from the water and retail sectors (United Utilities, Tesco, Boots, and Severn Trent), with USS hosting the meetings with the latter two companies. The aim of the meetings was to identify good management practice for managing climate change as a business risk to enable the IIGCC to develop good practice guidelines for investors and companies.

The main focus of the IIGCC steering committee has been on establishing the administrative support structures necessary for the group to continue. The committee is in discussions with the UK Social Investment Forum (UKSIF) to provide secretariat services for the group.

The IIGCC funded the participation of a USS staff member at a Swiss Re conference in New York (Main Street to Wall Street, The Climate in North America) on the fiduciary aspects of climate change. Representing the IIGCC, USS took part in a panel discussion on the actions that investors can and should be taking to address climate change risks and opportunities. Attendance at this conference was viewed as an opportunity for UK and European investors to encourage US counterparts to begin to address climate change as a fiduciary issue and to develop co-ordinated positions and action plans.

The IIGCC was one of the case studies of good (SRI) practice featured in the London principles, a project commissioned by the UK government to consider how financial market mechanisms can best promote the financing of sustainable development (see: <http://www.forumforthefuture.org.uk/aboutus/default.asp?pageid=205>)

USS also submitted comments to the UK government discussion paper on energy policy. The focus of the submission was the need to include climate change as a central factor in any future policy, enabling companies and investors to plan for any future shift to a low carbon economy.