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## Press Release

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# Asset managers of \$12 trillion back fight against corruption

At a conference in Oslo today hosted by the Norwegian Ministry of Foreign Affairs, a group of over 70 international investment institutions representing combined assets of \$12.3 trillion will signal its strong support for an inter-governmental effort to boost transparency standards in the oil, gas and mining sectors of developing countries. Known as the ***Investors' Statement on Transparency in the Extractives Sector***, the initiative gathers fund managers and pension funds from the UK, Continental Europe, North America and South Africa, and is evidence of the growing interest taken by the institutional investment community in matters related to governance and corruption.

The investors, co-ordinated by F&C Asset Management, include asset managers such as Fidelity, Merrill Lynch Investment Managers, JPMorgan Asset Management, Schroders, UBS, ING and HSBC, as well as major pension funds such as ABP, PGGM, CalPERS, TIAA-CREF and the Ontario Teachers' Pension Plan. The group supports the Extractive Industries Transparency Initiative (EITI), which was launched by the British Prime Minister Tony Blair in Johannesburg in 2003, and has since won the support of the Group of Eight (G8) governments, as well as the governments of some 20 resource-rich developing countries, including Nigeria, Azerbaijan and Kazakhstan.

The investors are concerned that legitimate payments by companies to governments - such as taxes, royalties and signature bonuses - can, through their large size and confidential nature, be open to misuse. This can fuel corruption, poverty and conflict in developing countries which, in turn, creates unstable and high-cost operating environments for multinational companies. The statement notes: "This is a significant

business risk, making companies vulnerable to accusations of complicity in corrupt behaviour, impairing their local and global "licence to operate", rendering them vulnerable to local conflict and insecurity, and possibly compromising their long-term commercial prospects in these markets."

Speaking on behalf of the signatories, Robert Jenkins, Chairman of the Board of F&C Asset Management, comments: "The reason the EITI has won the support of this powerful alliance of investors is that it brings together the forces of business, government and civil society behind a simple, compelling message: we need energy and raw materials to feed the growing appetite of the global economy – but we also need good governance and the rule of law if we are to do business in the places that hold these scarce resources."

Jenkins continued: "EITI can bring more stable government and prosperity for the citizens of resource-rich developing countries, a safe and attractive business climate for extractive companies, and cheaper capital for the governments who are seeking to lift their people out of poverty. Given the clear benefits this brings to all parties, one has to ask why anyone would *not* support it?"

Jenkins explained that whilst the leading multinational oil and mining companies are playing a vital role in promoting the EITI, the Initiative's success hinges on the active participation of key resource-rich governments in the Emerging Markets, along with their National Oil Companies (NOCs). "We've covered a lot of ground since the EITI's launch in 2003, but the biggest challenge lies ahead with the state-owned companies. The silver lining is that many of these NOCs need capital and have now entered the public markets, which puts pressure on them to move towards higher standards of corporate governance. Our challenge as investors is to engage them and persuade them that it is in their interest to embrace the EITI."

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### Press enquiries

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### Notes to Editors

- F&C Asset Management plc (F&C) was created on 11 October 2004 from the merger of F&C (Group Holdings) Limited and ISIS Asset Management plc.
- Shares in F&C are listed on the London Stock Exchange under the code FCAM. Friends Provident, the FTSE 100 insurance group, is F&C's majority shareholder.
- F&C is a pan-European business managing £107 billion (as at 30<sup>th</sup> June 2006) for a diverse range of institutional, insurance and retail clients. F&C has offices in seven countries: France, Germany, Ireland, Netherlands, Portugal, UK and United States.

- F&C is one of the largest UK fund manager by assets under management, has major market share in the Netherlands and is a leading provider of fund services to the Portuguese and German retail markets.
- F&C has a major presence in the UK retail market with strength in corporate bonds, UK and European equities, US smaller companies, multi-manager and ethical funds.
- F&C is a leading force in the UK investment trust industry. The flagship Foreign & Colonial Investment Trust was the first such trust, launched in 1868.
- F&C is the leading European socially responsible investor through its **reo®** (responsible engagement overlay) service and the Stewardship suite of ethically screened funds, the oldest retail ethical funds in the UK.
- F&C, through its partnership with ISIS Equity Partners LLP, is a leading distributor of Venture Capital Trusts under the Baronsmead brand.

