OCTOBER 2012

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THE GUIDE

to Sustainable Investment

National Ethical Investment Week edition

"IT IS DIFFICULT TO GET A MAN TO UNDERSTAND SOMETHING, WHEN HIS SALARY DEPENDS UPON HIS NOT UNDERSTANDING IT!"

blue&green tomorrow

About
BLUE & GREEN TOMORROW

Essential intelligence on sustainable investing and living
Blue & Green Tomorrow wants to support innovative businesses that balance the needs of the planet, its people and our prosperity.

We aim to provide our readers with the knowledge they need to make informed choices without prejudice, scaremongering or greenwash.

We want the world to be as blue and green tomorrow as it was yesterday.

We believe that everyone can play a part and anyone can make a difference. Not by going back through misplaced nostalgia to some bygone age, but by striding out to a bright new future in which we take advantage of the new approaches that can improve our quality of life, the food we eat, the air we breathe, the water we drink and the land we live on.

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LIFE IS FOR LIVING WITHOUT COSTING THE EARTH. THERE IS NO PLAN (ET) B.

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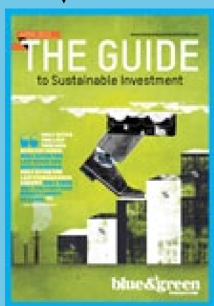
Read the previous edition of The Guide to Sustainable Investment



Get set for a journey of discovery—embarking at ethical origins, travelling through the green and growing fields of sustainable and socially responsible investment and disembarking at a new, enlightened destination.
Take time to read and digest the wise words of Mike Scott, Penny Shepherd, Sarah Pennells and a host of others; realise that you are not alone and then, better still, realise there are people who have devoted their working lives to help you understand and change the impact of your money on the future.

[THE GUIDE TO SUSTAINABLE INVESTMENT]

OCTOBER
2012

foreword

Welcome to Blue & Green Tomorrow's Guide to Sustainable Investment – produced and published especially to coincide with National Ethical Investment Week 2012.

Now into its fifth year, the event serves as a focal point for proponents of this enlightened investment sector, and we're genuinely delighted to do our bit in making a difference.

We've managed to secure some of the sustainable investment sector's biggest names, including James Gifford, Penny Shepherd and Raj Thamotheram, and it's their inspirational words that we hope will encourage you to invest sustainably.

The quote on the front cover of this Guide comes from an American author by the name of Upton Sinclair.

"It is difficult to get a man to understand something, when his salary depends upon his not understanding it!" he once said. And this sentiment links unequivocally to the investment industry.

In the past week alone, despite it being National Ethical Investment Week, we've seen a number of articles that completely miss the point of sustainable investment. If it's not "strangling returns" in one piece, it's delivering "sluggish" ones in another.

But ethical, sustainable and responsible investors don't, as the names suggest, invest solely for profit. They do it because they are insightful enough to see the potentially destructive impact of their portfolios, and so want to invest using ethical criteria; either by avoiding certain unethical industries (negative or exclusionary screening) or focusing on ones that reap significant social or environmental benefits (positive screening).

In short, sustainable investors are responsible global citizens.

That's why in debates between the two sides – ethical and unethical, sustainable and unsustainable, responsible and irresponsible – the former will always have the moral high-ground. What's the point of a ludicrously inflated rate of return if what you're investing in is actively destroying the planet and ruining people's lives? But I don't want to sound too militant.

I genuinely believe that the vast majority of people in this world – maybe 95% plus – are good. There will always be a small minority of individuals who are inherent profiteers, where profit at any cost is the name of the game, but they're not the people we're talking to.

We asked over 5,000 private investors whether they would be willing to switch to more ethical or environmental investing – and if not, why? (See the infographic on page 50).

The results, on the face of it, aren't pretty – only 8% of people said they would switch. But over 64% of those said they wouldn't because of a lack of understanding of the sector or concerns about the return on investment. It's these people that are key.

Much like the swing states are set to be crucial in the forthcoming US presidential election, the investors that are open to investing ethically, sustainably and responsibly are the ones that will be the driving force behind the sector's future growth.

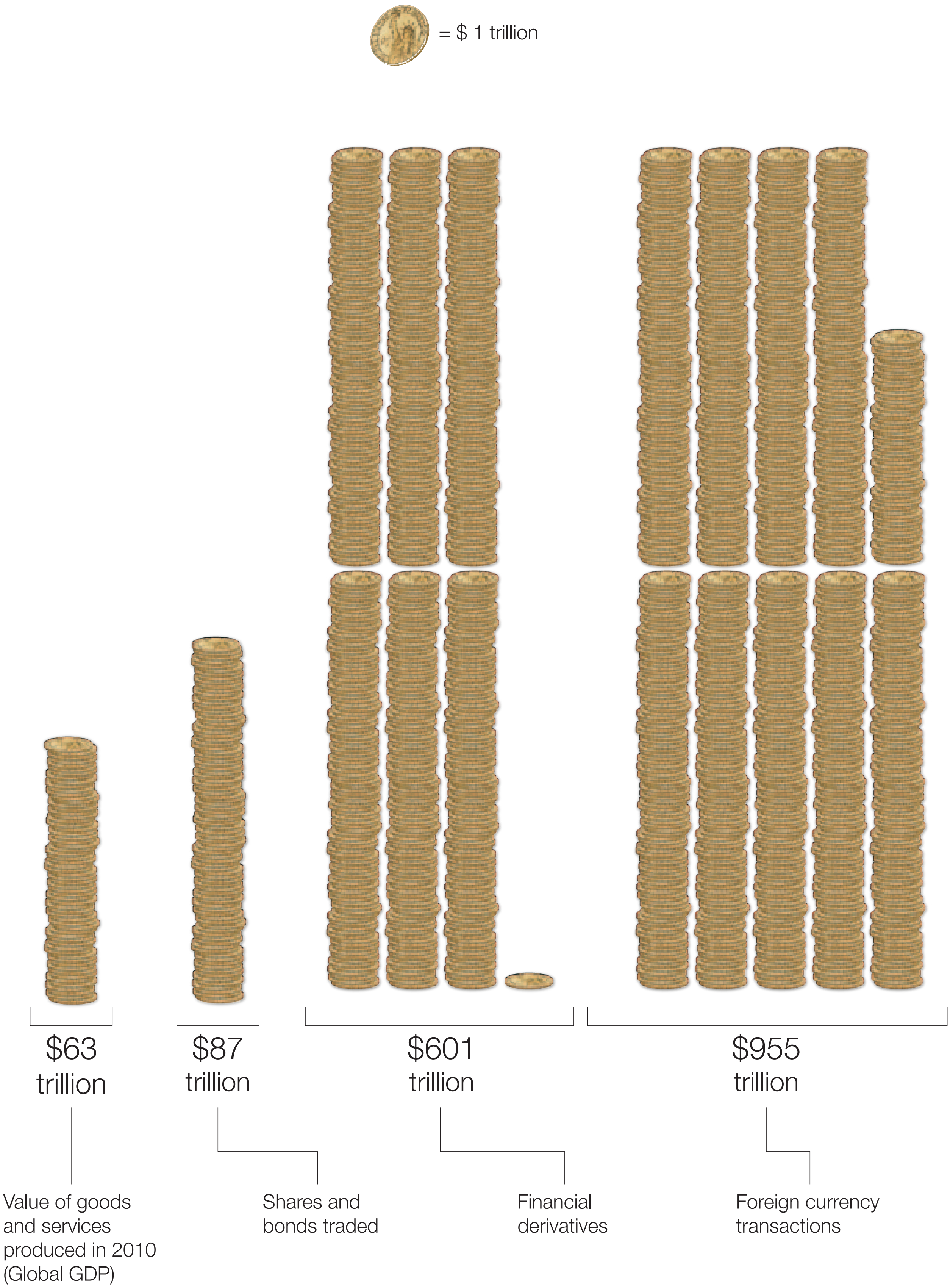
To quote Sinclair again, "I intend to do what little one man can do to awaken the public conscience, and in the meantime I am not frightened by your menaces."

I urge you to open your mind and join the sustainable investment movement early. It's a journey of discovery with infinite tickets available; but the best seats, as always, are at the front.

Alex Blackburne

EDITOR, BLUE & GREEN TOMORROW

FOLLOW THE MONEY



For every $1 of goods and services produced, $26 is traded in the financial markets

Source: Der Speigel, 2010

HELP CROWDFUND OUR NEXT TWO REPORTS

At Blue & Green Tomorrow, we believe in great long-form journalism. Journalism that is evidence-based, impartial, optimistic and responsible. But, great journalism costs and advertisers often want to pay for favourable or 'bad' journalism.

That's why we need your help. Each month we want to produce an in-depth report on one aspect of sustainability.

To help, you can pledge anything from £10 to £2,500.

Ethical Shopping
In the build up to the busiest shopping period of the year, we explore what to buy for family and friends without costing the Earth

Responsible Media
Post-Leveson, what does a media landscape look like that informs, educates and entertains?

What the money pays for:
It pays for the reports - our researchers, writers, sub-editing and designers. Most importantly though, it pays for distribution to the widest possible audience possible.

To read our pitch, please visit
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ENCOURAGING SUSTAINABLE FINANCE: THE PRINCIPLES FOR RESPONSIBLE INVESTMENT

DR JAMES GIFFORD, EXECUTIVE DIRECTOR OF THE UNITED NATIONS-BACKED PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI), SPOKE WITH JAMIE MCKENZIE ABOUT THE WORK BEING DONE IN HIS ORGANISATION AND WHAT IS REQUIRED OF INVESTORS AND GOVERNMENTS TO ACCELERATE THE TRANSITION TO A SUSTAINABLE GLOBAL FINANCIAL SYSTEM.

As well as being executive director of the PRI, James Gifford is an honorary research fellow at the University of St Andrews in Scotland.

The PRI investor initiative was established after the launch of its six principles in April 2006 to help its signatories implement the principles, which reflect the view that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios and therefore should be given appropriate consideration by investors.

The initiative is a partnership between the United Nations and global investors with the goal of promoting and mainstreaming responsible and sustainable investment practice.

The principles provide a voluntary framework by which all signatories can incorporate ESG issues into their decision-making and ownership practices; a set of criteria for investors to accurately make judgements on what they are investing in.

Pension funds, insurance companies, sovereign wealth and development funds, investment managers, service providers and other supporters make up the PRI network.

"I think that it is important to point out that the PRI is aspirational, and we don't prescribe what you can and can't invest in", remarks Dr James Gifford, executive director of the organisation.

"You can invest in whatever you like – but the PRI talks about the importance of understanding what you're investing in, and once you are invested, then having an on-going dialogue with the entities in which you invest."

The overall aim of the PRI is to grow investor interest in ESG issues, and support signatories in their fulfilment of the six PRI principles by sharing best practice and facilitating collaboration.

From a risk mitigation perspective, numerous cases from the past and present can highlight where the poor management of these ESG issues has damaged companies and investors financially.

The dissolving of ethical standards at News Corporation is one obvious case, as was the BP explosion in the Gulf of Mexico back in 2010 which led to an oil spillage of more than 20m gallons.

"Vedanta is another company which had serious problems with indigenous rights, and the share price of Vedanta reflects its inability to manage a very important social risk, which resulted in the Indian government removing its license", explains Gifford.

"And Barclays – it is real ethics violations and now look at what has happened.

"These are examples of companies not having ethical cultures and trying to take shortcuts. And what the PRI represents and I think, at the heart of what responsible investment represents, is that investors should be allocating capital to productive enterprises

that deliver value in the long-term. "If you do that, you should be in business for a long time. If you are taking shortcuts or if you are under investing in the future just to make short-term cash flows look better, then that is not a long-term sustainable company."
These instances alone should be enough to send signals to companies about the risks posed by short-termism approaches which fail to account for ESG issues.
Indeed, there are a range of case studies where PRI signatories have allocated their capital into industries and projects which specifically reflect social or environmental themes, such as cleantech, microfinance and sustainable agriculture. These kinds of investments are often termed 'ESG-targeted' or 'impact investments'. What many of them show is that as investors get to know these investment areas better, they have found that the risks associated with may not be as high as initially perceived and that healthy financial returns can be gained.
"We started with about 40 signatories, and now we have 1017, representing $30 trillion assets under management (AUM), which is round about somewhere between 15-20% of global capital markets", Gifford states.
"So in terms of achievements, signing up that amount of capital to these principles is quite a large achievement in itself. But more important that just signing them up – and we have demonstrated this is in last year's annual report – year on year there is persistent increases in investor activity around responsible investment and ESG issues. And I think that is in part because of the work we're doing."
Today, investors have a seat at the table, and a meaningful say in how

WHAT THE PRI REPRESENTS AND I THINK, AT THE HEART OF WHAT RESPONSIBLE INVESTMENT REPRESENTS, IS THAT INVESTORS SHOULD BE ALLOCATING CAPITAL TO PRODUCTIVE ENTERPRISES THAT DELIVER VALUE IN THE LONG-TERM

companies manage ESG issues. Corporate sustainability is now viewed by chief executives and policy-makers as central to running good business, and investors as active-owners are increasingly integrating ESG issues into their stewardship processes.
Having done a PhD thesis in shareholder collaboration, Gifford makes clear that this doesn't mean the PRI's signatories have the power to change a company on their own. Often companies have internal champions pushing for change, and sometimes it is down to NGOs, consumer groups, or even governments.
"It is simply very difficult to attribute one cause to changes in behaviour in corporations, given that corporations have so many forces on them", he says.
"What we can say, is that shareholders are among the most important stakeholders of the firm, and we have facilitated them mobilising themselves into a whole range of areas which investors were not really looking at in the past."
The PRI initiative has a whole range of implementation support work programmes which focus on aiding signatories in implementing the principles within investment processes across asset classes, such as listed equity, fixed income and property. Work is also being done in a local context to deliver implementation support more effectively in different countries through the PRI country network.
Additionally, the PRI has an annual reporting and assessment process which is used to monitor the progress of its signatories.
But perhaps the most influential work stream is the Clearinghouse engagement – the flagship programme created by the PRI to effectively facilitate ways for signatories to implement the six key Principles by bringing them together to catalyse changes in corporate behaviour.
Finding ways to seek improved disclosure of data around ESG issues is an area which the PRI focuses on developing with its signatories, with the third principle being directly linked to this issue.
Detailing the extent to which the PRI's work has led to changes in behaviour inside corporations, Gifford says: "I think it is very difficult to say that we can point to a specific company and say we did this or that. There are certainly some examples, in the Global Compact for example, where investor letters are resulting in significantly more corporate disclosure.

"So I think certainly when it comes to things like corporate ESG disclosure, there is absolutely evidence that investor pressure has led to greater disclosure – but just because a company discloses more, that does not necessarily mean it is more sustainable.

"We try not to claim that this causes that, necessarily. But I think, shareholders were absent, and now they are present and pushing in very much the same direction as other groups."

And the reality is that there is still a great deal of work to be done in the area of corporate disclosure. Many of the PRI's on-going collaborative engagements such as the CEO Water Mandate, Emerging Markets Disclosure Project, and the Carbon Disclosure Project demonstrate the scale of work needed to bring investors together and effectively pressurise companies into changing the way in which they disclose and ultimately manage sustainability issues. But only so much can be achieved from effectively engaging with companies that need encouragement to monitor and disclose their activities when there are thousands of them out there – and many more which unfortunately fail to publish any ESG data at all.

To build an economy at the macro level which is more sustainable requires a change in political conditions, meaning that governments need to take the step to support a move for better and more systematic corporate disclosure on ESG issues in companies' annual reports and improve the regulatory policy framework.

I asked Gifford about any new areas of focus in the PRI's strategy, and how addressing those areas would help foster the transition to a more sustainable global financial system.

His reply: "I think the first thing is this: if every investor does what the leading PRI signatories are doing, it would make a profound difference. In terms of implementing the principles, the leading signatories are integrating a full range of ESG risks into their investment analysis, so they really understand the risk in their portfolios.

"They understand the risks carefully, and when they see a risk, they'll raise it with the company. So this is all about sending signals to companies that their investors – their owners – want them to be long-term sustainable companies.

"If other investors were to do what our leading signatories were doing it really would transform the signals sent to companies. At the moment, companies receive all sorts of mixed signals from investors, who say, 'If you just exceed your quarterly earnings expectations the share price will go up and you'll get bigger bonuses'. So there is a lot of short-termism in the markets.

"Having investors send a signal that they want those companies to be world-class companies – and world-class companies protect the environment and human rights and so on – if that signal was coming really strongly and persistently from the investor community, that would have a profound impact on corporate behaviour. But we're not there yet."

It is only a matter of time before a transition takes place to a more sustainable global economy. But companies need to receive stronger signals from investors that ESG risks matter. Nevertheless, it is clear that awareness of the long-term value creation of long-term responsible investment within the investor community will continue to grow.

However, without sufficient government support for corporate ESG disclosure, a sustainable global financial system will be a long way off. This means that governments and policy-makers must now engage with investors and support them by creating a policy environment which sends stronger signals to companies that investors expect stronger corporate reporting and disclosure, and ultimately better management of sustainability issues.

And when more companies improve the management of their sustainability issues, there will be a rise in more responsible investment and financial markets can become more sustainable at the macro level.

The PRI will also be developing a new research and public policy programme which is still in its very early stages.

Gifford says, "We will be working closely with signatories to develop a programme that really tries to answer the question, 'How, over the next five to ten years, could we help create a sustainable financial system which creates those incentives for long-termism and ethical conduct, or management of the social and environmental risks for well-governed companies?'"

Key insights and recommendations from this new work stream will flow directly into the PRI's implantation support and collaborative engagement activities.

PRI Principles for Responsible Investment

www.unpri.org

Previous Reports

Write for us....

Whether anonymously, under a pseudonym, or with your name published loud and clear.

Journalism is changing rapidly through a digital and social media revolution. It is no longer the preserve of press barons and elite groups; journalism is now democratic and everyone has a voice.

And though that means there's a lot of noise and rubbish out there, there's a lot of great stuff, too.

The role of media has changed. We still write stories every day about the amazing people and organisations that make a positive difference to the world in which we live, but we also promote and publish the most relevant blogs, tweets and articles from our readers.

We want to report on the diverse voices of our audience and beyond—regular people writing as travellers, investors and consumers.

So, if you blog, tweet or write about sustainability we want to hear from you. You don't need to be an experienced or aspiring writer or worry about article length, spelling or grammar—we'll tidy that up for you.

We can't publish everything, but if it's likely to resonate with our readers or challenge them in some way, you'll fly to the top of our list.

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Essential intelligence on sustainable investing and living

THE UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT

Introduction

IT IS SIX YEARS SINCE THE UNITED NATIONS ESTABLISHED THE PRINCIPLES FOR RESPONSIBLE INVESTMENT (UNPRI) FOR ASSET MANAGERS AND ASSET OWNERS GLOBALLY. SIMON LEADBETTER EXPLORES THE SIX PRINCIPLES AND WHAT THEY MEAN FOR INDIVIDUAL INVESTORS.

Nobel Peace Prize winner Kofi Annan was the United Nations secretary-general between 1997 and 2006. In 2005, he invited the world's largest investors to develop a small number of principles for responsible investment. Twenty institutional investors from 12 countries answered the call. That was only the beginning of UN PRI, which was formally launched at the NYSE in April 2006. These principles helped inform the thinking behind Blue & Green Tomorrow and the role of investment in shaping our future.

There are six principles of responsible investment and in just under eighty words, they cover investment analysis, ownership, disclosure, promotion, collaboration and reporting. Not a bad outcome for the competing aims of twenty major investors and 70 stakeholders from the industry, intergovernmental organisations, government, civil society and academia.

It is striking that these clear principles were drafted in 2005 and 2006, well before the crash of 2007 onwards, and even more telling that the rate of institutional sign-up increased after the crash. Supporting this growth in interest, Eurosif's SRI Study 2012 (http://blueandgreentomorrow.com/2012/10/05/eurosif-study-shows-marked-growth-in-responsible-investment/) shows that all responsible investment strategies surveyed have outgrown the market, and four out of six have grown by more than 35% per annum since 2009.

The six principles of responsible investment are aspirational and voluntary guidelines that focus on the triple bottom line elements of environmental, social and governance issues (ESG) – colloquially known as planet, people and profit (PPP).

'Aspirational' and 'voluntary' should and would worry most committed sustainable investors but it is only through such aspirational and voluntary frameworks that international organisations can effectively operate across conflicting national and corporate interests.

The Principles for Responsible Investment

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will each report on our activities and progress towards implementing the Principles.

Before you read on, it's worth stating that this analysis is the personal view of Blue & Green Tomorrow and do not necessarily reflect the opinions of UNPRI.

Our final thought on principles goes to Dwight D. Eisenhower and his inaugural address. In one elegant sentence, he summarises the value of our principles, "A people that values its privileges above its principles soon loses both."

The opening clause

What strikes us about this opening sentence is that it is the long-term, over the short-term interest that is the priority. Climate change, resource scarcity and environmental degradation will all have massive long-term, strategic and underestimated implications for every company, industry and country. From the opening sentence, these principles challenge the sometimes prevailing short-term thinking of many investment strategies.

The opening clause goes on to drive this home with the observation that ESG issues 'can' affect performance. On a long-term basis, we would go as far to say that ESG issues will categorically affect performance. The impact will indeed be of 'varying degrees'. That said, the overall impact of severe climate change, resource scarcity and environmental degradation will be profound and massively disruptive to corporations' profitability.

Fiduciary roles and responsibilities simply means 'holding in trust'. Indeed, we all have a fiduciary role with our planet and society, such that we leave it in a state that is viable for the following generations.

We have made the point that while purists may protest, the principles need to be aspirational and voluntary and similarly we would stress that any international agreement needs to have a catch-all clause that opens access rather than closes it. Only through positive engagement can progress be achieved. Organisations that sign up to the principles commit to further actions in analysis, ownership, disclosure, promotion, collaboration and reporting that will nudge fiduciary responsibilities over time.

As climate change, resource scarcity and environmental degradation become more pronounced, and society become more unstable as a result, it will be apparent that fiduciary responsibility and long-term interests coalesce around responsible and sustainable investment. Our fervent hope is such behavioural change does not come too late.

Principle one – analysis and decision-making

The first challenge with any responsible investment, whether as a fund manager or private individual, is to explore where we draw the boundaries on environmental, social or corporate governance issues versus profit. What is acceptable to one person may not be acceptable to another.

Put simply, it has not been possible throughout the long course of human history to draw up a commonly understood and widely accepted code of behaviour that governs our interaction with each other and the planet.

The United Nations did its level best through the Declaration of Human Rights and various other conventions on climate and biodiversity. These collections of simple principles are widely and regularly flouted by national, political, military, religious and business leaders. Why should we expect more from investment managers and investors?

But the establishment of principles is not simply the triumph of optimism and idealism over realism. It is in no-one's interests, least of all investors, that the investments they make harm the potential for return on future investments. In many ways, our current economic malaise is a direct result of these principles not being adhered to by investors and those they invest in.

Most major corporations' Corporate Social Responsibility statements could be said to be incorporating ESG issues into investment analysis and decision-making. But highly paid analysts need to look further and deeper.

BP (Deepwater Horizon oil spill), News Corporation (phone hacking and bribing police), Barclays (multiple scandals), HSBC (money laundering) and Standard Chartered (alleged hiding of Iranian government billions) all look like weaker investment options today than they did a few years ago. With the most cursory analysis, most of these problems would have been identified as highly probable due to poor corporate governance (or by simply reading the back pages of Private Eye).

It seems that some investment managers, glanced at the dubious ESG record of these organisations and then focused on the bottom line – will this make a solid return?

What is surprising is the human element in these decisions. Investment professionals and investors are people. Most people who read and write for Blue & Green Tomorrow are one or both of these – people with values and morals; people who treat their families well and wouldn't dream of damaging their local environment or community or cheating at anything. It is surprising therefore, that the person who walks towards an investment terminal leaves this moral person behind and thinks, "To hell with the environment, society and good corporate governance."

It is not enough to argue that it is the system that makes this happen. The system is made up of human beings making simple choices and decisions minute-by-minute, hour-by-hour and day-by-day. The person who decides to hold their position in News Corporation, long after the facts of their appalling wrong-doing have broken, is saying that hacking the phone of a murdered child is okay with them. No system can make a person do that. It's a choice that has been weighed and measured.

Any sensible investment manager and investor will now be looking a lot closer at companies in their portfolio. The media scents blood in the business world, especially financial services, and the public is really angry. There will be a lot more disasters and scandals – the LIBOR rate fixing scandal hasn't even started yet – and as we get closer to an election there will be ever greater pressure on politicians to act tough in national and in intergovernmental debates. Action will follow rhetoric or the public, egged on by the media and digital vigilantes, will punish the parties that don't act.

Organisations, like EIRIS, provide an invaluable service in screening funds based on the companies they invest in, but relying on external parties is not enough. Institutional investors need to invest in more ESG training, research and analysis tools to ensure that the companies they invest in are living up to their ESG responsibilities. The fund manager is responsible and accountable as he is, in effect, part owner of the enterprise.

Principle two – active ownership

In the beginning, owner-managers ran their own businesses using their own money. Over time, the business owner-investor relationship became more distant as owners delegated the running of their organisations to a managerial profession and allowed money managers to run their investments. Finally, they spread their investment risk over multiple ventures in multiple sectors across multiple territories through multiple money managers. This meant their 'ownership' of any one organisation was reduced to fraction, often held for a short fair weather period and with no managerial interest in the actual function of the company.

For the time being the active owner was dead, apart from in small to medium sized enterprises and some very rare large ones. Business strategy and management was devolved to a managerial profession whose own tenure was often short-term and whose goal was to maximise profit, in the time they had.

This model seemed to serve society tolerably well as our own economy grew, shareholders earned dividends and saw the value of portfolios rise, households became more affluent and there was plenty of stuff to go round.

Then in 2007, the system failed catastrophically, as it had with remarkable regularity over the previous eighty years.

Prudent checks and balances in the system had been abandoned in the 1970s and 1980s. Capital had become hypermobile across industries and borders. Financial speculation became an end in itself, rather than a means of creating real investment in real businesses. In the pursuit of profit, any remaining responsibilities to the environment and societies from which these companies emerged were forgotten. Costs like environmental protection, more expensive home-grown employees or the taxes that housed, educated or healed them had to be avoided.

There were to be no limits to growth. Institutional investors and the managerial profession conspired to game the system to their advantage. They sat on each other's remuneration committees, owning stakes in each other as a cosy cartel. This allowed them to guarantee escalating rewards regardless of business or share performance. The owner or individual investor was side-lined, alongside the home-grown employee and customer, as their stakes in the businesses became irrelevant against the scale of financial speculation. By 2010, for every £1 of real trade, £26 was speculated financially.

If shareholders can or wish to, they can exert no influence over their holdings. If management bureaucracies are free to ignore shareholder votes, they will. However, those who see the failure of capitalism as a good thing tend not to live in the countries that been recent beneficiaries of free trade, or have a very weak grasp of history and the often brutal downsides of alternative systems.

But capitalism and the foundation of equity

investment both need to return to their business and innovator roots. Owners of companies, the majority of whom are institutional investors, need to exert greater influence over, and engage with, their holdings' managerial bureaucracies. They should demand higher performance, environmental, social and governance standards. If for no other moral or ethical reason it will protect their investment in a resource scarce, polluted, less stable world.
As individual investors, we can act as owners and demand that those funds we invest in exert this influence, or not invest in them. We have regularly argued that we live in an incredible time of limitless information and connectivity. If you are lucky enough to have a portfolio you have three votes in our economy compared to most people's two – as a voter (every five years or so), as a consumer (every day) and as an investor (at least every March), whether directly or through a proxy.

Principle three – disclosure

"Sunlight (as well as being an exceptional source of limitless, clean energy and investment opportunity) is the best disinfectant", to bastardise a quote from Associate Supreme Justice, Louis Brandeis.
Our political and business leaders would clearly be far more honest if they knew their dealings were subject to greater scrutiny in a transparent environment. Companies would often behave more responsibly if they knew their recklessness towards the planet and its people was to be regularly disclosed and well-publicised.
Most commercial entities seek to safeguard their competitive advantage by putting into the public domain only what they need to by law or a highly polished image in the form of an annual report or marketing. Very few organisations are happy to disclose anything that might give a competitor some inside knowledge or tarnish that shiny image in any way. They will also often ruthlessly hunt down those who attempt to tarnish that reputation.
Nevertheless, the environmental and social footprint of business affects all of us, the commons. It is not a commercially sensitive issue, but a public interest one. Governance issues have a material effect on investors. Any prospectus would be false if it did not cover ESG issues that may have a huge impact on future performance. Clearly, they should be fully disclosed to a recognised standard.

In this area, some of the greatest progress is being made through the Global Reporting Initiative and projects such as the Carbon Disclosure Project. By simply naming those who have disclosed their ESG activities, it shames those who do not. It also leaves people with the impression that those who do not disclose have something to hide.
One of the challenges is how little the average person or investor knows about these reporting standards. Institutional investors and advisers therefore have a duty of care to be aware of these standards and ensure that the values and ethics of the investor are matched by the disclosure of the companies being invested in.
In addition, most investors invest in funds that contain holdings in multiple enterprises. It is difficult to identify funds that have a consistent disclosure performance across the holdings. Again, the adviser or fund manager plays an essential role here ensuring that disclosure is reported on in a consistent and transparent way.
Many of these initiatives preach to the converted in that those who take an interest in ESG issues know the standards. As we have regularly discussed most people do not make the connection between their investment portfolio and real world environmental and social outcomes. When there is a disconnect between and investment and an individual company, governance issues often do not register. Even fewer people make the connection between their pension fund and the companies it invests in.
We would like to see far greater promotion of these principles and regularly listing of those major asset owners and managers who comply with them and, perhaps more controversially, those that do not. It is only in an environment of complete knowledge that investors can make the informed choice they have a right to.

Principle four – promotion

Page 44 lists the signatories and non-signatories of UNPRI. We recommend the former over the latter. The key word in this principle is 'implementation'. Implementation is perhaps the most interesting and challenging for asset managers and owners. It makes the alignment of long-term ESG implications core to everything in an investment – its mandate (the purpose and limits of the fund), monitoring, performance indicators and incentives.
Many signatories would struggle to say that all of their assets are structured along those lines, but it is

gratifying that so many have signed up to UNPRI regardless.
While this principle concerns intra-industry promotion, we would like to see how strictly these principles are adhered to and, as we argued earlier, for even greater promotion of the principles themselves and their adherents.

Principle five – collaboration

In any emerging trend, it is often beneficial that disparate but agreeing voices collaborate to increase the take up of the trend. This is especially true if the emerging trend runs counter to the prevailing mood. Responsible investment had its biggest boost with the Brundtland report on sustainable development, but has a far older heritage from the abolitionists during the slave trade debates.
Individuals can often come across as mavericks or eccentrics unless they find a similar group of people who share their views and are willing to share ideas on how to make a thought into reality. In business and investment circles, those who share views can often operate in competitors or in non-corporate settings. It is therefore vital that parochial interests are set aside, confidences respected and the common goal kept in focus.
The trend towards responsible investment is clear. This is no longer the preserve of the religious or the deeply ethical. It has a strong foundation in practical ideas about sustainability and concerns about the last five years.
Scandals and failures in financial services and the financial crash of 2007 have created an environment for people to question irresponsible behaviour. The internet provides the information and social media has created the means for people to organise in opposition to any interest they disagree with. At the more radical end, organisations like Anonymous, Wikileaks and various anti-capitalist groups represent a clear and present danger to corporations who are unwilling to mend their irresponsible ways. This pressure will inexorably grow as a highly internet-literate generation sees fewer opportunities for them in the current settlement.
Working together to demonstrate how the virtuous cycle of responsible investment and responsible business can benefit the environment, society and prosperity, might be what is needed to restore capitalism's reputation.

There is no environmental or societal problem that we cannot solve collectively and we face some massive challenges in both areas. Business and investors must play their role and work together to address these challenges.
The PRI Engagement Clearinghouse, established in late 2006, provides signatories with a forum to share information about collaborative engagement activities they are conducting, or would like to conduct.

Principle six – reporting

Principle six is the only principle with any enforcement teeth, as a small number of signatories have been delisted due to failure to report.
Disclosure allows investors to make informed choices. Free and open markets depend on timely information being available to the widest number of participants. Advantage in a market is often secured by distorting this flow of information.
By reporting how a signatory is performing against the five previous principles (analysis, ownership, disclosure, promotion, collaboration) it is possible to see whether the concept of responsible investment is becoming a central part of investment decision-making and ownership, or whether it remains peripheral.
Beneficiaries, those who invest, who take an active interest in their portfolio, will make better decisions if they are aware of the longer-term implications of ESG issues on performance.
Reporting on UNPRI activities, progress and successes creates a legitimate platform and context to discuss these wider strategic issues.
We would assert that most investors, whether private or institutional, still fail to make the connection between investment and wider environmental, social and governance issues. If this was not the case we would have not had the frequent market failures due to poor governance, growing social unease or the increasing degradation of our environment. Investment stubbornly remains dominated by those who see short-term profit maximisation, at whatever cost, as the principle motivator.
However, this domination is slowly eroding. The financial crash of 2007 has made more investors than ever before consider the impact of their investment – as EIRIS, UKSIF and EuroSIF regularly report. The subsequent economic malaise and continued financial failures of the subsequent five years has crystallised that thinking for some.

There have been a growing number of responsible funds.
Moreover, in happy coincidence, as old sectors fail, new clean technologies are emerging and becoming established. These represent exceptional investment opportunities while also reducing our impact on the planet or addressing the damage we have done.
We now have a framework in which responsible investment can take place (the principles), we have styles of investment (negative șexcluding those that do harmț and positive screening șinvesting in those that benefitț) that cater for all attitudes and degrees of responsible investment.
So there you have them: the UN Principles for Responsible Investment (UN PRI). They go as far as any investment industry, international and aspirational set of principles can go. In analysing them, we have been impressed with the clarity of thought that has built simple steps around investment analysis, ownership, disclosure, promotion, collaboration and reporting.

The future

UNPRI is a set of six aspirational and voluntary principles, which we have explored over the last eight days. As more and more asset owners and managers become signatories, representing ever more trillions of investment, we ask, will it make a difference?
The short answer is yes.
Anything that draws attention to the direct connection between investment and its real world impacts, on the environment and society, has to be a 'good thing'. The connection between what you invest in and the world we are creating has been ignored for too long. UNPRI makes environmental, societal and corporate governance issues a core area for signatories to consider in their investments. Awareness and engagement are the first step towards creating investment that is more responsible.
The longer answer, by two letters, is maybe. Trillions still flow into companies and activities that have no regard for their impact on environment and society, or do not conform to good corporate governance norms. Many of them are signatories to UNPRI. The current model of irresponsible investment has enormous momentum, which creates a conscious and unconscious resistance to new models.
In addition, the majority of investment activity takes place in the speculative and unproductive areas of currency trades and derivatives. For every £1 of stocks and shares trading, £11 is traded in currency and £7 in derivatives. The huge flow of funds in these areas have dramatic real world effects on societies by creating exchange rate, share and commodity price fluctuations. They affect the environment by changing the nascent green priorities and policies of governments. Can such trades ever be responsible where their only motive is profit?
If responsible investment is to take hold in the timescales our planet and its people require, we will need something far more binding and urgent than aspirational principles, although they are a very good place to start. Our climate, resource scarcity and environmental degradation do not have the luxury of time.
Increasing disclosure about the ESG behaviour of companies that have been invested in allows investors to make informed choices. More reporting on the progress made by asset owners and managers in making ESG issues core to investment decisions and ownership allows investors to make informed choices. Naming those who do not sign up to the principles would be a very powerful stick although this probably goes against the spirit and ethos of organisation and its voluntary nature.
Six years ago, a brilliant global statesman, Kofi Annan, established UNPRI. We have a framework that has hundreds of signatories globally, representing trillions of pounds worth of investment. The principles are necessarily aspirational and voluntary to encourage the widest participation and engagement.
That is just the beginning. The next six years represent an exciting new chapter for UNPRI. The opportunity exists to create a rapidly-growing and inclusive rather than exclusive movement that informs and educates as wide an audience as possible of the possibilities of responsible investment.
Before it is too late.

You can read UNPRI's annual report here… http://www.unpri.org/files/Annual%20report%202012.pdf

PRI Principles for Responsible Investment

UNDERSTANDING HOW YOUR SAVINGS AND INVESTMENTS ARE USED IS INTEGRAL TO SUSTAINABILITY

PENNY SHEPHERD, CHIEF EXECUTIVE OF THE UK SUSTAINABLE INVESTMENT AND FINANCE ASSOCIATION (UKSIF), SPOKE WITH BLUE & GREEN TOMORROW ABOUT NATIONAL ETHICAL INVESTMENT WEEK, THE GREEN INVESTMENT BANK AND ENCOURAGING INDIVIDUALS AND BUSINESSES TO THINK MORE SUSTAINABLY ABOUT THEIR FINANCES.

Now into its fifth year, National Ethical Investment Week (NEIW) is arguably the sustainable investment industry's most important event. Fronted by UKSIF in collaboration with The Co-operative, Ecclesiastical and CCLA, it's a chance to create real discussion about the green and ethical finance and investment options on the market, and get the notion out to a wider audience.

Penny Shepherd is one the sector's most recognisable names, having been chief executive of UKSIF since 2005. As executive director between 1997 and 2001, she helped bring socially responsible investment to the fore. UKSIF's membership tripled during these four years and Shepherd was awarded an MBE in 2000 for "services to sustainable economic development and socially responsible investment".

Twelve years on, she's still as passionate about green and ethical investing as she was from day one, and recently outlined some of her thoughts to Blue & Green Tomorrow.

Another year; another National Ethical Investment Week. What has been different about it this year, though?

It has grown and deepened each year. The thing we're particularly enthusiastic about this year is the involvement of church groups. They've really got behind the week brilliantly. Our model for success is Fairtrade Fortnight and we're very conscious of the degree to which church groups were absolutely pivotal to the success of that. We're seeing them doing things up and down the country.

It's very important to have a dedicated week in addition to communicating throughout the year because it's about all of us raising awareness at the same time. We can have much, much more impact than just communicating during the week. It's about having critical mass.

Why did you choose to base NEIW on Fairtrade Fortnight?

At Fairtrade Fortnight, there are lots of people up and down the country undertaking events and activities at the same time – everything from running events through to mentioning it to a friend over coffee.

But because that is then backed up by a higher concentration of media coverage during the week, people are more likely to hear it from multiple places, and that means that it's more likely to have an impact.

What effect has NEIW had on the ethical investment industry in terms of interest?

We've seen both the number of events growing over the last few years, and also the number of financial advisers involved. Last year, there were 50 events taking place up and down the country which was a 21% increase compared to 2009, and those events took place at 18 locations. Three hundred and fifty financial advisers were involved last year in some way, and that was a 40% increase from 2009.

Religious groups were particularly targeted this year. Just how important are they in spreading awareness of ethical investment?

Very, because as with Fairtrade Fortnight, they're a group that reaches out into their communities and can spread the word as to what is possible.

And really, what we're trying to achieve with NEIW is two things; dispelling the common myths that are still out there, and therefore to help people get better informed about modern green and ethical investment, but also, after the financial crisis, I think there's a general recognition that we all need to understand better how our savings and investments are used, and not just leave that to the professionals.
It can be very easy to put that off, and so NEIW is a wake-up call for people to understand more about how their savings and investments have an impact on the world, and understand the options that are available to them.

In order to grow the ethical investment sector, do you think it's just a case of presenting investors with the ethical, sustainable or responsible option?
One of the key things that we would say is that green and ethical investment has grown and developed over the last 25 years and there are a range of ways and motivations for doing it – everything from responsible ownership through to the traditional negative screening. And an increasing range of options are deliberately tailored to have social or environmental impacts. For example, things like investing in community wind farms where there are a number of options available at the moment.
I suppose part of what we're communicating is that it makes sense to understand the area better and to consider dipping your toe in the water. There can be a range of motivations, which includes a desire to make money as well as a desire to make a difference in the world.

UKSIF chief executive Penny Shepherd was awarded an MBE in 2000 for her "services to sustainable economic development and socially responsible investment"

There's also a strong case for simply outlining to oblivious investors what it is that their money is going towards. Do you think this is a wise step to take?
Yes, but you need to also say that there are then a range of things that you can do about that, particularly with savings, investments and bank accounts. Move Your Money says that over half a million people have already switched bank accounts from the major banks to ethical alternatives, but what's also true is that in the last year, we've seen the shareholder spring. And so it's also about investing with fund managers that are using their powers as owners to improve corporate behaviour, as well as making decisions about whether you want to change the investment selected.

What's stopping ethical investment from truly becoming mainstream?
I think that it's a number of things. One thing is that there are still a lot of misperceptions – people think it's all or nothing and are often concerned with performance. Another is that green and ethical investment only means the traditional funds, but equally, I think there are some challenges about mainstream fund managers communicating what they're doing, so for example, many fund managers are now signed up to the Principles for Responsible Investment, but that isn't always well communicated to the retail market in particular.

Socially responsible investment teams at Henderson and Aviva were both closed down in the last 12 months. What impact do these closures have on the industry?
What we're seeing at the moment is wider restructuring taking place within the investment management sector. And it isn't surprising that there is some impact on sustainable and responsible investment from that. But in fact, if you look at both Henderson and Aviva, when the team that was formerly at Henderson moved over to WHEB, Henderson didn't close its SRI funds; it just shifted to using external research. In essence, those funds are still available in the market; they're just managed externally rather than internally.
And then if you look at what happened within Aviva Investors; they moved away from managing equities in London to managing fixed-income, so the key feature of the Sustainable Futures Fund is that they were by-and-large equity funds, so they no longer fitted with the Aviva Investors strategy, so it wasn't surprising that it made sense for them to find a new home.
Meanwhile, Aviva Investors strengthen their institutional commitment to responsible investment by promoting Steve Waygood to chief responsible

investment officer. And if you look at who has probably been one of the most vocal investment industry leaders on the subject of sustainability and corporate responsibility over the last few months, then it's been Paul Abberley from Aviva Investors.
I certainly don't see those developments as weakening sustainable and responsible investment; really quite the reverse.

You were part of the advisory group for the Green Investment Bank, which this week received state aid approval from the European Commission. What was the group's role?

We advised the secretary of state on the early stages of creation of the bank. For example, issues like reviewing of the state aid application. What we weren't responsible for was individual investment decisions; and quite rightly so.
The key point that the advisory group made to the secretary of state was that it was important to make a rapid decision, because the climate change imperative meant that the bank needed to be up and running and making effective investments as soon as possible.
The advisory group ran up until when the board of the Green Investment Bank was appointed. So when it was announced that Robert Smith had been appointed as chair, it was actually announced at the same time that the advisory group had been disbanded because basically our job has been done.
In fact, last week they announced the non-executive directors of the bank, and one of those was Tessa Tennant, who is a former UKSIF chair and very much a pioneer in this area, so that's very good news.

What do you think the main positives of the Green Investment Bank are?

One thing that UKSIF is very pleased about was the strategy of doing smaller investments through placing mandates with specialist fund managers, and what we're very pleased about is of the four mandates that have been placed so far, three of them have been placed with UKSIF members. That's completely independent to my role on the advisory group, I should say, but the non-domestic energy efficiency mandates have both been placed with UKSIF members, with Sustainable Development Capital and Equitix, and then one of the earlier waste management mandates was placed with the Foresight Group.

What are your thoughts on the location of the bank? Many commentators were disappointed that Edinburgh – an established financial hub – was chosen, rather than a town or city that perhaps wasn't as thriving economically.

Our concern was particularly about the speed of making a decision, and I think that we were happy that the decision was not unduly delayed. Edinburgh is a one of the UK's leading financial centres, but there was a very long list of towns and cities that applied to be the host.
The primary purpose of the Green Investment Bank is to speed the allocation of capital into green infrastructure. In order to do that, it needs access to a deep pool of people skills. And so actually, one of the criteria that was used in assessing location was therefore the potential specialist employee base available. But the other thing to say is that actually, the number of people directly employed by the GIB is relatively small. It's not a number that's going to make a material difference to the economic development of any area.
Long-term, its aim is to accelerate the financing of green infrastructure, but it acts to finance green infrastructure up and down the country, so the job creation impact is on the projects in which it invests, rather than the number of people who are working for the GIB. The GIB seeks to invest in the best projects across the UK – there is no suggestion that as a result of its location, it will be more likely to invest in Scotland compared to Wales or England.
There was certainly a school of thought that would have liked it to have been based in London, and certainly some of the dealmakers will be in London. But I think the underlying issue is that the decision has now been made and therefore the GIB is free to move on and to achieve its aims and the next critical milestone is the state aid application. The most significant outstanding issue from our point of view is the question of borrowing powers.

Finally, what would you say to individuals, businesses and policymakers in order to encourage them to act more ethically, sustainably and responsibly with their finances?

The world is changing and how money is made in the future will be different, and we are already seeing the evidence that taking into account environmental and social factors should help you both to make money in the future and also make a difference in the world.

UKSIF

www.uksif.org

coming soon

november 2012

december 2012

Ethical Shopping In the build up to the busiest shopping period of the year, we explore what to buy for family and friends without costing the Earth
Responsible Media Post-Leveson ,what does a media landscape look like that informs, educates and entertains?

ETHICAL INVESTMENT WINS ON PRICE, PERFORMANCE AND THE PLANET

MANY PEOPLE IN THE ETHICAL INVESTMENT INDUSTRY ARE HOPING THAT THIS YEAR'S NATIONAL ETHICAL INVESTMENT WEEK (NEIW) CAN GO A LONG WAY IN DISPELLING SOME OF THE COMMON MISCONCEPTIONS OFTEN ASSOCIATED WITH THE SECTOR.

John Ditchfield is managing partner at Barchester Green, one of the UK's oldest ethical independent financial advisers.

Statistics released as part of NEIW 2012 by research firm EIRIS confirm that almost £11 billion is invested UK green and ethical funds – up from £4 billion a decade ago – and there are some €1 trillion worth of responsibly-managed assets in the UK – contributing to 18% of the European total.

"I question the assertion that ethical investment is a cottage industry", says John Ditchfield, managing partner at Barchester Green, one of the UK's oldest ethical independent financial advisers.

"It is reasonably large, but I do think there is a barrier around public perception.

"The general public in the UK still regards it as a bit of a fringe enterprise for people who are nutty about environmental issues.

"In a sense it's already there in the mainstream; it's just that individuals don't recognise that."

As for the assertion that there is a performance sacrifice to be made when opting for dedicated ethical investments, Ditchfield adds that this is "factually incorrect".

Ethical funds, just like conventional ones, do vary in performance – there are some that do underperform and there are some that don't. But there is simply no evidence or noticeable trends to suggest that by investing ethically, you're guaranteed to get a lower return than if you were to opt for mainstream investments. Just the opposite, in fact.

A recent study by German rating agency Oekom found that firms in the Prime Portfolio Large Caps index – a group of 300 major firms with sustainability accreditations – reaped a 15% better return over a seven-year period between 2004 and 2011 than the MSCI World Index.

This is on top of a study by the now-defunct DB Climate Change Advisors, Deutsche Bank's climate change research arm, which after looking at over 100 academic papers into sustainable investment, found that 89% displayed evidence for "market-based outperformance" for companies that factored sustainability into their investment strategies.

ETHICAL INVESTMENT IS ALREADY THERE IN THE MAINSTREAM; IT'S JUST THAT INDIVIDUALS DON'T RECOGNISE IT

Ditchfield points to the "three Ps" of ethical investment in order to encourage individuals to invest in this way.

"Firstly, on price, ethical funds are very cost-effective. They're not expensive funds to invest into", he begins.

"Secondly, the performance is very good on many ethical funds.

"And thirdly, we do need to look after the only planet we've got, because investing in businesses which are about sustainability and protection the environment is very good.

"A fourth point would be to do with values – it's more interesting to invest, to a certain extent, in line with your values I'd say."

Ditchfield was last month elected to the UK Sustainable Investment and Finance Association's (UKSIF) board, and his company, Barchester Green, held an event as part of NEIW, called Heroes of Ethical Investment.

A number of awards were presented to individuals and companies – all of whom have excelled in investing ethically over the past 12 months.

Triodos Bank picked up the pioneer award for its "significant contribution to the sector by encouraging responsible financial practice, thought leadership and innovation".

Meanwhile, the Cheviot Climate Assets Fund and Kames Capital won performance awards; the UK's only 100% renewable electricity provider Good Energy was given the award for potential and WHEB Asset Management went home with the one to watch award.

"Provided we can raise the profile of the sector, then it's a very useful thing", comments Ditchfield, when asked about the potential impact of NEIW 2012.

"Currently, I think there is a large chunk of the population that you can invest ethically and environmentally whilst making a financial return.

"It's really about educating the public and putting information out into the public domain on ethical and environmental investing. It's very important for the sector."

BRINGING ETHICAL INVESTMENT BACK TO ITS ROOTS

THE PRINCIPLES OF ETHICAL INVESTMENT CHIME NOTORIOUSLY WELL WITH THE VALUES HELD BY CHARITIES, FAITH GROUPS AND THE PUBLIC SECTOR. BLUE & GREEN TOMORROW SPOKE WITH HELEN WILDSMITH OF CCLA – A CLIENT-OWNED FUND MANAGER THAT PROVIDES RESPONSIBLE INVESTMENT SOLUTIONS FOR ALL THREE.

Ethical investment has witnessed significant growth in the last decade or two. In the UK alone, almost £11 billion is now invested in green or ethical retail funds, compared to just £199m in 1989. But the sector's beginnings are even more humble.

It's said that the Religious Society of Friends – also known as the Quakers – devised the idea of investment that isn't solely for profit. And John Wesley, the 18th century theologian who laid the foundations of the Methodist movement, is also often credited with paving the way for the ethical investment industry to prosper.

"'The love of money', we know, 'is the root of all evil'; but not the thing itself", he said, in a 1760 sermon called The Use of Money.

"The fault does not lie in the money, but in them that use it. It may be used ill: and what may not? But it may likewise be used well: it is full as applicable to the best, as to the worst uses."

Ever since those light bulb moments, ethical, sustainable, responsible investment has always chimed well with religious groups and charities.

"They're mission-driven organisations who care about the impact they have on the world", says Helen Wildsmith, head of ethical and responsible investment at the CCLA, a specialist investment management group for churches, charities and local authorities (hence its name).

"We offer investment funds that invest in listed equities, in bonds, in property, and we have cash deposit funds for churches, charities and the public sector, and so from that point of view, we look like a normal fund management house, but the unusual bit is that we only serve UK not-for-profit organisations and we're owned by our clients."

This means that when any organisation invests one of CCLA's long-standing Investment Funds, it automatically becomes a co-owner of CCLA.

Clients are assisted by CCLA's dedicated ethical and responsible investment team in aligning their organisation's principles with their investment portfolios – whether it's avoiding certain industries or focusing specifically on making a social or environmental impact.

The natural alignment between ethical investment and charities and churches is something that directly influences and inspires many people to work in the sector. Jeremy Newbegin, director of The Ethical Partnership, is just one of a number of specialist ethical financial advisers that B&GT has spoken with who have said that their religion led them naturally to ethical investment.

His Christian beliefs go hand-in-hand with this kind of investment, but it was still his personal preference to become a financial adviser in this field. Muslim investors, however, have less of a choice to make, with Sharia law – Islam's legal system – preventing them from investing in certain industries. This has led to the growth of Islamic investment funds, like the SWIP Islamic Global Equity Fund, which specifically prohibit investment in tobacco, pornography and financial services, amongst other areas, meaning these vehicles are often found under the more broad ethical investment umbrella.

Seeing the vast opportunity presented by this


Helen Wildsmith is head of ethical and responsible investment at CCLA.

combination, this year's National Ethical Investment Week (NEIW) – perhaps more so than the previous four years – has urged religious groups and charities to invest ethically, producing all-you-need-to-know guides for representatives in each area.

And given that many of the popular and lucrative non-ethical industries and funds could potentially undermine the good work being done by churches and charities, ethical investment is seen as the obvious way to go. Health charities, for example, wouldn't want to invest in companies or funds that harm health, and on the other hand, would have significant interest in investing in new medicines, techniques and technologies which might improve health.

CCLA hosted an event called Whose ethics? on Tuesday, and has another event set up for tomorrow titled In the age of austerity is ethical investment still relevant for charities?

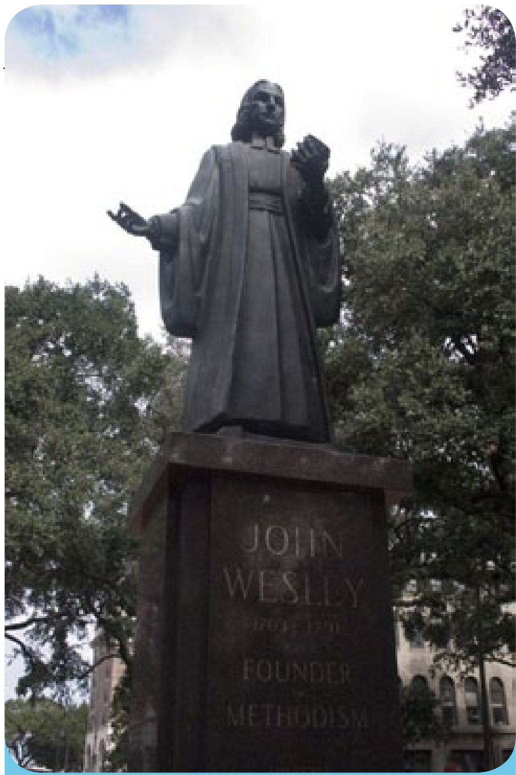
"At the Whose ethics? event, we invite the trustees of churches and charities who haven't yet had a chance to think through what they could be doing in terms of all the different techniques you can use to align your mission with your investment", explains Wildsmith.

"We run through the different approaches, giving hints and tips about how to have discussions and how to write a policy."

CHARITIES, CHURCHES AND PUBLIC SECTOR BODIES ARE MISSION-DRIVEN ORGANISATIONS WHO CARE ABOUT THE IMPACT THEY HAVE ON THE WORLD

The importance of charities in particular in responsible investment is something that has been brought up a number of times already during NEIW. With 162,624 UK charities producing a combined annual income of over £57 billion, an increased adoption of ethical investment in this sector alone would do wonders for its popularity and its perception.

A report from 2009 by Charity SRI, a joint initiative between EIRIS and the UK Sustainable



John Wesley, the founder of the Methodism movement, is often credited with paving the way for the ethical investment industry to prosper. Photo: Jon Worth.

Investment and Finance Association (UKSIF), runs through some of the many ethical options for charities. Called Responsible Investment by Charities: the Role of Pooled Funds, the guide clearly explains what charities should do if they want to focus on or exclude various industries and areas in their investments.

CCLA provides the secretariat for the Church Investors Group, a coalition of over 30 investors that have over £12 billion in combined assets.

"We believe it will serve to increase the witness and influence of the church in society if our investment portfolios reflect the moral stance and teachings of the Christian faith", the group's website states.

Two CCLA funds, Wildsmith says, are amongst the five largest socially responsible investment (SRI) investment funds in Europe. It recently altered the make-up of one of its funds, the Ethical Fund, which from January 2013 will have a 10% turnover limit "for companies that derive turnover from alcohol, gambling, pornography, tobacco and strategic military sales". This figure will decrease from 33%, and for the first time, will also apply to the extraction of coal for energy use.

You may wonder why the fund allows these sectors at all. Businesses like supermarkets or off-licenses for example, sell alcohol and mild pornography, but don't derive the vast majority of their turnover from selling these products. By implementing a turnover threshold, these companies are able to invest ethically.

"It's very easy for individuals and trustees to see the investment as a black box and not think about what's happening inside it. Blind money can lead to missed opportunities and unintended consequences", describes Wildsmith.

"UKSIF has modelled NEIW on Fairtrade Fortnight so aspirations are very high. We hope it will be as famous as Fairtrade Fortnight as the decades pass."

IT'S VERY EASY FOR INDIVIDUALS AND TRUSTEES TO SEE THE INVESTMENT AS A BLACK BOX AND NOT THINK ABOUT WHAT'S HAPPENING INSIDE IT

It's clear that if you want your personal morals and principles to be reflected in all aspects of your life – regardless of whether you're religious, give to a charity or work for a public sector body – then ethical investment is by far the wisest and best route to go down.

It seems fitting, therefore, to round off this piece with a quote by John Wesley, which still serves as a simple and eloquent bit of life advice for people wanting to do good.

"Do all the good you can, By all the means you can, In all the ways you can, In all the places you can, At all the times you can, To all the people you can, As long as ever you can."

By opting to invest ethically, you might just be making the biggest difference to the world that you'll ever make in your life.

THE LONG-TERM MATTERS, AND SUSTAINABLE INVESTMENT HOLDS THE KEY TO PROSPERITY

BLUE & GREEN TOMORROW SPOKE WITH DR RAJ THAMOTHERAM, WIDELY RECOGNISED AS ONE OF THE LEADING THINKERS IN THE SUSTAINABLE INVESTMENT SPACE. HE TALKS ABOUT THE NOTION OF "INVESTING AS IF THE LONG-TERM MATTERS", AS WELL AS THE TERM 'PREVENTABLE SURPRISES' AND HOW IT ALL BEGAN WITH A DEGREE IN NEUROPHARMACOLOGY.

Speaking with Raj Thamotheram, it's difficult not to get inspired about sustainable investment. The 52-year-old boasts an impressive CV, having worked for some of the largest pension fund management firms in the country, as well as spending significant time in his early career in the international development and campaigning sectors.

Now though, he splits his time between consultancy, supporting reform initiatives, public speaking and writing. And underpinning everything he does is a firm belief that investment is integral to fighting the majority of the world's environmental, social and economic battles. But how does a degree in neuropharmacology and another in medicine lead someone to become a thought leader in investing sustainably? By a stroke of luck, it seems.

After working for Saferworld and Action Aid in the late '80s and early '90s, he left to become a corporate responsibility consultant, and it was whilst doing this job that he had his first foray into the investment industry.

"By mistake, I got filed in a recruitment folder ṣat a large pension fundṭ and got called for an interview", he recalls.

"The man who was then to become my boss started the conversation by asking whether I would like the job. I said, 'What job?' He said, 'The job you've applied for.' I said I hadn't applied for a job, so he looked at the file, closed it and said, 'Let's pretend you had applied for the job. Why would you like it?'"

"And so I ended up working for Universities Superannuation Scheme (USS) for seven years as head of responsible investment.

"I had a great time there, learnt a lot and am proud to have been able to help the organisation become one of the leading pension funds involved in responsible investment. I was then headhunted to do the same thing at AXA Investment Managers and I was there for five years.

"When I look back on my career, it all makes sense, but it didn't make any sense whilst I was doing it."

Whilst at AXA, Thamotheram helped launch and then became president of the Network for Sustainable Financial Markets, "an international, non-partisan network of finance sector professionals, academics and others who have an active interest in long-term investing".

When sitting at the back of the room during what he describes as a "very boring" investment conference one day, Thamotheram and a "very bright investment actuary" called Sally Bridgeland, who he had met for the first time that day, decided to "stop whingeing" and leave to "do something creative". The brainstorm over drinks that ensued paved the way for the "investing as if the long-term matters" competition run in partnership between USS, Hewitt and FTfm and a notion that he champions so passionately today.

"We thought about how the investment industry operates on competition and so it was obvious – we had no money to invest in this new way so we decided to create a hypothetical competition", he explains.

"Both of us had read Schumacher's Economics As If People Mattered, and so we did a pun on that and created a competition called 'Managing pension funds as if the long-term matters'.

"We had a quite major success actually, especially when you think it was long before most people felt there was a problem with short-termism. At that time, serious players in the industry were openly saying the long-term is just a series of short-term steps.

"Now, everyone is talking about the issues and few would dare say it in public even if they still think it. It was quite a thought leadership project at its time and it got a lot of publicity. But it didn't influence investment behaviour."

With now nearly 15 years of experience in the investment industry, it's fair to assume that Thamotheram has witnessed a few major changes in his time. Not least, the fact that ethical investment at a private level in the UK has grown to a size of around £11 billion, with over 80 funds available to individuals.

On top of this, as of December 2009, UKSIF estimated that there were around £938 billion worth of socially responsible assets under management in the UK – a 19% increase compared with the end of 2007, and a figure that has undoubtedly increased since.

Thamotheram describes the biggest changes he's witnessed during his time in the investment industry.

"Whatever we choose to call it, what we're talking about today is no longer seen as completely off the other end of the planet", he says.

"There are more and more people in the roles. When I started, there were about 15 of us in the first three years. Now, it's a huge sector and the UNPRI quotes assets under management of more than $30 trillion. That's something like one in ten investment dollars. That's the positive side.

"The negative side is that there's a really big disconnect between the scale of the investment challenge and our understanding of this challenge and what people are actually doing, and despite having evidence of this disconnect, it isn't being closed in many important areas. Am I saying things are getting worse? No, I'm just saying things aren't getting better at the scale at which the awareness has increased or should have increased."

Thamotheram is known for being unusually frank about the sustainable investment sector's progress. He cites the executive pay saga as one example, saying that whilst there are lots of people "doing good work", 73% of Barclays shareholders voted in a way to allow the pay packages to go through.

He also uses a case study of oil giant BP, which in 2010 hit the headlines after more than 20m gallons of oil (equivalent to 4.9m barrels) spilled into the Gulf of Mexico following an explosion at its Deepwater Horizon rig. Shares in the company swiftly plummeted, and chief executive Tony Hayward resigned from his position as a result. But the chair of the company's safety committee, Sir William Castell, remained in his job for two years afterwards, only retiring in April this year.

Thamotheram explains how this disaster, as well as a number of other incidents during his time in the profession, led him to come up with the project, Preventable Surprises.

"Having lived professionally through the experience of Enron, WorldCom, RBS, HBOS and then seeing BP happen as well, what struck me was that even the environmental, social and corporate governance (ESG) and socially responsible investment (SRI) communities largely found it hard to engage with what was our role as investors in that process", Thamotheram says.

"What haven't we learnt that helped allow this to happen?

"And I came up with the phrase 'preventable surprises', adapting it from an academic's work in which they talked about predictable surprises. I wanted to say that they were predictable, but they were also preventable.

"In the same way that in medicine, you can have a preventative health approach, it doesn't mean

WE KNOW THE CLIENTS WHO MOVE THE FASTEST ON INNOVATIONS IN THE INVESTMENT SYSTEM ARE HIGH NET-WORTH INDIVIDUALS. AND A FEW PEOPLE ACTING HAS A DISPROPORTIONATE IMPACT

Thamotheram describes the explosion at BP's Deepwater Horizon rig in 2010 as a "preventable surprise". Photo: ideum.

that you stop every case of typhoid or tuberculosis, but you can focus on prevention rather than accident and emergency trying to clean things up after they happen."

And this approach, he says, is fundamental to the future of investment, with private investors each holding a golden ticket for wholesale change.

"I think that's where we as investors need to go. We need to be focusing on creating systems that, for example, incentivise oil and gas companies to think about health and safety much more seriously than clearly they do at the moment.

"We need to be incentivising banks to really worry about risk purposes.

"Instead what we have today is investors acting as the primary enablers – often unintentionally and sometimes even unconsciously – of dysfunctional corporate behaviour.

"These are unacceptable levels of failure of fiduciary duty I think, and investors could be a much bigger part of the solution."

The nature of Preventable Surprises is simple. Major catastrophic crises, like the BP Deepwater Horizon oil spill, can be avoided or at least mitigated by more skilful decisions made by institutional investors. But there are a number of barriers stopping the community from making the necessary changes; most notably perhaps, the system impact of a warming world.

"Handing over a world which is fit for people to live in, I would guess, is what people are trying to do when they're investing", Thamotheram describes.

"High net-worth individuals have enough money for themselves. They're basically creating an environment, or a future for their charity, relatives and children.

"Unless we change dramatically over the next five years or so, the International Energy Agency says we will be locked into six degrees of warming. And the system impact of this kind of temperature change is devastating – it's on a scale that we haven't even got our heads round. And investors are really the key. Many surveys have shown that companies are more responsive to investors than they are to regulators.

"The primary influence on a corporate decision maker is the investment community, particularly the sell-side and credit rating analysts and large investors in that company. And obviously that's even more so for private equity. It's because investors are by far the most powerful people and it's because the mainstream investment community doesn't get 'it', that we have such a big problem today."

Thamotheram draws on a recent survey of Global Compact leaders which asked what the biggest block to them doing sustainability was. An overwhelming majority – 75% plus – said it was investors. Therefore, a change in investor attitude is essential if there are going to be notable changes within the current global financial structure.

The argument about responsible investment, though, is inextricably linked – especially in the minds of sceptics – with the heated debate about climate change and its causes. It's a sad reflection on society when scepticism makes for better headlines than actual science. And with the very well-funded climate change deniers seeming to be in the ascendency in public opinion, Thamotheram agrees this particular barrier is becoming increasingly difficult to tackle.

"The problem with climate change today is that it's become an activity that has been sort of sub-contracted to the specialists – the climate change scientists and advocates on one side, and the deniers, sceptics and vested brown energy corporate interests on the other", he declares.

"The debate has been taken over, but to my mind that's largely the responsibility of the very large group of people who are in the middle, sitting on the fence and staying silent. This includes mainstream institutional investors. There are many, many things that these investors could do if they took a rational perspective. But the really sad thing is many decision makers seem to think they can double-check every scientific fact about climate change.

"This is plain silly. The level of scientific confidence about climate change is much, much higher than many other things that investors just take for granted today.

"The bottom line is the national academies of Russia, America and so on are saying that it's happening and humans are a major cause. Even climate change sceptics that have looked at it in order to prove it's not happening have said they now largely agree with the IPCC conclusions."

Overshadowing the debate about climate change though is the need to reduce our pollution and waste, as those two combined are arguably the biggest problems we face. And it would take, says Thamotheram, a rather ill-informed investment professional to argue that resource scarcity is not a major threat to societal well-being and investment returns.

This is why there really shouldn't be a debate around investing sustainably and responsibly.

Thamotheram's passion for "sensible" investment is contagious. Speaking with reference to Blue & Green Tomorrow's readership, he issues a rallying call to action to encourage and inspire individuals who have significant wealth to take a leadership position on sustainable investment.

"Look, we know the clients who move the fastest on innovations in the investment system are high net-worth individuals", he proclaims.

"It's their money, they can make the decisions and they can choose what signal they send to their fund managers. There is no need for the backside-covering fiduciary duty debate that characterises institutional investors who are trapped in a system where deviating from the herd carries real risk.

"And a few people acting has a disproportionate impact. We know from the theory and practice of 'tipping points' that system change can happen with about 10% of the community taking action. So that's one of the opportunities created by the concentration of wealth today – a small number of high net-worth individuals acting collaboratively and seriously could have a big impact.

"And when I say 'seriously', I don't mean syphoning off 5% of their assets and putting it in some cleantech or sustainability niche fund. What I'm talking about the 95% of their assets that's part of the problem. A little change here is what will bring the biggest positive societal impact. And it can be done without losing money.

"Today, no-one would eat well 5% of the time and then pig out for the rest of the week at fast food restaurants on food that was stocked full of antibiotics, steroids and pesticides and where the workers were treated badly. No-one would think that's healthy, especially if they were fortunate enough to be a reader of this magazine. But that is what many of us do in relation to our investment behaviour.

"We don't clock that we are what we invest in. That's all we have to do. And a few people starting to do it will create a different environment."

SYPHONING OFF 5% OF YOUR ASSETS AND PUTTING IT IN SOME CLEANTECH OR SUSTAINABILITY NICHE FUND IS NEITHER HERE NOR THERE. WHAT I'M TALKING ABOUT IS THE 95%

Raj Thamotheram devised the phrase "investing as if the long-term matters" to describe sustainable investment.

ETHEX: EMPOWERING EDUCATION ON ETHICAL INVESTMENT

Managing director of Ethex, Jamie Hartzell, is perhaps best known for founding the Ethical Property Company.

JAMIE HARTZELL IS THE DEFINITION OF AN ENTREPRENEUR. HE ARRIVES AT HIS LATEST VENTURE, ETHEX, A NOT-FOR-PROFIT THAT GIVES INFORMATION ON ETHICAL INVESTMENT, AFTER A CAREER THAT ENCOMPASSES FILMMAKING, PHILANTHROPY AND PROPERTY. HE SPOKE TO BLUE & GREEN TOMORROW ABOUT HOW HE NOW HOPES TO HELP PEOPLE REINSTALL POWER INTO THEIR FINANCES.

Investment can be complicated. Indeed, a mere mention of derivatives, mutual funds and asset classes is often enough to turn many people's blinders on.

For every $1 of real goods and services produced, $26 is traded financially, but the global investment industry's complexity frequently masks its impact, in that most people simply aren't aware of what damage their money might be doing to the planet and its resources.

But this applies for ethical investments, too. Just as investors are often oblivious to the bad things that are happening behind the scenes, they're also unaware of the good things. This is where Jamie Hartzell comes in.

He's launched Ethex, a not-for-profit organisation that lays out information about ethical investment in simple terms. It profiles the social, environmental and historical investment performance of a number of businesses – whether it's fair trade organisations, community renewables projects, firms working in social property or ethical banks – with the aim of encouraging more people to think differently about where their money might be invested.

"We include any business that has a very clear positive benefit at the heart of their mission", explains Hartzell.

"As well as this, we would also expect them to conform to a set of ethical criteria and to be working to improve those criteria.

"So, what are their carbon emissions as an organisation? How many women do they have on their board? Is the pay of their chief executive excessive compared to the lowest paid people in the organisation? There is a range of criteria that we'd be presenting."

OUR AIM IS TO GET AS MANY PEOPLE AS POSSIBLE INVESTING TRULY ETHICALLY

An environmental filmmaker for much of the 1980s and '90s, Hartzell is perhaps best known for founding the Ethical Property Company, an organisation that buys properties and transforms them into ethical service centres for not-for-profit organisations and social enterprises. Launched in 1998, it now has nearly 20 centres across the UK, with sister companies in France, Belgium and the Netherlands.

With the Ethical Property Company at a mature stage, Hartzell decided to step back in the spring and devote his time to Ethex.

"Our aim is to get as many people as possible truly investing ethically", he says of the organisation's aim.

"How many people that will be is quite a hard one to call but we have done a survey of ethical investors in the UK and there are 45,000 investors in existing membership through the ethics businesses.

"That's already quite a substantial working base to start from and I think there is more and more interest.

"People are getting a lot more active, particularly since the Libor scandal, to switch their accounts. So there are a lot of possibilities out there if we can access them."

Hartzell is right. In the week immediately after the Libor rate-fixing scandal came into the public eye, dedicated ethical banks across the UK were inundated with interest from potentially new customers.

Triodos Bank received a 51% surge in account applications and opened three times as many accounts than normal on the day that former Barclays chief executive Bob Diamond announced his resignation in July. Meanwhile looking further back, Charity Bank revealed that it had welcomed 440 new customers between January 1 and June 30 this year – a figure 300 more than the same period in 2011.

It's this kind of action from customers and investors that leads Hartzell to believe there is a significant gap in the market for the service that Ethex provides.

"People are rather disempowered and disillusioned when it comes to finance.

"We've had so many scandals and abuse cases over the last 15-20 years; I think people are deeply distrustful now of the financial system. They don't really know what they can do.

"They think the situation is out of their hands and that all the power is in the City so they don't really have access to it. They might also see finance as complex and difficult to understand.

"What we want to do really is make it much easier for people to reengage with their money and help them to think about what it is they would like to do with their money in order to make a difference and help us get out of the mess we're in."

Getting across the message that it's private and institutional investments that govern which industries are profitable can be a difficult concept to grasp. But at the same time, the uptake of dedicated ethical, sustainable or green funds in the UK is still microscopic compared to the huge rollout of conventional funds.

Hartzell places the reason for this as a lack of

IF WE CONTINUE THE WAY WE ARE, WHERE BUSINESS CONSIDERS ONLY THE AMOUNT OF PROFIT IT MAKES AND NOT THE SOCIAL AND ENVIRONMENTAL IMPACT OF ITS ACTIVITIES, WE'RE HEADING DOWN AN INCREASINGLY STEEP AND SLIPPERY SLOPE

investor and adviser knowledge and a reticence to think that it's something that we can control, when in reality, we can.

"I suppose you can parallel it to the growing popularity of ethical consumerism and fair trade", he explains.

"For a long time, people were saying that they can't make these choices and they just had to buy certain stuff, whether it came from South Africa or exploited farmers, but I think that's now quite well-established and you can make those choices yourself.

"People don't look at investment in that way. Intermediaries and regulators aren't necessarily helping in that regard, as they're often acting on somebody else's behalf, so they're much more prone to try to put you off because it doesn't tick any of the right boxes.

He adds that something has to change. And without scaremongering, it has to change fast.

"If we continue the way we are, where business considers only the amount of profit it makes and not the social and environmental impact of its activities, we're heading down an increasingly steep and slippery slope.

"There can't be any greater irony than how the melting of the Arctic ice caps is merely encouraging further oil and gas exploration in those areas, because it's now easier to do.

"It seems to me that we have no choice, to ultimately end up with a society where a generation of profits also means a better society and a better environment."

The profit-driven ideology that engulfs the unsustainable financial services industry possesses is one of the reasons Hartzell decided to go down the not-for-profit route for Ethex – which he says is an integral part of the organisation's business model. He goes on to state two reasons why it was imperative he opted for this direction.

"There's a regulatory reason which is being not-for-profit makes it easier for us to operate in the regulatory environment, because we can't financially benefit from what we're doing.

"But we also think that it is highly appropriate. Looking at what's happening in terms of public trust in intermediaries and the cynicism over the levels of fees being charged, rogue trading scandals, mutual fund scandals, Libor-rate fixing scandals – all that has been done in the name of profit really, be it personal or institutional greed.

"We're looking at really introducing a not-for-profit element into finance, and we're setting up a not-for-profit broker service effectively in transferable shares.

"As far as we're aware, I don't think there has been a not-for-profit brokering service ever before. We think that just really helps to demonstrate to people why we're doing things."

For the time being, Ethex is funded by a combination of grants and loans from foundations. But eventually, it will be generating its own income from the businesses included on its website, through transaction and membership fees.

Everything about the business model points towards it being successful. Hartzell has tapped into an industry that desperately needs to outline information in a clear and simple fashion for ethical investors.

The most important action, however, needs to come from you. And after seeing the overwhelming social, environmental and financial benefits many of these companies and funds have to offer, you'd be foolish not to act upon it.

ethex
www.ethex.org.uk

ETHICAL INVESTMENT: DOING SOMETHING DECENT WITH YOUR MONEY

TWO OF THE FASTEST GROWING ETHICAL INVESTMENT MARKETS ARE AGRICULTURE AND FORESTRY. AND, AS ITS NATIONAL ETHICAL INVESTMENT WEEK, BLUE & GREEN TOMORROW CAUGHT UP WITH MICHAEL YOUNG, DIRECTOR OF SUSTAINABLE CAPITAL AND FUND ADVISOR TO THE SUSTAINABLE RESOURCES FUND, ABOUT INVESTING IN SUSTAINABILITY. HE STARTS BY OUTLINING THE SHIFT THAT'S CURRENTLY TAKING PLACE.

Michael Young, director of Sustainable Capital, is based in Singapore.

I think an increasing number of people want to do good with their money and not just speculate for speculation's sake. In 2008, we saw a major crisis in the banking sector and the effects of that crisis are still with us. A lot of people had a lot of wealth destroyed, and what capital they do have to invest, they just don't want to speculate anymore.

A lot of people out there would look at ethical funds and think that maybe the return is going to be less than a mainstream investment, but the difference isn't enough to motivate them to pursue returns and only returns, so instead, they're going to do something decent with their money.

➤ So profit is no longer the primary motivation for investors?

I did an awful lot of research on the motivations for investing in this asset class, and return was I think fourth or fifth down. Strategic investment, ethical investment and getting exposure to a new asset class were all more important motivations to intelligent, well-informed investors than the headline return.

Traditional portfolios consist of everything from hedge funds, equities, fixed interest and so on, but all of those things crashed in 2008. Even if the eurozone collapses, we all need to eat every day and we all use wood every day of our lives, and people see the benefits of that asset class over and above pure return potential.

I don't get beaten up on returns – people would be very happy with an 8% return and they would be extremely happy if we able to achieve 15%. I get a lot of high quality projects in my inbox that have a serious chance to achieve 15%. The return potential is there, but it's not the primary motivation for most of the people I'm speaking to.

➤ As we've seen this week, £11 billion is invested ethically in the UK, but that figure is still dwarfed by the value of the conventional investment industry. Do you think that investors aren't given the option to invest ethically or sustainably enough or that they're simply after the best returns?

I don't think they're looking for the best returns anymore. We've seen companies like Friends Provident that since

The Sustainable Resources Fund looks to invest in agriculture, biomass, forestry and farmland.

the mid-'90s have had ethical funds. People definitely want to do good with their money. People are angry with their money, angry with the big banks, angry with the way the debt bubble exploded and how the government has failed to react properly to it, and they're thinking to themselves, "How can I invest my money so that I've got a chance of making return but also I'm not damaging other people?" An awful lot of investments that people have made have been zero sum investments. You profit at someone else's expense, and a lot of people don't want to do that anymore. I think demand for investment products full stop has been weakened too over the last few years, and the market as a whole is going through a fairly difficult time. If 1-2% of money is invested in ethical funds now, that might grow to 5% which will be an appropriate proportion of a person's portfolio to invest in such assets. I think it will simply grow but if it's struggling to grow presently, I think that's a function of fairly weak risk appetite across the whole industry, not just the ethical investment industry.

➤ Explain a bit about the Sustainable Resources Fund.

It's a Luxembourg domiciled and regulated fund – with a similar structure to the UK unit trusts. It's an opportunity for well-informed investors, family offices and institutions to gain more diversified exposure in the asset class across agriculture, biomass, forestry, farmland, and we're looking to invest in phase one which will be about $100m across ten projects with each around $8-12m in size. Because it's an Islamic compliant fund, the vast majority of interest we're getting is from strategic investors in Saudi Arabia, who are interested in the fund but primarily because they see it as a route to securing the uptake of the agricultural projects. Many of them have diversified interests in food distribution and production companies, and in the same way that China has been pursuing a policy of energy security for 20 years, Saudi Arabia is pursuing a policy of food security. They're interested in the asset class and the individual projects.

➤ What makes the fund sustainable?

We're looking to invest in commercially-viable, environmentally-conscious projects that will relieve the pressure on the forestry side of the business; so for example, we're looking at a very large project in West Africa which is on previously deforested land. If we reforest the land, albeit on a commercial basis, then we employ the local population, pay them decently, look after them and plant trees, then not only will we supply a commercial solution to the demand for palm oil, we're also making a productive effort to help the local community and reforest land that was previously deforested. If you can combine the needs of the commercial marketplace with the needs of communities and investors, then I believe we can qualify for the term 'sustainable' in every sense.

➤ Why is investment in these areas important?

The clichéd response would be that there are seven billion people on the planet, the population is growing at 200,000 a day, there has been indisputable evidence of climate affecting the land and there is demand for food, so we would like to diversify the fund and take it away from being just a reforestation project to meet complimentary needs which is food production.

The response we've had from prospective investors is that they're interested from an ethical and environmental point of view in investing in forestry assets like teak but their primary motivation is investing in agriculture and farmland because they see the clear need and they understand that the asset class is negatively or zero correlated with traditional portfolio constituents such as equity. So as well as the ethical case for reforestation and the demand of food, they also see it as a useful addition to their wider portfolio.

➤ Discussions at the 8th Annual World Islamic Funds and Financial Markets Conference (WIFFMC 2012) in May this year predicted exponential growth for the Islamic investment industry. Why do you think ethical funds often chime well with Islam?

I think Sharia investing is Islamic ethical investing. Because it's an agriculture and forestry fund, we easily avoid the obvious danger areas, examples of which are investing in certain types of entertainment companies, pornography and even pork. We have to be careful of our debt to equity ratio and there's obviously no gambling in it, so it very naturally fits into Islamic ethical investing criteria.

➤ It's National Ethical Investment Week this week. How important do you think this is in spreading the word about ethical investment?

I don' t think the man on the street would know it is National Ethical Investment Week, but for the FT Sustainable and Ethical Investment Conference that I'm speaking at tomorrow for example, there will be a lot of very large companies that have a small exposure or a small interest in ethical investing, and I would hope that they would embrace the philosophy of ethical investing and invest money in launching new products that not only meet the needs of the investing public but also are commercially-viable for the companies themselves.

If there is a shortage of new ethical investment funds being launched, it's because companies don't want to risk the capital to break out into what is a smaller niche area until they can be sure that they're going to get enough subscriptions and the economies of scale to make the funds profitable and I think that's reasonable. We can't expect companies to launch funds at a loss in the hope that one day in the future they may be attractive to investors. But if they invest the money and communicate the benefits of that fund to prospective investors, I think the industry can grow.

➤ What would you say to potential ethical investors to encourage or inspire them to invest in this way?

I would say that they need to look at their portfolio, they need to analyse the help of an investment professional to determine where they're exposed presently and they need to think to themselves what assets are missing from their portfolio that are appropriate to their return, risk and liquidity needs.

I would say that I empathise with readers who have seen some of their wealth eroded over the past five to six years, and if I gave them just one piece of advice, find a highly-qualified, very experienced independent financial adviser who has a track record of putting their clients' needs first, and have a discussion about the shape of their portfolio, what their objectives are going forward and make a decision with the help of the adviser. If that adviser highlights a Sustainable Resources Fund or another ethical investment vehicle, then I would be delighted, but I'm more interested in readers getting good, professional advice so they can meet their investment objectives.

SUSTAINABLE RESOURCES FUND

SUE ROUND AND ECCLESIASTICAL: PIONEERS IN ETHICAL INVESTMENT

ECCLESIASTICAL INVESTMENT MANAGEMENT IS ONE OF THE UK'S OLDEST ETHICAL FUND MANAGERS, AND A SPONSOR OF THIS YEAR'S NATIONAL ETHICAL INVESTMENT WEEK. BLUE & GREEN TOMORROW SPOKE WITH SUE ROUND, MANAGER OF THE AMITY UK FUND.

Sue Round is one of the UK's longest-serving fund managers, having taken over the management of the Amity UK Fund in 1988

Sue Round is an ethical investment stalwart. Having joined Ecclesiastical Insurance Group in 1984, she's managed the Amity UK Fund for almost a quarter of a century – making her one of the longest-serving fund managers in the business, and the fund one of the most established funds available to investors.

Financial advisers often pick out Round's fund as one of the best performers on the ethical market, and it's no wonder – her vast experience in the industry has been integral to its continued good returns, making Ecclesiastical one of the frontrunners in UK ethical investment.

She chatted to Blue & Green Tomorrow.

Tell us a little about your role at Ecclesiastical.

My role title is director of group investments and I run the fund for both insurance companies and our retail operation. In this particular case, it is the Amity UK fund – a fund that had been around for almost 25 years. We launched it in 1988, and it was the first of our range of amity funds. The Amity Fund range is a specialist range of funds that operate both negative and positive screening criteria.

Are the screenings weighted equally?

It's easy to have exclusions and exclusions are very stressed so it is not as if you have to do anything other than avoid the areas that you state you will avoid, such as alcohol and tobacco. The flip side of that is the positive side where we look into companies that meet some of our key criteria, our nine pillars. Sometimes this means that your positive screens actually result in companies being excluded because they don't meet a sufficient number of our pillars of positive criteria.

The reality is that positive screening is a much more dynamic tool, and really it is the thing that we think adds value to investments.

What would you say is the main objective behind your screening process?

The whole idea about investing with a positive screen is to give investors the best of both worlds. So, using an integrated approach to investment means that you weigh up social, environmental and governance issues within your financial stream. It's not just looking at numbers, it's asking about a company's culture and what they're doing to benefit the environment or support human rights, for example. Over the long-term, if you incorporate these things into your financial screening, you will end up with a company that is much more rounded. It's a much more holistic approach in making mere financials as your benchmark.

What kind of companies make up the fund?

The fund has invested in a mixture of predominantly UK companies and of that we have quite a large exposure, about 40%, of what I would call medium-sized companies and some smaller companies. Some have market capitalisations ranging from £50m up to £1 billion or so.

I don't like highly-rated companies that don't pay out much in dividends. We are, as a house, very keen on long-term investment varieties. We tend to look for values when we buy and we tend typically to hold our holdings for an average length of about seven to 10 years. That is extremely high compared with the industry average which is probably a year or less. So our turnover is very low – typically less that 20%.

What I am trying to illustrate here is that our approach is very much a sustainable one, in that we don't believe in moving in and out of companies quickly for a fast buck. We believe in investing for the long-term and choosing companies that we can grow with rather than just taking a short-term outlook.

Ecclesiastical offers a number of non-screened funds such as the Higher Income Fund, which is not marketed as sustainable or ethical. How does the company ensure that sustainability is taken seriously in this instance?

We have four screened funds and two non-screened funds and at the moment we haven't got any definitive plans to change those. But it is not something that we are avoiding. We operate the same approach bar to the negative screening.

When we are looking at investments, we take into consideration the advantageous aspects – in particular the corporate governance pieces. The person who runs the Higher Income Fund also runs a screened fund, so they are not operating in entirely different universes.

We are aware that having two funds that aren't screened may look strange but we are totally committed to this area. It is an area that we have been in for over 25 years. It is part of our roots; we come from a background where many of our original direct investors were coming from a clergy background. The funds were originally designed to meet that demand. So we have covered that, and we are, like many others, totally committed to going forward with our principle idea and this is something that we have used as a kind of tagline for explaining our funds.

I really believe that you can have good long-term returns using this kind of criteria. So there is no doubt surrounding our commitment to the area.

On a more personal note, what inspired you to specialise in sustainable and socially responsible practices as opposed to investment more generally?

I don't think that you can divorce the two. I was very keen, when we launched the first fund in 1988, to accommodate the views of our customers, who actually wanted a fund of this nature. At the time, back in the '80s, there was probably one other fund that operated but they were using just negative screening and I felt certainly that that was not the way forward, and that we ought to be looking at companies that were doing something very positive, be it through their product, their stature, their culture, their structures or the way that they treated their staff.

So we started with the view that it wasn't just about neutral or negative screenings, but very much about looking for the positive aspects of a company.

I was very pleased that we were the first to use the approach and over the years other people have followed because it makes sense to include these sorts of measured as part of your investment approach.

You're one of the longest-serving fund managers. What would you say has been the highlight of your career at Ecclesiastical?

Obviously having good performance is excellent. Three or four year ago, we decided that we wanted to get a much more external focus on our funds and really start to make them more widely known.

We re-launched our whole proposition around the fact that we were ethical, responsible investors. I think that when we made that change, it was hugely satisfying for me personally because it is something that I have wanted to do for a very long time.

People have become so much more aware in the last few years of the importance of taking these matters on board. It felt like we didn't know have to educate people in the way that you were.

Twenty-five years ago, companies didn't understand the terminology. The whole evolution of sustainable investment has seen it become much more mainstream. And that has been picked up now by institutions who have, on the whole, become much more involved in the whole arena.

We are certainly not on our own anymore, although there has been some quite high-profile withdrawals from the sector from our peers. But like I say, some of these people were Johnny-come-latelies that simply jumped onto the bandwagon, but for us it is really in our DNA, being committed from the beginning. We are not going to walk away from this. Some companies see it just as another niche area, which is fine if they make those decisions; it just makes us more proud in a sense.

Ecclesiastical

www.ecclesiastical.com

BLUE & GREEN TOMORROW INFOGRAPHICS AND TABLES

THE FOLLOWING PAGES ARE MADE UP OF INFOGRAPHICS AND TABLES FOR YOU TO FEAST YOUR EYES UPON – ALL OF WHICH HAVE BEEN DESIGNED BY BLUE & GREEN TOMORROW'S RESIDENT DATA VISUALISATION GURU, BEN WILLERS. HERE'S WHAT'S IN STORE.

Eurosif study shows marked growth in responsible investment

The fifth annual Sustainable and Responsible Investment Study from the European Forum for Sustainable Investment (Eurosif) has outlined strong market growth, primarily driven by demand from institutional investors.

The study, which is written by Eurosif with support from Amundi, Axa Investment Managers, Nordea and Pictet, says that an increasing number of investors across Europe are adopting responsible and sustainable investment strategies – some of which are implemented side-by-side.

These include sustainability-themed (investments encouraging sustainability), environmental, social and governance (ESG) and impact investment (focusing on the social or environmental difference that can be made by investing).

"The study shows the continuing sophistication of a fast evolving market as several players are adopting multiple responsible investment strategies, often in combination", said Francois Passant, executive director at Eurosif.

"This sophistication also highlights the need for enhanced transparency and clarification of practices.

"It also surely supports our conviction that socially responsible investment (SRI) has the potential to bring some answers to the growing concern by society and policy-makers about reconciling finance with long-term, sustainable growth."

The study outlines how the UK's SRI market is dominated by institutional investment, which holds a 97% share compared to the 3% made up by retail investment. But the UK market's influence in the global SRI industry is strong, with 13% of all signatories of the UN-backed Principles for Responsible Investment (PRI) coming from the UK. Only the US boasts more.

Engagement and voting – the practice by which investors seek to effect institutional shifts towards ESG issues – is by far the largest UK market, account for £825.8 billion in 2011. Integration – a strategy that sees conventional finance incorporating ESG issues – is a fast mover, increasing in stature by over £170 billion since 2009 to be worth £582.4 billion in 2011.

The Eurosif study reported that dedicated sustainability-themed investments continued to grow in the UK, and by 2011, were valued at £7.5 billion.

Across Europe, it was norms-based screening – the screening of investments against international standards – that was the fastest-growing SRI strategy, growing 137% from 2009-2011 to boast €2.3 trillion assets under management (AuM).

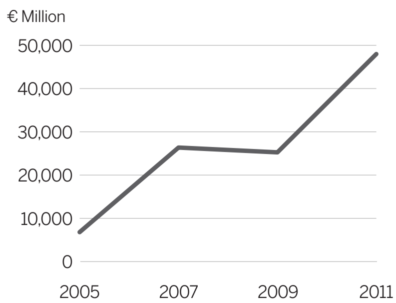
Meanwhile, institutional investors were picked out as the main driver of growth across the European SRI sector, after increasing its share of the industry by 2% in two years, so that now 94% of all European SRI strategies are implemented by them.

The study also found that nearly half of Europe's total AuM now have committed policies to exclude companies involved in manufacturing certain weapons.

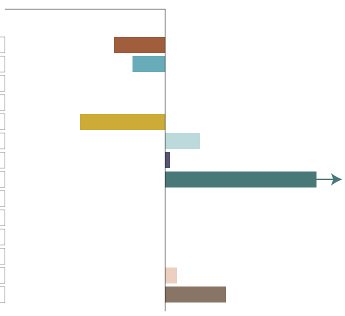
Sustainability Themed Investment

Investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG.

Growth of Sustainability Themed Investments in Europe



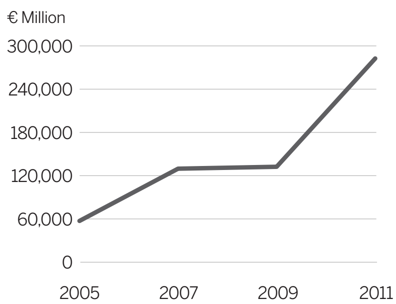
	2009	2011	CAGR
Austria	€129	€56	-33.9%
Belgium	€595	€367	-21.5%
Denmark	€0	€43	-
Finland	€0	€322	-
France	€3,279	€623	-56.4%
Germany	€2,995	€4,523	22.9%
Italy	€987	€1,051	3.2%
Netherlands	€3,324	€19,914	144.8%
Norway	€0	€676	-
Poland	€0	€0	-
Spain	€0	€107	-
Sweden	€0	€396	-
Switzerland	€9,508	€11,079	7.9%
UK	€4,544	€8,932	40.2%



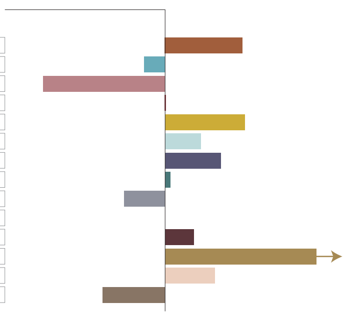
Best-in-Class Investment Selection

Approach where leading or best-performing in- vestments within a universe, category, or class are selected or weighted based on ESG criteria.

Growth of Best-in-Class Investments in Europe



	2009	2011	CAGR
Austria	€1,314	€3,009	51.3%
Belgium	€10,530	€7,834	-13.7%
Denmark	€3,335	€127	-80.5%
Finland	€24,453	€24,798	0.7%
France	€49,406	€115,309	52.8%
Germany	€8,586	€13,115	23.6%
Italy	€1,829	€3,422	36.8%
Netherlands	€1,046	€1,120	3.5%
Norway	€2,093	€1,117	-27.0%
Poland	€0	€13	-
Spain	€1,100	€1,558	19.0%
Sweden	€8,800	€86,134	212.9%
Switzerland	€13,080	€23,093	32.9%
UK	€7,383	€2,559	-41.1%



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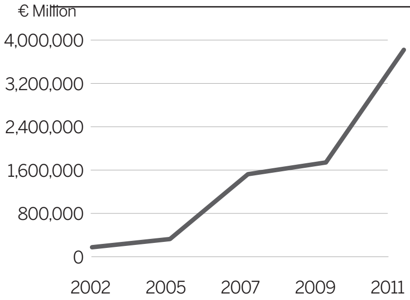
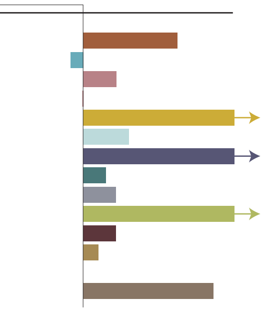
Norms-based Screening

Screening of investments according to their compliance with international standards and norms

Growth of Norms-based Screening Investments in Europe



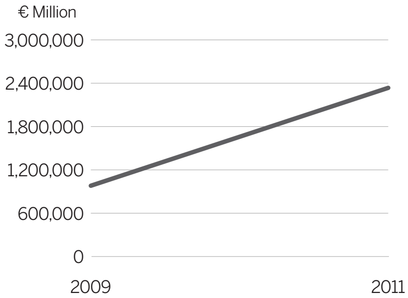
	2009	2011	CAGR
Austria	€1,465	€3,862	62.4%
Belgium	€23,478	€19,744	-8.3%
Denmark	€143,917	€213,906	21.9%
Finland	€62,850	€62,336	-0.4%
France	€17,256	€679,566	527.5%
Germany	€6,616	€11,255	30.4%
Italy	€2,352	€314,248	1056.0%
Netherlands	€125,264	€166,359	15.2%
Norway	€372,056	€550,843	21.7%
Poland	€2	€13	151.2%
Spain	€755	€1,119	21.7%
Sweden	€214,435	€259,346	10.0%
Switzerland	nm	€192	nc
UK	€18,310	€63,520	86.3%



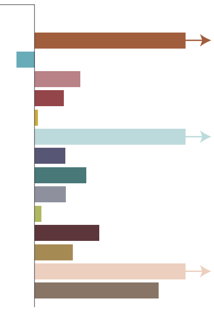
Exclusion of Holdings from Investment Universe

An approach that excludes specific investments or classes of investment from the investible universe such as companies, sectors, or countries.

Growth of Exclusion Investments in Europe



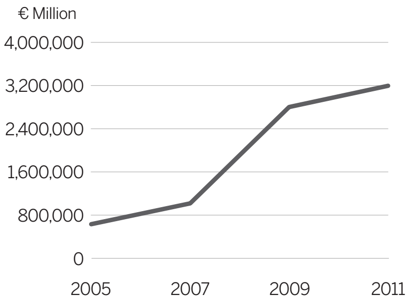
	2009	2011	CAGR
Austria	€1,336	€8,195	147.7%
Belgium	€125,027	€96,736	-12.0%
Denmark	€143,951	€244,227	30.3%
Finland	€58,695	€83,637	19.4%
France	€16,716	€15,975	-2.2%
Germany	€8,893	€618,248	733.8%
Italy	€308,628	€446,790	20.3%
Netherlands	€368,975	€665,108	34.3%
Norway	€378,059	€550,843	20.7%
Poland	€1,076	€1,174	4.5%
Spain	€27,611	€56,226	42.7%
Sweden	€216,052	€339,754	25.4%
Switzerland	€12,107	€429,194	495.4%
UK	€82,307	€273,180	82.2%



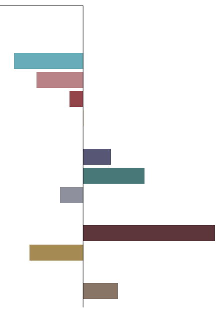
Integration of ESG Factors in Financial Analysis

The explicit inclusion by asset managers of ESG risks and opportunities into traditional financial analysis and investment decisions based on a systematic process and appropriate research sources.

Growth of ESG Integration in Europe



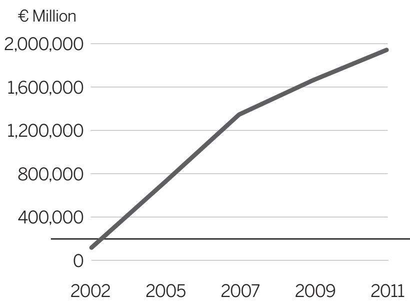
	2009	2011	CAGR
Austria	€0	€108	nc
Belgium	€47,275	€13,830	-45.9%
Denmark	€83,583	€40,027	-30.8%
Finland	€24,963	€20,715	-8.9%
France	€1,800,000	€1,804,781	0.1%
Germany	€0	€11,424	nc
Italy	€317	€446	18.5%
Netherlands	€274,385	€542,156	40.6%
Norway	€32,400	€23,206	-15.4%
Poland	€0	€13	nc
Spain	€2,086	€7,302	87.1%
Sweden	€83,512	€34,897	-35.4%
Switzerland	mn	€7,509	nc
UK	€461,985	€697,692	22.9%



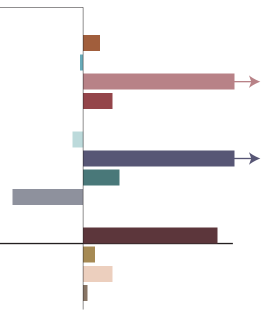
Engagement and Voting on Sustainability Matters

Engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process, seeking to influence behaviour or increase disclosure.

Growth of Engagement and Voting Strategies in Europe



	2009	2011	CAGR
Austria	€963	€1,191	11.2%
Belgium	€20,371	€19,586	-1.9%
Denmark	€41,792	€187,718	111.9%
Finland	€31,551	€44,870	19.3%
France	nm	nm	nc
Germany	€9,190	€7,927	-7.1%
Italy	€317	€18,531	664.1%
Netherlands	€307,487	€472,019	23.9%
Norway	€195,200	€55,652	-46.6%
Poland	€0	€0	nc
Spain	€3,112	€11,094	88.8%
Sweden	€118,760	€137,660	7.7%
Switzerland	€3,461	€4,946	19.5%
UK	€936,269	€989,211	2.8%



Source: Eurosif
bit.ly/SRI_study

Impact Investment

Impact investments are investments made into companies, organizations and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market-to-market rate, depending upon the circumstances.

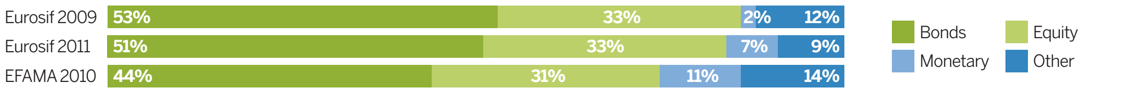
Impact Investment (Thematic, Impact-first)

	Traditional	Responsible	Sustainable	Thematic	Impact-first	Philanthropy
	Competitive returns	Competitive returns	Competitive returns	Competitive returns		
		ESG risk management	ESG risk management	ESG risk management	ESG risk management	
			ESG opportunities	ESG opportunities	ESG opportunities	ESG opportunities
				High-impact solutions	High-impact solutions	High-impact solutions
	Finance Only ←		The New Paradigm			→ Impact Only
Focus	Limited or no focus on ESG factors of underlying investments	Focus on ESG risks ranging from a wide consideration of ESG factors to negative screening of harmful products	Focus on ESG opportunities, through investment selection, portfolio management and shareholder	Focus on one or a cluster of issue areas where social or environmental need creates a commercial growth opportunity for market-rate or market-beating returns	Focus on one or a cluster of issue areas where social or environmental need requires some financial trade-of	Focus on one or a cluster of issue areas where social or environmental need requires some financial trade-of
Examples		• PE firm integrating ESG risks into investment analysis • Ethically screened investment fund	• "Best-in-class" SRI fund • Long-only public equity fund using deep integration of ESG to create additional value	• Clean energy mutual fund • Emerging markets healthcare fund • Microfinance structured debt fund	• Fund providing debt or equity to social enterprises and/or trading charities	

Summary of European Results

Breakdown by Type of Investor

Asset Allocation of SRI in Europe



Drivers of SRI Demand

2010

Demand from institutional investors
International initiatives
External pressure
Demand from retail investors
Legislative drivers

→

2012

Demand from institutional investors
Legislative drivers
International initiatives
External pressure
Demand from retail investors

Market Growth by Strategy

Europe (14 countries) €Mn	2009	2011	CAGR
Sustainability Themed	€25,361	€48,090	37.7%
Best In Class/Positive Screen	€132,956	€283,206	45.9%
Norms-based Screening	€988,756	€2,346,308	54.0%
Exclusions	€1,749,432	€3,829,287	47.9%
Engagement/Voting	€1,668,473	€1,950,406	8.1%
Integration	€2,810,506	€3,204,107	6.8%

UK Legal Framework for SRI

Name	Affects	Type	Introduced by	Date Introduced	Description
The Occupational Pension Schemes (Investment) Regulations 2005 – regulation 2(3) (and equivalent for stakeholder pensions and charities)	Occupational Pension Funds (and subsequently stakeholder pensions and charities)	Regulation (secondary legislation)	UK Parliament	1999 (in force = 2000; regulation republished 2005)	Requires occupational pension funds to disclose their responsible investment policy in their 'statement of investment principles.' This requirement was subsequently extended to 'stakeholder' pension products and to charity investors.
Companies Act	Companies	Act (primary legislation)	UK Parliament	2006	Directors' duties; business review (corporate reporting); non-binding vote on remuneration report, etc.
	Institutional investors	Act (primary legislation enabling implementation by regulation)	UK Parliament	2006, but not yet brought into force	Disclosure of voting records. Act enables the measure to be introduced by regulation; currently no plan to do this.
UK Corporate Governance Code	Companies, particularly listed companies	Voluntary code	Financial Reporting Council (UK financial reporting regulator)	Latest: 2010 (2012 version expected; consultation closed) 2012 (additions on diversity, incl. gender)	See "The UK Approach to Corporate Governance" (Financial Reporting Council, October 2010)
	UK listed companies	Listing rules	UK Listing Authority (UKLA), a division of the Financial Services Authority	1994	Listing rules require disclosure of compliance on 'comply or explain' basis.
UK Stewardship Code	Asset managers, asset owners and service providers	Voluntary code	Financial Reporting Council (UK financial reporting regulator)	2010	Good practice standards on engagement with companies, including associated issues such as conflicts of interest and reporting.
	UK-regulated asset managers	Financial Services Authority Handbook (rules set by financial services regulator)	Financial Services Authority (UK financial services regulator)	2010	Mandatory disclosure of commitment to the Stewardship Code on 'comply or explain' basis.
"Charities and investment Matters" (CC14)	Charities	Guidance	Charity Commission (UK charities regulator)	2011	Guidance across the spectrum of potential investment approaches, including on ESG risks, mixed motive investing and programme- related investments.

UK PRI Signatories by Category

Signatory Category	Summer 2010	Summer 2012	% Increase
Asset Manager	57	84	47%
Asset Owner	22	28	27%
Professional Service Provider	26	27	24%

Source: Eurosif
bit.ly/SRI_study

ASSET OWNERS

- ● (copper) UNPRI signatories
- ● (teal) UK's largest pensions funds/ UNPRI signatories from Investment managers

	UNPRI signatories	UK's largest pensions funds/ UNPRI signatories from Investment managers
BBC Pension Trust	●	●
BP Pension Fund	●	●
BT Pension Scheme	●	●
Church of England National Investing Bodies	●	●
Environment Agency Pension Fund	●	●
Lloyds Banking Group	●	●
London Borough of Haringey Pensions Committee	●	●
London Pension Fund Authority Pension Fund	●	●
Lothian Pension Fund	●	●
Marks & Spencer Pension Scheme	●	●
Merseyside Pension Fund	●	●
North East Scotland Pension Fund	●	●
Northern Ireland Local Government Officers Superannuation Fund	●	●
Pension Protection Fund	●	●
Pensions Trust	●	●
Railways Pension Trustee Company Limited	●	●
Royal Mail Pension Plan	●	●
Shell Contributory Pension Fund	●	●
Strathclyde Pension Fund	●	●
UNISON Staff Pension Scheme	●	●
Universities Superannuation Scheme	●	●
West Midlands Pension Fund	●	●
Alliance Trust PLC	●	
Associated British Foods DB Sections		●
Astra Zeneca UK Pension Fund		●
Aviva Staff Pension Scheme		●
Avon Pension Fund		●
AXA UK plc Group Pension Scheme		●
BA New Airways Pension Scheme		●
BAA Pension Scheme		●
BAE Systems Pension Scheme		●
Bank of England Pension Fund		●
Barclays Bank UK Retirement Fund		●
BMW (UK) Holdings Operations Pension Scheme		●
Boc Pension Scheme		●
Boots Pension Scheme		●
British Airways Pension Scheme		●
British Coal Staff Superannuation Scheme		●
British Energy Generation Group of ESPS		●
British Steel Pension Scheme		●
Cable & Wireless Superannuation Fund		●
CDC Group	●	
Cheshire Pension Fund		●
Civil Aviation Authority Pension Scheme		●
Co-operative Group Pension Scheme		●
Derbyshire County Council Pension Scheme		●
Devon County Council Pension Fund		●
Diageo Pension Scheme		●
EDF Energy Group Of The Electricity Supply Pension Scheme		●
Electricity Supply Pension Scheme		●
ESPS Pension Scheme		●
Exel Retirement Plan DHL Retirement Plan		●
Firstgroup Pension Schemes		●
Ford Motor Co Hourly Paid Contributary Pension Fund		●
Ford Motor Co Ltd Salaried Pension Fund		●
G.E.C 1972 Plan		●
GKN Group Pension Scheme		●
Greater Manchester Pension Fund		●
Group of the Electricity Supply Pension Scheme		●
GSK Pension Schemes		●
Hampshire County Council Pension Fund		●
HBOS Final Salary Pension Scheme		●
Hertfordshire Local Government Pension Fund		●
HSBC Bank UK Pension Scheme		●
IBM Pension Plan/IBM IT Solutions Pension Scheme		●
Imperial Chemical Industries		●
Imperial Tobacco Pension Fund		●
Invensys Pension Scheme		●
ITV Pension Scheme		●
J.Sainsbury Pension & Death Benefit Scheme		●
Jaguar Landrover Jaguar Pension Plan		●
John Lewis Partnership Trust For Pensions		●
Joseph Rowntree Charitable Trust	●	
Kent County Council Superannuation Fund		●
Lafarge UK Pension Plan		●
Lancashire County Pension Fund		●
LankellyChase Foundation	●	
Leicestershire County Council Pension Fund		●
Merchant Navy Officers Pension Fund		●
Mineworkers Pension Scheme		●
Mmc UK Pension Fund		●
National Employment Savings Trust (NEST)	●	
National Grid UK Pension Scheme		●
Nestle UK		●
Network Rail Section Of The Railways Pension Scheme		●
NHS & Scottish Teachers Superannuation Schemes		●
Norfolk Pension Fund		●
Nottinghamshire County Council Pension Fund		●
Old Mutual	●	
Pension Services		●
Philips Pension Fund		●
Polden Puckham Charitable Foundation	●	
Prudential Plc Defined Benefit Scheme		●
RBS Group Pension Fund		●
Reed Elsevier pension Scheme		●
Rolls-Royce Pension Fund		●
Royal & Sun Alliance Group Pension Scheme		●
RWE npower Group Defined Benefit Scheme		●
SAL Pension Scheme		●
Scottish and Newcastle Pension Fund		●
Scottish Power Pension Scheme		●
Shell Contributory Pension Fund		●
South Yorkshire Pension Fund		●
Staffordshire Pension Fund (LGPS)		●
Teesside Pension Fund		●
Tesco Plc Pension Scheme		●
TfL Pension Fund		●
Total UK Pension Plan		●
TRW Pension Scheme		●
Tyne & Wear Pension Fund		●
Unilever UK Pension Fund		●
West Yorkshire Pension Scheme		●
Zurich Financial Services UK Pension Scheme		●

INVESTMENT MANAGERS

- UNPRI signatories
- EIRIS-graded
- UKSIF members
- Baseline membership of IMA

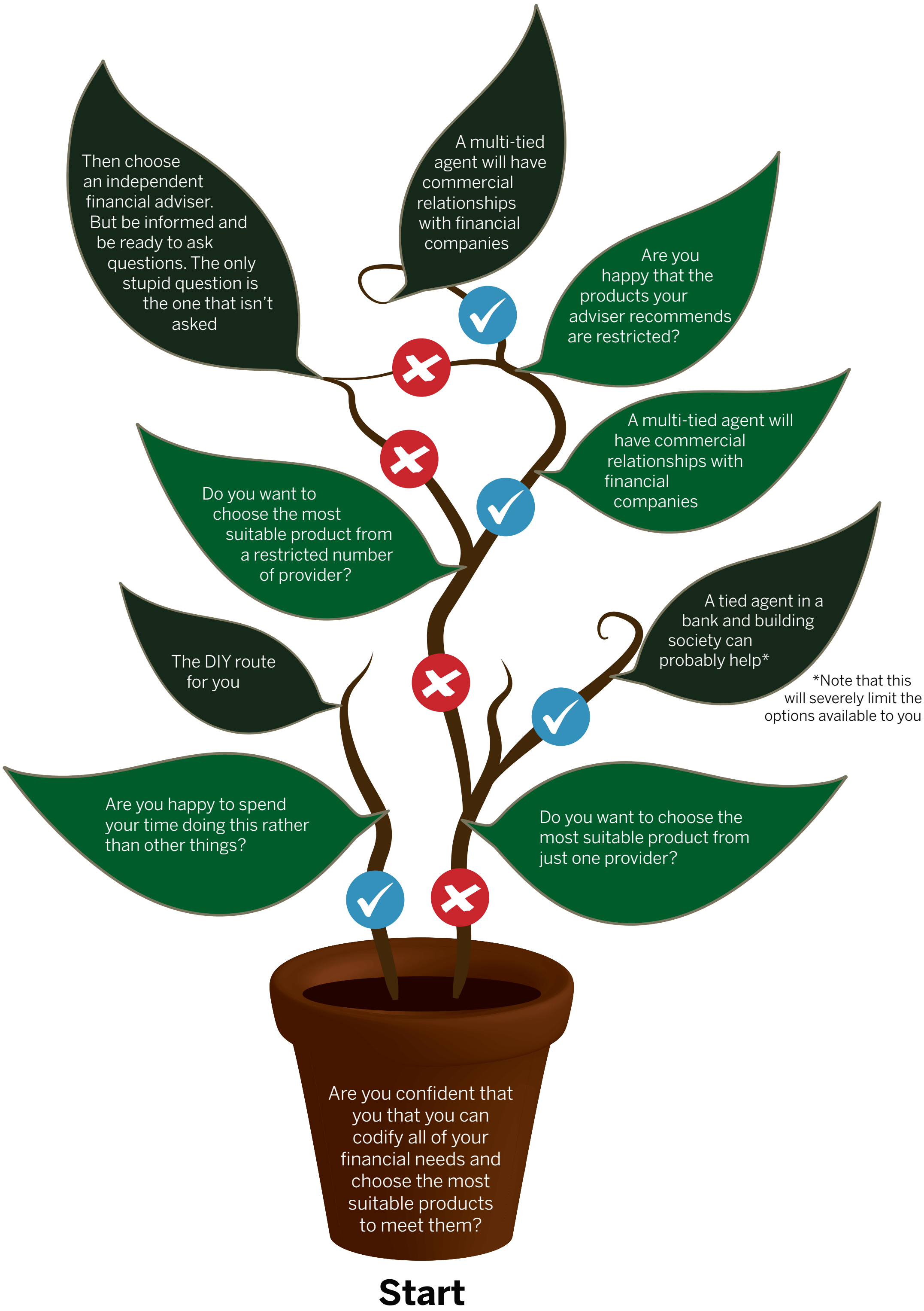
In 2011 we asked our panel of ethical IFAs which of these ethical fund providers they use most frequently.

Investment manager	UNPRI signatories	EIRIS-graded	UKSIF members	Baseline membership of IMA	%
Aberdeen Asset Management		●	●	●	35%
AXA Investment Managers		●	●	●	9%
Ecclesiastical		●	●	●	57%
F&C Asset Management		●	●	●	52%
Henderson		●	●	●	52%
Impax Asset Management Group		●	●	●	22%
Jupiter Asset Management		●	●	●	57%
Kames Capital		●	●	●	78%
Legal & General Investment Management		●	●	●	13%
Premier Asset Management		●	●	●	4%
Rathbone Unit Trust Management		●	●	●	30%
Schroder Investment Management		●	●	●	
Standard Life Investments		●	●	●	39%
Alliance Trust Asset Management	●			●	
Aviva Investors		●	●		44%
Baillie Gifford and Co			●	●	
Blackrock Investment Management		●		●	
CCLA Investment Management			●	●	
Cheviot Asset Management		●	●		4%
CIS		●		●	
First State Investments		●		●	26%
Friends Life Investments			●	●	
Generation Investment Management LLP			●	●	
Guinness Asset Management		●		●	
Hermes			●	●	
HSBC Global Asset Management		●		●	4%
Insight Investment			●	●	
Marks & Spencer		●		●	
Marlborough Fund Managers		●		●	4%
Neptune Investment Management		●		●	4%
Newton Investment Management			●	●	
Old Mutual	●			●	
Pictet Asset Management			●	●	22%
Prudential		●		●	
RCM			●	●	
Royal London Asset Management		●		●	4%
Sarasin & Partners LLP			●	●	
Scottish Widows		●		●	4%
Skandia Investment Management		●		●	
SVM Asset Management		●		●	
SWIP Fund Management		●		●	
Threadneedle Asset Management			●	●	
Tokio Marine Asset Management (London)		●		●	
UBS		●		●	
Aberforth Partners LLP				●	
Absolute Return Partners LLP				●	
Active Earth Investment Management			●	●	
Aerion Fund Management				●	
AllianceBernstein				●	
Allianz Global Investors				●	
Architas Multi-Manager				●	
Armstrong Asset Management			●		
Artemis Fund Managers				●	
Artisan Partners				●	
Ashmore Investment Management				●	
Auriel Capital Management			●		
BAE SYSTEMS Pension Funds Investment Management				●	
Barclays				●	
Baring Asset Management				●	
Bedlam Asset Management				●	
Beetle Capital			●		
Belgrave Captial Management				●	
BNP Paribas Investment Partners				●	
BNY Mellon Asset Management International				●	
BP Investment Management				●	
Brewin Dolphin				●	
Bridges Ventures			●		
Broadstone Pensions & Investments				●	
Brookfield Investment Management				●	
Brooks MacDonald Asset Management				●	
Brown Shipley				●	
Calamos International LLP				●	
Canada Life Asset Management				●	
Capita CF 7IM Sustainable Balance Fund		●			
Capita Financial Managers				●	
Capital International				●	
Carvetian Capital Management				●	
Cavendish Asset Management				●	
Cazenove Capital Management				●	
CDC Group	●				
City of London Investment Company				●	
Clerical Medical Ethical Fund		●			
Close Asset Management				●	
Co-operative Asset Management				●	26%
Consistent Unit Trust Management Company				●	
Courtiers Investment Services				●	
Daiwa Fund Asset Services				●	
DB PWM Collective Management				●	
Dimensional Fund Advisors				●	
Discretionary Unit Fund Managers				●	
Earth Capital Partners LLP			●		
Edinburgh Partners				●	
EFG Asset Management				●	
Epworth Investment Management			●		
Equitix			●		
Family Charities Ethical Trust		●			
Family Investment Management				●	
Fidelity Investment Management			●		
Fischer Francis Trees & Watts				●	
Fleming Family & Partners				●	
Foresight Group			●		
Franklin Templeton				●	
Friends Provident		●			
FundQuest				●	
GAM				●	
Genesis Investment Management LLP				●	4%

Alquity Investment Management
Amber Infrastructure
Amundi
Governance for Owners LLP
Halifax Ethical Fund
HartHill
Hazel Capital LLP
HBOS Investment Fund Managers
Homeowners Friendly Society
Host Capital
Hume Capital Management
Hunter Hall International
IFDS Managers
IFSL Impax Environmental Leaders Fund
Ignis Asset Management
IM WHEB Sustainability Fund
Independent Franchise Partners LLP
ING Investment Management
Ingenious Capital Management
Invesco Perpetual
Investec Asset Management
Investment Fund Services
J O Hambro Capital Management Group
Janus Capital International
Jessop Fund Managers
Joseph Rowntree Charitable Trust
JP Morgan Asset Management
King and Shaxson
Kleinwort Benson Investors
Lazard Asset Management
Legg Mason Investments Funds
Lincoln Green Life Fund
Liontrust Fund Partners
Living Planet Fund Management
Lloyds Banking Group
Ludgate Environmental
M & G Securities
Majedie Asset Management
MAM Funds
Manek Investment Management
Margetts Fund Management
Martin Currie Unit Trusts
Matrix Money Management
Maybank MEACP
Merrill Lynch Portfolio Managers
MFS International
Mirabaud Investment Management
Momentum Global Investment Management
Mondrian Investment Partners
Morgan Stanley Investment Management
National Employment Savings Trust (NEST)
Natixis Global Asset Management (NGAM)
Neuberger Berman Europe
NFU Mutual Insurance Society
Nikko Asset Management Europe
Nomura Asset Management
Northern Trust Global Investments (Europe)
Octopus Investments
Odey Asset Management LLP
Oppenheim & Co.
Orbis Portfolio Management Europe
Origin Asset Management

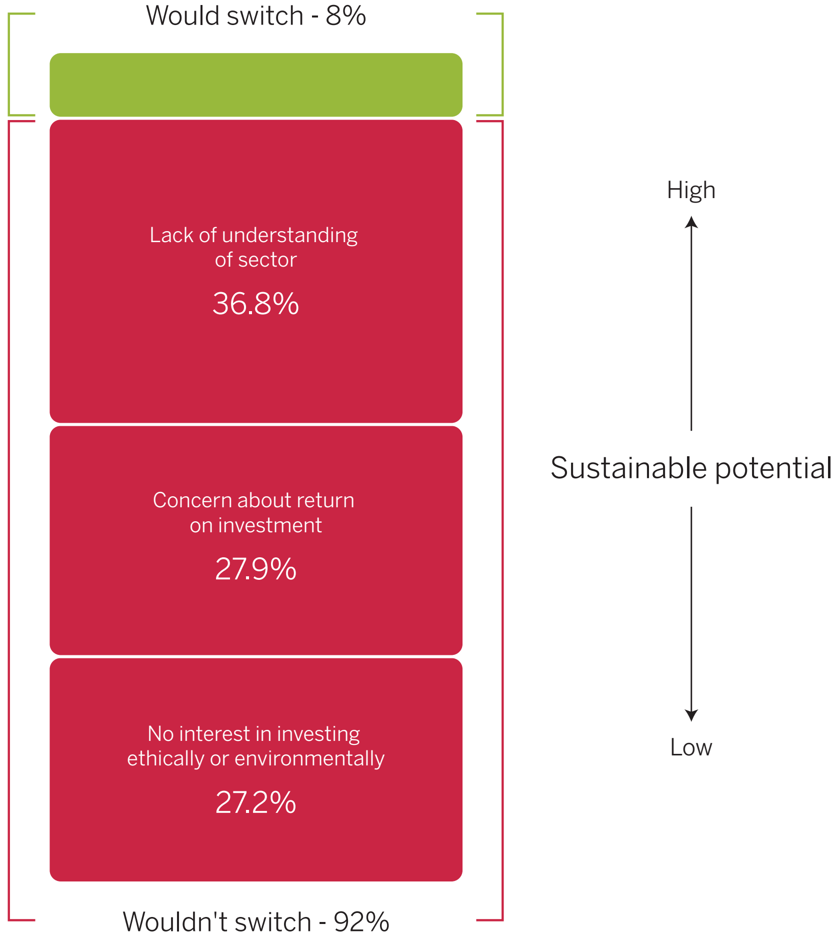
GLG Partners
Goldfield Partners
Goldman Sachs Asset Management International
Osmosis Investment Management
P- Solve Investments
PIMCO Europe
Pioneer Global Investments
Polar Capital LLP
Polden Puckham Charitable Foundation
Principal Global Investors (Europe)
PSigma Unit Trust Managers
Putnam Investments
Pyrford International
QIC European Investment Services
Quadris Environmental Fund 17%
R C Brown Investment Management
Railpen Investments
RBS Collective Investment Funds
Real Life Fund
Record Currency Management
Reed Elsevier Pension Investment Management
Rothschild Private Fund Management
Ruffer
Russell Investment Group
RWC
Sand Aire
Santander Asset Management
Scottish Friendly Asset Managers
Scottish Life Ethical Fund
SEI Investments (Europe)
Sharefunds
Skagen AS
SLFC Assurance Company
SMARTfund Administration
Smith & Williamson Investment Management
Sovereign Ethical Fund
St James's Place Unit Trust Group
State Street Global Advisors
T. Bailey Asset Management
T. Rowe Price International
Thames River Capital
The LankellyChase Foundation
Triodos
Troy Asset Management
Truestone Asset Management
TwentyFour Asset Management
Union Bancaire Privée (London Branch)
Vanguard Asset Management 4%
Veritas Asset Management
Virgin Climate Change Fund
Virgin Money Management Services
Walter Scott & Partners
WAY Fund Managers
Wellington Management International
Wesleyan Unit Trust Managers
WHEB Asset Management 17%
Williams de Broe

DO YOU NEED FINANCIAL ADVICE?



WOULD YOU CONSIDER ETHICAL INVESTMENT?

We also asked 5,104 private investors whether they would be willing to switch to more ethical or environmental investing – and if not, why?



YourEthicalMoney.org

The one-stop-shop for green and ethical finance

- Learn about how and where your money is invested
- Search for green and ethical financial products
- Find out how you can help make finance more sustainable

Five easy tips on how to give your finances an ethical makeover

1. **Switch your current account** to an ethical bank that only finances business and organisations which benefit both people and planet
2. **Invest in a nicer ISA** which supports dynamic green technologies whilst generating a healthy return
3. **Swap your credit card** for one that raises money for good causes every time you spend
4. **Go for a greener mortgage or insurance policy** and offset some of the carbon emissions produced by your home
5. **Visit www.YourEthicalMoney.org** to find out how you can make a positive difference with your money

Banking | Investments & ISAs | Pensions | Insurance | Mortgages | Credit Cards | Student Finance | Child Trust Funds

IFAs

- B&GT FOUNDING SUPPORTERS
- ETHICAL INVESTMENT ASSOCIATION (EIA) MEMBERS
- UK SUSTAINABLE INVESTMENT AND FINANCE ASSOCIATION (UKSIF) MEMBERS

Firm: Barchester Green
Phone: 0800 328 6818
Website: barchestergreen.co.uk
Email: info@barchestergeen.co.uk

Firm: Bromige
Phone: 01342 826 703
Website: bromige.co.uk
Email: invest@bromige.co.uk

Firm: Ethical Futures
Phone: 0845 612 5505
Website: ethicalfutures.co.uk
Email: invest@ethicalfutures.co.uk

Firm: Equity Invest
Phone: 020 8879 1273
Website: equityinvest.co.uk
Email: advice@equityinvest.co.uk

Firm: The Ethical Partnership
Phone: 08456 123 411
Website: www.the-ethical-partnership.co.uk
Email: jeremyn@the-ethical-partnership.co.uk

Firm: The GAEIA Partnership
Phone: 0161 434 4681
Website: gaeia.co.uk
Email: office@gaeia.co.uk

Firm: Investing Ethically
Phone: 01603 309020
Website: investing-ethically.co.uk
Email: contactus@investing-ethically.co.uk

Firm: Lighthouse Impact
Phone: 01332 517 120
Website: ethicalinvestments.uk.com
Email: arawal@lighthouseifa.com

Firm: Smythe & Walter chartered financial planners
Phone: 020 7887 1989
Website: smytheandwalter.co.uk
Email: lee@smytheandwalter.co.uk
ben@smytheandwalter.co.uk

Firm: Stewart Investment Planning
Phone: 01275 371900
Website: stewartinvestmentplanning.co.uk
Email: sip@stewartinvestmentplanning.co.uk

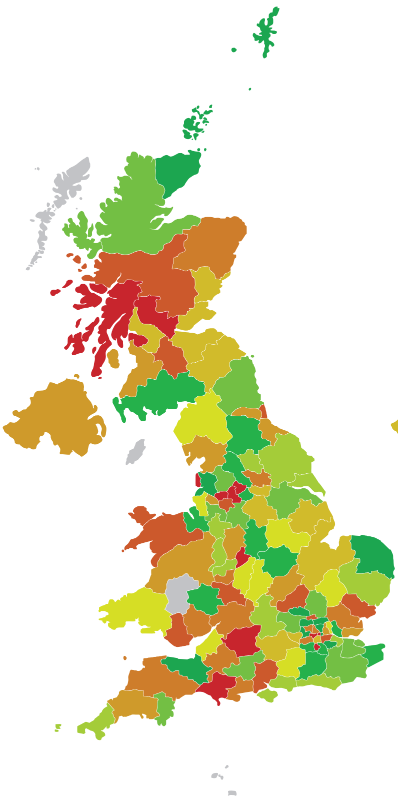
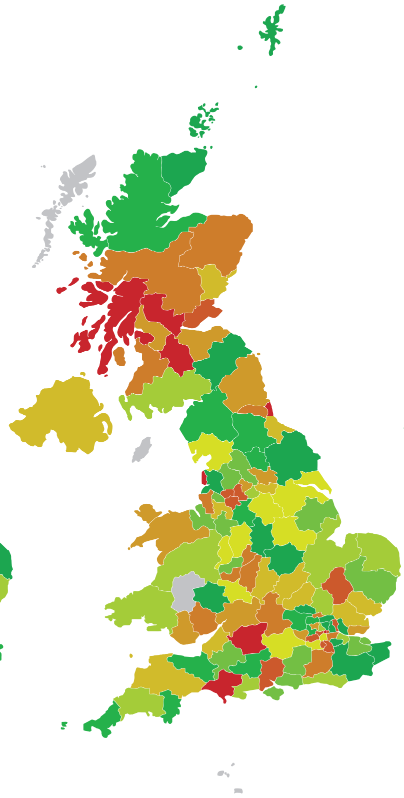
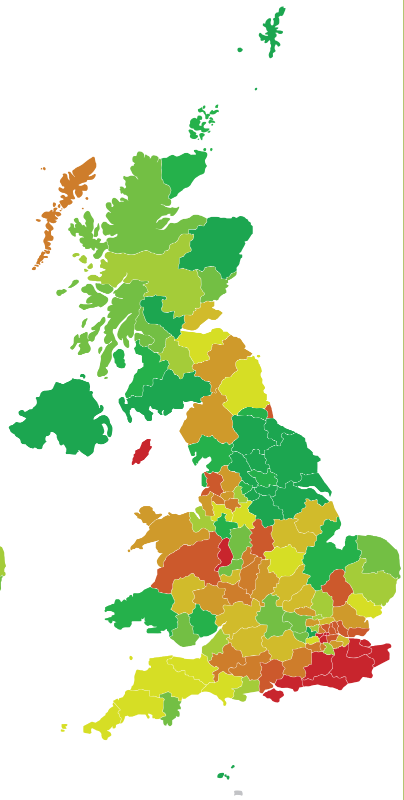
Abbott and Booth Ethical Financial Planning
Ashlea Financial Planning
Aspen Financial Services
Barry Brown (adviser)
Chris Broome (adviser)
Cockburn Lucas Independent Financial Consulting
Colm McMenamin (adviser)
Concept Financial Solutions
Ethical Financial Planning
Ethical Investors Group
Ethikos LLP
Finansec Green
Graham Walton (adviser)
Highcliffe Financial Management
Holden and Partners
Ian Green (adviser)
Independent Insurance Consultants
Interface Financial Planning
Keith Lamley (adviser)
Kingswood Consultants
Life Financial Planning
MAD Investing
Platinum (SRI) Financial Services
Prest Financial Services
Profit with Principle
Revelstone Financial Planning
Richard Essex (adviser)
Robin Keyte (adviser)
Robin Wood (adviser)
Sarah Del Bravo (adviser)
Sean Harris
Southgate Financial Services limited
Stacey Johnson
Syndaxi Chartered Financial Planners
T F Colby Associates
Tanya Pein
The Ethical Investment Co-operative
The Financial Planning Group
Virtuo Wealth Management

Alex Farrow
Baker Davies
Cotswold Financial Planning
David Lloyd Hudson
GEOCAPITA
Helm Godfrey Partners
Heron House Financial Management
Hettle Andrews Employee Benefits
KEYTE Ltd, Chartered Financial Planners
Newell Palmer Financial Planning
Oliff Associates
Peter Dracup
Principal & Prosper
The Ethical Investment Co-operative (North West)

ETHICAL POSTAL AREA

Bottom 10% — Top 10% — Insufficient data

Percentage of financial advisers that offer ethical investment as a specialism	Percentage of firms that offer ethical investment as a specialism	Percentage of investors who invest in ethical or green stocks and shares

	Financial advisers	Firms	Investors
Highest %	London (EC)- 28.5%	Lerwick (ZE)- 33.3%	Hull (HU)- 55.2%
Lowest %	Paisley (PA)- 1.2%	Dorchester (DT)- 2.0%	London (EC)- 18.2%

Consistent performers

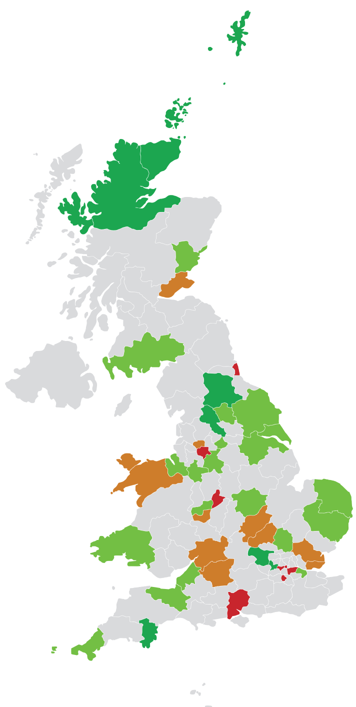
- Postcode areas which feature in the top 30% in all three maps above
- Postcode areas which feature in the top 50% in all three maps above
- Postcode areas which feature in the bottom 50% in all three maps above
- Postcode areas which feature in the bottom 30% in all three maps above

Bradford (BD)
Darlington (DL)
Hemel Hempstead (HP)
Inverness (IV)
Kirkwall (KW)
Torquay (TQ)
Southall (UB)
Lerwick (ZE)

Bristol (BS)
Chester (CH)
Crewe (CW)
Dartford (DA)
Doncaster (DN)
Dumfries (DG)
Dundee (DD)
Harrogate (HG)
Huddersfield (HD)
Hull (HU)
Ipswich (IP)
Leicester (LE)
Norwich (NR)
Stevenage (SG)
Stockport(SK)
Swansea (SA)
Taunton (TA)
Truro (TR)
Wolverhampton (WV)
York (YO)

Bolton (BL)
Chelmsford (CM)
Dudley (DY)
Gloucester (GL)
Kirkcaldy (KY)
Llandudno (LL)
Milton Keynes (MK)
Northampton (NN)
Swindon (SN)
Southend-on-Sea (SS)

Manchester (M)
London SE (SE)
Sutton (SM)
Sunderland (SO)
London W (W)
London WC (WC)
Walsall (WS)



FUND REVIEW INFOGRAPHIC

A blue mark indicates that a fund has a policy which addresses a particular issue. This might indicate that it avoids investment in certain 'negative' areas, such as weapons or tobacco manufacturers, or it may indicate that it focuses investment on 'positive' investment criteria, such as a company having a good record on human rights or climate change. The marks are provided as an initial indicator only.

	Sextet of sin						Negative criteria					Positive criteria					
Fund	Alcohol	Gambling	Military/Armaments	Nuclear power	Pornography	Tobacco	Animal testing (pharma)	Animal testing (cosmetics)	Genetic engineering	Intensive farming	Non-sustainable timber	Climate change	Environment	Equal opportunities	Human rights	Positive business focus	Shariah Law
Aberdeen Ethical World Fund	●	●	●	●	●	●	●	●					●	●	●	●	
Aberdeen Responsible UK Equity	●	●	●		●	●							●		●		
Allianz RCM Global Eco Trends												●	●			●	
Aviva Investors Sustainable Future Absolute Growth	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Aviva Investors Sustainable Future Corporate Bond Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Aviva Investors Sustainable Future European Growth Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Aviva Investors Sustainable Future Global Growth Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Aviva Investors Sustainable Future Managed Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Aviva Investors Sustainable Future UK Growth Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Aviva Investors UK Ethical Equity Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Axa Ethical Distribution Fund		●	●	●	●	●	●	●		●	●		●		●		
BlackRock New Energy Investment Trust plc												●					
Capita CF 7IM Ethical Fund			●	●		●			●								
Cheviot Climate Assets Fund	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	
CIS Corporate Bond Income Trust			●	●		●		●	●	●		●	●		●	●	
CIS FTSE4Good Tracker Fund			●	●		●		●	●	●		●	●		●	●	
CIS Sustainable Diversified Trust			●	●	●	●		●	●	●		●	●		●	●	
CIS Sustainable Leaders Trust	●	●	●	●	●	●		●	●	●		●	●	●	●	●	
CIS Sustainable World Trust			●	●	●	●		●	●	●		●	●		●	●	
CIS UK Growth Trust			●	●				●	●	●		●	●		●	●	
CIS UK Income with Growth			●	●				●	●	●		●	●		●	●	
Clerical Medical Ethical Fund		●	●	●	●	●		●			●	●	●		●		
Ecclesiastical Amity European Fund	●	●	●		●	●		●		●		●	●		●	●	
Ecclesiastical Amity International Fund	●	●	●		●	●		●		●		●	●		●	●	
Ecclesiastical Amity Sterling Bond Fund	●	●	●		●	●		●		●		●	●		●	●	
Ecclesiastical Amity UK Fund	●	●	●		●	●		●		●		●	●	●	●	●	
F&C Ethical Bond Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
F&C Stewardship Growth Fund	●	●	●	●	●	●	●	●				●	●	●	●	●	
F&C Stewardship Income Fund	●	●	●	●	●	●	●	●				●	●	●	●	●	
F&C Stewardship International Fund	●	●	●	●	●	●	●	●				●	●	●	●	●	
Family Charities Ethical Trust	●		●			●		●		●	●		●		●		
First State Asia Pacific Sustainability Fund												●	●		●		
Friends Provident Stewardship Income Life Fund	●	●	●	●	●	●	●	●				●	●	●	●	●	
Friends Provident Stewardship Income Pension Fund	●	●	●	●	●	●	●	●				●	●	●	●	●	
Friends Provident Stewardship International Life Fund	●	●	●	●	●	●	●	●				●	●	●	●	●	
Friends Provident Stewardship Life Fund	●	●	●	●	●	●	●	●				●	●	●	●	●	
Friends Provident Stewardship Managed Life Fund	●	●	●	●	●	●	●	●				●	●	●	●	●	
Friends Provident Stewardship Managed Pension Fund	●	●	●	●	●	●	●	●				●	●	●	●	●	
Friends Provident Stewardship Pension Fund	●	●	●	●	●	●	●	●				●	●	●	●	●	
Friends Provident Stewardship Safeguard Optimiser Fund	●	●	●	●	●	●	●	●				●	●	●	●	●	
Guinness Alternative Energy Fund												●	●				
Halifax Ethical Fund	●	●	●	●	●		●	●				●	●		●	●	
Henderson Global Care Growth Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Henderson Global Care Managed Fund	●	●	●	●	●	●		●	●		●	●	●	●	●	●	
Henderson Global Care UK Income Fund	●	●	●	●	●	●		●	●		●	●	●	●	●	●	

A blue mark indicates that a fund has a policy which addresses a particular issue. This might indicate that it avoids investment in certain 'negative' areas, such as weapons or tobacco manufacturers, or it may indicate that it focuses investment on 'positive' investment criteria, such as a company having a good record on human rights or climate change. The marks are provided as an initial indicator only.

	Sextet of sin						Negative criteria					Positive criteria					
	Alcohol	Gambling	Military/Armaments	Nuclear power	Pornography	Tobacco	Animal testing (pharma)	Animal testing (cosmetics)	Genetic engineering	Intensive farming	Non-sustainable timber	Climate change	Environment	Equal opportunities	Human rights	Positive business focus	Shariah Law
Henderson Industries of the Future Fund	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	
Homeowners Friendly Society FTSE4Good Fund			●	●		●							●		●		
HSBC Amanah Global Equity Index Fund	●	●	●		●	●											●
IFSL Impax Environmental Leaders Fund													●				
IM WHEB Sustainability Fund												●	●				
Impax Environmental Markets (Ireland) Fund												●	●				
Impax Environmental Markets plc												●	●				
Jupiter Ecology Fund	●	●	●	●	●	●		●	●				●			●	
Jupiter Environmental Income Fund			●	●		●		●					●			●	
Jupiter Green Investment Trust PLC													●			●	
Kames Ethical Cautious Managed Fund	●	●	●	●	●		●	●	●	●		●	●		●		
Kames Ethical Corporate Bond Fund	●	●	●	●	●	●	●	●	●	●		●	●		●		
Kames Ethical Equity Fund	●	●	●	●	●	●	●	●	●	●		●	●		●		
Legal & General Ethical Pension Fund		●	●		●	●	●	●		●	●	●	●		●		
Legal & General Ethical Trust	●	●	●		●	●	●	●		●	●	●	●		●		
Lincoln Green Life Fund	●	●	●	●	●	●		●	●				●			●	
Ludgate Environmental													●				
Marks & Spencer Ethical Fund								●					●		●	●	
Marlborough Ethical Fund	●	●	●		●								●	●	●		
Neptune Green Planet Fund	●	●	●		●	●				●			●	●		●	
Premier Ethical Fund	●	●	●		●	●		●					●		●		
Prudential Ethical Trust			●		●	●			●				●	●	●		
Quadris Environmental Fund											●		●				
Rathbone Ethical Bond Fund	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	
Real Life Fund	●	●	●		●	●		●					●		●	●	
Royal London Ethical Bond Trust	●	●	●		●	●		●					●		●		
Schroders Global Climate Change Fund											●	●	●			●	
Scottish Life UK Ethical Fund			●	●		●		●	●	●	●	●	●	●	●	●	
Scottish Widows Environmental Investor Fund				●		●	●	●	●	●	●	●	●				
Scottish Widows Ethical Fund	●	●	●	●	●	●		●					●		●	●	
Skandia Ethical Fund	●	●	●	●	●	●	●	●					●	●	●	●	
Sovereign Ethical Fund	●	●	●	●		●							●		●	●	
Standard Life Ethical Corporate Bond Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Standard Life Ethical Life Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Standard Life European Equity Ethical Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Standard Life UK Ethical Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Standard Life UK Pension Ethical Fund	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
SVM All Europe SRI Fund	●	●	●		●	●	●	●			●		●	●	●		
SWIP Global SRI Fund			●	●			●	●	●	●	●	●	●			●	
SWIP Islamic Global Equity Fund	●	●	●			●											●
SWIP Pan-European SRI Equity Fund													●	●	●	●	
Triodos EIS Green Fund												●	●				
UBS (Lux) Islamic Global Equities Fund		●	●		●	●											●
Virgin Climate Change Fund								●									

Source: yourethicalmoney.org/investments

UK GRL - Cornwall is one of the UK's most popular destinations with lots to offer. Visit the Eden project, the Lost Gardens of Heligan or watch a performance at the Minack theatre, and why not try a traditional Cornish pasty.

France – F6337 – Whether you prefer to stay in a popular town or in a remote rural location you will find a great selection of villas and gites. Visit this beautiful region of France where you will find many reasons why you will want to come back.

Italy – TA049 – Centrally located Tuscany is set within a gentle hilly region known for its vineyards and olive groves. Therefore stay in a rustic farmhouse or a cosmopolitan town house and enjoy the Mediterranean fayre and of course the wine.

AND FINALLY...

EVERY YEAR INVESTORS, ADVISERS, FUND MANAGERS, THE LEADING INDUSTRY BODIES AND MEDIA HAVE COME TOGETHER FOR NATIONAL ETHICAL INVESTMENT WEEK. A WEEK MAY BE A LONG TIME IN POLITICS, BUT IT'S A TRAGICALLY BRIEF PERIOD TO EXPLORE ALL THE ISSUES. BUT THE WEEK IS JUST THE START.

Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning", to quote one maverick and brilliant wartime leader. Over the last five years, NEIW has allowed us to pause and reflect on alternative investment strategies that minimise harm to the planet and people, but also deliver a profit. Just not at any cost. As with Fairtrade Fortnight and Move Your Money Month, this period of focus is not just an arbitrary promotional event. Instead, it allows organisations with small dedicated teams and limited financial resources to punch above their weight.

The week really is just the end of the beginning. We are engaged in a war of sorts and we're the smaller side. The overwhelming forces of profiteering unethical investment don't want an enlightened investor population to question the long-term outcome of values-free investment strategies. These forces, consisting of supposedly impartial media, funds, advisers and individuals, argue that astute investors always maximise profit, whatever the cost. Their investments are at war with society and the environment in a rapacious pursuit of profit.

We disagree with their worldview. The planet and people matter, too. There is no plan(et) B.

Four simple things that you can do

➤ **Read our free finance guides**

- The Guide to Sustainable Investment 2012
- The Guide to Sustainable Banking 2012

➤ **Register for our weekly newsletter,** which will quickly keep you up-to-date on the latest developments and thinking on sustainable investment, clean energy, responsible tourism and ethical retail (link)

➤ **Do your own research.** Your Ethical Money (part of EIRIS), Worldwise Investor (tied to adviser Holden & Partners) offer specialist ethical investment information. Interactive Investor, FE Trustnet and Morningstar all allow you explore ethical funds. The Sun recommends reading Blue & Green Tomorrow!

➤ **Speak to your financial adviser or wealth manager** about sustainable investment, your values and where you would like to draw a line on what you will invest in. If they sigh, roll their eyes or try and out you off then take a look at the long list of specialist ethical advisers in our Guides (p52 of this tome). All of whom will be more knowledgeable and sympathetic to your beliefs and values

If you want to seriously profit from investment you need to work on it and pay close attention. If you're going to pay that close attention then seeking out the sustainable options isn't that much extra work. If you trust your money to someone else, get them to do the work for you.

coming soon

november 2012

december 2012

Ethical Shopping In the build up to the busiest shopping period of the year, we explore what to buy for family and friends without costing the Earth
Responsible Media Post-Leveson ,what does a media landscape look like that informs, educates and entertains?