

ETHICAL INVESTMENT: PERSONAL PROFILE

Caution Regarding Ethical Investing

Your ethical views may be very important to you and you may wish that these views override other financial considerations but you should be aware of the following:

- 1) When you invest in ethical funds you are choosing to invest in specific areas of the market where the companies chosen are usually smaller and investment in bonds is restricted.
- 2) As a result, your portfolio will have less diversification, it may have higher costs than our standard portfolios, and your portfolio may also have increased volatility.
- 3) If you choose to invest in ethical funds you are making a choice to potentially reduce your investment return and increase investment risk and you should ensure that you are happy with this choice before deciding to adopt an ethical approach to investing.
- 4) Many investors are prepared to accept these limitations but others are not. If ethical investing is right for you, we will be pleased to help.
- 5) Please confirm the right approach for you before proceeding:

Do you want to invest in Ethical Funds?

Yes (continue below)

No (proceed to **pg 5** to sign and date)

Specify the Relative Importance of Ethical Funds in your Investment Portfolio

In order to establish the relative importance of your ethical and financial objectives please indicate how much of your portfolio that you would like invested in Ethical Funds:

0% 10% 25% 50% 75% 90% 100%

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Member of The UK Sustainable Investment and Finance Association www.uksif.org

Member of The Ethical Investment Association www.ethicalinvestment.org.uk

Subscriber to The Ethical Investment Research Services www.eiris.org.uk

If you have social and environmental concerns we will be pleased to help.

When constructing your investment portfolio, we may need to balance these concerns with your financial needs.

Interface 

The Ethical approach to Investing

Each ethical fund and provider has its own criteria and its own way of interpreting the criteria, so we need to understand what issues are of concern to you, and then use our knowledge of the funds and providers available to provide the best possible match.

The Engagement or 'Positive' Approach

The engagement process does not necessarily exclude, include, or prefer companies: Instead the investor or the fund manager actively encourages companies to adopt social and environmental best practices.

This can involve meetings with senior management and voting at relevant annual general meetings. Many of the larger ethical pension funds tend to concentrate solely on 'engagement' so they have an important effect on a company's ethical activity.

The Traditional or 'Negative' Approach

Historically, ethical investors applied 'Negative Criteria' in order to avoid or screen companies when investing. An investor identified the 'no-go' areas that they must avoid when making an investment.

Although most of these areas have not changed many fund managers now adopt the engagement approach because it provides an opportunity to bring about real change through dialogue.

Notes on Negative Criteria

Alcohol & Tobacco Retailing – if you choose to avoid companies involved in these activities, then you may be avoiding investment in supermarkets, hotels, leisure, etc.

Animal Issues – this area is probably the one that shows the greatest difference between the funds as well as the personal beliefs of clients. For this reason, we have broken down the issues into a number of areas.

- Animal Testing (Medical) – covers the development of drugs and medical services involving animal testing
- Animal Testing (Cosmetics) – covers the development of cosmetics where animal testing is involved
- Animal Testing (Household Products) – covers the development of household products involving animal testing
- Animals (Meat/Dairy Processing) – this covers companies involved in the processing and preparation of foods
- Animals (Meat/Dairy Retailing) – this will predominantly cover supermarkets, and other companies whose primary activity is selling meat and dairy based products.

Environmental Damage (Comprehensive Policy) – funds in this category have detailed statements about a number of different environmental problems, such as pesticides, CFCs, timber, pollution etc. The screening work undertaken to identify worst practice is detailed and comprehensive.

Environmental Damage (General Statement Only) – funds in this category have a very general statement about 'avoiding environmental damage', but little detail of how this will be applied is made available.

Oppressive Regimes (Pro-active, Balanced Policy) – funds in this category balance their concern for the human rights of those living in an oppressive regime, with the actual activities of companies trading there. For example, if a company was providing housing, medical or similar services in an oppressive regime, it is likely that funds in this category would pass such a company as an acceptable investment. On the other hand, a company using sweatshop labour would be avoided.

Oppressive Regimes (Strict Avoidance) – funds in this category operate a fixed cut-off by avoiding every company that trades in a specific number of oppressive regimes. No account is taken of whether the company is using child labour or supplying medicines.

N.B. The Armaments and Nuclear issues are almost always avoided by the majority of 'engagement' funds, as there is little scope for engaging an arms company 'not to be an arms company'!

Recommendation

Our current investment policy is to recommend that clients use the modern 'positive' engagement approach as described above and that you do not use the traditional 'negative' approach.

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Ethical Investment preferences: Positive approach

Please indicate your preferences below and then proceed to **pg 5** to sign and date or turn to **pg 4** for 'negative approach' preferences:

1. General 'Positive' statement

Some ethical funds have a general statement describing how they may apply positive screening, or how they will invest in companies involved in positive, social, and environmental activities.

I would like to choose Funds that have a general 'Positive Statement' to ethical investment without identifying specific areas.

2. Specific 'Positive' criteria

Please indicate how strongly you would like to **support** each, or any, of the criteria below:

Strongly If possible Not at all

Basic Necessities (water, food and shelter)

Community Involvement (active and positive community practices)

Education & Training

Environmental Protection and Conservation

Ethical Employment Practices, Positive Labour Relations, and Equal Opportunities

Healthcare, Healthy Lifestyle, Benefit to Society and Public Safety

Pollution Control

Waste Management and Recycling

Other issues: Please specify _____

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Ethical Investment preferences: Negative approach

Please indicate your preferences below and then proceed to **pg 5** to sign and date:

3. Specific 'Negative' criteria

Please indicate how strongly you would like to **avoid** investment in each, or any, of the criteria below:

Strongly If possible Not at all

Alcohol – Production & Retailing

Animal Testing

Cosmetics

Household Goods, Chemicals, etc.

Medical Products, Drugs, etc.

Animals

Dairy Processing & Retailing

Intensive Factory Farming

Meat Processing & Retailing

Armaments & Military

Conventional

Nuclear

Environmental Damage & Abuse

Comprehensive Policy

General Statement Only

Gambling – Retail Issues & Services

Genetic Modification

Farming

Food & Agriculture

Medicines

Nuclear Energy – Processing & Services

Oppressive Regimes

Pro-active, Balanced Policy

Strict Avoidance Policy

Pornography – Production & Sales

Tobacco – Production & Sales

Other issues: Please specify

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Confirmation

Ethical investment profile:

By signing below, you are confirming registration of the preferences above .

(Client) Full Name Signature Date ____ / ____ / 20 ____

If applicable

(Partner) Full Name Signature Date ____ / ____ / 20 ____