



UKSIF welcomes ethical investment guidance from BSI

The UK Social Investment Forum (UKSIF)¹ - the UK's national forum for ethical investment - welcomes the British Standards Institution's (BSI) draft national guidance on personal financial planning. This says that, to achieve this year's new international standard on giving financial advice to consumers (ISO 22222)², financial planners must be competent in gathering information on and understanding the "attitudes to social, ethical, environmental and religious considerations" of their clients.

The BSI says that financial planners should ensure that they have adequate processes in place to give appropriate advice where a client expresses interest in these areas. The guidance highlights UKSIF's guide *Investing Responsibly: A practical toolkit for financial advisers* as an aid to help meet the standard's requirements.

Penny Shepherd, Chief Executive, UKSIF, says: "The international standard for competence in personal financial planning will become increasingly influential as the quality mark for independent financial advisers. This guidance is a clear signal to advisers that, to reach the standard, they must be able to meet clients' needs for advice which takes account of their personal values. With increasing public concern about issues such as climate change and responsible corporate behaviour, doing this also makes sound business sense for advisers."

UKSIF was responding to the BSI consultation on the draft for public comment (DPC) of the guidance note "BS 9222: 2006 Personal Financial Planning Guidance on the application of BS ISO 22222 and assessment of compliance"³.

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Notes to Editor

1. The UK Social Investment Forum (UKSIF) is the UK's membership network for socially responsible investment (SRI). UKSIF's primary purpose is to promote and encourage the development and positive impact of SRI amongst UK based investors. UKSIF believes that all material social, environmental and ethical (SEE) issues should be integrated into standard investment practice and that individual investors should be able to reflect their values in their investments.

The Forum was launched in 1991 to bring together the different strands of SRI nationally and to act as a focus and a voice for the industry. UKSIF's 200+ members and affiliates include retail and institutional fund managers, financial advisers, SRI research providers, consultants, trade unions, banks, building societies, community development finance institutions, NGOs and individuals interested in SRI. For information on the UK Social Investment Forum, visit www.uksif.org.

UKSIF's guide *Investing Responsibly: A practical toolkit for financial advisers* is available at www.investability.org.

2. British Standards Institution (BSI) is one of the world's leading national standards-making bodies. Part of the BSI Group, it develops standards and standardization solutions to meet the needs of business and society. BSI works with government, businesses and consumers to represent UK interests and facilitate the production of British, European and international standards. For further information, please visit: www.bsi-global.com/british_standards.

ISO 22222 is the new international standard for competence in personal financial planning launched by BSI in March 2006. It requires that financial planners shall request additional appropriate data that should normally include their clients' 'attitude to social, ethical, environmental and religious considerations'.

Under "**4.2 Gathering client data and determining goals and expectations**", ISO 22222 states: *The financial planner ...*

4.2.2 shall request additional appropriate data that should normally include but is not limited to:
....j) *attitude to social, ethical, environmental and religious considerations*

The launch press release is available at

www.bsi-global.com/Business_Information/PressReleases/index.xalter.

3. The draft for public comment (DPC) of the BSI guidance note "BS 9222: 2006 Personal Financial Planning Guidance on the application of BS ISO 22222 and assessment of compliance" includes the paragraph:

4.2.2.2 Assessment to BS ISO 22222 – 4.2 *Under section 4.2.2.2 (J) a financial planner is required to request such appropriate data that should include "attitudes to social, ethical, environmental and religious considerations". Whilst the regulatory environment in the UK already has a requirement for financial advisers and planners to know their clients and demonstrate the suitability of advice it is not always common practice that such advice takes due regards of these considerations. In recent years, however, religious considerations have begun to assume greater significance. Two particular examples are relevant here. One Christian group successfully lobbied for amendments to the HMRC (Inland Revenue) pensions simplification proposals which led to the creation of a new concept – the Alternatively Secured Pension. Islamic Law is also having an impact on financial advice for a growing sector of the population and we are already seeing the development of bespoke Islamic finance qualifications and at least one other ISO country (Malaysia) has developed an annex to the ISO to cover Islamic requirements.*

Whilst religion considerations are important social, ethical and environmental issues are equally significant in the United Kingdom. Financial planners should therefore ensure that where a client expresses interest in these areas that they have adequate processes in place to give appropriate advice. The UKSIF have produced a useful document entitled 'Investing Responsibly'; a practical toolkit for financial advisers' which planners may find useful in ensuring that they fulfil the ISO standard.

The consultation closed at end August 2006.

Contact:

For information about the UK Social Investment Forum (UKSIF) and its consultation response:

Penny Shepherd, UK Social Investment Forum
020 7749 9950 or 07904 333019 – penny.shepherd@uksif.org

or

Dr Robin Keyte APFS, Towers of Taunton (Financial Services) Ltd
01823 324432 – robin@towersoftaunton.co.uk

(Dr Keyte has represented UKSIF on the BSI committee working on the standard over the last few years. He is a Director of fee-based IFA firm and UKSIF member Towers of Taunton (Financial Services) Ltd.)

For information about BSI, BS 9222 and ISO 2222:

Jonathan Mason, BSI
020 8996 7248 or 07717 451 990 - jonathan.mason@bsi-global.com