

# Personal Ethical Fact Find

Name

Date / /

## Introduction

As financial advisers, we need to balance your financial needs with your social and environmental concerns. 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, then use our knowledge of the funds and providers available to recommend the best possible match.

## The Approaches

Historically, ethical investment has its roots in 'avoidance' or **screening**. This is where an investor outlines the 'no-go' areas that they must avoid when making an investment. Although most of these areas have not changed over the years, what has changed is the ability of fund managers to influence companies. Therefore, ethical funds and providers now have the ability to invest in companies, which were often avoided before, because there is an opportunity to bring about real change through dialogue.

In most cases, this **engagement** process is used in conjunction with screening. For some of the newer funds, and for some providers, however, engagement is at the heart of the fund management process. In this latter group, any screening will be very limited, if there is any at all.

As you work through this Ethical Profile, please think about each area carefully:

**Stage 1** - The first decision to make is whether you want a screened ethical fund, or an engagement based approach. The best way to make this decision is to look at the negative criteria and decide whether there are any areas where you feel you will want to apply a 'must avoid' policy. If there are, then you need to choose **Option 1**, as this will allow you to choose the negative criteria that are important to you, as well as the positive issues that you would like to support within your investment. If there are no particular negative issues that you must have addressed within your investment, then you should choose **Option 2**, as this will give you access to investments where the fund managers will be free to select companies they feel are best in their class, or companies which will improve their social and environmental impacts as a result of engagement.

**Option 1** - I would like to apply a traditional approach, balancing positive and negative views

**Option 2** - I would like to apply an engagement only approach

**Stage 2** - If you have chosen **Option 1**, you can proceed to indicate which criteria, positive and negative, you would like us to take into account when providing financial advice. If you have ticked **Option 2**, please only complete the positive criteria section.

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<p><b>Positive (for option 1+2)</b></p> <p><b>A.</b> Would like to support strongly  <b>B.</b> Would like to support if possible  <b>C.</b> Of no interest</p>	<p><b>Negative (for option 1 only)</b></p> <p><b>A.</b> Must avoid, without exception  <b>B.</b> Avoid companies operating in this area, unless they have positive aspects to their activities which managers feel outweigh the negative  <b>C.</b> Not an area of concern</p>
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Positive Criteria	A	B	C
General 'Positive' Statement			
Alternative Energy			
Environmental Protection			
Ethical Employment Practices			
Healthcare, Healthy Lifestyle, Benefit to Society			
Pollution Control			
Recycling			

Negative Criteria	A	B	C
Alcohol			
Alcohol			
Animal Testing			
Animal Testing			
Animal Testing			
Animals			
Animals			
Animals			
Armaments			
Environmental Damage			
Environmental Damage			
Gambling			
Gambling			
Genetic Modification			
Nuclear			
Nuclear			
Oppressive Regimes			
Oppressive Regimes			
Pornography			
Pornography			
Tobacco			
Tobacco			
Production			
Retailing			
Cosmetics			
Medical Products, Drugs etc			
Household Goods, Chemicals etc			
Factory Farming			
Meat/Dairy Processing			
Meat/Dairy Retailing			
Comprehensive Policy			
General Statement Only			
Retail Issues			
Services			
Processing			
Services			
Pro-active, Balanced Policy			
Strict Avoidance Policy			
Production			
Sales			
Production			
Sales			

Other Issues (please state)	A	B	C

## Explanations of Criteria

Most of the criteria are self-explanatory. However, some issues may need further explanation in order to assist with completion of the form:

### Positive issues

**General 'Positive' Statement** – some ethical funds only have a very general statement describing how they may apply positive screening, or how they will invest in companies involved in positive social and environmental activities. If you want a detailed approach to positive issues, select the issues individually and ignore this option.

### Negative Issues

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

**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 specific oppressive regimes. No account is taken of whether the company is using child labour or supplying medicines.

Software providers "The Exchange" and "Defacto" have products in development on these criteria.

## Which Providers have which Screens?

This table illustrates the screens that providers have applied to their ethical funds. Some providers have more than one fund; and the screens indicated might not be applicable to all funds. PLEASE CROSS CHECK WITH RECENT FUND SPECIFIC LITERATURE.

SCREEN \ PROVIDER		PROVIDER												
		ABERDEEN	AEGON	ALLCHURCHES	CAF (for charities)	CIS	FRIENDS PROVIDENT/F&C	INSIGHT	HENDERSON	HSBC (Amanah fund)	JUPITER	NORWICH UNION/MORLEY	SKANDIA	STANDARD LIFE
POSITIVE CRITERIA	General 'Positive' Statement	-	●	-	-	-	-	-	-	●	-	●	-	-
	Alternative Energy	●	●	-	●	●	●	●	●	-	●	●	●	●
	Environmental Protection	●	●	●	●	●	●	●	●	-	●	●	●	●
	Ethical Employment Practices	●	●	●	-	●	●	●	●	-	●	●	●	●
	Healthcare, Benefit to Society	●	●	●	●	-	●	●	●	-	●	●	-	-
	Pollution Control	●	●	-	●	●	●	●	●	-	●	●	●	●
	Recycling	●	●	-	●	-	●	●	●	-	●	●	●	●
NEGATIVE CRITERIA	Alcohol Retailing	-	●	-	-	-	●	●	●	-	-	●	●	-
	Alcohol Production	●	-	●	●	-	●	●	●	●	●	●	●	●
	Animal Tests Cosmetics	●	●	●	●	●	●	●	●	-	●	●	●	●
	Animal Tests Medical	●	●	-	-	-	●	●	●	●	●	●	●	●
	Animal Tests Household	●	●	-	-	-	●	●	●	-	●	●	●	●
	Animals Factory Farming	●	●	-	-	-	●	●	●	●	-	●	●	●
	Animals Meat/Dairy Processing	-	●	-	-	-	●	●	●	●	-	-	-	-
	Animals Meat/Dairy Retail	-	●	-	-	-	-	●	●	●	-	-	-	-
	Armaments	●	●	●	●	●	●	●	●	●	●	●	●	●
	Environmental Damage (CP)*	●	●	-	-	●	●	●	●	-	●	●	●	●
	Environmental Damage (GSO)*	-	-	-	●	-	-	●	●	-	-	-	-	-
	Gambling Retail	-	-	-	-	-	●	-	●	-	-	-	-	-
	Gambling Services	●	●	●	●	-	●	●	●	●	●	●	●	●
	Genetic Modification	●	●	-	-	●	●	-	●	-	-	-	-	-
	Nuclear Processing	●	●	-	●	●	●	●	●	-	●	●	●	●
	Nuclear Services	●	-	-	-	-	-	-	●	-	-	-	-	-
	Oppressive Regimes (PB)*	●	●	-	-	●	●	-	●	-	-	●	●	-
	Oppressive Regimes (SA)*	-	●	●	-	-	-	●	-	-	-	-	-	●
	Pornography Production	●	●	●	●	-	●	●	●	-	●	●	●	●
	Pornography Sales	●	-	-	-	-	●	-	●	-	-	-	-	-
	Tobacco Production	●	●	●	●	●	●	●	●	●	●	●	●	●
Tobacco Sales	-	-	-	-	-	●	●	●	-	-	●	●	-	

\* Comprehensive Policy \* General Statement Only \* Pro-active Balanced \* Strict Avoidance

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This fact find, and the table of screens on this page, have been generously provided by Lee Coates, a specialist IFA member of the Ethical Investment Association ([www.ethicalinvestment.org.uk](http://www.ethicalinvestment.org.uk)) and the UK Social Investment Forum ([www.uksif.org](http://www.uksif.org)). Lee is membership secretary of the EIA and an elected board member of UKSIF.

Disclaimer: This publication should not be taken as financial advice or seen as an endorsement of any particular company or individual, and the accuracy of the table above is not guaranteed.