

This questionnaire is important. It is needed to help determine the balance of your financial and non-financial concerns, and enables us to more accurately reflect your non-financial concerns in the management of your portfolio.

Please answer ALL questions. Failure to do so may constrain our ability to assess the suitability of any particular investment and the general composition of your portfolio.

You will probably find it helpful to refer to the notes which explain the questions and terms used in more detail. It is needed to help us determine the balance between your financial and non-financial concerns and to more accurately reflect your non-financial concerns in the general management of your portfolio.

## PERSONAL DETAILS

Full Name	
Date	
Signature	
<b>For Joint Accounts</b>	
Full Name	
Date	
Signature	

## KEY TO CHOICES IN THE FOLLOWING SECTIONS

- **'Avoid'** means NOT considered for inclusion.
- **'Best of Class'** means that investments MAY be considered for inclusion where the company compares favourably to other companies within the sector on social and/or environmental grounds.
- **'Not concerned'** means that you are taking a **NEUTRAL** view. This means that investments **MAY** be considered if (i) the company is judged to be taking steps to address relevant ethical concerns and (ii) it fits with your other expressed risk preferences.

## SECTION 1: NEGATIVE EXCLUSION

For those areas that you regard as important, please indicate the level of exclusion you would like to apply. Remember that your investable universe will reflect the stringency of your exclusions – the more stringent you are, the bigger the impact on your portfolio. We will assume you are not concerned if no answer is given.

### 1. Animal Welfare

Ethical issue	Avoid	Best of Class	Not concerned
Animal testing – cosmetics			
Animal testing – chemicals			
Animal testing - health			
Animal products – production			
Animal products – retail			

### 2. Environment

Ethical issue	Avoid	Best of Class	Not concerned
Air transport			
Genetically modified food – production			
Intensive farming			

Poor environmental management			
Wood – unsustainable sourcing			

### 3. Human Welfare

Ethical issue	Avoid	Best of Class	Not concerned
Adult Entertainment		N/A	
Alcohol production			
Armaments (harmful devices/equipment)			
Defence (non-harmful devices/equipment)			
Gambling			
Human Rights Abuses		N/A	
Oppressive regimes		N/A	
Tobacco production			

### 4. Corporate/Governance

Ethical issue	Avoid	Best of Class	Not concerned
Poor labour management		N/A	
Aggressive tax practices		N/A	
Excessive board level remuneration		N/A	

## SECTION 2: SPECIFIC INDUSTRIES FOCUS

- ‘**Avoid**’ means NOT considered for inclusion.
- ‘**Keen**’ means that investments in relevant companies will be sought.
- ‘**Not concerned**’ means that you are taking a **NEUTRAL** view. This means that investments **MAY** be considered if (i) the company is judged to be taking steps to address relevant ethical concerns and (ii) it fits with your other expressed risk preferences.

### 1. COMMODITIES & ENERGY

Ethical issue	Avoid	Keen	Not concerned
Electricity			
Gold (price)			
Mining			
Oil & Gas (price)			
Oil – exploration and production			
Gas – exploration and production			
Gas networks			
Nuclear Power			

### 2. FINANCIAL SERVICES

Ethical issue	Avoid	Keen	Not concerned
Banks – commercial/retail lenders			
Banks – pure mortgage banks/ethical lending policy			
Challenger Banks			
Government debt			
Insurance & Investment			



### 3. INFORMATION, COMMUNICATION AND TELECOMMUNICATIONS

Ethical issue	Avoid	Keen	Not concerned
IT software			
Media (newspapers, TV, Radio etc)			
Telecommunications			
Data Security			
Social Media			

### 4. MANUFACTURING

Ethical issue	Avoid	Keen	Not concerned
Vehicles - internal combustion engines (ICE)			
Chemicals			
Electronic/Electrical products			
Electric Vehicles			
Hydrogen Vehicles			
Engineering			
Paper & packaging			

### 5. PROPERTY & CONSTRUCTION

Ethical issue	Avoid	Keen	Not concerned
Commercial property, e.g. offices, warehouses, shops			
Medical property			
Residential property (private)			
Social Housing			
Road construction			
Student accommodation			

### 6. RETAILING

Ethical issue	Avoid	Keen	Not concerned
Car (ICE) sales/leasing			
Clean Vehicle sales/leasing (EVs/Hydrogen)			
General retailers (High Street)			
General Retailers (Online focussed)			
Supermarkets			

#### KEY TO CHOICES IN THE FOLLOWING SECTIONS

- **‘Very keen’** means that investments in relevant companies will be sought.
- **‘Quite interested’** means investment in relevant companies will be actively considered as opportunities arise.
- **‘Not interested’** does not mean that relevant companies will be excluded but that they will only be considered if they meet other expressed investment preferences and criteria.

### SECTION 3: POSITIVE FOCUS

Ethical issue	Very keen	Quite interested	Not interested
Air & water quality			
Carbon credit trading			
Education & learning			

Ethical issue	Very keen	Quite interested	Not interested
Energy efficiency			
Energy storage (batteries etc)			
Environmental Consultancy			
Healthcare			
Environmentally friendly food production			
Renewable energy			
Resource management & Recycling			
Health, Safety & Security (workplace)			
Sustainable forestry			
Sustainable products (plastics solutions etc)			
Public Transport			
Infrastructure (low carbon solutions)			
Fitness & Wellbeing			

#### SECTION 4: SOCIALLY DIRECTED INVESTMENTS

Ethical issue	Very keen	Quite interested	Not interested
Community business			
Community property			
Fair trade			
Micro-finance			
Locally Sourced food			
Renewable energy – community owned			
Social welfare			

#### SECTION 5: CONTROVERSIAL STOCKS

There are some companies whose ethical profile is known to divide opinion. We have listed some of them below. We are not suggesting that we will invest in any of these companies. However, should we want to include any of them in client portfolios we will only do so where the client has approved their possible inclusion. If you do not complete the below section or answer 'No', these companies will not be considered for your portfolio.

Company	Yes	No
Asos (fast fashion)		
Siemens		
Linde		
Unilever		

#### Why have we designated these companies as being controversial?

##### ASOS (& Fast Fashion)

Asos is the UK's largest online-only fashion provider which operates and distributes globally. It stocks clothing from an array of high street fashion labels and its own branded products. The fashion industry has been under heavy scrutiny in recent years. Controversies surrounding poor ethical standards and labour practices were brought to light following revelations at Boohoo. Greater attention has also been paid to the damaging impact fast fashion has upon the environment; the industry accounts for 10% of global carbon emissions and is the second-largest consumer of the world's water supply.

Asos have a strict sourcing strategy that focuses on three key areas: ethical trading, sustainable sourcing and animal welfare. They take it upon themselves to make sure that every worker in the supply chain is respected and protected. In so doing, they are committed to making their supply chain fully visible and providing this information to customers and other stakeholders. Asos have approximately 155,000 people working in their supply chain across 173 suppliers. They work closely to help suppliers meet Asos' high standards and to continually improve the conditions of workers.



By working closely with suppliers to source more sustainable raw materials, Asos has been able to reduce their carbon, water and waste footprint, limit chemical usage, prevent deforestation and protect biodiversity. In 2017, for example, Asos signed up to the 2025 Sustainable Sourcing Challenge which pledged to source 100% more sustainable cotton by 2025. They have also been working with the NGO Canopy to improve the transparency of their viscose and modal supply chain to make sure that they do not come from ancient or endangered forests. They have also worked hard to lower the environmental impact of their manufacturing; wet processes such as dyeing and finishing use large amounts of water and chemicals which leave behind polluting residues.

## **SIEMENS**

Siemens has a clear strategy to focus on the megatrends of demographic change, urbanization, climate change and globalization, and to be a pioneer in energy efficiency, industrial productivity, next-generation healthcare and intelligent infrastructure solutions. This German company is already an engineering colossus with a huge range of products and services, over 43% of which directly contribute to greater efficiency and saving of resources or to generation of renewable energy. In recent years it has undergone a process of spinning out a number of its positive impact units whilst remaining a majority shareholder. Via Siemens Gamesa, it is one of the largest manufacturers of wind turbines in the world and number one in offshore wind. Its healthcare division, spun off in 2018 under the name Siemens Healthineers, covers the complete spectrum from imaging and diagnostics through to treatment and information technology, with over 180,000 patients benefiting from Siemens medical equipment every hour.

They do align themselves the United Nations Agenda for Sustainable Development, and in September 2015, Siemens was the first global industrial company to commit towards carbon neutrality by 2030 through energy efficient and resource saving technology; they have reduced their CO2 emissions by 33% since this announcement. They have a number of programs and schemes in place to promote the safety, education and wellbeing of their employees, whilst also promoting diversity and safety in the workplace. The company is also well managed with life-cycle analysis being used for all of its products, whilst also ensuring the sustainability of their supply chain. However, a relatively small proportion of Siemens profits is derived from the manufacture of missile defence systems and Siemens does manufacture and maintain fossil fuel plants, albeit to a an energy efficient design.

## **LINDE**

Linde is a leading global industrial gases and engineering company. Their mission is to make the world more productive by providing high-quality solutions, technologies and services. In so doing, they help their customers improve environmental performance and reduce carbon footprint. Linde has been in the oil and gas industry for decades, and continues to have exposure to the sector, including through processing of natural gas and liquified petroleum gas. However, they are committed to paving the way to a greener future. They deliver technologies that increase recovery rates on existing reserves, solutions that reduce and monitor emissions of pollutants released during combustion, and help reduce the carbon footprint of conventional fossil fuels by pioneering carbon capture and storage technology.

As the world transitions Linde's energy mix will see a much greater share of renewables, of which they provide a range of infrastructure and innovations to capture wind, solar and biomass energy more effectively. In the greener economy hydrogen is set to play an important role. Hydrogen is the most abundant element in nature and it is very powerful as an energy carrier. It can be used to store excess renewable energy to be transported for a variety of applications, fostering a zero-emissions energy cycle.

Linde offer products that cover every step of the hydrogen value chain. From generation and liquefaction, through to transportation and storage solutions right up to fuelling hydrogen-powered vehicles. They have the largest liquid hydrogen capacity and distribution system in the world with a pipeline network of 1,000 kilometres to reliably supply customers. They have installed over 200 fuelling stations and 80 electrolysis plants worldwide. Recently, a joint venture has been formed with one of our high risk, high impact holdings ITM Power. This partnership will focus on providing global green gas solutions at industrial scale by combining ITM's specialist technology with Linde's global reach and expertise.

## **UNILEVER**

Unilever is one of the largest food and consumer goods companies, with 2.5 billion people using their products every day. They have over 400 brands sold in 190 countries which gives them the opportunity to make a real impact upon living sustainably. Their three pillars for sustainable growth are to improve health and well-being for more than one billion people, to reduce environmental impact by half and to enhance the livelihoods of millions of people across its value chain.

Historically, Unilever has been subject to controversies and they have long been the target of NGO campaigns over issues such as palm oil, animal testing and workers' rights. Their Sustainable Living Plan, which was launched in 2010, provided a clear vision and commitment to becoming a truly sustainable company and was supplemented by their commitment to the UN's Sustainable Development Goals. In this period they have learnt what works and what does not, they are transparent with their shortcomings and are continually looking for new ways to improve their wider value chain. At the end of 2018 Unilever acquired The Vegetarian Butcher who provide a wide range of meat alternatives with the aim of replicating real meat. They appreciate that many consumers are cutting their meat intake for environmental, ethical and health reasons and they want to make it more palatable for people to do so. The acquisition marked a milestone in Unilever's commitment to growing its plant-based portfolio.

Unilever are also firm believers in helping break the cycle of poverty and raising living standards throughout their value chain. By 2025 they aim to help 5 million small and medium sized enterprises grow their business through access to skills, finance and technology. For example, a partnership with Mastercard has enabled micro entrepreneurs in Africa and beyond to overcome cash constraints. They have also committed to ensuring that anyone who directly provides goods or service to them earns at least a living wage or income by 2030. This is a massive undertaking given that in 2020 their supply chain alone included 56,000 suppliers in over 150 countries, which all together incorporated millions of workers. Through the scale of their operations, and ambitions to drive a sustainable future, Unilever are a company who can make a real positive difference in our society.

## SECTION 6: NOTES TO FUND MANAGERS

## NOTES FOR VALUES-BASED INVESTMENT QUESTIONNAIRE

The examples given of companies that may be considered for investment under any heading below are illustrative, not exhaustive.

### SECTION 1: NEGATIVE EXCLUSION

#### 1. Animal Welfare

##### **Animal testing – cosmetics**

Animal testing is no longer conducted on cosmetics in the UK, but testing continues outside the UK.

##### **Animal testing – chemicals**

Chemicals including products such as paint are required by law to be tested for toxicity. This usually involves testing with animals.

##### **Animal testing – health**

New drugs and some healthcare products are required by law to be tested for their efficacy and safety. Most companies use animal testing to achieve this.

In all the above cases we will consider investing in companies that have adopted a '3Rs' policy: reduce the need for animal testing, replace animal testing with other methods and refine the testing to minimise both the suffering and extent of the testing

##### **Animal products – production**

This includes meat and dairy products, leather and fur.

##### **Animal products – retail**

This relates to the retail of meat and dairy products, leather and fur.

In the above cases we will consider investing in companies if high standards of animal welfare are in place.

#### 2. Environment

##### **Air transport**

The transport of people and freight by air is a major contributor to global warming. Some companies have attempted or are attempting to reduce their environmental footprint and these may be considered.

##### **Genetically modified food – production**

There are significant concerns over the safety of genetically modified food as well as the ethics of the companies who are patenting the technology. We might consider investment if the company involved can demonstrate that it has not abused the patenting of its technology.

##### **Intensive farming**

Modern agriculture relies on intensive farming which has led to food surpluses and cheap food but at the cost of decreased variety, loss of biodiversity and polluted food. We might consider investment in companies that don't actually produce the raw food, but are secondary in the food production chain such as food processors.

##### **Poor environmental management**

This covers poor records of pollution, energy efficiency and use of resources. We might consider investment in companies that have historically had a poor record, but demonstrate evidence of putting their house in order.



### **Tropical hardwood – unsustainable sourcing**

Retailers of hardwood products such as furniture have historically purchased timber without reference to the sustainability of the supply, yet much of the hardwood has been derived from pillaging tropical rainforests which have been disappearing at a fast rate as a result.

We might consider investment in companies which currently do not source the majority of their timber from sustainable sources but have implemented credible policies to address this.

## **3. Human Welfare**

### **Alcohol production**

Although most of us enjoy a tipple, there is no denying that alcohol is a major addiction with consequent health and social costs. We might consider investment in producers that demonstrate leading socially responsible practice in terms of the way in which their products are marketed.

### **Armaments – weapons systems**

Weapons systems would include any product that is used for killing other people, whether this be in defence of aggression.

### **Defence – non-weapons related**

This includes contracts with the M.O.D. of a non-strategic nature, such as soldiers' uniforms, food or education facilities. We might consider investment in companies which supply such services where the M.O.D. is not a key customer.

### **Gambling**

Gambling is a major addiction which ruins people's lives. Many of us might have the occasional flutter, but gambling companies make their money out of people who gamble regularly. We might consider investment in companies which retail lottery tickets or operate fruit machines as a minor part of their business.

### **Human rights**

We might consider investment in companies where there is evidence of isolated human rights violations but they nevertheless have a commitment to human rights and have well documented procedures in place for the company as a whole.

### **Oppressive regimes**

We might consider investment in companies that have detailed human rights policies and have no history of human rights violations, or whose business is the provision of solutions to social or environmental challenges.

### **Adult entertainment**

We might consider investment in wholesalers such as newsagents where pornography constitutes a relatively minor part of the business.

### **Tobacco production**

Tobacco is incontrovertibly linked with cancer and is a major drain on the health service. It is an addictive substance, where falling markets in the West are being replaced by growing number of smokers in China and less developed markets. We might consider investment in tobacco manufacturers that have best addressed their social and environmental impact.

## **4. Corporate Governance**

### **Poor labour management**

This covers the treatment of employees within a business, from human capital development (training programs/development) to labour laws. A recent labour dispute at Ryanair (2018/19) is a good example of poor labour management.

### **Aggressive Tax Practices**

This covers companies who actively push legislative definitions to access loopholes in order to pay less tax (albeit 'legally'). These practices can be seen in the eyes of a tax office as aggressive and can lead to legal disputes. A historic example is the tax practices of Starbucks.

### **Excessive board level remuneration**

Although not illegal, this covers the excessive remuneration packages of board members that are seen by shareholders and the public as unjustifiable. It is increasingly seen as a symbol of unfairness on stakeholders.

## **SECTION 2: SPECIFIC INDUSTRIES FOCUS**

### **1. Commodities & Energy**

We all use minerals, energy and metals in some form or other, so how these are extracted and processed is of key significance. You could argue that the companies that find and extract these natural elements are reliant on exploiting non-renewable resources, but you could also argue that we can't do without these things and that it is essential to reward best practice in the industry amongst the major players.

#### **Electricity**

Electricity generators and distributors. Companies that might be considered include those interested in efficiency of energy generation, a commitment to renewable energy and biodiversity management.

**Gold (price)**

Gold Exchange Traded Fund. This is an investment which reflects the gold price and has nothing to do with the physical mining of gold.

**Mining**

Mining and quarrying. Companies that might be considered include those demonstrating leading practice in terms of biodiversity management, human rights and environmental footprint.

**Oil & Gas (price)**

Oil and Gas Exchange Traded Funds. This is an investment in the price of the commodity, not the physical good itself or the production of that commodity. There is an argument that oil will become increasingly scarce and that the price will rise to reflect this.

**Oil (exploration and production)**

The exploration, refining and retailing of oil. This includes companies both directly and indirectly involved in these industries (including service companies). Companies that might be considered include those practicing pollution management, respecting human rights, focussing on efficiency of production and making efforts to replace fuel with renewables.

**Gas (exploration and production)**

The exploration, refining and retailing of natural gas. This includes companies both directly and indirectly involved in these industries (including service companies). Companies that might be considered include those practicing pollution management, respecting human rights, focussing on efficiency of production and making efforts to replace fuel with renewables. Gas is seen by many as a necessity in the transition away from carbon intensive fuels such as coal, with natural gas seen as one of the 'cleaner' fossil fuels. It is documented that natural gas will act as a bridge to renewables, especially by many countries in Asia that are still dependent on coal.

**Gas Networks**

Gas is seen by many as a necessity in the transition away from carbon intensive fuels such as coal, with natural gas seen as one of the 'cleaner' fossil fuels. It is documented that natural gas will act as a bridge to renewables, especially by many countries in Asia that are still dependent on coal. Therefore, many countries still rely on gas networks, which produce less harmful emissions than other sources. Gas network operators will be favoured who are assisting with the transition away from coal and also advancing efficiency and technologies that reduce the emissions of their networks even further.

**Nuclear power**

The global warming crisis has brought about a renaissance in nuclear energy, yet concerns remain over its safety and cost (storage issues still haven't been adequately addressed).

We might consider investment in companies providing strategic services to the nuclear industry such as safety and other engineering solutions would be deemed to be permissible.

## 2. Financial services

Almost everyone in the UK uses financial services in one form or another, yet for an industry which relies on trust, it is sadly mistrusted. Companies have responded with an avalanche of corporate responsibility statements to prove their worth in community endeavours, but at the heart of what financial services companies do, is how they use our money.

**Banks – commercial/retail lenders**

High street banks, merchant banks, infrastructural banks, e.g. European Bank for Reconstruction & Development. Companies that might be considered include banks that demonstrate leadership in environmental management, lending policies, putting the customer first, micro-credit and social banking.

**Banks – pure mortgage banks or with ethical lending policy**

Banks with no commercial lending (other than on property), or a rigorous ethical policy or that concentrate on social/environmental lending. We might consider investment in banks that demonstrate leadership in treating customers fairly, community investment and environmental management.

**Challenger Banks**

Consumers now face a growing choice of who to bank with within the UK, with access to challenger banks who offer a more streamlined and targeted banking service. These banks represent a move away from the traditional banking names that in the past have gained negative reputations, from PPI to LIBOR scandals.

**Government debt**

This refers to gilts and other national debt. Governments borrow for investment in infrastructure including hospitals, education and transport and the military. Gilts and fixed interest securities in other governments therefore represent an investment in all of these areas.

**Insurance & investment**

Life insurers, general insurers, fund managers, financial advisers. We might consider companies that lead in the area of socially responsible investment.



### 3. Information Technology, Media and Telecommunications

Information technology, telecommunications and the media are some of the most powerful influences on our lives. In themselves they might be viewed as ethically neutral and like many technologies or innovations, it is how they are used that matters.

#### **IT Software**

Software developers and retailers. We might consider investment in companies that provide educational or business tools for social or environmental purposes.

#### **Media**

Newspaper groups, publishers, radio, TV, film and internet. We might consider investment in groups which exercise editorial freedom, operate fair business practices and make information more freely available to all.

#### **Telecommunications**

Mobile phone equipment manufacturers & retailers, mobile and fixed line phone operators. We might consider investment in companies that exhibit best practice in their internal environmental management, especially energy usage, their human rights policies & customer relations.

#### **Data Security companies**

This covers companies who provide digital data protection solutions, from unauthorised access or from destructive forces, including natural causes and purposeful destruction.

#### **Social Media**

This covers companies who provide social media platforms such as Facebook and Twitter. Questions have been raised in recent years over the allowance of fake or misleading news as well as how these companies process users' data.

### 4. Manufacturing

Our economy might be ever more dependent on services, but there's no getting away from it – we still need to make things. Yet, as we have become more aware of our environmental footprint, how we make more with less becomes increasingly important.

#### **Vehicles – (ICE)**

Car and vehicle manufacturers who largely focus on internal combustion engines (ICE). We might consider investment in manufacturers that minimise their use of resources or that have a pronounced focus on less polluting vehicles.

#### **Chemicals**

Chemical manufacturers. We might consider investment in companies that have appropriate environmental management systems in place and that make products that have key environmental benefits.

#### **Electronic & electrical products**

Producers of electronic and electrical goods including computer hardware, white goods and control devices. We might consider investment in companies that have a credible human rights policy and leading environmental management plans which reduce both energy and resource consumption.

#### **Electric Vehicles**

Companies that predominantly focus on the manufacture of Electric Vehicles.

#### **Hydrogen Vehicles**

Companies that predominantly focus on the manufacture of Hydrogen Vehicles.

#### **Engineering**

General engineers. We might consider investment in companies that minimise their environmental footprint in terms of energy and resource usage, and, if they use overseas labour either directly or indirectly, have a credible human rights policy.

#### **Paper & packaging**

Paper and packaging manufacturers. We might consider investment in companies that source paper from sustainable sources, and minimise their resource and energy usage.

### 5. Property and Construction

A growing population, more single people and an aging housing stock have created a need for more houses. As the economy changes, there's also an ever present need for commercial property like offices, industrial warehouses and shops. Furthermore, as more young people enter further education there's been pressure on accommodation for students and with more people seeing their doctor more frequently, there's a growing need for fit-for-the-purpose primary health care centres. And as we travel more and more, the roads fill up creating pressure for more road building. So all in all, there's more building going on with an increasing pressure on resources and the landscape.

**Commercial property**

Offices, retail outlets, industrial warehouses. 'Best of class' means funds of properties that manage their environmental impact especially well or that have a focus on brownfield development or urban regeneration.

**Medical property**

Property let to primary health care trusts and GPs. We might consider investment in funds of properties that manage their environmental impact especially well or that have a focus on brownfield development.

**Residential property**

Property used for owner occupation or buy-to-let. We might consider investment in funds of properties that manage their environmental impact especially well or that have a focus on brownfield development or urban regeneration.

**Social Housing**

We would seek investments in companies that work with local authorities to develop brownfield sites, both building and owning new homes and communities for low income families, those with learning disabilities or long term health conditions.

**Road construction**

Engineering or building firms engaged in road construction. We might consider investment in companies that demonstrate best practice in terms of consultation and minimising their environmental impact.

**Student accommodation**

Student halls of residence. We might consider investment in funds of properties that manage their environmental impact especially well or that have a focus on brownfield development.

## 6. Retailing

Retailers are an important part of everyday life and there's been increasing concerns over the relationship between the producers of the goods that they sell and the 'all-powerful' retailers. Do the producers get paid a fair price, are their working conditions good and are the retailers taking adequate steps to reduce their (often considerable) environmental footprint?

**Vehicles with internal combustion engine sales/leasing**

Car sales or leasing of cars with an internal combustion engine. We might consider investment in companies that ensure fair treatment of customers.

**Clean Vehicle sales/leasing**

Car sales or leasing of cars with an electric engine or other clean technology such as hydrogen. We might consider investment in companies that ensure fair treatment of customers.

**General retailers (high street)**

Retail of household, clothing, electronic, electrical or personal goods who own bricks and mortar stores. We might consider investment in companies operating a particularly credible supply chain policy and environmental management plan.

**General retailers (online)**

Retail of household, clothing, electronic, electrical or personal goods that operate online. We might consider investment in companies operating a particularly credible supply chain policy and environmental management plan.

**Supermarkets**

Supermarkets. We might consider investment in a company that demonstrates that it has done more than its competitors in energy management, working with suppliers on a more equitable basis, the range of healthy and organic produce available and reduction in 'food miles'.

## SECTION 3: POSITIVE FOCUS

Environmental and social challenges present real opportunities for companies that are able to provide solutions to these challenges such as:

**Air & water quality**

As the world's population continues to grow and the world becomes increasingly urban, the demand for potable water, unpolluted air and pure water for industry grows with it. The demand for clean water and air is such that companies which can purify water and filter out pollution are likely to grow with this demand.

**Carbon trading**

There is almost a global consensus that global warming is scientific fact and that we need to take action to reduce our carbon emissions. Market based solutions have therefore come to the fore, whereby companies have a carbon quota. If they exceed this quota, they can buy unused permits on the open market and companies with excess permits can sell theirs. Furthermore, companies which reduce carbon emissions can sell these emission benefits on to companies which need to offset their polluting activities. This is known as carbon trading.



### **Education & learning**

As the world industrialises and becomes wealthier, and as technology increases the pace of change, the need for education and learning grows steadily, particularly in the developing economies of China and India, but also for business learning in more mature economies where 'continuing professional development' is becoming the norm.

### **Energy efficiency**

As the costs of energy rise, so more and more companies and organisations are incentivised to reduce their energy costs. Thus companies which can help them do this by improving efficiency will find their services of increasing value.

### **Energy storage**

There are many needs for storing energy – portable devices like computers, fuel cells for cars, and energy for remote communities. Fuel cells could revolutionise the car industry and reduce their environmental impact considerably whilst energy storage may also allow us to have a more decentralised energy system.

### **Environmental consultancy**

Almost every major project has to consider its environmental impact. Many companies do not have the skills or resources to do this, nor may they want to as it is probably not a core competency. This has led to a burgeoning demand for environmental engineers and consultants that can advise on the environmental aspects of any project.

### **Healthcare**

The world's population, at least in developed countries, grows steadily older. This means that the pressure on healthcare grows inexorably. As new cures are found, so new epidemics arise. Allergies and stress related illnesses are a mark of modern society. The demand for drugs, care for the sick and healthcare equipment is underpinned by these demographic changes.

### **Environmentally friendly food production**

Food scares, unexplained illnesses and growing concern over the environmental costs of intensive farming have led to a surge in demand for organically produced food. Yet supply has struggled to keep pace with demand. This presents real opportunities for companies that can address this gap.

### **Renewable energy**

The threat of global warming has spurred governments worldwide to take action to reduce their emissions of greenhouse gases by setting targets for reductions and fostering renewable energies. From a cottage industry, renewable energy is now mainstream and looks set to become the energy of choice as the era of cheap oil comes to a close.

### **Resource management & Recycling**

We are now coming up against resource constraints – minerals, oil, land, tropical forest and water are all under pressure. Yet, demand is growing as the world continues to industrialise, sucking up further resources. This covers companies who are doing more with less by recycling, re-using and managing ever increasing volumes of waste.

### **Health, Safety & security**

A litigious culture and improving standards throughout industry have brought about a sea of change in safety standards. This has stoked a demand for the services of companies making controls, locks, surveillance and arrest systems.

### **Sustainable forestry**

Since the 1970s, the world's tropical forests have undergone systematic exploitation, which has resulted in their rapid decline. Given that tropical forests are 'the lungs of the world' and home to a vast range of fruits, medicines and other products, the need for re-generation is pressing. The price of tropical hardwood has also risen on a remarkably consistent basis, presenting a strong business case for sustainable forestry.

### **Sustainable products**

Consumers have become increasingly aware of the environmental impact of their buying patterns. Companies have responded by launching products to meet this demand – things like biodegradable cups, environmentally benign washing powder, natural alternatives to synthetic chemicals, natural toiletries, certified timber and so on.

### **Public Transport**

Better transport links have led to more and more people travelling more and more often. This puts huge pressures on the transport system, particularly in an overcrowded island like the UK. Not only does this generate a demand for more buses, more trains and better infrastructure, but also for products which serve this market such as real time information systems.

### **Infrastructure (low carbon solutions)**

This covers innovators who are assisting in the move towards a low carbon society. Examples include companies that manufacture and install charging points for EVs, or develop new technology to improve the efficiency of electricity consumption.

**Fitness & Wellbeing**

This covers fitness/wellbeing services or products for consumers. As lifestyles change there is growing demand for exercise products, gyms, and nutrition that support a healthy lifestyle, as it is well documented to ease tension and stress for all ages.

**SECTION 4: SOCIALLY DIRECTED INVESTMENTS**

Socially directed investments encompass a wide variety of businesses but common to all is the primary objective of improving social or environmental welfare through business. Most investments of this type may be difficult to sell and often generate modest financial returns relative to the risk of capital loss. Thus, the primary return is likely to be social/environmental rather than financial, although some investments of this type may also generate a competitive financial return.

**Community business**

Businesses that serve the local community.

**Community property**

Property that is occupied by organisations that benefit the local community or that have a social or environmental purpose.

**Fair trade**

Retailing of clothing, food, drink or other goods that are certified with the Fair Trade Mark.

**Micro-finance**

Small-scale loans to small business or co-operatives in developing countries.

**Locally sourced food**

Producers, retailers or wholesalers of food and drink that has been certified as organic.

**Renewable energy – community owned**

Production and distribution of energy from renewable sources, with a focus on generators that are owned by the local community.