

Please select key green /ethical or religious criteria

Criteria	✓
Alcohol	
Animal Testing (Pharma / Medical	
Animal Testing (Cosmetics)	
Climate Change	
Environment	
Equal Opportunities	
Gambling	
Genetic Engineering	
Human Rights	
Intensive Farming	
Military / Armaments	
Non-Sustainable Timber	
Nuclear Power	
Pornography	
Positive Business Focus	
Shariah Law	
Tobacco	

Further information about each of the criteria can be found below

## Alcohol

Although alcohol can be consumed without harm, it is also a toxic and addictive substance which causes illness, accidents, violence and family suffering. As evidence of the health risks associated with alcohol consumption becomes more widespread, manufacturers have sought replacement consumers and launched new products. The drinks industry has been criticised by campaigning groups such as Alcohol Concern for targeting young or under-age drinkers.

In response to investor demand, some funds will not invest in companies involved in the production, marketing or sale of alcohol, while others may partially screen out such companies e.g. they may avoid companies who derive more than 10-20% of their income from such activities.

## **Animal Testing**

Cosmetics testing is often seen as having the least justification in terms of benefit to human beings. The European Union has agreed to ban most cosmetic tests from 2009, with a ban on import into the EU of cosmetics with ingredients tested on animals - so the problem is not simply exported outside the EU.

However, cosmetic tests represent a very small proportion of the procedures carried out on animals. The animal testing of all new chemicals (not just those used in cosmetics) accounts for many more procedures - these tests include pesticides, food additives and preservatives. The largest proportion of testing is carried out for biological research and drug research. Before new drugs can be tested on humans they have by law to be tested on two species to test the 'whole body' effect.

## **Animal Testing (Cosmetics)**

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## **Animal Testing (Pharmaceuticals/Medical)**

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When searching our ethical fund database, you have the choice of selecting funds that screen out either 'Animal Testing – Cosmetics' or 'Animal Testing – Pharmaceutical/Medical' or both. Most funds that screen out animal testing do so with regard to testing for the cosmetic/toiletries industry only.

## **Climate Change**

Climate change is now widely recognised as one of the most significant challenges facing the global economy. Environmental impacts include increased flood risk, declining crop yields, species extinctions and extreme weather patterns. The 2007 Stern Review concluded that under a Business-As-Usual (BAU) scenario a 2-3°C rise in temperature could reduce global economic output (as measure by GDP) by 3% annually.

The international science community has now accepted that one cause of climate change is likely to be the increase in greenhouse gas emissions, particularly carbon dioxide, which has occurred since the industrial revolution.

Under the Kyoto Protocol to the Climate Change Convention, agreed at the Rio Earth Summit in 1992, industrialised nations have now agreed to reduce their emissions of greenhouse gases by 5% on average over the next decade. Efforts are being made to improve energy efficiency and develop cost-efficient renewable energy sources such as wind and solar power, which produce no carbon dioxide.

Funds can apply both positive and negative climate change screens. On the positive side they can seek to invest in companies involved in carbon offsetting and renewable or alternative energies, for example.

## **Environment**

Funds may seek to positively invest in companies with proven green credentials or operating in green industries such as recycling (waste management) or renewable energy. They may also seek to screen out businesses operating in carbon heavy industries such as fossil fuel industries or with poor records on other air or water pollution.

Developing an environmental policy statement or making a formal commitment to a set of principles is commonly the first step for companies wishing to address their environmental impact at an operational level. Whether or not a company has a robust environmental management system (EMS) in place may also help determine the choices of potential green or ethical investors.

## **Equal Opportunities**

Despite the many strides made globally in combating discrimination and promoting diversity during the last century, much remains to be done to achieve true equality in the workplace.

Key Equal Opportunities issues are discrimination on the grounds of race (ethnicity), gender, disability, age and sexual orientation.

Progress towards equality is at different stages of development in different countries as social practices, legislation, and public opinion all differ around the world.

## **Gambling**

It has long been a cause for concern amongst ethical investors. With the deregulation of the UK gambling industry there have been claims that addiction to gambling is on the increase. Interest in gambling has been highlighted by recent concerns over the increased accessibility of gambling through the internet and interactive TV, and the discussion over the development of super-casinos.

Many funds screen out companies involved in the gambling industry, while others screen out those who derive part of their income from gambling, a figure usually between 10-20%.

## **Genetic Engineering**

Genetic engineering is generally perceived to be a radically new way of manipulating nature. The ability to transfer genes across species barriers, so that genes found in bacteria can be incorporated into the genetic make-up of a plant, or human genes can be transferred into animals, is viewed with distrust by many outside the biotechnology industry. Many funds screen out companies involved in genetic engineering – often with specific reference to the manufacturing of GM food products, cloning human embryos or stem cell research.

## **Human Rights**

The debate about globalisation has pushed Human Rights to the top of many ethical investors' agendas in recent years. Campaigns focusing on corporate behaviour, notably in 1980s South Africa and more recently in Burma, have highlighted certain countries where human rights are seen as most at risk and the implications of continuing to trade with such countries.

While governments have primary responsibility to promote and protect human rights, corporations also have responsibilities. Companies have direct responsibility for their own operations, for example ensuring that their labour rights policies are implemented globally. However, companies are increasingly being assessed on their wider impact on fundamental human rights in their operations in countries where oppressive regimes, weak governance and conflict hold sway.

Investors have traditionally boycotted certain countries, but increasingly it is argued that countries need investment to improve basic social and economic rights. It is what the company does in a country that is of interest.

## **Intensive Farming**

Animal welfare organisations have long been campaigning over the treatment of animals used in food production - for example, the conditions in which they are kept, how they are transported and the methods of slaughter.

There is also widespread concern about the quality of food produced, particularly about food contamination (in the wake of BSE), antibiotic residues and the use of growth hormones and pesticides. Wider environmental concerns such as the high, concentrated CO2 emissions resulting from intensive farming are also highly relevant for the food production sector.

## **Military/Armaments**

Many people share the fundamental conviction that because the taking of human life is wrong, warfare is wrong too. Some take this to mean that the use of military force is unacceptable either for defensive or, more commonly, for offensive purposes.

Others disapprove of what they regard as the harmful diversion of government funds from social spending to unproductive and destructive military programmes, both in the developed and the developing worlds.

The proliferation of weapons in poor countries and areas of political instability or conflict is another area of concern. In recent years there has been considerable public outcry over landmines and over arms exports to oppressive regimes.

## **Non-Sustainable Timber**

A critical aspect of the international trade in timber is the impact it has on the world's forests, which are in turn vital to the health of the wider environment. Tropical forests, in particular, are extraordinarily rich areas of biodiversity which have in recent decades been threatened by unsustainable commercial logging practices. Temperate and boreal forests, which provide the majority of the world's industrial roundwood, also hold important ecological and social value.

Widespread public concern over the effect of current harvesting and silvicultural practices on these and other forests has led to calls for more sustainable forest management practices. As a result, labelling systems have been developed for timber and timber products derived from well-managed forests to give the consumer a guarantee of sustainability.

Illegal logging remains a significant threat to any efforts towards sustainable forestry. Responsible sourcing of credibly certified timber and timber products helps discourage illegal logging and promote greater transparency throughout the timber industry.

## **Nuclear Power**

Since being hailed in the 1950s as cutting edge technology which would be the answer to the world's growing energy demands, nuclear power has become one of the most contentious of industries, due to radioactive pollution and waste problems, accidents, and the industry's link to nuclear weapons.

Each stage of the nuclear fuel cycle, from uranium mining to the transport and disposal of radioactive waste, is seen by critics of the industry as increasing the risks of hazardous pollution.

In the 21st century, the industry's wish to replace ageing plants together with ongoing initiatives to reduce carbon emissions has encouraged a new generation of proposals to be debated internationally.

Many green and ethical funds respond to the nuclear power issue by screening out companies involved with it entirely or partially (i.e. investing in companies that derive only a small proportion of their income from nuclear power).

## **Pornography**

Objections to pornography have traditionally centred on its tendency to 'deprave and corrupt'. Current opponents of pornography argue that it is degrading to both men and women, transmitting the message that women are sex objects available solely for male gratification without any form of emotional attachment. Recent research has provided evidence suggesting that it is likely that pornography can be one of the factors that contribute to sexual violence and sex discrimination. There has been rising public concern recently about Internet pornography, especially child

pornography which is illegal, and also worries about children using the Internet and accessing offensive material.

Many funds screen out companies involved in the pornography industry, while others screen out those who derive part of their income from it, a figure usually between 10-20%.

## **Positive Business Focus**

Many investors are interested to know whether the product or service provided by a company contributes positively to society and the environment.

This could be because its products and services meet an important need, improve quality of life, make the world a safer place or provide a solution to a social or environmental problem. These can include:

- Environmental technology, including products such as machinery for recycling, wind power generators, and pollution abatement technology
- Waste disposal companies
- Public transport and bicycles, including provision of bus services and maintenance of railway tracks
- safety and protection, for example alarm systems for elderly people living alone, fire alarms, life jackets and protective clothing
- Healthcare, including medicines, hearing aids and spectacles
- Housing, food and clothing

## **Shariah Law**

Shariah-compliant financial products are considered under Islamic (Shariah) law to be permissible, unlike bonds, which are not allowed, because Islamic investors are not permitted to receive regular payments of interest.

Some restrictions are in place on Shariah products. Funds may not invest in alcohol, gambling, tobacco or pornography, for example. Investing in banks or other interest-charging financial institutions is not allowed, nor in the non-halal or pork meat industry.

## **Tobacco**

Tobacco is the largest cause of preventable death in the UK, claiming over 100,000 lives every year. It is responsible for at least 90% of deaths from lung cancer, chronic bronchitis and emphysema, and it is a factor in over 20% of all deaths from heart disease. A decline in adult smoking and fears about the effects of 'passive' smoking in particular, have encouraged smoking to be banned in many public areas such as pubs, restaurants, offices and on public transport.

The tobacco market is still a significant size and is open enough for further product proliferation. Although cigarette prices have risen following government attempts to reduce smoking by increasing duty on tobacco products, new brands have continued to appear on the market, and cheaper 'own-brand' cigarette sales are on the increase.

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