Panacea Adviser

sri services

30 people, 30 words, 30 years
A guide to ethical investing

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By Panacea Adviser & sriServices

A celebration of 30 years of innovation and leadership in ethical investment and related areas - with contributions from 30 key individuals who believe that short term gain isn't the only game in town…

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1.0 Foreword

I have always been fascinated by the many different reasons people give for being interested in ethical, sustainable and responsible investment (SRI). From fund managers to individual investors' - motivations, aims and objectives vary dramatically.

I have spent much of the last few years working out how to convey this diversity to those who are less familiar with the area. The result has been the 'Fund EcoMarket' database tool. Yet this is a blunt instrument. A database can never hope to capture the passion and commitment that goes in to the process of innovation - or indeed the performance edge that spotting emerging trends can bring.

The 30th anniversary of the UK's first retail ethical fund provided the perfect opportunity to look at this in a different way.

This guide is therefore, in effect, a 30th anniversary celebration of ethical investment and related areas.

It includes contributions from many, if not most, of the key figures who have helped shape the SRI market today. Each was asked to set out in their own words '**why ethical, sustainable and responsible investment matters**'.

Yet although this market is diverse, dynamic and growing it is deeply polarised. Although underlying assets often overlap, retail and institutional investors have very different experiences. As environmental and social challenges and opportunities have increased the institutional investment world has responded by adopting codes (e.g. the Stewardship Code), forming coalitions (e.g. 'Aiming for A') and creating new networks and associations (e.g. IIGCC). New forms of investment are flourishing with their support (e.g. green bonds) and there is a real buzz behind the scenes.

Yet in the retail investment world, where investment is becoming increasingly automated and formulaic, comparable activity is largely confined to NGOs and pressure groups rather than investment professionals. Individual investor awareness therefore remains relatively low.

When I first moved into ethical investment full time, in the mid 1990's, people talked about SRI only being of interest to 'younger people'. Client research supported this to some extent, as the average age at inception was 41 – which is indeed relatively young for an investor.

I hear the same comments today.   Yet if you do some basic maths the numbers don't make sense. The interested cohort must have either shifted or expanded. Probably the latter.

Although this area may not appeal to everyone, many people would no doubt wish to consider building environmental, social and ethical considerations into their financial planning.   And indeed there are many sound reasons for them to do so. Personal values aside - from risk mitigation to seeking early exposure to growth industries - this area has much to offer, particularly given its longer-term focus.

I have written numerous 'guides to ethical investment' over the years – for Friends', with UKSIF, with and for various media partners - and most recently with Rayner Spencer Mills. This guide is however truly different.

For a start – it is a collection of other people's views, not my own.   It offers a series of condensed opinions from many of the people who have shaped this dynamic, forward-looking market. As such it provides something of a backdrop to these other guides - particularly the RSMR/sriServices 'Adviser guide to SRI' – which is very much a practical 'how to' guide.

This guide explores 'the *why* factor' – the ingredient makes SRI very much more than simply another investment strategy.

Many of the people who have kindly shared their views on 'why SRI matters' have shaped my opinions over the years and helped me to understand what is possible in different investment situations. In essence this is a 'shoulders of giants' guide.

My hope is that readers will find the views of these 'change agents' of yesterday, today and probably tomorrow inspirational - and so help bring SRI to an ever wider audience.

Julia Dreblow is head of sriServices

2.0 About this guide

This guide is a collection of opinions from across the sustainable, responsible and ethical investment spectrum, or in other words ‘any investment which consider ethical, environmental, social and/or governance issues to a significant extent’.

Each contributor was asked to set out in his or her own words ‘why ethical, sustainable and/or responsible investment matters.’

Each was asked to write a 30-word summary of their views and then to explain further in around 250 words.

Contributors were told that this information would be primarily for the benefit of financial advisers.

The guide does not therefore aim to include anything and everything that could possibly appeal to ‘ethically minded’ people or indeed to cover investment basics. Its focus is investment issues and options that are relevant to financial advisers.

3.0 The people

Although the opinions, approaches and roles of the people who kindly agreed to be involved with this celebratory guide vary greatly all share the view that investment is about more than simply making a quick buck - and that investment can and should be a force for good. Each has played a part in setting up, enhancing or expanding aspects of ethical investment and related areas - which I generally refer to as 'SRI'.

The contributors to this project are made up of three main groups – pioneers and innovators, investment managers and their colleagues and financial advisers.

Each has a story to tell that is relevant to the retail, individual investment market. Many have helped shape today's landscape through innovative thinking or by taking actions that now make it possible for investors to integrate their personal opinions, values and goals into sound financial plans.

Many have enhanced our understanding of where 'ethics' (in its broadest interpretation) overlaps with 'financial returns'. Many have helped explore what it really means to be an equity investor - the part owner of a listed entity - and to clarify where investors can have a positive societal as well as financial impact.

Some have developed or facilitated ideas that were once perhaps ahead of their time but are now widely accepted. Others are putting forwards ideas today that may become tomorrow's 'business as usual'.

Each is a great example of a 'financial services professional' that you are unlikely to read about in the mass media.

4.0 The layout

The 30 entries are roughly in a chronological order. They range from just before the launch of the first retail ethical fund, through its launch in 1984 and on to subsequent launches and developments - although timings overlap the order is not precise.

Although a number are now retired many of these ‘change agents’ remain highly active. The last few entries in particular give a flavour of how things might develop over the coming years.

Each contribution is made up of a brief introductory summary, additional text and a short biography.

Each ‘entry’ remains very much in its author’s own words and style. We have resisted the temptation to meddle with the text and have allowed the contributors’ unique characters to shine through.

5.0 With thanks

I am immensely grateful to each contributor for taking the time to share his or her experiences and opinions.

I would like to thank each contributor for their thoughtful submissions and in many cases their candour.

This project received overwhelmingly enthusiastic support from the moment I started mentioning the idea to people. Yet the task I set was not easy. Being asked to write a short summary of a subject that most contributors could probably write a book on is not easy – and requesting a '30 word summary' was particularly unkind. The minimal guidance I offered probably made the task even harder.

The result however is a series of very different pieces that emphasises each person's unique situation and perspective. I hope I will be forgiven for the '30 word summary' request - which I trust will be helpful for time strapped advisers - and serve as a useful reminder of this important anniversary.

The biggest challenge in writing this guide was in selecting 30 people. I was lucky enough to have started in this area whilst its early pioneers were still very much involved. Since that time in the early 1990's I have met so many inspirational innovators - so my initial candidate list of was far longer than 30. After consideration the nature of the guide led me to put some additional emphasis on the early years - not least because this time is often misrepresented.

6.0 The results

This guide offers a range of opinions on why it matters where we invest.

It brings to life the fact that investment can be about very much more than simply numbers, formulas and benchmarks - and gives a flavour of the many different things people are interested in.

One of its aims is also to help explain the myth that this area is somehow at odds with itself on occasions. In fact its diversity is an advantage not a disadvantage as individual investors also have different views.

The media would often have us believe that there are binary solutions to some of the world's major challenges. This is rarely the case. Although the SRI sector frequently shares areas of concern and interest (and may form coalitions accordingly) there is often no single 'best' way for investors to respond.

Today's 'stranded assets' (oil industry/climate change related) dialogue illustrates this well. In the 1980's there were no doubt similarly heated debates relating to investment in South Africa and areas such as genetic engineering, animal testing and nuclear power remain open to debate. Others will no doubt continue to emerge over time.

If you read no further than the first few entries of this guide it will be perfectly clear that methods and means were always set to vary and this works to the advantage of all concerned.

Ethical, social, environmental and governance challenges and opportunities are often highly complex – and different investors not only have different opinions but also have different areas of interest and capabilities.

Indeed investee companies can benefit from these different relationships. Helping to bring a tiny specialist IPO to market is entirely different from seeking to influence a FTSE100 company for example … yet in both cases a constructive relationship can beneficial for all concerned. The contributors to this guide have collectively been involved in all such areas.

7.0 For advisers

The level of integrity, intelligence and knowhow that this guide highlights is intended to help advisers to understand SRI better and also to illustrate how IFAs can approach this area.

I will save writing my response to the 'why' question for another day - but suffice to say I believe the way we invest is crucially important for a range of reasons - and that adviser can be at the heart of encouraging positive change.

I am yet to encounter any adviser who feels that environmental, social or governance (ESG) issues are likely to become less important over time. So integrating SRI into the advice process can only grow in relevance.

Advisers are of course obligated to identify their clients' aims and opinions under the TCF rules. Consideration of SRI has also been part of the adviser 'best practice ISO' for a few years now. Yet these are only part of the picture. This 'why it matters' guide sets out why SRI is very much more than just another investment style.

The following contributions point to many sound financial, business and indeed moral reasons for exploring this area further. Readers may well have different views on different contributions. That is in part the purpose of guide. We all have different opinions and therefore different needs.

Helping clients to find investment options that area a fair reflection of their own personal views is very much part of ensuring their investment strategy is right for them.

The timing of this guide – immediately after the 30th anniversary of Stewardship's launch, just ahead of the UKSIF's Good Money Week in October and prior to the UNFCC COP21 Paris talks in November/December - should help advisers to discuss this area more easily whilst it is under the media spotlight… and beyond. The discussions around 'why this all matters' have barely begun!

Nothing brings a subject to life like stories – so here are 30!

8.0 John Whitney

Friends Provident Director and Chair of first Friends Provident Stewardship Committee of Reference (retired).

"I believe that those in the pursuit of wealth have a moral obligation to avoid investments that result in further damage to the planet or their fellow human beings".

Around the Friends Provident Board table in the 1980s there was a position where five Quakers had to be Directors. I was one of them. If Friends Provident policy did not align with the investment principles of the Religious Society of Friends, then we five could veto that policy. The areas of economic activity we considered unsuitable were tobacco, alcohol, gambling, prostitution, pornography, munitions and related products, and fossil fuel extraction. Based on respect for each human being, Quaker investment should also only be in enterprises, which avoid the exploitation of employers, customers or communities. This right to veto was never formally exercised, but when there were proposals to invest in companies that manufactured weapons systems – a rift occurred in the Board.

Friends Provident decided to promote an investment vehicle that would support the investment aims of Quakers and on that basis the Quakers could either stay on the Board or leave. The outcome was that three Quakers left and two, Lyn Wilson, and myself decided to stay on the Board. The Stewardship Unit Trust was then researched and set up, and a Committee of Reference was formed to monitor this, of which I was Chairman. The Stewardship Trust was the UK's first authorised unit trust run on ethical investment principles.

When Friends Provident was demutualised in 2001, £20 million was put aside to found and fund the Friends Provident Charitable Foundation, and I was the Foundation's first Chairman. The Foundation also followed Stewardship principles in investing its endowment.

Biography

Born into a Quaker family in December 1930, John Whitney was educated at Leighton Park Friends' School. He was the first Managing Director of Capital Radio (1973-82), Director General of the Independent Broadcasting Authority (1982-89), Managing Director of The Really Useful Group (1989-90) and Chairman (1990-95).

He was Director Friends Provident Life Office (1982-2002), Chairman Friends Provident Stewardship Committee of Reference (1985-2000), Chairman of Friends Provident Ethical Investment Trust (1992) and Chairman of the Friends Provident Charitable Foundation (2002-06).

He was Chairman of the Royal Academy of Dramatic Art from 2003 until his retirement in 2007. Among numerous roles not connected to broadcasting or Stewardship, John Whitney was on the Council for Charitable Support (1989-92), the Executive Committee of the Musicians Benevolent Fund (1995-2001), the Council of the Royal London Aid Society (1966-90), President of the London Marriage Guidance Council (1983-90), Chairman of the Trustees of Soundaround - National Sound Magazine for the Blind- (1981-2000, when he was made Life President) and Chairman of the charity Artsline (1983-2000, being made Life President in 2001). He was a Fellow and Vice President of the Royal Television Society (1986-89) and is a Fellow of the Radio Academy.

9.0 Lyn Wilson

Friends Provident Director and member of the original Stewardship Committee of Reference (retired).

"For many years economists and financiers believed that investors aimed at achieving the greatest financial returns. Regardless of risk. And they believed Milton Friedman, "There is one and only one social responsibility of business - to use its resources and engage in activities designed to increase profits".

So . . . . . let's stimulate sales or armaments by encouraging unrest, more blood is good for profits (BAE Systems CEO Dick Olver notably commented a few years ago "We operate in a murky field"), get hooked on fags (Death by BAT*), have fun betting - a very few winners but many losers (BetFair*), drink more alcohol - get drunk and liver failure but oh, so good for profits, "raise a glass for the shareholders', girls are lovely, oh so pornographic and fun, and so good for profits (Express, Mirror, W. H. Smith*). The City, investors, financial advisers love the unfettered greed.

*Referencing reasons for exclusion from early Stewardship

But is this really the world we want?

Many, notably Methodists and Quakers, would disagree hence their collaboration and the subsequent launch of the UK's first ethical option for individual investor.

The Stewardship Committee of Reference worked towards giving the Investment Managers of Friends Provident a list of companies making a positive contribution to society (in contrast to beer, 'baccy, bombs, betting, brothels, bingo). Their demand was that companies must show:

- ✓ responsibility to the communities in which they operate, including the provision of products and services of long term benefit to the community e.g. safety equipment, pollution control, environmental monitoring, health care/medical, education and training, personal security, basic necessities
- ✓ a record of suitability, quality and safety of products and services
- ✓ that they practice or are involved in environmental improvement and pollution control

- ✓ that they conserve natural resources including natural woodlands and forests, or energy conservation
- ✓ opennesss about corporate activities
- ✓ excellence in their management of staff (employment policies and practices, equal opportunities), relations with customers and with the public (community involvement, contribution to the environment, relations with the disadvantaged).

Recommended reading & sources:

Silent Spring, Rachel Carson
Unsafe at any speed, Ralph Nader
The social responsibility audit, John Humble CBI
CBI *Responsibilities of the British Public Company* acknowledge that a company ". . . must be recognised as having functions, duties and moral obligations that go beyond the pursuit of profit. . ."
Rockefeller Foundation Trustees letter to GM 1970
Quaker initiatives: Public Interest Research Centre Social Audits (Joseph Rowntree Charitable Trust funding)
EIRIS

Biography

Lyn has enjoyed a career starting projects and, once they were up and running, he sought new challenges. During his 7 years with BOAC in the Far East he was the lynchpin for introducing trans Pacific operations; he then gained experience of consumer goods marketing with Reckitt & Colman (Overseas) and, being fascinated by management, he, with three others, established the Durham University Business School in 1965 and was the first director of the MBA programme.

After a year at the Stanford Business School he introduced an undergraduate management programme relying on a textbook in which the first chapter was about the wider responsibilities of managers to not only shareholders but to the society in which it operated (Massie, J. L, Essentials of management 1971).

As a Quaker he was excited by the many companies (over 250) founded by Quakers in 'innocent trades'. Quakers are advised, if investing, that ' thought should be given, not only to security and the rate of interest, but to the conditions under which the income is produced and the effect which the investment may have on the welfare of all, through social or environmental impact, at home or elsewhere . . .”

This led him, having been appointed a director of Friends Provident Life Office in 1982, to work with others to develop ‘ethical’ or ‘socially responsible investment’. One project which he masterminded was the 150th anniversary of the Stockton & Darlington Railway 1825-1975 and the building of the replica of George Stephenson’s ‘Locomotion’. 1986-98 he had a research fellowship at Cambridge to see how the university could enter the management education arena and the result, with help from others, is the Judge Business School.

His passion is climbing and fell-walking.

10.0 Roger Morton

Member of the first Stewardship Committee of Reference, trustee of the Joseph Rowntree Charitable Trust (retired).

"Ethical Investment matters because:
- It makes better companies
- It helps people, some deeply uneasy about the stockmarket, who e.g. feel it tasteless to profit from selling things that kill people, to live their values."

Investors who take any interest at all in the companies they hold, directly or indirectly, are going to be concerned with both *what* companies do and *how* they go about doing it and this has always been the agenda for Stewardship.

The relative isolation of senior managers from wider society means they need honest and informed critics among their stakeholders – not just shareholders – whether or not they realise it. I have known the news that a potential shareholder is stumbling over e.g a subsidiary making components for munitions, trigger disposal of it.

The financial services industry has not however served its customers well in this area. There are too many "me-too" funds, offering what appear to be off-the-peg ethical policies with a lot of fuzziness. Major arms "manufacturers" are today inevitably assemblers of components largely supplied by others; a policy which purports to exclude them has to deal clearly and openly with those others. Senior management pay has risen in significance to the point where the management interest has to be seen as in competition with the interest of shareholders at large. Ethical investors should be among the first to be promoting debate and change.

But our own industry has big problems: the retail distribution review needs to be the start of more change in the relationship between providers, investors and intermediaries. Investors will increasingly want a direct relationship with providers. Yet my observation is that reporting has become grudging and perfunctory.

The marketing of ethical funds is itself an ethical issue and must have an input from ethical committees. I well remember the explosion which occurred at the Stewardship Committee of Reference when in the early years after the unit price had doubled from its launch value, Friends Provident's marketing department came up with the slogan "100% clear profit, 100% clear conscience".

Let us have communication with retail investors based on the principle not of "trust us" but "let us show you". And investors' meetings are ripe for reinvention.

Biography

I got involved in ethical investment in 1968 through two events: joining Derbyshire County Council in a role which mutated into setting up an in-house investment operation for their pension fund; and becoming a trustee of the Joseph Rowntree Charitable Trust. The latter was developing a new interest in Business Behaviour (later called "corporate responsibility"). At the same time, Richard Rowntree, a trustee of one of the other Rowntree trusts, had worked up a proposal for an ethical unit trust and we joined forces to promote both agendas. We soon found Charles Jacob, then managing the investments of the Methodist Church, who had had a similar idea. It took a further 15 years or so to get regulatory approval and find a manager for such a fund.

In pre-EIRIS days, it was felt important that a manager should have a well-developed analytical approach to investment, but all turned us down, including even Friends Provident around 1976.

In 1983, EIRIS was set up with the support of two of the Rowntree trusts and several churches. At the same time, Friends Provident was changing its constitution to remove formal links with Quakers in order to attract a wider range of business. However it wished to offer specific ethical funds to those who preferred them and Stewardship filled the role perfectly.

A Committee of Reference had become an essential part of the Stewardship design and I joined it at the outset in May 1984, remaining a member till 2004, serving also as a director of Friends Provident from 1997-2004. For 20 years from the mid-1980s I provided consultancy services to pension funds and charities on all aspects of investment management and strategy including the development and implementation of ethical and social policies.

11.0 Charles Jacob CBE

Member of the first Stewardship Committee of Reference, originator of the Stewardship name.

Charles Jacob was keen to contribute towards this guide however he sadly passed away on 1 June 2015, age 94, before being able to do so.

Charles will be remembered for his passion, perseverance and commitment to this area and as one of the founders of the UK's first ethical fund for individual investors.

The following text is a brief summary of his experience and involvement in this field. This is based on our discussions over the years and Charles' own website.

Charles Jacob started his career as a stockbroker (at Stockbrokers Nathan & Rosselli and then James Capel & Co) but retired in 1969 due to ill health. He returned three years later to become the first Investment Manager of the Central Finance Board of the Methodist Church. During the next 15 years the Funds under his management multiplied over 100 times and the Methodist Ethics of Investment Committee was founded, believed to be the first of its kind. The Church Investors Advisory Group on Ethics was subsequently formed and opened to all denominational investors.

Charles was appointed a Director of the Methodist Insurance Company and subsequently to the Central Finance Board of the Methodist Church. He was appointed as Investment Manager to various colleges and charities and in 1988 was awarded the MBE for his services to educational and charitable organisations in Wales and CBE in 2011 for his continued charitable service.

For many years Charles endeavored to establish the first UK Ethical Unit Trust, Charles persevered despite his proposal being refused three times by the Dept. of Trade. Finally in 1979, with the help of Sir Nicholas Goodison (then Chairman of the Stock Exchange) the Trust was launched by Friends Provident in 1984. Charles is credited with naming the fund(s) 'Stewardship', from the Parable of the Talents.

Charles became a member of Stewardship's first Committee of Reference, and Investment Sub-Committee, served as a Director of the quoted FP Ethical Investment Trust and Chaired the Environmental Funds Committee before retiring in 2000.

Charles was also a founding member of UKSIF and remained an active patron until recently. He delighted in the success of the Stewardship range which exceeded £4bn on its 20th anniversary in 2004. By that time the range included Life, Pension and Unit Trust/OEIC options.

Where is Stewardship now?

The Stewardship range was split into two at the end of 2014.

The Stewardship Life and Pension funds (and 'brand' name) remain with Friends Life, which has recently been taken over by Aviva. These funds are now managed by Schroders. The role of the Committee of Reference remains.

The Stewardship Unit Trust/OEIC funds have been rebranded 'Responsible' as part of a wider BMO/F&C SRI range.

These funds remain broadly unchanged and are managed by BMO (formerly F&C), which has managed the Stewardship range for many years, (following the merger of Friends Provident Asset Management/ISIS with F&C in October 2004).

12.0 Charles Medawar

Member of the first Stewardship Committee of Reference (retired).

> ***"Socially Responsible Investment (SRI) is an important, if insufficient, mechanism for the accountability needed to ensure that personal values and social goals are well aligned with business and corporate activity and impact."***

Probably the most important lesson about SRI learned in the past 30 years is that there are plenty of investors who wish to promote social good and avoid doing harm. Other lessons learned, in no particular order of importance, relate to:

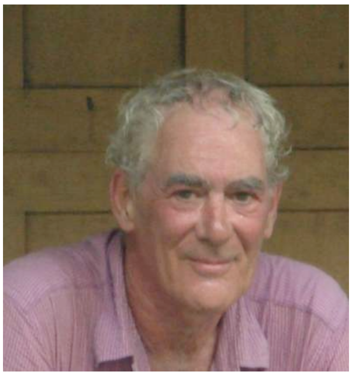
- ✓ the relevance of, and need for, rigorous disclosure of information for proper accountability;
- ✓ the futility of inadequate regulation and the dangers it presents;
- ✓ the feasibility of systematic data analysis and the reality of choice between more and less preferable investments;
- ✓ evidence that expressed public concern concentrates the minds of leadership, also strengthen the hand of conscientious individuals within business; and
- ✓ the relevance of reputational risk, and the potentially dire consequences of ethical failures.

That said, 30 years later, there is still ample evidence of the insufficiency of SRI. To my mind, it is still an all-too-blunt instrument whose impact on corporate performance has fallen well short of game changing.

Are the major corporations of today really more responsive than 30 years ago? I would not argue that SRI has made any huge difference – but nor would I have expected it. No matter that, these days, SRI activists can rely on wonderful research and communication technologies: the challenges now seem quite as great as they were then.

The task today is greater than before, mainly because of the rapid growth of multinational corporations and international planning and regulatory frameworks; the size and dynamic complexities of the main players; plus the increasingly head-spinning rate of change of change.

Biography



In the late 1960s, as a researcher on Which? magazine, I happened to learn that the shareholders in Imperial Tobacco included many cancer research charities, among many other names you wouldn't want to see.

Soon after, I worked a good stint with Ralph Nader in Washington DC. That led to contact with shareholder activist groups, including the Council on Economic Priorities, and many church groups, all determined to make investment count.

By then, I'd worked out the most basic of all points – perhaps still lost on many conscientious individual investors. Many might assume that, if they buy shares in a company, then that company gets to use *their* money for better or worse. That myth encourages ethical investment, but of course it doesn't work like that – and only rarely would SRI lead to any significant depression of share price. It follows that ongoing enquiry, systematic analysis, comparative ranking, negotiation with management, informed representations and the prospect of adverse publicity are the main levers of corporate social responsibility.

Working with colleagues in the (mainly) Rowntree funded group, *Social Audit*, I explored other avenues throughout the 1970s. We tried to develop and apply methodologies for measuring corporate social performance and impact, engaging with selected companies as concerned citizens and token shareholders. We were perceived then as abrasive; by today's standards we were pussycats. Working on 'proof of concept', I hope we helped to lay the foundations of what SRI became.

Proof of market impact of SRI dates to 1984, with the foundation of the *Stewardship Trust*; I became a founder member of its independent, *Committee of Reference*. Yes, I was able to contribute, but also had masses to learn. The complexities of portfolio management, and the scope for trade-offs still haunt me.

13.0 Peter Webster

CEO of research provider EIRIS since its creation in 1983. UKSIF Treasurer for 20 years.

"Ethical/responsible investment is a great way for investors to act on their beliefs: whether those are beliefs about long-term sustainable wealth creation or about how the world should be."

Ethical or Responsible Investment offers many different tools and approaches:

- ✓ It helps the individual investor meet their own future needs or the needs of others in a way that reflects their beliefs and may advance and help to realise their vision of how the world should be
- ✓ It helps asset owners address longer-term risks and opportunities in their investment portfolios and to act in ways designed to enhance long-term wealth creation for the benefit of their beneficiaries and the wider society in which they live.
- ✓ It helps investment managers manage risks, understand the contribution of environmental, social and governance factors to corporate value and provide products valued by committed responsible investors in their market-place.
- ✓ It helps the owners of companies generally fulfill their Stewardship responsibilities and encourage decisions that favour long-term sustainable growth to the benefit of all stakeholders.

As the number of people within companies committed to good corporate citizenship increases it is ever more important that those investors in favour act as responsible investors and communicate their expectations and beliefs to counteract other more short term pressures.

Perhaps soon the majority of capital markets will be controlled by owners and managers committed in principle to responsible investment. But so far day-to-day it makes a significant difference in only a very small number of cases. We should aim to make responsible investment as big a part of normal investment practice as health & safety is in an engineering context or "reputation" is in brand management.

Biography

Peter has been the Executive Director or CEO of EIRIS since it opened its doors in 1983. When there were just two employees that meant doing the research and providing the services. Over time it has involved IT, marketing, advising clients, speaking at conferences and events, leading the team and developing strategy.

He was also Treasurer of UKSIF for 20 years and is now a member of the Board of the UN Back Principles for Responsible Investment (PRI). He has an MBA from the Open University and a mathematics degree from Oxford University.

14.0 Brian Sweetland

Office Solicitor at Friends Provident and Secretary to the first Committee of Reference (retired).

"In the early 1980s, then as the Office Solicitor for Friends' Provident Life Office ("FPLO"), I was asked to draft a prospectus and seek regulatory approval to launching a new fund…"

The unit trust that would invest solely in the shares of UK companies whose operations would not offend the investment principles of the Religious Society of Friends, commonly known as Quakers.

Quakers founded FPLO in 1832 and had constitutionally entrenched seats at its Board table for some 150 years. Before then, I had no involvement in the world of ethical investment, my agnosticism dubbing the product "The Brazil Fund" because only nuts would invest in it. How wrong was that!

Overcoming differentiation issues in discussions with the then regulator of unit trusts, the Department of Trade, who had difficulty distinguishing a general UK-equity unit trust from an ethically-focused one, the Friends Provident Stewardship Unit Trust was launched in June 1984 as the UK's first ethically screened unit trust.

It aimed to look beyond financial gain as the sole criterion for investment but to wider issues, supporting investee companies that made positive contributions as well as avoiding those involved in areas that many people regarded as unacceptable e.g. producers of armaments, alcohol and tobacco.

Biography

I became the Secretary to the Committee of Reference ("CoR") from its creation and quickly appreciated the passion of CoR members who profoundly believed that social responsibility was a pre-requisite to profit.

Over the decades that followed my involvement continued with Stewardship and the CoR, which originally comprised Quakers and a Methodist.

In 2002 I joined the CoR and, after my retirement in 2005, was until mid-2010 Chairman of the CoR's Investment Committee, whose role it was to determine whether potential investee companies met Stewardship's investment selection criteria, themselves the result of significant and thoughtful analysis by the CoR. For many years I have believed what Marcus Aurelius Antoninus said – and which was used in Stewardship's first marketing paper: "What is not good for the swarm is not good for the bee."

Until May 2005, I was an executive director of Friends Provident plc ("FP"), a FTSE 100 company, and a member of its investment committee. As a solicitor, I was the company secretary of FP for over 20 years until end-2004 and was formerly a non-executive director of Benchmark Group plc and F&C Asset Management plc, both FTSE 250 companies. I am a director of an offshore investment trust, F&C Commercial Property Trust Limited, also a FTSE 250 company.

15.0 Christian Thal-Jantzen

Chair at ethical specialist IFA Bromige and Partners. Former colleague of founder David Bromige, one of the UK's first ethical portfolio advisers.

"A fundamental consideration for me when considering why invest ethically is that whatever we do in the world will inevitably have knock on consequences big and small. It therefore matters what I do or do not do."

Everything we do has consequences. It is my contention that investing ethically is likely to have positive consequences for generations to come, for the future of humanity.

Screening investments: The pure negative screen of an investment portfolio is likely to have the smallest impact on my fellow humans. It will do little more than enabling the investor to feel good about himself.

In contrast, a policy of investing selectively in companies that are making a social add on value, the investor can feel confident that she is directly assisting her fellow humans for generations to come. The fact that by choosing companies with a social add on value you will of course exclude those that have a negative social impact so negative screening is not then required at all.

Biography of the Bromige Enterprise: My former colleague and founder of Bromige, David Bromige, started offering ethical screening of investments to clients in 1979 working with stockbrokers (now discretionary portfolio managers). This developed into the launching the Ethical Investment Fund (a broker bond) in 1986. To assure the investors that the ethical policy was being rigorously applied an independent Ethical Committee was set up with responsibility for the ethical screen including monitoring the implementation of the screen.

This lead two years later, in 1988, to Bromige assisting Scottish Equitable to set up its own screened unit trust called the Ethical Fund and sharing the independent Ethical Committee which also monitored the Bromige broker bond. This arrangement continued for the next five years up to 1993. The Scottish Equitable Ethical Fund is now known as the Kames Ethical UK Fund with almost identical negative screen. The major changes being that that South African investments and Banks are no longer excluded.

In 1989 Bromige assisted AllChurches (now EdenTree) to launch an ethical unit trust called the Amity Fund and in 1990 we assisted the Co Op Society to establish a new unit trust known as the Environ Fund now CIS Sustainable Leaders. It is clear from this that Bromige was already moving away from a rigid negative screening of investments first towards a more flexible approach by the inclusion of positive criteria with the Amity Fund and the following year a fund with an entirely positive engagement policy with the new Co Op fund. It should not be surprising that Bromige was one of the founders of the UK Social Investment Forum.

Biography

Christian Thal-Jantzen born in Denmark came to England to attend a Steiner Waldorf School. Having qualified as an architect, he set up in private practice for 9 years co-founding an intentional home-life community of 30 homes and 70 residents where he lived for the next 42 years.

This community project lead to him becoming an international trader, for the next 7 years, in organic and bio-dynamic grains, pulses, seeds and grains. While trading Christian had taken an interest in the buying and selling of currency options and forward contracts to purchase currency. In 1986 he assisted in establishing the Gaia Hedge Funds which were owned by the Gaia Trust a Danish charity with a radical green agenda.

The idea of making a good return on curacy trading and supporting a green charity was a win-win and Christian's carrier as a financial adviser was launched. Early in 1988 Christian joined Bromige and in 1994 became a shareholder and director. Bromige Financial is an independent Financial Adviser which includes in its specialisms the giving of investment advice that is socially responsible and ethically screened. Christian is currently chair of the Bromige Financial Board.

16.0 Richard Singleton

Early Stewardship fund manager, governance expert at F&C (retired), Deputy Chair of EIRIS.

"The way many companies are now run separates management, ownership, workforce and customers. Responsible ownership tries to bring these back to a whole. Ethical investment takes this process further."

The tension between short-term profit and practices that individuals can live with comfortably has long been with us.

A reaction to this tension was found in the nineteenth century because of the working conditions in textile mills and mines. Enlightened industrialists set up businesses with, for the time, model working and living conditions. Many of these businesses have thrived, Cadbury at Bournville, Rowntree in York, Lever Brothers at Port Sunlight and, more controversially, Armstrong in Newcastle.

Many of these were businesses founded by Quakers, as was Friends Provident, the company that I joined in 1985 to manage UK equity funds. At that time they had just launched the Stewardship Funds which were invested on an ethical basis. The ethics were in the hands of a Committee of Reference and it was my privilege to work with them gaining an understanding of the issues which I then discussed with companies that might be suitable investments for the funds.

These discussions differed from the usual meetings between companies and investors, raising issues that mattered to businesses but were not often raised.

This was brought into sharp focus when a chief executive called me in the late 1980's asking for advice. He was wishing to ensure that his own concern for equal opportunities was reflected throughout the company as it grew and he no longer had personal knowledge of every employee.

It seems incredible now, but even the Equal Opportunities Commission had no idea how to set about doing this at that time.

This was the experience that started my efforts to influence companies both in acting responsibly and in reporting to investors and all interested parties - and later in being much more active in upholding strong corporate governance.

Biography

Richard Singleton joined F&C (formerly Friends Provident Asset Management) as an investment manager in 1985. He later became part of their Governance and Sustainable Investment team with the title 'Director of Corporate Governance'. Richard is now Deputy Chair of ESG research provider EIRIS.

Richard has worked in investment management throughout his career, initially with an UK private client specialist before joining Swiss Bank Corporation, now UBS, London office there gaining wide international experience both in equity and fixed interest markets, investing for substantial private clients and for institutional funds. He moved to Friends Provident as a UK equity manager of the very substantial funds. Two aspects of his initial role were to develop dramatically over the next twenty years, firstly the development of ethical and the wider responsible investment approach and secondly the recognition of the importance of corporate governance and the recognition of the duty owed by investing institutions to act as responsible owners. Richard played a leading role in both of these important developments.

17.0 Tessa Tennant

Entrepreneur, founder of Jupiter Ecology fund and NPI Global Care funds (now Hendersons), co-founder of the Carbon Disclosure Project and UKSIF.

"As Liza Minelli sang in the movie Cabaret, Money Makes the World Go Round! No-one has put it better, and that's why our investments should be making the world a fairer, greener, more beautiful place for everyone."

Ethical investment is about connecting to our moral core. Even the Financial Times acknowledged some years ago that the days when investment decisions could be made in a total moral vacuum were numbered.

Without values, civilization would crash, and values can't be siloed. You either have them or you don't. And if you have them, then ethical and sustainable investment - the umbrella terms for a fairly large and growing chunk of financial services - is the only way to go.

Right now, there's a realization that the growth model, which drives the global economy, is deeply flawed and if we let it continue as is, then Dr Seuss's Lorax story will come to pass. We will cut down the last tree and drain the last river.

As an Indian investor said to me recently, "until the western growth model was imposed on my country, we had lived in harmony with nature for thousands of years". This is not to suggest that India was perfect, but his comment is a reminder of the costs, as well as the benefits which have come with our economic growth model.

So we need to find other models, which take the self-interest out of the profit, motive and encourage innovation and quality of life for all. Luckily groups like Bteam.org are on the case, as are many universities and think tanks. Key to the transformation is firstly, solar power – the sun keeps on giving and that unstoppable source of energy is our best hope for a brighter, greener tomorrow; and secondly, political renewal where people take ownership of decision-making more and more.

We have to get better at thinking global and acting local, and that applies to our investments too.

Biography

A graduate in Human Environmental Studies, Kings College London, Tessa Tennant has devoted her career to innovation in financial services for sustainability. She co-founded the UK's first green equity investment fund in 1988, now called the Jupiter Ecology Fund. She co-founded The Ice Organisation, managers of the environmental rewards programme myice.com, and is now its non-executive President.

She is a non-executive Director of the UK's Green Investment Bank. Tessa has co-founded numerous not for profits to promote sustainable finance practice including, asria.org in Hong Kong, The Carbon Disclosure Project, cdp.net and the UK Sustainable Finance Forum uksif.org. She has served on a number of fund, company and not-for-profit boards.

18.0 Brigid Benson

Pioneering specialist ethical financial adviser, founder of GAEIA (retired).

"Investing with a care for moral and environmental outcomes encourages those who manage money on behalf of the majority to consider and monitor the social and long-term impacts of the companies they invest in."

This oversight over the use of our money, whether cash or shares, matters more than ever for many reasons.

In the early years, in my view, it was due to individual retail consumers, large and small, and only a few faith groups, such as the Quakers, determined that their money should reflect their values, that really enabled ethical investment to take off in the UK. These loyal, articulate, informed investors were willing to invest for the medium to long term, despite industry & political scepticism through some terrible stockmarket downturns and volatility but they and we never gave up. Together, committed IFAs and ethical fund managers, we showed that there was a growing volume of consumer support for money to be invested with consistent ethical and environmental concerns and that good performance could be achieved. For a time the retail sector grew strongly, the more money invested and in specific funds, the better the research and PR channeled to spur growth.

As an IFA specializing in ethical investment since 1989 and since 1993, running my own firm, we dedicated all our resources to both meeting the varying needs of ethical investors and to also sourcing less conventional investments with higher social/ environmental benefit. Why? Because clients requested alternatives to mainstream companies. They wanted to use at least part of their money to support renewable energy, social housing and community beneficial enterprises, thus helping this sector to emerge.

So, together we helped to grow ethically screened funds from just a few million to the billions now tracked annually by EIRIS. This sounds like a roaring success, along with more companies subject to engagement or pressure over their effects on society and the planet.

However, due to a combination of complex factors, over the last few years, the social benefits are less clear. Not only has the gap between rich & poor increased, but also the ordinary retail investor marginalized in the advice and sales process, with consumer saving at an all time low. The regulatory regime, intended to protect consumers, has increased the complexity & cost of providing advice, whether independent or not so that it is now too expensive for most consumers to access. Investing solo via the Internet has not plugged the gap.

Apart from relatively wealthy investors, the process of socially responsible investing has passed largely into the hands of less accountable, larger fund managers, with much less consumer interaction. This is not quite how some of us hoped the market would develop – one where more & more ordinary folk would be offered an array of ethical fund choices, while choosing pensions & other investments savings for their later years.

Biography

I joined financial services in 1989, specifically to help grow the then fledgling ethical investment sector. In the mid-late eighties I was working fulltime for a human rights charity when the management committee offered to pay contributions into a pension. We had to select a scheme but it was hard to find one that wasn't invested partly in arms or South Africa (remember Apartheid prevailed & Mandela was still in prison!). Eventually an advisor found Friends Provident & Scottish Equitable – the only two insurance companies, along with Jupiter's Ecology Fund.

I had no ambition to start a company but as I found myself gathering clients, partly from my connections and partly from my own marketing ideas and knowledge of the issues, while working for conventional firms. I decided I had better set up a dedicated company with a clear mission to promote socially responsible ways of investing. I called myself a "reluctant entrepreneur"!

A graduate in French & Spanish, having taught & lived in France, Spain, and later the Caribbean & Latin America, I had seen the lives of the dispossessed, the effects of poverty and had no appetite for "business as usual". Using & investing money with accountability down the labour chain while providing a decent return to investors, seemed the ideal solution and it still has the potential to be an even more powerful tool for change.

19.0 Mark Campanale

Thought leader and co-founder of initiatives including Global Care funds (NPI/Henderson), SSE, GIIN & Carbon Tracker.

"Responsible investment is important to society because it transfers power away from corporations and investment management companies back more towards ordinary citizens, individuals."

Responsible Investment allows action, outside of the role of Government, to the big concerns of our time such as how to finance and scale social impact businesses; how to make sure that companies pay a Living Wage as well as "just" corporation tax structures; and how to properly address climate risk.

There are some balances and re-balancing needed in the economy and some puzzling contradictions. In the case of Corporation tax, companies flee jurisdictions to low tax environments. But the arguments to do it – to ensure shareholders get the best available return, ignores the fact that policyholders are also citizens of nations, who are beneficiaries of the taxation system.

So there is often a conflict between what is in the interest of individuals as shareholders and what is in their interests as citizens. They should be the same but they are not. The real problems come in when a narrow group of investors – typically unaccountable ones – exert their influence in a way that is against the interests of society. At the company level, the challenge of our time I believe is tax leakage by corporations, whilst shifting the burden of tax onto working citizens. The challenge of our generation is climate change; Carbon Tracker has been a handy insight into how to thread a narrative which brings together my views on society, capital markets and investors.

Biography

My professional focus has been to bring together investor interests in the sustainable economy whilst addressing capital market failures that might cause damage or loss of natural capital, or social dislocation. I started my journey in responsible finance in February 1989, at Merlin Fund Management (now part of Jupiter) who, led by Tessa Tennant and Derek Childs, launched the Ecology Fund. I'd secured a degree in

Politics & Economic History at the University of York (1985) and an MSc from Wye College, University of London in Agricultural Economics (1988). At Wye, I specialised in tropical agricultural and “natural capital” environmental cost accounting.

After 5 years at Jupiter Asset Management with the Jupiter Ecology Fund, we left to found the NPI Global Care Funds range, which evolved into the Sustainability Funds Business at what is now Henderson Global Investors, managing assets of some £2 billion on behalf of charities, family offices and retail investors where we became known for our multi thematic ‘industries of the future’ fund range. During that time, I was a co-founder of the AMP Sustainable Future Funds in Australia, whose assets now exceed A$2 billion. My main focus was primarily analysing and investing in businesses in the water, recycling, energy efficiency, foods and renewable energy sectors, before moving into business development. My particular interest was helping foundation investors align their investment portfolios with their charitable mission, alongside supporting shareholder activism on a range of issues but particularly forests and climate.

In 2005, I initiated the work and funding that established the Social Stock Exchange, where I am Founder, through securing a grant for NEF from CAF. The SSE brings together publically traded high social impact businesses with social investors on a live investment platform. Leaving Henderson in 2007 to establish this platform, the development work was financed by Halloran Philanthropies, where I was an advisor, as well as by grants from the Rockefeller Foundation. Today, SSE’s lead investor is Big Society Capital.

In 2007, I created “Carbon Tracker”, an award winning not-for-profit organisation that seeks to align financial markets with climate goals. Carbon tracker now employs some 15 staff worldwide. (See www.carbontracker.org) Today, I continue my work with impact investors through Impact Investment Consultants Ltd; I advise Armstrong Energy Global Ltd, a solar energy business focused on India.

From 1989, I served on the UNEP Finance Initiatives Steering Group in Geneva, was a founder director of UKSIF, the UK Sustainable & Responsible Investment Forum and served on its board for over 10 years. I also served on the Steering Group of GIIN UK in its first year before joining the Advisory Board of ImpactBase.org. I am a Director of Emerald Bio Energy and Treasurer of the Rainforest Foundation UK. I am proud of my southern Italian heritage; my love of trees and agriculture derives from a long family history of growing olives and almonds.

20.0 Lee Coates OBE

Founder of ethical specialist IFA Ethical Investors Group and research company Ethical Screening Ltd.

"We've seen so many changes in financial services in 30 years; one of the best has been accepting SRI as a sound strategy for clients, by the better client-focused advisers."

Regulation, commission disclosure, commission ending, fee charging, greater professionalism and SRI. Over the last 30 years everything has moved in a positive direction. I added SRI, not surprisingly, because I believe it sits alongside the other changes as part of the improvement in delivering quality financial planning advice. When financial advice was all about selling product, advising on ethical investment just got in the way of getting a signature on the form and commission in the bank.

Financial planning is based on the needs of the client; good financial planners have to at least find out if each client wants to invest responsibly and if they do it's the planners' job to meet this need, not to persuade the client they don't want it. Convincing a client that they don't want something just smacks of old style selling – it has nothing to do with financial planning advice.

Advising on SRI can complicate the advice process, but that can also be said of the new pension rules! The best advisers embrace the new pension rules, then study and learn about how the rules can deliver suitable outcomes for their clients. Advising on SRI is no different; assess client needs (including finding out about their personal values), research the most suitable solutions and deliver the advice. If an adviser doesn't feel confident, they should pass the client on to someone else and not persuade the client they don't want to be ethical. Be a better financial planner – embrace advice on responsible investment.

Biography

Lee is an Associate of the Chartered Insurance Institute and is accredited to ISO 22222 (the International accreditation for Financial Planners)

In 1989 he set up the IFA firm Ethical Investors (www.ethicalinvestors.co.uk) and in 1998 the ethical research company Ethical Screening (www.ethicalscreening.com).

In 2009 Lee established a new financial business in Australia - *Ethical Money*. The company's first product was launched in 2010 and is a unique ethical investment pension (Superfund) fund called "Cruelty Free Super" (www.crueltyfreesuper.com.au).

In 2011 Lee was awarded an OBE for "services to ethical business and finance".

21.0 Penny Shepherd MBE

Thought leader and influencer – former Chief Executive of UKSIF.

"Responsible investment has shown that it can add value for investors and society compared with narrower approaches. Equally, there are huge opportunities for innovation ahead to better meet tomorrow's needs".

Generational, social and economic change has supported the growth and maturing of responsible investment but we should still expect major developments in the years ahead.

While current campaigns for fossil fuel divestment may echo anti-apartheid demands of the 1980s, there is now a strong focus on financial arguments alongside or instead of moral ones. Equally, it is widely accepted that personal values matter and it is only natural to want to include them in investment decision-making.

Today, one online global market place for SRI research professionals has over 3,000 registered users of which only one third are from the UK. It covers only a relatively narrow part of the worldwide SRI investment industry. In contrast, UKSIF had about 250 member contacts when I joined in 1997, and they covered all aspects of responsible finance from managers of listed investments, researchers and financial advisers to NGO stakeholders, banks, and community development finance and impact investing practitioners.

But, as the debate on short-termism in investment highlights, the range of products available to retail investors today often constrain their ability to meet both their long-term financial needs and society's requirements for sustainable capital allocation. The recent European Union agreement on a new framework for Long-Term Investment Funds (ELTIFs) available to retail as well as institutional investors is therefore a particularly exciting new development. The opportunity to invest in modern green infrastructure and provide patient capital without the constraints of the UCITS approach could trigger a new wave of innovation. The journey is far from over.

Biography

Penny Shepherd MBE is an independent specialist in governance, sustainability and accountability. She was Chief Executive of the UK Sustainable Investment and Finance Association (UKSIF) for over twelve years and has served on the London Sustainable Development Commission and the Advisory Group for the Green Investment Bank. Her first career was in the computer industry where she worked with banks, retailers and other major companies for nearly twenty years.

Her current roles include:

- ✓ Chair, External Sustainability Panel, Lafarge Tarmac
- ✓ Lay Member, Regulation Board, Institute and Faculty of Actuaries
- ✓ Local Consumer Advocate, Consumer Council for Water
- ✓ Trustee and Investment Committee Chair, Local Trust / Big Local
- ✓ Co-opted Member, Power and Accountability Grants Committee, Joseph Rowntree Charitable Trust

She was awarded MBE in 2000 for services to sustainable economic development and socially responsible investment and is a Freeman of the City of London. In her final year at UKSIF, she was listed in the Financial News 'FN100 Women' annual list of the 100 most influential female executives in European financial markets and shortlisted for FN "Most Influential Woman in Asset Management".

22.0 Emma Howard-Boyd

Former head of Stewardship at Jupiter Asset Management, Chair of Trustees at ShareAction.

"Fund management has come under scrutiny for a range of issues. The industry now has the opportunity to step up and rebuild trust by taking a lead on responsible, long term investing."

This year marks the 60th anniversary of the CFA UK, the membership body which represents the interests of c.11,000 investment professionals. And it is doing so with the publication of a critical examination of the asset management industry.

Interestingly, much of what is discussed has long been the preserve of the responsible investment industry. What is refreshingly different is that these observations are being made by senior industry figures.

Several industry figures call for a longer-term approach to investment, as well as a renewed focus on clients' needs.

For example, Anne Richards, chief investment officer of Aberdeen Asset Management said, "I was absolutely taught that you were looking after other people's futures, and you had a duty to society as a whole and the people whose futures were in your hands. I think some in the industry forgot this."

Peter Harrison, head of investment at Schroders, warns that the industry needs "to focus on delivering solutions for a client's needs", although this may be "a major departure for many managers". He goes on to say "Holding periods today are tiny compared with what they were 60 years ago. People have become obsessed with the short term and we miss the bigger issues."

Might climate change be one of those?

Both, Andrew Formica, chief executive of Henderson Global Investors, and Helena Morrissey, chief executive of Newton Investment Management and founder of the 30% Club, (which campaigns for 30% of company directors to be women) cite the need to build a more diverse industry. “We struggle slightly to attract a diverse range of the best and brightest. We need people who can think, challenge, as well as those who are numerate.”

In my view, it is by taking a lead on responsible investing, focusing on key issues such as climate change and diversity, that the fund management industry has the opportunity to rebuild trust and deliver a long-term sustainable business.

We have the leaders doing the talking - let’s hope they are ready to walk.

Biography

Emma has spent her 25-year career working in financial services, initially in corporate finance, and then in fund management, specialising in sustainable investment and corporate governance.

As Director of Stewardship at Jupiter Asset Management until July 2014, Emma was integral to the development of their reputation in the corporate governance and sustainability fields. This work included research and analysis on companies’ environmental, social and governance performance, engaging with companies at board level and public policy engagement.

She currently serves on various boards and advisory committees including the Environment Agency (Deputy Chair), the Future Cities Catapult (Vice Chair), ShareAction (Chair of Trustees), Menhaden Capital PLC, the Aldersgate Group, the 30% Club Steering Committee, the Executive Board of The Prince’s Accounting for Sustainability Project and the Carbon Trust Advisory Panel.

Her past board and advisory roles have included being a director of Triodos Renewables PLC; Vice Chair and Chair of UKSIF, the UK sustainable investment and finance association, and a member of the Commission on Environmental Markets and Economic Performance, set up by the UK Government to make detailed proposals specifically on enhancing the UK environmental industries, technologies and markets.

23.0 Raj Thamotheram

CEO of Preventable Surprises, innovator, academic.

"Investors are hard wired to ignore their collective impact. Ethical/responsible investment seeks to change this. It's a noble and critical mission. And too important to leave to ESG/SRI practitioners: they need our help."

Changing the way the investment system works is a noble and critical mission. And it can't happen if the SRI/ESG industry continues as it has.

Why?

The amount of money in SRI funds have grown but they are still marginal, less than 5% of total assets in most countries.

One reason SRI funds can't grow faster is that most active funds have mainstream benchmarks: they simply cannot take big long-term bets. They fear that their clients and your advisers would switch funds when they hit a bad patch. The big debate about SRI funds is today the same as it was 15 years ago – do they out/under-perform traditional funds!

Most funds focus on stock picking when it is (forceful) stewardship that will make the world a better place. As John Kay says: "What is often called stewardship – the supervision of management by informed investors – is not incidental to equity investment but is its primary modern role."

Most SRI funds are run by small boutiques or as internal boutiques. So influence - with companies, traditional colleagues, and the research supply chain - is limited.

Please understand that it's not "bad" ESG/SRI professionals that have caused this situation. Bolting on a quick fix solution rarely works when you have a complex, dysfunctional system.

What's the answer? Customers have to require that their traditional investment providers change. SRI investors need to engage with their best customers and most informed critics in an authentic manner. The focus needs to be on the 95% + of the AUM, not the 5%. That's another article!

Biography

Raj Thamotheram is CEO of Preventable Surprises www.preventablesurprises.com and a Visiting Fellow at the Smith School (Oxford University).

Previously, he has led the Responsible Investment team at Universities Superannuation Scheme and also at AXA Investment Managers. He was nominated by Global Proxy Watch as "one of the 10 most influential figures in the corporate governance field" in 2004 and again in 2008.

He is a well-recognised thought-leader on how investors can adapt to put people and planet on par with investment returns and so deliver long-term wealth to their clients/customers and society.

He is a columnist for *Investment & Pensions Europe (IPE)*, a regular contributor to *Responsible Investor* and the author of several articles, most recently "How Should Investors Manage Climate Change Risk" for the Rotman international Journal of Pension Management.

He lectures widely, facilitates high-level discussions and provides strategic advisory support and training to clients in the investment system.

Raj trained as a medical doctor, has worked in NGOs, as founder and Director of Saferworld, international head of advocacy at ActionAid and the first manager of the Ethical Trading Initiative. He has also worked as a CSR consultant with clients including BT, UK Cabinet Office and Caricom.

24.0 Mark Mansley

Chief Investment Officer at the Environment Agency Pension Fund.

> ***"Investment helps shape the world of tomorrow: responsible investment seeks to ensure that future world is a fairly, cleaner more sustainable world; doing this helps makes investment less risky too".***

Investment is fundamentally about the future: where we chose to invest today will impact the world we live in tomorrow. If we can invest in areas such as clean energy, recycling, efficient use of natural resource, or a better healthcare system, we will help build a better world.

Responsible investors have long understood this, and while they still require a return from their investments, they take a positive approach to such opportunities. This contrasts with many investors who don't look forward in this way, and consider a narrow set of criteria when evaluating investments: e.g. relying on past performance while ignoring broader societal risks. This leads to a misallocation of capital. Responsible investors can help show the way, and challenge traditional thinking in areas such as climate change.

Responsible investors also recognise the continuing need to monitor and seek improvements in their investments: for example engaging with company managements to ensure they are managing their carbon footprint adequately or protecting their reputation through ensuring high standards in their supply chain. Doing this protects the long-term value of investments and reduces risks.

Perhaps the biggest misconception of responsible investment has been that it involves giving up returns, when the evidence is that a sensible, engaged approach to responsible investment can add value, and in particular can help reduce the risks of investment – as broader societal risks are reduced. As a result a growing number of institutional owners are embracing responsible investment, recognising that as long-term investors, it is entirely consistent with their fiduciary duty, while helping to make their investment approach more appealing to their members.

Biography

Mark has over 30 years experience of investment, including more than 20 years focused on responsible and sustainable investment. His particular passion has been for many years to make investment work in the real world – so it is not only financially successful but also long term, responsible and contributes to a sustainable society.

Mark is currently the Chief Investment Officer of the Environment Agency Pension fund where he has helped develop their investment strategy to address sustainability and climate risk, particularly focusing on integration in new areas such as passive investment and infrastructure. Mark has been working with the EAPF over the last decade (since 2011 as an employee) on the evolution of their award winning responsible investment strategy. Previously, he worked at Rathbone Greenbank Investments, managing investments for charities, where he did pioneering work on impact investment. Before that, he worked at the consultancies Claros and Delphi, and advised several asset owners and fund managers on integrating investment and sustainability.

Highlights include a major report on climate change for the Universities Superannuation Scheme, which led to the creation of the IIGCC, and developing the Morley/Aviva investor's sustainable investment processes including their "matrix". Mark also helped policy makers and NGOs on understand and engage the financial markets on sustainability issues. He started his career as a financial analyst in the bond markets, and that combined with the fact that he is a mathematics graduate from Cambridge University and Chartered Fellow of the Securities Investment Institute, means Mark is committed to rigour in investment: responsible investment needs to withstand scrutiny and challenge if it is to succeed.

25.0 Steve Waygood

Chief Responsible Investment Officer at Aviva Investors, former Chair of UKSIF.

"SRI has achieved amazing things. ESG Integration and engagement are now mainstream. But we've not yet successfully challenged governments to correct market failures – we must urgently turn to address this."

SRI has achieved wonderful things over the last thirty years. Companies now have much more scrutiny over their social and environmental performance, governance practices and political donations. The vast majority of pension schemes, asset managers and asset owners now at least claim to be responsible. And we also have access to some excellent broker research on material environmental, social and governance issues. This is outstanding progress for a movement that started with such modest resources. However a moment's consideration of the parlous state of the planet, society and our economy show that none of this is anywhere near enough to create a sustainable economy.

So what is the problem? I believe it is because capital markets do not properly understand nor reward sustainable behaviour. This is either because the markets are inefficient and do not reward good behaviour, or because market failures mean that investors do not need to worry about the very long term costs as they are outside of their investment time horizons.

There are measures that we can take now to change this problem. This is particularly true where the issue is simply that markets are inefficient and do not reward good behaviour. For example, the transformation to a sustainable economy should focus on much better market information, educating market analysts on ESG issues and clients insisting on longer-term incentive structures.

However, correcting market failures and ensuring that the price mechanism works properly and, for example, properly values environmental and social goods and services is the role of governments, not investors. If the economy is to be moved onto a truly sustainable basis, then we need to see governments taking action to correct the many distortions in the pricing systems on fisheries, freshwater, climate change and natural resource depletion. This requires, for example, setting standards, creating fiscal measures such as carbon taxes, or setting up market mechanisms such as carbon trading schemes that price the externalities and ensure that the negative externalities are corrected. This is how sustainability issues become relevant to our corporate valuation work, and this is how our capital is put to work in the right places.

Financial institutions are extremely influential. Those of us who work within finance and understand the scale of the problem and challenge should do all we can to hold governments to account for correcting these market failures. My dream is that over the next thirty years the SRI industry will continue to grow in size, scope and influence – and that no investor will deserve to call itself responsible unless it also challenges governments at least as effectively as business.

Biography

Steve Waygood, Chief Responsible Investment Officer -Aviva Investors.

Steve leads Aviva Investors' Global Responsible Investment team. This team is responsible for integrating environmental social and corporate governance (ESG) issues across all asset classes and regions of their c£250bn of assets under management.

Steve received the Leadership in Sustainability award from the Corporation of London in 2013, and his work became a case study in the Harvard Business School MBA in 2012. In 2011 he received the Yale Rising Star in Corporate Governance Award. He has a PhD in sustainable finance.

26.0 Robin Keyte

Award winning IFA, former EIA Chair, former UKSIF director & Retail Revolution member.

"Ethical / responsible investment matters because:

- tens of thousands of investors want their investments to reflect their personal values through retail investments with modified stock selection or community based investments

- millions of retail investors want their investment managers to be responsible owners of the underlying equities and securities."

It has long been my view that UK financial services has failed to widely develop and distribute ethical / responsible investment services because they have perceived there is no demand for it.

Unfortunately at the same time too many consumers have not been aware of the option of using ethical / responsible investment services. The result has been a dreadful form of mutual ignorance.

Thankfully the work of UKSIF over the years on Statement of Investment Principles, Retail Revolution, National Ethical Investment Week, Good Money Week and other positive initiatives has gone a long way towards raising awareness with financial advisers and consumers.

To see a national consumer savings scheme like NEST offering an ethical / responsible investment is great. It would have been difficult to imagine that 20 years ago.

It is important to continue to raise awareness of ethical / responsible investment with consumers and financial advisers alike to continue to grow demand and encourage further supply.

A present challenge is ethical / responsible investment in fixed interest securities, with existing funds in the UK corporate bond sector considered out of favour when the Bank of England base rate is expected to rise over the next year or so. The development of some ethical / responsible Strategic Bond funds is required and I hope some product providers are looking into this.

Similarly, whilst there is a good choice of ethical / responsible equity funds the presently exception is Global Equity Income funds and I hope some product providers are looking into this also.

Turning to responsible share ownership and the integration of ESG issues in the running of mainstream funds, there is more work to do here. Irrespective of their personal values, every single consumer should have an interest in responsible share ownership from the point of view protecting the share price of their underlying investments against reputational damage, such as finding child labour in the supply chain.

It remains my view that somehow we need to connect consumers to fund managers and PLC boards. Consumers are not only retail investors but also customers of the PLCs in which their funds invest. The advent of social media provides for the first time an opportunity to do this affordably using services like Twitter and LinkedIn.

Biography

Dr R W Keyte, Director, Chartered Financial Planner & CERTIFIED FINANCIAL PLANNER CM, certified to ISO22222

Most of my efforts on the development of ethical / responsible investment have been focused on piercing this bubble of mutual ignorance referred to above, including:

- ✓ UKSIF board member with involvement on the EIA Steering Group, EIA Chair, member of the UKSIF Retail Revolution committee

- ✓ Involvement with regulators including the FSA Business Ethics Forum and thereafter with the Financial Services Skills Council. I was involved in drafting syllabus content for the FSA Exam Review in 2004/05 which led to the introduction of exam questions and study materials on ethical / responsible investment.

- ✓ I was also a BSI committee member involved with drafting ISO 22222 – incorporating ethical / responsible investment in the financial planning process, and later BS 8577, the British firm based standard.

- ✓ In December 2013 I was appointed to the FCA Smaller Business Practitioner Panel to represent the social / environmental investment sector where I seek to engage with FCA staff to further their understanding on ethical / responsible investment. The panel also allows me to engage with HM Treasury, MAS, FOS, FSCS, EU and other bodies also.

- ✓ I have also had involvement with the EU Internal Markets Division – consulting on the inclusion of ethical / responsible investment in the new Key Investor Document under the PRIIPs regulations.

    - Closer to home between 2005-2008 I helped create new model Industrial & Provident Society rules for Wessex Reinvestment Trust and was a founder of Community Land & Finance Ltd CIC. Also I run a one day adult education course on personal finances including ethical / responsible investment at Dillington House, for Somerset County Council

- ✓ I have published articles in the press, been involved in two Radio 4 Money Box Live events and won numerous awards including FT Money Management Financial Planner of the Year 2014

27.0 Peter Michaelis

Head of Equities at Alliance Trust Investment, Sustainable Futures Fund Manager.

"How we invest today shapes the world we will live in. Sustainable investing delivers strong returns for the investor and society."

I believe that capitalism and a market-based economy can be a fantastic way of organising ourselves to get the most out of human ingenuity and cooperative spirit. It can deliver basic human needs and a high quality of life to all and over many generations. However it has to do so within the physical limits of our natural environment and by respecting human rights of participants in the economy. This is what sustainable investment recognises, and why it will be successful through investments in companies shaping a more sustainable future.

History shows that companies which don't adapt and cling on to old technologies or ignore public pressure or mis-manage natural resources eventually cease to exist. Sustainable investment avoids these dead-ends.

What worries me though is how little attention people pay to how they are invested and the companies they own shares in. I hope that in time they begin to realise that just as they can choose how they vote and how they shop; so they have a real and important choice in how they invest.

Biography

Peter has worked in fund management for over 14 years. Before joining Alliance Trust Investments in August 2012, Peter spent 11 years at Aviva Investors where, most recently, he was Head of Sustainable and Responsible Investment.

After completing a PhD in Environmental Economics, Peter started his career working for the Steel Construction Institute as an Environmental Engineer. He then moved to Henderson Global Investors where he worked as an SRI Analyst and Assistant Fund Manager. In 2001 he moved to Aviva Investors, where he was promoted to lead manager on a number of its sustainable investment funds.

Peter has been lead fund manager on the Sustainable Future (SF) Managed, SF UK Growth, since April 2005 and UK Ethical fund since May 2001. He is co-fund manager on SF Pan European, SF European Growth, SF Global and SF Absolute Growth funds. Peter chairs the Advisory Committee.

Peter holds an MA in Physics from Oxford University, an MSc in Energy & Environmental Engineering and a PhD in Environmental Economics. In addition, he holds the CFA Society of the UK Investment Management Certificate.

28.0 George Latham

Head of SRI at WHEB Asset Management.

> ***"If we are to overcome major environmental and social challenges in the coming decades, we need to establish a more sustainable model of capitalism if this is to survive as our dominant economic system."***

Conventional wisdom is that finance is directly at odds with an objective of creating positive value for society and the environment. I believe that they need each other desperately, and should be seen as being fundamentally symbiotic. There are deep flaws at the centre of the financial system, which create damaging bubbles and volatile cycles within markets and ultimately destroy long term value. However, the market also has the capacity to mobilise capital to make the transformational investments required to transition our economy to a more sustainable footing.

Sustainable and Responsible investors tackle head-on the challenges of short termism, narrow thinking and poor governance that have been at the core of the failure of the current system. Longer term and more holistic thinking is required to step away from the herd mentality that pervades markets and to solve the current and future crises created by environmental and social pressures.

Our approach is oriented around 3 main pillars:

1. Investing in companies providing solutions to some of the most serious environmental and social challenges facing mankind over the coming decades. In this way we focus on themes underpinned by structural growth characteristics and protect the fund from value destruction in sectors which face long-term secular decline.

2. Integrating Environmental, Social and Governance analysis allows us to identify high quality companies, and avoid poorly managed companies and in that way protect investor capital. It also provides a platform for engagement with company management teams, through which we seek both investment insight, and the ability to bring about change.

3. As we ask questions and expect high standards of the companies that we invest in, we should also look at the way we manage our own business and address the challenges for

the investment industry. As an independent and focused partnership we have been able to put in place improved governance, alignment and transparency, which we think will ultimately be good for the long-term health of our business.

Biography

I started my career as a fund manager at Threadneedle Investments, and established a model for Environmental Social and Governance there during the late 1990's. We were a founder signatory of the CDP and were an early customer of Innovest.

I then joined the Sustainable and Responsible Investment team at Henderson, and, along with others, was involved in rebuilding the franchise and investment process following the departure of the Global Care team in 2000. As a team, we created and built the Industries of the Future strategy, focusing more on finding structural sources of growth deriving from "solutions to sustainability challenges", moving away from the traditional negative screening model. We also made increasing strides towards orienting our Environmental Social and Governance research towards an integrated approach focused on uncovering investment insights, with less of the more widely used style of compliance box ticking.

The team developed a strong investment track record and was named as the No1 SRI team in Europe in the 2011 Extel survey, among other awards.

At the end of 2011 the whole team left Henderson, and shortly after joined WHEB, where we are continuing to evolve the multi-thematic global equity strategy, with which we now have over 9 years of track record.

I'm hoping that this is just my early career!!

29.0 Julie McDowell

Chair of Friends Life Stewardship Committee of Reference, member of the Amity Independent Advisory Panel, Former Head of SRI at Standard Life Investment.

"Responsible investment has achieved considerable size, demonstrated it can have impact and become a voice for expressing concerns about significant environmental and social challenges we face in today's world."

Sustainable and responsible investment (SRI) has evidenced an astonishing growth rate over the last decade. The number of SRI investment products and the assets under management in those funds have grown at a rapid pace. The number of pension funds, institutional investors and investment managers with SRI policies incorporating environmental, social and governance issues in their own mandates and investment decisions has also increased.

Apart from its size, SRI is important because it has demonstrated that it can have an impact. For some, the goal of SRI is to encourage investment in and focus on critical environmental and social issues. In effect, SRI has become a means to voice concerns and encourage change. For other investors the objective is to achieve enhanced investment returns by taking sustainability and governance issues into account when making investment decisions.

Both groups of investors can point to success in achieving their goals. The 'Aiming for A' coalition won the support of over 98% of BP shareholders for a shareholder resolution to require increased disclosures on the company's climate change strategy. And a recent report from the Morgan Stanley Institute of Sustainable Investing found that sustainability investing has usually met, and often exceeded, the performance of comparable traditional investments.

I have no doubt that over the next 30 years we will see further growth in SRI and increased impact from SRI investors.

Biography

Julie McDowell is an internationally recognised expert in sustainable and responsible investment. From 2001 to 2013 she led Standard Life Investments' Sustainable & Responsible Investment Team, building the team to an industry leading position. She pioneered the integration of social and environmental issues into investment processes for equities and bonds and led engagement with senior executives and board members on sustainability issues.

Julie is a member of the Amity Independent Advisory Panel, which reviews Ecclesiastical Fund Management's responsible investment process and monitors the operation of its ethical funds. She was appointed to chair the Friends Life Stewardship Committee of Reference in March 2015. She is a non-executive director of NHS Lothian, where she chairs the Audit & Remuneration Committee and is a member of the Remuneration Committee. She is a Trustee of the Edinburgh & Lothians Health Foundation and serves on its Finance & Investment Committee.

Julie has served on numerous advisory groups relating to extractive industries, human rights, climate change and corporate reporting, including the British Standards Institute Committee on Corporate Responsibility, the UNCTAD ISAR Advisory Panel on Corporate Responsibility and the Global Reporting Initiative Committee on Reporting Standards for the Mining and Metals Industries. She has served on the boards of several non-profit and public sector organisations, including the Extractive Industries Transparency Initiative.

Julie is a US lawyer, admitted to practice in New York, Florida and the District of Columbia, several federal courts and the Supreme Court of the United States.

30.0 Audrey Ryan

Manager of the Kames Capital Ethical Equity funds.

"It is widely recognised that poor environmental, social and governance (ESG) practices can affect a company's financial performance. Conversely, in the right markets, a positive approach to ESG practices can lead to greater operational efficiencies and provide a source of competitive advantage."

Kames' favours a 'dark green' approach to the screening of companies and all three of our ethical funds apply the same ethical criteria. Our experience is that this approach sits well with investors who wish to make investment decisions based on strong ethical principles. The screening criteria are designed to be as clear and unambiguous as possible. In this way, clients should clearly understand what tye of companies will be suitable (or unsuitable) for investment.

Dark-green funds seek to avoid companies engaged in certain activities which are viewed as ethically unsound, while also retaining the flexibility to invest in companies that make positive contributions to the environment or society.

Once companies pass through our negative screen they can be considered as part of our mainstream investment process. This ensures we retain the flexibility to invest in themes that could be considered 'socially responsible', such as alternative energy or social housing, but only if these companies represent better investment opportunities than other companies which have passed our negative screening.

We believe that a company's ESG performance is best considered within the context of its industry's competitive landscape, in relation to its peers and the geographic regions in which it operates. Our 25 years' experience of managing ethical investments ensures we can consider these issues appropriately when they arise.

Biography

Audrey is an investment manager in the UK Equities team with responsibility for managing several funds, including the Kames Ethical Equity Fund, Kames Ethical Cautious Managed Fund and Kames UK Opportunities Fund. In addition, Audrey has analysis duties for the travel & leisure sector, and is a small-cap specialist.

She joined Kames in 1997 from General Accident where she was a UK small companies portfolio manager. Audrey studied Accounting at Napier University, is a qualified chartered accountant and has an MSc in Investment Analysis. She has 19 years' industry experience.

Kames Capital is a signatory to and member of a number of initiatives and organisations working on specific ESG issues, so that we can better understand the risks that companies face. We aim to identify key issues and engage with companies to encourage adoption of best practice. We are also a signatory to the United Nations Principles for Responsible Investment, the principal investor initiative to drive the integration of ESG issues into investment decision making. The Principles place a formal requirement on signatories to be active, responsible shareholders and report annually on activities and progress in a transparent manner.

For more information on the Kames funds and our screening process please visit http://www.kamescapital.com/ethical

31.0 Julian Parrott

Co-founder of ethical specialist IFA ‘Ethical Futures’, former Chair of EIA.

“Governments come and go but our money keeps on circulating about the economic system. By making conscious investment decisions, we can influence where it flows and what it does.”

We live in a society where there is disaffection with the political class and financial elite. This can manifest itself in disengagement and impotence in the face of the wealth and behaviour of these sectors of society. Money, or the lack of it, can be a constant impact on people’s lives. Yet intrinsically money itself has no real worth – other that the ability to have choice that it conveys on you. As an adviser, I regularly meet people who have accumulated ‘financial stuff’ along the way in their lives. They rarely understand what they have and why; let alone what it will do for them. The question “have I got enough?” is probably the one I hear most of.

By adopting a planning approach to money and understanding its role in meeting your personal aspirations, you can start to take control of your life. Similarly by understanding how your money is invested and what it can do – you can start to address those feelings of impotence in a complicated world. It’s your money, so you should be able to choose how you can invest and to reflect your values.

This is what ethical investment does, but it has moved along way from simple avoidance. Now the agenda is very much about positive impacts, manifested in the increased emphasis on governance, the sustainably agenda, through to micro credit, tackling socials exclusion through credit unions – stopping along the way at the organics, renewable and social enterprise.

Ethical investment, in all its guises, is a step towards redressing the balance and giving money of everyday people a voice. It’s easy to do and we can all access an ‘ethical option’ for most of our financial needs. Its evolution not revolution – but it’s a start.

Biography

Julian Parrott is the founding partner of Ethical Futures LLP, an ethical financial planning practice based in Edinburgh. The firm is an independent financial advisers, specialising in ethical investment advice for private clients, trust and charities.

Following four years in retailing and a degree in Business Studies, Julian embarked on a career in financial services. Early experience as a building society manager was followed by a move into the life and pension sector. Since 1994 Julian has worked as an independent financial adviser and in 2000 he moved into the field of ethical investment. Julian says that “this was a natural progression for me – I was developing a practice that focused on planning and client centered advice; so it was logical to extend that to reflecting clients values about their money. It was also a good fit for me as the approach of ethical investments reflected many of my own values that had previously been conflicted by the mainstream ethos of profit maximisation.”

Following an initial period with the Ethical investment Cooperative, Julian formed Ethical Futures in 2005 and the firm will shortly be celebrating its 10th anniversary.

As well the ‘day job’, Julian is active in the development of the wider ethical investment movement. A past Chair of the Ethical Investment Association (EIA) and Director on the Board of UKSIF, Julian is also a founder member of the Social Investment Academy. He currently sits on the Parmenion Investment Management Ethical Oversight Committee and is on the steering group for a Scottish Ethical Finance Hub.

32.0 Howard Pearce

Chair of BMO (F&C) Responsible Investment Committee, founder of How ESG Consulting, former head of the Environment Agency Pension fund.

"The need for more responsible investment is vital for three reasons - natural resources of our planet are finite, human activity is causing our climate to change, and because of public opinion."

There are numerous reasons why responsible investment is the way forward including risk avoidance, opportunity exploitation, sectoral and geographical portfolio diversification, capital preservation, and income generation.

The global population is rising, our natural resources are finite, and global climate change is already, and will increasingly impact on humanity. These are financially material risks to investors. Investors should aim to measure, monitor and continually reduce the negative environmental footprint of their investments. Conversely the adoption of techniques to conserve and use earth's natural resources more efficiently to minimise negative or have positive environmental impacts on the planet are financially material opportunities for investors.

Investors should aim to measure, monitor and increase their exposure to such investments. For asset owners and asset managers with fiduciary duties towards the fund beneficiaries and clients respectively, responsible investing should definitely be on their agenda. For example the socio-economic impacts of global warming leading to climate change are expected to significantly increase in the coming decades and this will impact on the lives of current and future generations. This is a very compelling reason of the need to invest for the long term to take into account climate change impacts and opportunities in their statement of investment principles, investment beliefs and strategy, asset allocation, mandate design, fund manager selection, and performance monitoring.

Responsible investing should not and does not need to involve any compromise to financial returns. It can and should over the long term deliver better returns than other investments that may have inherent financially significant and reputational risks.

There is now a diversity of ways to invest and develop a portfolio of financially and environmentally responsible investments across a range of asset classes.

Going forward it makes sense for asset owners, asset managers, and business owners to be more natural resource and environmentally savvy. By asset owners and asset managers fully integrating in financially material environmental, social, and governance issues into everything they do I believe it is possible for mankind and the finance sector to become more sustainable and that future generations can enjoy life on our planet as we do today.

This needs to start at the top and be embedded in their organisational governance and when creating or re-setting their future investment and business strategies. Currently this is a lacunae in many organisations decision-making machinery. Maybe time has come that this needs to change?

Biography

Howard Pearce was Head of Pension Fund Management for the Environment Agency Pension Fund (£2.3bn AUM) from 2003 to 2013. In this role he was a pioneer of RI and was named as such in House of Lords debates and still regarded as such by the pensions and investment media. The EAPF was the first public sector pension fund globally to a) have an environmental overlay strategy covering 100% of its assets and 25% allocated to green technology opportunities, b) sign up to the UNPRI, c) produce an RI Review, and d) be named as 1st in the global asset owners disclosure project. During his tenure the membership of the EAPF doubled and value of its invested assets tripled from £0.8bn to £2.3bn. The EAPF won over 30 global, EU and UK awards for excellence in financially and environmentally responsible investment, fund governance, and member communications.

In 2013 he founded and is now Executive Director of HowESG.co.uk a specialist environmental, stewardship and governance consulting business primarily for asset owners and asset managers. Recent clients include the shadow advisory Board of the LGPS (£192bn AUM), a number of large UK/EU based asset managers (AUM >5bn), and a UK environmental charity.

Howard is non-executive Chair of the independent Responsible Investment Advisory Council for F&C Asset Management (part of the Bank of Montreal) range of RI funds

(£1.5bn AUM), a prospective non-executive Director of a LSE Investment Trust PLC, independent Chair of Berkshire Pension Fund, and has two public appointments as a Trustee and member of the Investment, Remuneration and Audit Committee of an NHS charity, and Board member of a DoT Trust Port.

33.0 Simon Howard

Chief Executive Officer of industry association UKSIF, former fund manager.

"I think Responsible Investment matters for two reasons: it's right that people can invest in a way that reflects their values, and in my view the long-term approach which is central to Responsible Investment is likely to produce better returns."

I think we can see two trends. The first is an increasing acceptance of the financial case for a longer-term more, broadly based type of investment on the part of institutional investors. Whilst that looks a lot like RI it's worth noting that many of the institutions would be reluctant to see it called that. These institutions understand the financial implications of elements like the carbon bubble and the way that overly aggressive tax policies can threaten a company's licence to operate. As such they feel that the risks of such factors should be reflected in their investment approach.

The second trend is changes in the way individuals want their money managed. In UKSIF's polling for Good Money Week the number of people who said they were "only" concerned about their assets making money fell from 59% in 2013 to 41% in 2014 and this coincides with continuing debate about the role of the finance system generally. Is it too optimistic to say that these changes in attitude, combined with changes in the pension market in terms of auto-enrolment and increased freedom, mean that we will see increased demand for RI products in accumulation and decumulation?

Interestingly the two trends may now come together in some Defined Benefit pension funds. The Law Commission in their review of fiduciary duty said that trustees could consider non-financial factors ("[factors] motivated by other concerns, such as improving members' quality of life or showing disapproval of certain industries") if they thought members would agree and if the financial impact was not significant.

Biography

I was a fund-manager and asset allocator until 2012. Core to that work was forecasting asset class returns and I was finding it hard to do that without more consideration of the outlook for issues such as climate change and sustainable resource use.

I don't think the regulatory systems for the various areas in finance can cope with the risk of more volatile and more extreme outcomes which are possible/probable/inevitable (delete as you choose) as the various problems begin to bite. I spent some time at Forum for the Future before moving to UKSIF in 2013. I'm delighted to be working with members from across the UK financial services value chain on tackling things.

34.0 John Eckersley

Founder of Castlefield - the parent company of ethical specialist IFAs GAEIA and Barchester Green.

"Our unique ownership structure, where shares are held by a charitable foundation and employees, is designed to provide a fair and sustainable business model - rare in financial services!"

Our business model reflects our goal to provide clients and colleagues with a stable home, that is focused on the long-term and my personal philosophy is centred on working hard, nurturing and using talents to the best of one's ability and then sharing out the cake fairly amongst all colleagues/shareholders and the less fortunate.

We acknowledge the hugely influential power of money and encourage clients to take an active role in determining where their money is being invested. We understand that pressure from retail investors has encouraged change across the wider industry and has paved the way for pension funds and charity trustees to be bolder in their requirements and approach to investing.

Businesses built on solid foundations will prosper. We fully understand that people need a regular income or a decent return on their often hard-earned money. We believe that there is no conflict between investing in a socially responsible way and providing a fair return. This is what we have aimed to do for our clients for many years.

Biography

BA (Hons), MBA, Chartered FCSI, Chartered Wealth Manager
Founder/ Managing Director

John is a graduate of Accounting and Finance, with a financial services sector-specific MBA and is a Chartered Fellow of the Chartered Institute for Securities & Investment. In late 2012 he became one of the UK's first Chartered Wealth Managers. John is a former director of Henry Cooke Group plc and executive director of the private bank, Brown Shipley. He now has 27 years' investment experience and founded Castlefield with his close colleagues in 2002.

John is also an alumnus of the London Business School Private Equity Executive Programme and is interested in music, collects modern art and can usually be seen clutching the latest electronic gadget.

Castlefield Capital Ltd, the parent company John set up in 2009, bought ethical specialist financial advisers Gaeia in 2011 and in 2014, Barchester Green Investment - creating the largest and oldest ethical financial advisory business in the UK. Prior to this, Castlefield was known best for its thriving investment management business, Castlefield Investment Partners LLP (founded in 2002) and for its focus on managing money for charities, which is still a big part of the group's activities.

Castlefield, with its employee-ownership ethos, is firmly committed to a new way of doing business and John's vision is to create the pre-eminent socially responsible financial services business in the UK.

35.0 Tanya Pein

IFA and specialist charity and pension fund adviser, joint EIA Chair.

"I focus on helping charities, pension funds and wealthy individuals to unify their investments with their charitable mission, long term perspective or family values, with healthy financial returns."

It is striking how rarely this unification of investment choices with underlying objectives and values is done. Yet clients routinely find the conversations and portfolio evolution both financially and personally rewarding. Use of child labour is a trigger for exclusion from investment by The Norwegian Government Pension Fund ($857 billion at end September 2014) in response to the public view that their retirement income should not benefit from such practices. I am sure that such stewardship decisions can become the default for UK investors, and we can grow the market very substantially.

There is a strong latent desire among clients to express their long-term objectives or values through their investments, or at least to end the artificial divorce of the two.

Individual advisers can meet client needs by integrating stewardship in many different ways. An example? I proposed to a poverty relief charity client that they include "Do you pay the Living Wage?" in their DFM interview questions. The winning DFM switched to paying the Living Wage in its offices nationwide, and the client was very pleased with the boost to their poverty relief mission. This long term ROI was worth far more to the client than a few extra basis points of financial return in a single year.

Clients are diverse, and so long term stewardship can take many forms. For some of my pension fund clients, it means calculating the "carbon risk" in a portfolio, because losses in the value of fossil fuel holdings would jeopardise their objective of providing a reliable income over decades of retirement.

There are lively 18th century Quaker debates about divestment from slavery which illustrate that unification of values with investments and long term stewardship have roots that are centuries old. Assisting clients with the unification increases the benefit of advice, and advisers who do this tend to be good listeners who have loyal clients.

Biography

Tanya Pein, BA (Cantab), FRSA, DipPFS

I specialise in independent investment advice, investment training sessions and financial planning. Most of my clients are charities, pension and other long-term investors. Most portfolios are in the £200k to £5 million range.

I was on the Investment Committee of a banking family (£320 billion assets) charitable foundation, 2008 – 2012. I also served on the Investment Committee of a £120 million charitable endowment 2002 – 2013, which won an industry award for its work. I regularly sit on investment industry awards and judging panels.

I am a graduate of Cambridge University (1983 – 1987) and was executive director of a £30 million group of businesses in 11 countries for the Bertelsmann media group. I co-founded the charity UnLtd, and from 2002 – 2008, we grew it from a 10-page business plan to 50 staff, who have now supported 25,000 social entrepreneurs. I was elected a Fellow of the Royal Society of Arts, Manufactures and Commerce (FRSA) in 2001.

To support the development and expansion of responsible investment, I am Co-Chair of the Ethical Investment Association, and a member of the UKSIF Market Committee and UKSIF Social Investment Taskforce.

I am a graduate of Europe's leading course for charity investors, the Foundation & Endowment Asset Management course. I was invited back to the course as a guest lecturer on charity and responsible investment, and to teach on the MBA programmes at London Business Schools and Cambridge University. I am a FCA authorised and regulated

36.0 Simon Bond

Threadneedle UK Social Bond Fund Manager.

"Social investment offers investors the opportunity to gain exposure to and provide capital for social developments and projects with positive outcomes for individuals, communities and society, while at the same time aiming to achieve solid, risk-adjusted returns."

Government finances remain under pressure and against this backdrop the UK faces a myriad of economic, social and environmental challenges. We know that as large investors and investment managers we have the ability – and the responsibility – to help address these challenges and drive positive outcomes for society.

We also know from conversations with our clients that they are attracted to investment vehicles that not only deliver a financial return but also allow them to direct a proportion of their savings to the provision of health care, housing, education, jobs and infrastructure. Investment in bonds has a number of advantages in that they target particular social outcomes with a precision that is difficult to achieve with equities. Bonds issued to finance Teeside seaport, Manchester airport, the BBC's new broadcasting centre in Glasgow and utilities in North Wales are good examples. These infrastructure projects are also helping to create much needed jobs across the country.

However, it can be difficult for retail investors to invest in this area. Traditionally bonds associated with positive social outcomes (social housing; infrastructure etc) are illiquid, i.e. investors have to be prepared to lock their money away for a long time. In addition, there are usually very high investment sums involved (£500,000 +) that often only large, institutional investors can provide.

Daily tradable, collective bond funds with a social purpose a can provide a viable and more suitable alternative for retail investors, particularly if they allow smaller investment sums that can be included in an ISA wrapper. Provided investors have access to these funds, they have a real opportunity to bolster responsible investment by encouraging and facilitating flows into areas of greatest social need.

Biography

I have been working in the investment industry for 28 years and took a keen interest in social bonds early on. I am particularly passionate about the role of infrastructure in economic growth and regeneration.

When the company first started exploring social investments, I immediately put my hand up to help establish a workable and attractive strategy. We partnered up with Big Issue Invest, the investment arm of The Big Issue and in January 2014 launched the Threadneedle UK Social Bond Fund.

It builds on a successful partnership established in 2010 with the Carbon Trust and developer Stanhope. The Threadneedle Low Carbon Workplace Trust acquires and refurbishes properties to low carbon standards and then supports tenants to achieve ongoing energy efficiencies.

Similarly, the UK Social Bond Fund unleashes capital investment and targets it at projects that help tackle a social issue, be that environmental impact, deprivation or social inequality. It is the UK's first daily traded investment fund that finances specific social projects in the areas of affordable housing and property, community services, employment and training, financial inclusion, health and social care, transport and communications, and utilities and the environment.

I am delighted to say that the fund has seen steady inflows of £69 million (as at 30 April 2015) to date. In the first calendar year, we delivered on our aim to achieve an annual gross return in line with UK sterling corporate bonds. We have shown that investors do not need to sacrifice returns for a social benefit from their investments. This is a clear realisation of our goal to bring social investment into the mainstream.

37.0 Jamie Hartzell

Social entrepreneur, Chair of Ethex - the positive investment marketplace.

> ***"Investing directly in positive businesses set up to tackle social and environmental problems is a financial win-win, offering investors the chance to both make money and do good."***

The 2008 financial crisis has brought great change to society. Many people have lost their trust in banks, big business and financial institutions and are looking for more direct, lower cost ways to invest that rely less on intermediaries. At the same time the Internet is making new forms of direct investment possible.

Taking more control of their money is making some people think harder about the social impact of their investments. At the same time social enterprises are springing up, with the support of the government that offer the chance to make investments that have a positive impact on society. A central example is the blossoming of community renewable energy schemes, which offer direct investor engagement and a decent return supported by government subsidies to the business and tax benefits to the investor. Surpluses are used to support local community projects that bring further social benefits.

I set up Ethex to take advantage of these new market opportunities. Ethex provides a one-stop shop that allows individuals to make direct, positive investments in businesses they believe in. It provides detailed profiles of social enterprises that are suitable for retail investment, and allows people to browse, compare and choose between them. Over time investors can build a diversified portfolio of positive investments that they can manage themselves.

Positive investing provides a direct challenge to the better-established, negatively screened funds that are so popular with the IFA community. Whilst liquidity for unlisted positive investments remains a challenge, this can be intelligently and effectively managed within a larger portfolio. And the downsides are often outweighed by the chance for people to feel part of a business that is delivering benefit to society.

IFAs have been slow to embrace the positive investment revolution. However it extends the services and opportunities IFAs can offer to investors in this ever-developing marketplace.

Biography

Jamie Hartzell, Chair, Ethex

Jamie is one of the UK's leading social entrepreneurs with over 30 years' experience of starting and building social enterprises.

He set up his first social enterprise in 1984, a film company making documentaries on environment and development issues for the BBC, Channel 4 and campaign groups.

In 1998 he founded the Ethical Property Company, which purchases and manages commercial property for use by social change organisations. Over 13 years he built the company from one to close to 100 employees, raising close to £20 million from some 1,300 investors through unlisted share offers and establishing the business in the UK, France and Belgium.

In 2012 he set up and now chairs Ethex, a not-for-profit organisation creating a marketplace for direct positive investment in businesses that pursue a social or environmental mission while offering a financial return. In its first two years Ethex raised over £13 million for the sector.

Jamie is also currently chair of the both the Fairtrade company Divine Chocolate and Zaytoun, a company importing fair trade products from Palestine, and provides governance support to other social enterprises. In the past he has been a director of the Phone Co-Op and a trustee of Student Hubs.

Jamie is himself a positive investor in a wide range of social businesses and employs the services of an IFA for his other investments. He is also a fellow of the Royal Society of the Arts.

38.0 Fund EcoMarket Database

Launched in October 2011 and revamped summer 2015, the Fund EcoMarket SRI database tool helps you to shortlist ethically relevant Sustainable and Responsible Investment (SRI) options in just a few clicks.

Overview

- ✓ There are over 350 entries on the Fund EcoMarket database.
- ✓ This represents all regulated, onshore SRI funds* as well as a number of 'responsible engagement' options.
- ✓ These are available via a range of fund types, products and distributers.
- ✓ Funds are listed by their full name, which includes the name of the distributer.
- ✓ The tool includes Life, Pension, Investment Trust and Unit Trust/OEIC options.
- ✓ Additional SRI/ ethical information, links and filtering for OEIC options.

Who is Fund EcoMarket for?

This tool is intended mainly for use by financial advisers and related financial services professionals, although it is now open for everyone to use.

How to use Fund EcoMarket

The aim of this tool is to enable people to match their ethical, responsible and SRI aims to fund options.

To do this it is best to first use the Questionnaire ('SRI StyleFinder') to identify relevant SRI Styles and use this to help identify options within the filter function.

All SRI options are listed on the database and all are classified by 'SRI Style' Many OEIC options now have full fund entries and make use of the recently added 'SRI Policies' and 'Other SRI features' filters drop down (additional information will be added as soon as possible!).

Advisers are invited to join the 'Find Adviser' list (for a small fee) as sriServices is not authorised to offer advice.

For more information visit http://www.sriservices.co.uk/fund-ecomarket-tool-overview/fund-ecomarket-introduction or access the tool directly via http://www.FundEcoMarket.co.uk.