



January 2008

The EIRIS Green & Ethical Funds Directory

About EIRIS

EIRIS is a leading global provider of independent research into the social, environmental and ethical performance of companies. EIRIS, a UK based organisation with an office in the USA and a representative office in Japan, and its international research partners together have a wealth of experience in the field of socially responsible investment (SRI) research. EIRIS provides comprehensive research of nearly 3,000 companies in Europe, North America and Asia Pacific.

- Wholly-owned subsidiary of a charitable Foundation dedicated to promoting responsible investment
- Independent research covering over 60 different social, environmental and ethical areas on approximately 3000 companies globally
- 15 years experience of delivering unbiased, expert advice on ethical investment products to the financial adviser community
- Research areas include environmental, human rights and supply chain issues, corporate governance, international conventions and stakeholder issues

A not-for-profit organisation, EIRIS concentrates purely on ethical research and does not offer financial advice or investment management services.

More than 100 mutual funds, banks, institutional investors, pension funds, private clients, charities and individual investors currently use our services. Many clients make use of our software, Ethical Portfolio Manager (EPM). This makes available extensive and easily-managed information on European, North American and Asia-Pacific companies.

Over 700 financial advisers now subscribe to EIRIS' services which include the EIRIS Guide to Ethical Funds (a practical guide to help financial advisers select ethical funds for their clients) the IFA bulletin (a monthly round-up of news of interest to the ethical financial adviser) and the IFA database (a national database of financial advisers able to offer ethical investment). Contact mark.robertson@eiris.org for further details of how to subscribe to these services.

Introduction

In 1983 EIRIS was established as the UK's first independent research service for ethical investors. A year later the UK's first ethically screened unit trust - the Stewardship Fund - was launched by Friends Provident.

Since then the ethical landscape has changed considerably. Increasing consumer interest in green and ethical issues like climate change, poverty, fair trade and human rights continues to drive demand for ethical investment.

As at December 2007, EIRIS estimates there was around £8 billion invested and the number of green and ethical funds was fast approaching 100 - a decade ago there were just a couple of dozen.

The number of ethical investment options is multiplying all the time. So the chances are that there will be an ethical fund available that matches both your financial and ethical needs.

- What is an ethical fund?

Ethical Funds pool together the money of hundreds of investors into a single fund, which in turn invests in the stock market. The choice of investments is influenced by a range of different social, environmental or other ethical factors.

Most of us approach ethical investment having identified a specific financial need: perhaps you have spare money and want to invest it for the future; you may want to save to buy a house; or it might be time to start saving for retirement. It is common for ethical funds to be linked to certain savings vehicles e.g. personal pension, ISA, monthly savings plan etc.

- How does ethical investment work?

Approaches to ethical investment vary according to different ethical investment strategies. The three main ones that are generally talked about are screening, preference (or best in class) and engagement. These strategies can be used in combination as well as on their own.

Screening is where companies may be excluded or 'screened out' from investments because of their involvement in certain activities deemed to be negative, such as heavy polluters, arms companies and animal testers. But this approach also applies where companies are included and 'screened in' for their positive contributions to society and the environment such as those providing waste and recycling services, or promoting fair trade and organic farming.

A *preference or best-in-class* approach applies social, environmental and ethical guidelines to give a preferred selection when all other factors are equal. For example, an ethical fund might have criteria which enables it invest in the oil and gas sector, but will only invest in those oil companies which are 'best in their class' as they have a better record on the environment and human rights than others in their sector.

A third approach - *engagement* - does not necessarily exclude, include or prefer companies but rather the investor or fund manager actively encourages companies to adopt social and environmental best practices. This can involve meetings with senior management and voting at relevant annual general meetings. Many of the larger ethical pension funds tend to concentrate solely on engagement, while retail funds can combine all of the above methods.

Important

The information in this Directory is not, and should not be treated as any form of financial advice or recommendation and no investment decisions should be based upon it without consideration of the financial aspects of the decision including (but not limited to) considerations of returns, risk, charges, product and other suitability of the investment to the investor concerned. EIRIS recommends that you make no investment decision in relation to the information provided without appropriate professional financial advice. www.eiris.org provides details of how to find an independent financial adviser with experience of ethical investment.

The EIRIS Green & Ethical Funds Directory

EIRIS has produced guides to ethical funds for many years, which have been widely used by consumers and financial advisers to help them find an appropriate ethical or green fund.

The 2008 EIRIS Ethical Funds Directory is a free guide for financial advisers and consumers. It offers consistent, objective and comparable information across all ethical and green funds included.

- Which funds are included in this directory?

EIRIS defines an ethical fund as any fund which decides that investments are acceptable or not according to positive or negative ethical or green criteria. We include Ethical Engagement Funds which have a specific policy in place to actively engage with companies in which they invest in order to improve their performance their environmental, social or governance performance. The exception to this rule is that we do not include funds whose only policy is to avoid a small number of companies involved in tobacco products.

How to use the Directory

Section One - includes *Ethical Fund Profiles* to help find a fund which most closely matches your own ethical concerns. These provide detailed information on each of the following:

- Ethical investment strategy
- Positive and negative screening criteria
- Engagement policy and approach
- Voting policy and approach
- Research resources (used to ensure that investments are chosen in accordance with the fund's ethical investment criteria)
- Fund manager details
- Contact details and links to further information

- Searching for funds

If you'd like to search for ethical funds according to a specific issue, e.g. Human Rights, Gambling, Tobacco, etc you can use the key word search button  from the toolbar above to search for ethical funds according to specific issues.

You can also use the index on page 5 to access full ethical profiles for each fund.

Section Two - contains a *guide to green and ethical issues* to help you understand some of the key issues most commonly covered by ethical funds.

Future Plans for 2008 – EIRIS' Online Fund Selector

As the number of UK ethical funds continues to grow the need for accurate, consistent and easily accessible information on UK green and ethical funds increases. With almost 100 green and ethical funds now available it is becoming increasingly difficult to bundle this research together in one document.

EIRIS is therefore working to develop a new online funds selector which will incorporate all of this information contained within this guide alongside ethical performance star ratings – based on an analysis of each fund's portfolio according to key ethical areas. We aim to launch this new online service in summer 2008. Please contact mark.robertson@eiris.org for further details.

Green & Ethical Funds Index

The following funds are covered in this edition of the EIRIS Green & Ethical Funds Directory. You can click on each of them to access an ethical fund profile.

- **Aberdeen Ethical Engagement UK Fund**
- **Aberdeen Ethical World Fund**
- **Aegon Ethical Cautious Managed Fund**
- **Aegon Ethical Corporate Bond Fund**
- **Aegon Ethical Equity Fund**
- **Allchurches Amity Fund**
- **AXA UK Ethical Fund**
- **Banner Real Life Fund**
- **Barchester Best of Green Life Fund**
- **Barchester Best of Green Life Offshore Fund**
- **Barchester Best of Green Pension Fund**
- **CIS FTSE4Good Tracker Fund**
- **CIS Sustainable Leaders Trust**
- **Credit Suisse Fellowship Fund**
- **Credit Suisse Multi Manager Ethical Fund**
- **Direct Line FTSE4Good Tracker Fund**
- **F&C Ethical Bond Fund**
- **F&C Global Climate Opportunities Fund**
- **F&C Stewardship Growth Fund**
- **F&C Stewardship Income Fund**
- **F&C Stewardship International Fund**
- **Family Charities Ethical Trust**
- **Friends Provident Stewardship Income Life Fund**
- **Friends Provident Stewardship International Life Fund**
- **Friends Provident Stewardship Life Fund**
- **Friends Provident Stewardship Managed Life Fund**
- **Friends Provident Stewardship Managed Pension Fund**
- **Friends Provident Stewardship Pension Fund**
- **Friends Provident Stewardship Safeguard Optimiser Fund**
- **Halifax Ethical Fund**
- **Henderson Global Care Growth Fund**
- **Henderson Global Care Income Fund**
- **Henderson Global Care Managed Fund**
- **Henderson Industries of the Future Fund**
- **Homeowners Friendly Society FTSE4Good Fund**
- **HSBC Amanah Global Equity Index Fund**
- **HSBC GIF Sustainability Leaders Fund**
- **Impax Environmental Markets Investment Trust**
- **Impax Environmental Markets OEIC**
- **Insight Investment Ethical Fund**
- **Insight Investment Evergreen Fund**
- **Jupiter Ecology Fund**
- **Jupiter Environmental Income Fund**
- **Jupiter Global Green Investment Trust**
- **King & Shaxson Ethical Balanced Income Fund**
- **King & Shaxson Green Solutions Fund**
- **Legal & General Ethical Pension Fund**
- **Legal & General Ethical Trust**
- **Lincoln Green Life Fund**
- **Marks & Spencer Ethical fund**
- **Marlborough Ethical Fund**
- **Merchant Investors Assurance Ethical Cautious Managed Fund**
- **Norwich Sustainable Future Absolute Growth Fund**
- **Norwich Sustainable Future Corporate Bond Fund**
- **Norwich Sustainable Future European Growth Fund**

- **Norwich Sustainable Future Global Growth Fund**
- **Norwich Sustainable Future Managed Fund**
- **Norwich Sustainable UK Growth Fund**
- **Norwich Union Ethical UK Equity Fund**
- **Old Mutual Ethical Fund**
- **Prudential Ethical Trust**
- **Quadris Environmental Fund**
- **Rathbone Ethical Bond Fund**
- **Royal London Ethical Bond Trust**
- **Schroders Global Climate Change**
- **Scottish Widows Environmental Investor Fund**
- **Scottish Widows Ethical Fund**
- **Skandia Ethical Fund**
- **Sovereign Ethical Fund**
- **Standard Life Ethical Corporate Bond Fund**
- **Standard Life Ethical Life Fund**
- **Standard Life European Equity Ethical Fund**
- **Standard Life Pension Ethical Fund**
- **Standard Life UK Ethical Fund**
- **SVM AllEurope SRI Fund**
- **SWIP Global SRI Fund**
- **SWIP Islamic Global Equity Fund**
- **SWIP Pan-European SRI Equity Fund**

Funds not included in this edition

The UK ethical funds listed below have not been in this edition of the EIRIS Green and Ethical Funds Directory, either because they have only recently just been launched, or because we have not yet obtained the full set of information we need to include them. We will endeavour to include these funds, and other new funds, in future editions of the directory. We will also include them in EIRIS' New Online Fund Selector when it is launched later in 2008. In the meantime, we have provided hypertext links to the fund manager's website:

- **Capita CF 7IM ethical Fund**
- **First State Asia Pacific Sustainability Fund**
- **Merrill Lynch New Energy Technology Fund**
- **Scottish Life UK Ethical Fund**
- **St James's Place Ethical fund**
- **UBS Islamic Fund**
- **Virgin Climate Change Fund**
- **Zurich Socially Responsible Investment Fund**

Important

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Section One – Green & Ethical Fund Profiles

This section includes an ethical profile for each fund which included detailed information on each fund's ethical investment approach, positive and negative screening criteria, engagement policy, voting policy and the research resources it uses in its stock selection process to ensure that investments are made in accordance with the fund's ethical investment criteria.

Information contained within the ethical fund profiles is sourced from information already in the public domain, or, in some cases, is based upon our own primary research.

Important

The information in this Directory is not, and should not be treated as any form of financial advice or recommendation and no investment decisions should be based upon it without consideration of the financial aspects of the decision including (but not limited to) considerations of returns, risk, charges, product and other suitability of the investment to the investor concerned. EIRIS recommends that you make no investment decision in relation to the information provided without appropriate professional financial advice. www.eiris.org provides details of how to find an independent financial adviser with experience of ethical investment.

Aberdeen Ethical Engagement UK Fund

EIRIS Ethical Investment Overview

This fund is an engagement only fund. It does not have positive or negative ethical investment criteria which govern the inclusion or exclusion of companies on the basis of the activities they undertake and the products and services that they provide. It may therefore invest in sectors traditionally avoided by other ethical funds. The fund's Investment Manager team monitors the conduct of those companies and engages with their management to seek high levels of performance in three specific areas: Corporate Governance, the Environment and Labour and Human Rights. See the voting and engagement section for further details.

Ethical Policy

Positive investment criteria

This fund does not have positive investment criteria

Negative investment criteria

This fund does not have negative investment criteria

Voting & Engagement

Engagement

Policy overview

Aberdeen Asset Management 'aims to visit all companies held within its ethical fund at least once every two years to discuss the SRI issues covered by its SRI criteria. AAM maintains a dialogue on these topics with companies and follow up on issues to check to see if progress (if any) has been made'.

Methods of engagement

AAM communicates with company managers, investor relations representatives, and those responsible for policy making and / or policy implementation regarding SRI / ethical issues through visits, telephone conferences, letters and emails. AAM also collaborates with other shareholders on SRI issues and meets with other groups, such as NGOs, etc

Examples of recent engagement

AAM states it has engaged with Asian, European and North American companies on SRI topics.

What further steps taken when engagement is considered unsuccessful?

AAM's stated policy is one of 'continued engagement with companies on important issues' with no cut-off period.

Voting

Policy overview:

AAM's voting policy seeks to support good corporate governance through good quality management, transparency of corporate affairs and intentions, and fair and equal treatment of shareholders. This policy is set out on AAM's website, (see section 'Aberdeen's policy on corporate governance, voting and SRI').

Are voting practices disclosed?

No

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Contact Details and Further Information

Fund Manager

Aberdeen Asset Managers

Fund company

Aberdeen Asset Managers

Website

www.aberdeen-asset.com

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Customer Service Team on 0845 300 2890, or email broker.desk@aberdeen-asset.com

Aberdeen Ethical World Fund

EIRIS Ethical Investment Overview

Investments are chosen on the basis of ethical ("socially responsible") criteria. These criteria cover fifteen screens in areas such as the environment, labour issues, product quality, corporate governance and human rights. The fund's ethical investment policy is developed, reviewed and approved by Aberdeen Asset Management's (AAM) SRI team (which includes the fund's manager, SRI analyst and senior managers). The policy is reviewed on an annual basis. The Aberdeen Ethical World Fund has negative exclusion criteria, whereby companies are excluded from the portfolio if they are in breach of its negative criteria. The Fund also has positive criteria, which are not requirements but are taken into account alongside other positive and negative factors in determining whether a company is acceptable for the portfolio. Its ethical fund committee discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

This fund's policy states that it seeks to invest in companies which demonstrate: positive business practices, e.g. setting compliance procedures and ethical policies for employees and maintaining a check and balance system for operations, a commitment to supporting the communities in which the company group operates, by donating time, talent and/or financial support to scholarships, sponsorships, and/or other charitable causes, sound corporate governance policies, including adherence to relevant national codes of practice, a commitment to positive environmental practices, including transparency and reporting, adherence to human rights policies as outlined in the United Nations Declaration of Human Rights and in the core conventions of the International Labour Organization, positive labour practices, as reflected in the company's labour standards, working conditions, and employee and family friendly benefits, a history of product quality

Negative investment criteria

This fund's policy states that it avoids companies: which derive more than 10% of turnover from the sale or production of alcohol, Involved in animal testing (for any reason / for any product), with significant breaches of environmental laws or substantial pollution fines, with more than 10% turnover from gambling operations or supplying gambling equipment, with continued business (without good cause) in countries with human rights abuses, using forced, compulsory and/or child labour, with a history of discrimination, harassment and/or health and safety offenses, which derive more than 10% turnover from military sales or servicing military contracts, which derive more than 10% turnover from involvement with the nuclear power industry, which derive more than 5% turnover from the transmission, production and/or sale of pornography, which derive more than 10% turnover from production or sale of tobacco products, which derive more than 10% turnover from manufacture or sale of conventional weapons or weapons systems.

Voting & Engagement

Engagement

Policy overview

Aberdeen Asset Management 'aims to visit all companies held within its ethical fund at least once every two years to discuss the SRI issues covered by its SRI criteria. AAM maintains a dialogue on these topics with companies and follow up on issues to check to see if progress (if any) has been made'.

Methods of engagement

AAM communicates with company managers, investor relations representatives, and those responsible for policy making and / or policy implementation regarding SRI / ethical issues through visits, telephone conferences, letters and emails. AAM also collaborates with other shareholders on SRI issues and meets with other groups, such as NGOs, etc

Examples of recent engagement

AAM states it has engaged with Asian, European and North American companies on SRI topics.

What further steps taken when engagement is considered unsuccessful?

AAM's stated policy is one of 'continued engagement with companies on important issues' with no cut-off period.

Voting

Policy overview:

AAM's voting policy seeks to support good corporate governance through good quality management, transparency of corporate affairs and intentions, and fair and equal treatment of shareholders. This policy is set out on AAM's website, (see section 'Aberdeen's policy on corporate governance, voting and SRI').

Are voting practices disclosed?

No

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?* No

Research

Research resources used In-house research team

Contact Details and Further Information

Fund Manager Aberdeen Asset Managers

Fund company Aberdeen Asset Managers

Website www.aberdeen-asset.com

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact: Customer Service Team on 0845 300 2890, or email broker.desk@aberdeen-asset.com

Aegon Ethical Cautious Managed Fund

EIRIS Ethical Investment Overview

The fund excludes companies on the basis of the activities they undertake and the products and services that they provide. The negative screening criteria applied seek to capture current social, environmental and ethical concerns. The fund is positioned to 'appeal to investors with strong concerns on particular issues that they are unwilling to compromise on'. The fund's ethical investment policy and criteria are developed by an in-house corporate governance and SRI department with reference to current market developments. Policy changes are reviewed and approved by the AEGON Asset Management Investment Management Committee.

Ethical Policy

Positive investment criteria

This Fund does not have positive investment criteria.

Negative investment criteria

Companies will be excluded according to the following criteria:

- Alcohol - companies which derive more than 10% of their total business through involvement in brewing, distillation or sale of alcoholic drinks.
- Animal Welfare: companies which provide animal testing services or which manufacture or sell animal-tested cosmetics or pharmaceuticals; have any involvement in intensive farming; who operate abattoirs/slaughterhouse facilities; are producers or retailers of meat, poultry, fish, dairy products or slaughterhouse by-products. Factory farming: companies involved in the rearing of animals in intensive conditions.
- Banks - companies which are Corporate and/or International Banks with exposure to large Corporate and/or Third World debt.
- Gambling - companies which have investments in betting shops, casinos or amusement arcades which account for more than 10% of their total business
- Tobacco - companies which derive 10% or more of their business turnover from the growing, processing or sale of tobacco products.
- Military - companies which manufacture armaments or nuclear weapons or associated strategic products.
- Nuclear Power - companies which provide critical services to, or are owners or operators of, nuclear power facilities.
- Political Donations: companies which have made political donations greater than £25,000 in the last year.
- Pornography - companies which provide adult entertainment services

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

The fund does not have a voting policy.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-house research team, EIRIS

Contact Details and Further Information

Fund Manager

Philip Milburn

Fund company

AEGON Asset Management Ltd,
Mellon European Fund Services, Mellon House,
Ingrave Road Brentwood, Essex, CM15 8TG
0800 454422 (Investor Helpline)
www.abetterway.co.uk

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Investor Helpdesk on 0800 454422, or email
investorhelp@abetterway.co.uk

Aegon Ethical Corporate Bond Fund

EIRIS Ethical Investment Overview

The fund excludes companies on the basis of the activities they undertake and the products and services that they provide. The negative screening criteria applied seek to capture current social, environmental and ethical concerns. The fund is positioned to 'appeal to investors with strong concerns on particular issues that they are unwilling to compromise on'. The fund's ethical investment policy and criteria are developed by an in-house corporate governance and SRI department with reference to current market developments. Policy changes are reviewed and approved by the AEGON Asset Management Investment Management Committee.

Ethical Policy

Positive investment criteria

This Fund does not have positive investment criteria.

Negative investment criteria

Companies will be excluded according to the following criteria:

- Alcohol - companies which derive more than 10% of their total business through involvement in brewing, distillation or sale of alcoholic drinks.
- Animal Welfare: companies which provide animal testing services or which manufacture or sell animal-tested cosmetics or pharmaceuticals; have any involvement in intensive farming; who operate abattoirs/slaughterhouse facilities; are producers or retailers of meat, poultry, fish, dairy products or slaughterhouse by-products. Factory farming: companies involved in the rearing of animals in intensive conditions.
- Banks - companies which are Corporate and/or International Banks with exposure to large Corporate and/or Third World debt.
- Gambling - companies which have investments in betting shops, casinos or amusement arcades which account for more than 10% of their total business
- Tobacco - companies which derive 10% or more of their business turnover from the growing, processing or sale of tobacco products.
- Military - companies which manufacture armaments or nuclear weapons or associated strategic products.
- Nuclear Power - companies which provide critical services to, or are owners or operators of, nuclear power facilities.
- Political Donations: companies which have made political donations greater than £25,000 in the last year.
- Pornography - companies which provide adult entertainment services

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

The fund does not have a voting policy.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-house research team, EIRIS

Contact Details and Further Information

Fund Manager

Philip Milburn

Fund company

AEGON Asset Management Ltd,
Mellon European Fund Services, Mellon House,
Ingrave Road Brentwood, Essex, CM15 8TG
0800 454422 (Investor Helpline)
www.abetterway.co.uk

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Investor Helpdesk on 0800 454422, or email
investorhelp@abetterway.co.uk

Aegon Ethical Fund

EIRIS Ethical Investment Overview

The fund excludes companies on the basis of the activities they undertake and the products and services that they provide. The negative screening criteria applied seek to capture current social, environmental and ethical concerns. The fund is positioned to 'appeal to investors with strong concerns on particular issues that they are unwilling to compromise on'. The fund's ethical investment policy and criteria are developed by an in-house corporate governance and SRI department with reference to current market developments. Policy changes are reviewed and approved by the AEGON Asset Management Investment Management Committee.

Ethical Policy

Positive investment criteria

This Fund does not have positive investment criteria.

Negative investment criteria

Companies will be excluded according to the following criteria:

- Alcohol - companies which derive more than 10% of their total business through involvement in brewing, distillation or sale of alcoholic drinks.
- Animal Welfare: companies which provide animal testing services or which manufacture or sell animal-tested cosmetics or pharmaceuticals; have any involvement in intensive farming; who operate abattoirs/slaughterhouse facilities; are producers or retailers of meat, poultry, fish, dairy products or slaughterhouse by-products. Factory farming: companies involved in the rearing of animals in intensive conditions.
- Banks - companies which are Corporate and/or International Banks with exposure to large Corporate and/or Third World debt.
- Gambling - companies which have investments in betting shops, casinos or amusement arcades which account for more than 10% of their total business
- Tobacco - companies which derive 10% or more of their business turnover from the growing, processing or sale of tobacco products.
- Military - companies which manufacture armaments or nuclear weapons or associated strategic products.
- Nuclear Power - companies which provide critical services to, or are owners or operators of, nuclear power facilities.
- Political Donations: companies which have made political donations greater than £25,000 in the last year.
- Pornography - companies which provide adult entertainment services

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

The fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-house research team, EIRIS

Contact Details and Further Information

Fund Manager

Philip Milburn

Fund company

AEGON Asset Management Ltd,
Mellon European Fund Services, Mellon House,
Ingrave Road Brentwood, Essex, CM15 8TG
0800 454422 (Investor Helpline)
www.abetterway.co.uk

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Investor Helpdesk on 0800 454422, or email
investorhelp@abetterway.co.uk

Allchurches Amity Fund

EIRIS Ethical Investment Overview

The Allchurches Amity Fund is an ethically screened fund, established 'to offer a positive emphasis for individuals, corporate bodies and charitable groups alike'. The fund's ethical investment policy is approved and reviewed by a Directors and Advisory Panel. The Amity Fund excludes companies from the portfolio in breach of negative criteria and has positive criteria which are not requirements for portfolio companies, but are taken into account alongside other positive or negative factors in deciding whether a company is acceptable. Analysis is completed by the SRI Analyst and a decision reached via discussion with the fund manager.

Ethical Policy

Positive investment criteria

The fund manager aims to invest in companies which demonstrate a positive contribution to the quality of individual and community life and which respect the environment. Investments include companies involved in pollution control, waste management, energy conservation, housing, and education, home safety, medical and health care.

Negative investment criteria

The principal areas which the managers seek to avoid are companies with material interests in countries with oppressive regimes, the production of alcohol, tobacco, gambling and producers of magazines or videos of an explicit or violent nature. The fund also avoids investing in companies involved in the manufacture of strategic arms and the use of animals for cosmetic research.

Voting & Engagement

Engagement

Policy overview

This fund's SRI analyst and fund manager engage directly with companies and work to develop a relationship with company management.

Methods of engagement

Letters to key personnel, Telephone calls to key personnel. Attending company presentations, 1-2-1 meetings with company management, site visits.

Examples of recent engagement

A recent example is engagement with Cadbury Schweppes in relation to the issue of child labour in the cocoa industry in West Africa. There has also been engagement in relation to the pharmaceutical industry's response to drug withdrawals from the market.

What further steps taken when engagement is considered unsuccessful?

This fund requests a meeting with the company in question to discuss the issue(s) further and to develop an on-going dialogue to ensure that its concerns have been taken on board by the company management.

Voting

Policy overview:

The fund does not have a voting policy.

Transparency

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Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-house research team, EIRIS

Contact Details and Further Information

Fund Manager

Sue Round

Fund Company

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Ecclesiastical

For IFA queries and support, please contact Lionel Allen on 020 7528 7364; and for general enquiries, call 01452 305 958 or visit www.ecclesiastical.co.uk/investments

AXA UK Ethical Fund

EIRIS Ethical Investment Overview

The objective of the AXA Ethical Fund is to achieve capital growth over the medium to long term by investing in a range of companies whose products, services or method of operation are considered not to be detrimental to the global community. This fund is a negative screening fund which will not invest in companies if they are in breach of its negative criteria

Ethical Policy

Positive investment criteria

This fund does not have positive investment criteria

Negative investment criteria

This fund will avoid investing in companies that:

- Gambling: Derive more than 10% of their reported annual turnover from gambling; or from members of the National Lottery.
- Environmental concerns: Derive more than 33% of their reported annual turnover from the fossil fuel industries; or derive more than 33% of their reported annual turnover from energy-intensive industries. Manufacture or supply high or medium-rated ozone-depleting chemicals. Sell more than 2000 cubic metres annually of uncertified tropical hardwood in products retailed by the company, have been convicted or cautioned for water pollution offences more than once in the past three years.
- Human Rights: Have subsidiaries or associate interests in five or more countries on the EIRIS Observer ex/Freedom House Category A list
- Animal welfare: Conduct animal testing, derive any turnover from intensive poultry farming or pig farming, own or operate a fish farm, own or operate an abattoir or poultry slaughterhouse. Derive more than 33% of reported annual turnover from the sale of meat; or derive more than 33% of reported annual turnover from the sale of slaughterhouse by-products.
- Military: Supply strategic services for military and/or nuclear bases, Are involved in major exports to military purchasers; or have had contracts with the MOD worth more than £25m in any one of the last three years, Derive any turnover from mining or quarrying, Own or operate any nuclear power stations; or is a member of a nuclear power industry association.
- Pornography: publish, print or wholesale pornographic magazines or newspapers; or distribute 18 certificate films or videos.
- Tobacco: Derive more than 10% of their reported annual turnover from the production or sale of tobacco or tobacco products; or derive any turnover from the production of tobacco

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

AXA Investment Managers encourages companies in which it invests to place good corporate governance at the centre of their management philosophy; governance issues form part of AXA's dialogue with companies. This dialogue includes exercising votes at company general meetings. AXA expects companies to adhere to corporate governance 'best practice' in their own country. For UK companies, AXA draws upon standards set down by the Association of British Insurers.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-house research team, EIRIS, other external resources

Contact Details and Further Information

Fund Manager

Axa Investment Managers

Fund company

Axa

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Broker Services Team on 020 7003 1234, or email broker.service@axa-im.com

Banner Real life Fund

EIRIS Ethical Investment Overview

The Banner Real Life Fund aims to invest in companies which publicly profess their commitment to "pro-life" values, which supply the basic necessities of life, which provide products and services of long term benefit to the community and the environment and those which avoid any significant involvement in armaments, alcohol, tobacco or gambling. This fund is a negative screening fund which excludes companies from the portfolio if they are in breach of its negative criteria. The fund also has positive criteria which are not requirements but are taken into account alongside other positive or negative factors when determining if a company is acceptable for the portfolio. The ethical policy has been approved by the Reference Committee and it can be changed by contacting them. The Reference Committee decides on changes to any more detailed criteria.

Ethical Policy

Positive investment criteria

It is intended that the trust will consider investing in companies which:

- publicly profess their commitment to "pro-life" values
- support or sponsor "pro-life" agencies
- provide support for employees during pregnancy and make generous provision for maternity and paternity leave
- make special provision for disabled employees and in general provide a high standard of employee welfare
- supply the basic necessities of life
- provide products and services of long term benefit to the community and the environment
- strive to avoid handling goods produced by exploited labour forces overseas
- act to conserve energy and natural resources, and to reduce waste and to control pollution

Negative investment criteria

It is intended that the trust will not consider investing in companies which:

- manufacture, sell, distribute or in any way promote the sale of abortion equipment or abortion-linked pharmaceuticals including RU486, the "morning after" pill and any other pill described as "emergency contraception"
- support or subsidise certain types of human embryo research or genetic engineering
- are involved in the provision of pharmaceuticals for or research into euthanasia.
- are involved in the production, distribution or sale of pornographic material or have been subject to a complaint on the grounds of decency
- support oppressive regimes or companies which exploit labour in the third world
- perform tests on animals for purposes other than the benefit of human health
- are involved in the manufacture of alcohol, or derive more than 10 per cent of turnover from the sale of alcohol
- are involved in the production of tobacco, or tobacco related products, or derive more than 10 per cent of turnover from the sale of tobacco
- derive more than three per cent of turnover from gambling
- are involved in the manufacture or overseas sales of armaments
- have a poor environmental record

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

Ethical Investors Group, SPUC, LIFE, COR

Contact Details and Further Information

Manager name	Howard Tingley
Fund company	Capita Financial Managers (Fund Managed by Gerrard)
SRI Website	www.bannergroup.com/prolife_ethical.htm
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	01342 717917, or email ethical@bannergroup.com

Barchester Best of Green Life Fund

EIRIS Ethical Investment Overview

The fund will retain a core investment in Barchester Best of Green Life Fund in addition to a managed portfolio of equity investments. It has negative exclusion criteria, whereby companies are excluded from the portfolio if they are in breach of these criteria. It also has positive criteria which are not requirements but which are taken into account in determining if a company is acceptable for the portfolio. The fund will support any divestments the Jupiter Ecology Fund makes where the Barchester Fund has a similar holding.

Ethical Policy

Positive investment criteria

The fund managers will seek to invest in company groups which:

- are involved in recycling and / or disposal of waste in a responsible way
- have a public environmental policy or produce an environmental report
- develop or use renewable energy sources in the UK
- have a public equal opportunities policy
- manufacture or sell products or provide services whose purpose is to save or protect human life
- have clear health and safety systems in place
- derive more than 33% of their annual turnover from the sale or manufacture of food, clothing or housing
- show a clear commitment to community involvement or charitable cause

Negative investment criteria

The fund will avoid investing in company groups which:

- own or operate nuclear power stations, provide major nuclear-related products or services; or derive more than 5% of turnover from the sale of nuclear generated electricity or provision of nuclear related services
- have been convicted of a serious pollution offence by the Environment Agency
- manufacture pesticide products
- are involved in the extraction or growing of commodities in developing countries (this is not an automatic exclusion and a considered view will be taken)
- have broken the international code on marketing of breast milk substitutes in developing countries
- are major exporters of military products to oppressive regimes or areas of conflict
- derive more than 5% of turnover from the sale or production of weapons systems or provision of other services to the military.

Voting & Engagement

Engagement

Policy overview

The fund does not have an engagement policy

Voting

Policy overview:

The fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-house, EIRIS

Contact Details and Further Information

Fund company

Barchester Green

Website

www.barchestergreen.co.uk

Socially Responsible Investment (SRI) contact: .

Geoff Griffiths on 01722 331241, or email geoff.griffiths@barchestergreen.co.uk

Barchester Best of Green Life Offshore Fund

EIRIS Ethical Investment Overview

The fund will retain a core investment in the Barchester Best of Green Life Offshore Fund in addition to a managed portfolio of equity investments. It has negative exclusion criteria, whereby companies are excluded from the portfolio if they are in breach of these criteria. It also has positive criteria which are not requirements but which are taken into account in determining if a company is acceptable for the portfolio. The fund will support any divestments the Jupiter Ecology Fund makes where the Barchester Fund has a similar holding.

Ethical Policy

Positive investment criteria

The fund managers will seek to invest in company groups which:

- are involved in recycling and / or disposal of waste in a responsible way
- have a public environmental policy or produce an environmental report
- develop or use renewable energy sources in the UK
- have a public equal opportunities policy
- manufacture or sell products or provide services whose purpose is to save or protect human life
- have clear health and safety systems in place
- derive more than 33% of their annual turnover from the sale or manufacture of food, clothing or housing
- show a clear commitment to community involvement or charitable cause

Negative investment criteria

The fund will avoid investing in company groups which:

- own or operate nuclear power stations, provide major nuclear-related products or services; or derive more than 5% of turnover from the sale of nuclear generated electricity or provision of nuclear related services
- have been convicted of a serious pollution offence by the Environment Agency
- manufacture pesticide products
- are involved in the extraction or growing of commodities in developing countries (this is not an automatic exclusion and a considered view will be taken)
- have broken the international code on marketing of breast milk substitutes in developing countries
- are major exporters of military products to oppressive regimes or areas of conflict.
- derive more than 5% of turnover from the sale or production of weapons systems or provision of other services to the military.

Voting & Engagement

Engagement

Policy overview

The fund does not have an engagement policy

Voting

Policy overview:

The fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-house, EIRIS

Contact Details and Further Information

Fund company

Barchester Green

Website

www.barchestergreen.co.uk

Socially Responsible Investment (SRI) contact:

Geoff Griffiths on 01722 331241, or email geoff.griffiths@barchestergreen.co.uk

Barchester Best of Green Pension Fund

EIRIS Ethical Investment Overview

The fund will retain a core investment in the Barchester Best of Green Pension Fund in addition to a managed portfolio of equity investments. It has negative exclusion criteria, whereby companies are excluded from the portfolio if they are in breach of these criteria. It also has positive criteria which are not requirements but which are taken into account in determining if a company is acceptable for the portfolio. The fund will support any divestments the Jupiter Ecology Fund makes where the Barchester Fund has a similar holding.

Ethical Policy

Positive investment criteria

The fund managers will seek to invest in company groups which:

- are involved in recycling and / or disposal of waste in a responsible way
- have a public environmental policy or produce an environmental report
- develop or use renewable energy sources in the UK
- have a public equal opportunities policy
- manufacture or sell products or provide services whose purpose is to save or protect human life
- have clear health and safety systems in place
- derive more than 33% of their annual turnover from the sale or manufacture of food, clothing or housing
- show a clear commitment to community involvement or charitable cause

Negative investment criteria

The fund will avoid investing in company groups which:

- own or operate nuclear power stations, provide major nuclear-related products or services; or derive more than 5% of turnover from the sale of nuclear generated electricity or provision of nuclear related services
- have been convicted of a serious pollution offence by the Environment Agency
- manufacture pesticide products
- are involved in the extraction or growing of commodities in developing countries (this is not an automatic exclusion and a considered view will be taken)
- have broken the international code on marketing of breast milk substitutes in developing countries
- are major exporters of military products to oppressive regimes or areas of conflict
- derive more than 5% of turnover from the sale or production of weapons systems or provision of other services to the military.

Voting & Engagement

Engagement

Policy overview

The fund does not have an engagement policy

Voting

Policy overview:

The fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-house, EIRIS

Contact Details and Further Information

Fund company

Barchester Green

Website

www.barchestergreen.co.uk

Socially Responsible Investment (SRI) contact:

Geoff Griffiths on 01722 331241, or email geoff.griffiths@barchestergreen.co.uk

CIS FTSE4Good Tracker Fund

EIRIS Ethical Investment Overview

The CIS FTSE4Good Tracker Trust aims to track the FTSE4Good UK Index which is independently calculated and based on the FTSE All-Share stocks which meet the FTSE4Good criteria.

Ethical Policy

Positive investment criteria

Aspects of a company's activities that will be taken into account include the extent to which a company is working towards environmental sustainability; developing a positive relationship with stakeholders and employees; and upholding and supporting universal human rights.

Negative investment criteria

FTSE4Good exclusions include: tobacco producers, manufacture of weapons systems, owners/operators of nuclear power stations and those who mine/process uranium.

Voting & Engagement

Engagement

Policy overview

Information not available

Voting

Policy overview:

Information not available

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

Yes

<http://www.eurosif.org/>

Research

Research resources used

Internal Responsible Shareholding Unit, Plus One Research Analyst

Contact Details and Further Information

Manager name

-

Fund company

CIS Unit Managers

SRI Website

www.cis.co.uk

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Customer Service team on 08457 46 46 46, or email cis@cis.co.uk

CIS Sustainable Leaders Trust

EIRIS Ethical Investment Overview

In order to qualify for investment, companies must be involved wholly or in part in the manufacture of products, industrial processes or the provision of services associated with improving the environment and the enhancement of human health and safety. The CIS Sustainable Leaders Trust has negative exclusion criteria, whereby companies are excluded from the portfolio if they are in breach of its negative criteria. The Fund also has positive inclusion criteria which are requirements for portfolio companies.

Ethical Policy

Positive investment criteria

To qualify for investment, companies must be involved wholly or in part in the manufacture of products, industrial processes or the provision of services associated with improving the environment and the enhancement of human health and safety. In addition, companies may qualify if they promote awareness of these issues amongst the general public or are likely to be beneficiaries, in the medium-to-long term, of changing attitudes in favour of a cleaner and safer environment. Consideration will also be given to companies seen to be making above-average efforts to minimise environmental damage caused by their activities. Furthermore, the Trust invests in companies engaged in certain activities which are considered to improve the quality of life of the population in general or a specific section of the population. This can include areas such as medical, scientific and educational publishing, education and training, electricity distribution, house purchase lending and telecommunications.

Negative investment criteria

Once a company has been selected on the basis of the fund's positive criteria, it is screened to establish whether it is active in the areas which the fund seeks to avoid. These are animal testing (unless conducted for the benefit of the health or safety of humans or animals), involvement in military applications and countries where human rights are disregarded.

Voting & Engagement

Engagement

Policy overview

The Sustainable Leaders Trust works in tandem with CIS' Responsible Shareholding policy, which applies to all of the Society's equity investments. The sustainable leaders trust defines engagement as pursuing a point of difference with a company. Broadly the aim of Responsible Shareholding is to increase social accountability on the part of companies in which CIS has shares, through engagement and by using the Society's voting rights at Annual General Meetings. One central line of approach is to establish which companies demonstrate best practice in a particular sector, and to encourage other companies in the sector to adopt similar practices. In the case of the Sustainable Leaders Trust, those companies which are found not to meet the criteria are removed from the list of companies approved for investment.

Methods of engagement

Letters to chief executives, investor relations managers or managers concerned with specific interests. Telephone dialogue can take place as part of the same procedure. Meetings occur with key personnel as part of the investigations conducted by the fund manager or as part of broader initiatives undertaken by the Responsible Shareholding Unit. Through Responsible Shareholding, CIS supports joint investor initiatives on matters such as climate change and human rights.

Examples of recent engagement

Recently, CIS's Responsible Shareholding Unit has written to companies such as Tesco, Sainsbury and Kingfisher with the objective of persuading companies in the consumer and household goods sector to implement hazardous chemical policies.

What further steps taken when engagement is considered unsuccessful?

In the case of The Sustainable Leaders Trust, it would be necessary for the company to be removed from the approved list

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Voting

Policy overview:

Under Responsible Shareholding, CIS undertakes an extensive programme in relation to corporate governance, which it applies equally to the sustainable leaders trust as much as to other funds. From the outset of the policy, CIS

Voting & Engagement

undertook to play an active part as shareholder by exercising its vote on every motion at every general meeting of every company in which shares are held, and regards voting in a responsible, informed and consistent manner by institutional investors to be a fiduciary duty. In general, CIS will vote for if the resolution is consistent with its guidelines, accords with best practice and is in shareholders' long term interests. It will, however, abstain if the resolution falls short of best practice, but the issue is not sufficiently material to oppose management. Votes against arise when the resolution is inconsistent with the CIS guidelines, does not accord with best practice and is not in shareholders' long term interests.

Are voting practices disclosed?

n/a

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

Yes

<http://www.eurosif.org/>

Research

Research resources used

Internal Responsible Shareholding Unit, Plus One Research Analyst

Contact Details and Further Information

Manager name

Mathew Fox

Fund company

CIS Unit Managers

SRI Website

www.cis.co.uk

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Customer Service team on 08457 46 46 46, or email cis@cis.co.uk

Credit Suisse Fellowship Fund

EIRIS Ethical Investment Overview

The Fund's investment policy is to invest in companies which meet defined ethical criteria predominantly in the UK. The Credit Suisse Fellowship Fund has an independent Committee of Reference, which has the responsibility for defining these criteria from time to time, and for ensuring that companies selected for the portfolio meet the criteria. The Credit Suisse Fellowship Fund has negative exclusion criteria, whereby companies are excluded from the portfolio if they are in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. All stocks are selected from an acceptable list and positive attributes will be considered by the fund manager in selecting stocks at his/her discretion.

Ethical Policy

Positive investment criteria

The Fellowship Fund seeks to invest in companies:

- with a positive approach to the world's resources
- humane treatment of animals and natural food production methods
- with a positive approach to the environment - conserving energy, controlling pollution, recycling waste
- with a positive approach to social issues
- good employment practices, investing in people, giving equal opportunities,
- which pursue a policy of "openness" about their activities

Negative investment criteria

The Fellowship Fund avoids investing in:

- companies whose business is the production and sale of weapons of destruction
- companies producing alcoholic or tobacco products
- companies which have a significant involvement in gambling
- companies which print, publish, wholesale or broadcast pornographic material
- companies with a poor track record on pollution and damage to the environment.

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

Yes

<http://www.eurosif.org/>

Research

Research resources used

In-house, EIRIS, Other external resources

Contact Details and Further Information

Manager name

Stuart Harris

Fund company

Credit Suisse Asset Management

SRI Website

www.credit-suisse.com/uk

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Michele Phillips on 020 7426 2929, or email ukretail.am@credit-suisse.com

Credit Suisse Multi Manager Ethical Fund

EIRIS Ethical Investment Overview

This fund invests primarily in shares or units of collective investment schemes investing in companies in any geographic area or sector which have an ethical, socially responsible or environmental consideration in their stock selection process. The Fund may also invest directly in transferable securities, money market instruments, near cash, cash and deposits. The degree of ethical screening undertaken by the underlying funds which this fund invests into can vary significantly from light green funds which have positive criteria, to dark green portfolios which are constrained by negative criteria and therefore remove a substantial part of the overall universe. The Credit Suisse Fund Management team actively engages with fund manager management companies of ethical products to ensure that their ethical criteria meet the requirements of the Credit Suisse Multi-Manager Ethical Fund.

Ethical Policy

Positive investment criteria

All Funds included in this fund's portfolio must fit into one of the following four categories (the original Ethical Funds; Sustainable World; Socially Responsible; and Ethical by Nature). The Credit Suisse Multi Manager Ethical Portfolio will actively invest in funds that meet our following positive criteria: funds which invest in companies with sound, responsible manner to employees, community and environment; and produce/use technology which benefits employees, community and environment.

Negative investment criteria

All Funds included in the portfolio must fit into one of the following four categories (the original Ethical Funds; Sustainable World; Socially Responsible; and Ethical by Nature) and pass the fund's negative screening criteria. The fund's negative criteria are as follows: the fund will not invest in companies with >10% turnover arising from: armaments, intensive farming, non medical animal testing, nuclear Power and related technology, investments with/in countries that violate human rights and production/distribution of tobacco, gambling or pornographic material. Additionally, this fund has negative criteria on alcohol which avoids companies with material interest which do not accept/deal with their social objectives caused by their product

Voting & Engagement

Engagement

Policy overview

The Credit Suisse Fund Management team will actively engage with fund manager management companies of ethical products it invest in to ensure that their ethical criteria meet the Credit Suisse Multi-Manager Ethical Fund.

Voting

Policy overview:

None applicable

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

Yes

<http://www.eurosif.org/>

Research

Research resources used

In-house, EIRIS, Other external resources

Contact Details and Further Information

Fund Manager

Robert Burdett, Scott Spencer and Paul Green

Fund company

Credit Suisse Asset Management

SRI Website

www.credit-suisse.com/uk

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Joanna Wright on 020 7426 2571 or email Joanna.wright@credit-suisse.com

Direct Line FTSE4Good Tracker Fund

EIRIS Ethical Investment Overview

The Direct Line FTSE4Good Tracker Fund aims to provide long term capital growth by tracking as closely as possible the performance of the FTSE4Good Index. The fund will invest in securities which make up the FTSE4Good Index, an index for socially responsible investment. The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. The FTSE4Good Index Series have negative exclusion criteria, whereby companies are excluded from the indices in breach of its negative criteria. The Fund also has positive criteria which are requirements for companies. An independent Policy Committee is responsible for managing the development of new and existing criteria and also assesses companies in the FTSE4Good Universe against the criteria, and authorises constituent changes at each semi-annual review.

Ethical Policy

Positive investment criteria

To qualify for inclusion in the FTSE4Good Index Series, companies must meet criteria requirements in three areas:

- Working towards environmental sustainability
- Developing positive relationships with stakeholders
- Up-holding and supporting universal human rights

Full details of the inclusion criteria can be found at www.ftse.com/ftse4good/criteria_methodology.jsp

Negative investment criteria

Companies that have been identified as having business interests in the following industries are excluded from the FTSE4Good Index Series:

- tobacco producers
- companies manufacturing either parts for, or whole, nuclear weapons systems
- companies manufacturing whole weapons systems
- owners or operators of nuclear power stations
- companies involved in the extraction or processing of uranium

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	FTSE4Good (EIRIS)
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Contact Details and Further Information

Fund Manager	-
Fund company	Direct Line Investment Funds
SRI Website	www.directline.com/Savings/tracker_ISA.htm
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Customer Support desk on 0845 246 8282

F&C Ethical Bond Fund

IRIS Ethical Investment Overview

This fund invests in Corporate Bonds and operates identical ethical screening criteria to the Stewardship suite of funds (as detailed below). Its universe of eligible securities will be screened on a comprehensive range of both "positive" and "negative" criteria selected by an independent policy committee. It aims to actively target credits from issuers which contribute to sustainable development. On rare occasions this fund may exclude companies which it judges to conflict with this aim even when they do not breach its negative criteria as set out below. Stewardship funds are covered by a responsible engagement policy called *reo*®. The Stewardship screening criteria are formulated, periodically reviewed and approved by an external panel, the Stewardship 'Committee of Reference', who are supported by the F&C Governance and SRI Team (GSRI). The Stewardship Funds have negative exclusion criteria, whereby companies are excluded from the portfolio in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. Its ethical fund committee also discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

- This fund seeks to invest in companies with:
- a positive approach to the world's resources
 - humane treatment of animals and natural food production methods
 - a positive approach to the environment - conserving energy, controlling pollution, recycling waste
 - a positive approach to social issues - good employment practices, investing in people, giving equal opportunities, companies which pursue a policy of "openness" about their activities

Negative investment criteria

- This fund avoids investing in companies of the following types:
- producers and sellers of weapons of destruction;
 - producers of alcoholic or tobacco products
 - companies which have a significant involvement in gambling
 - companies which print, publish, wholesale or broadcast pornographic material
 - companies with a poor track record on pollution and damage to the environment

Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo*® (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo*®'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.fandc.com (click on 'About us')

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo*® report, which reports on engagement on a quarterly basis, is available from F&C's website.

What further steps taken when engagement is considered unsuccessful?

-

Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Voting & Engagement

Are voting practices disclosed?

F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Examples of recent voting activity:

F&C recently conducted its annual review of its "Responsible Ownership Policy" and "Corporate Governance Operational Guidelines". These were sent to over 3,000 investee companies across its global portfolios, so as to advise them of F&C's voting intentions in advance of the voting season and invite discussion as needed. These policies attempt to "strike a balance between global principles and local best practice, and weave together the principles of independence, sound risk management, appropriate incentives and transparency". F&C's General Corporate Governance Operational Guidelines and UK guidelines are available within the "Governance and SRI" section of its website (see "About Us" at www.fandc.com). F&C's other guidelines for specific markets are shared with investee companies but are proprietary to F&C.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	F&C Asset Management
SRI Website	www.fandc.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Private investors should call customer Support desk telephone: 0845 600 6166 or email: investor.enquiries@fandc.com . Financial advisers: Adviser Helpdesk telephone: 0845 799 2299 or email: adviser.enquiries@fandc.com

F&C Global Climate Opportunities Fund

EURIS Ethical Investment Overview

F&C Global Climate Opportunities is a thematic fund, utilising positive climate change themes to identify and invest in companies around the world involved in activities it deemed to be addressing climate change and also those companies involved in reducing greenhouse gas emissions. The Fund is purely thematic with no exclusion screening criteria. The investment themes aim to identify the companies best placed to develop leading technologies, products and services aimed at mitigating or adapting to the effects of climate change.

Ethical Policy

This fund aims to identify the companies best placed to develop leading technologies, products and services aimed at mitigating or adapting to the effects of climate change.

The Fund has nine investment themes which are:

- **Alternative Energy** (e.g. solar, wind, geothermal.)
- **Energy Efficiency** (e.g. insulation, energy demand management)
- **Sustainable Mobility** (e.g. alternative fuels, efficient cars)
- **Waste** (e.g. recycling, landfill, gas capture)
- **Advanced Materials** (e.g. bioplastics, silicon)
- **Forestry & Agriculture** (e.g. forestry projects)
- **Water** (e.g. desalination, water purity testing)
- **Acclimatisation** (e.g. new crop varieties, health)
- **Supporting services** (e.g. Carbon trading, Consultancy)

Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo*® (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo*®'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.fandc.com (click on 'About us')

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo*® report, which reports on engagement on a quarterly basis, is available from F&C's website.

What further steps taken when engagement is considered unsuccessful?

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Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Are voting practices disclosed?

F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Voting & Engagement

Examples of recent voting activity:

F&C recently conducted its annual review of its "Responsible Ownership Policy" and "Corporate Governance Operational Guidelines". These were sent to over 3,000 investee companies across its global portfolios, so as to advise them of F&C's voting intentions in advance of the voting season and invite discussion as needed. These policies attempt to "strike a balance between global principles and local best practice, and weave together the principles of independence, sound risk management, appropriate incentives and transparency". F&C's General Corporate Governance Operational Guidelines and UK guidelines are available within the "Governance and SRI" section of its website (see "About Us" at www.fandc.com). F&C's other guidelines for specific markets are shared with investee companies but are proprietary to F&C.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	F&C Asset Management
SRI Website	www.fandc.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Private investors should call customer Support desk telephone: 0845 600 6166 or email: investor.enquiries@fandc.com . Financial advisers: Adviser Helpdesk telephone: 0845 799 2299 or email: adviser.enquiries@fandc.com

F&C Stewardship Growth Fund

EIRIS Ethical Investment Overview

This fund aims to invest in companies that make a positive contribution to society, while avoiding those whose activities can harm society or the natural environment. On rare occasions this fund may exclude companies which it judges to conflict with this aim even when they do not breach its negative criteria as set out below. Stewardship funds are covered by a responsible engagement policy called *reo*®. The Stewardship screening criteria are formulated, periodically reviewed and approved by an external panel, the Stewardship 'Committee of Reference', who are supported by the F&C Governance and SRI Team (GSRI). The Stewardship Funds have negative exclusion criteria, whereby companies are excluded from the portfolio in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. Its ethical fund committee also discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

This fund seeks to invest in companies with:

- a positive approach to the world's resources
- humane treatment of animals and natural food production methods
- a positive approach to the environment - conserving energy, controlling pollution, recycling waste
- a positive approach to social issues - good employment practices, investing in people, giving equal opportunities, companies which pursue a policy of "openness" about their activities

Negative investment criteria

This fund avoids investing in companies of the following types:

- producers and sellers of weapons of destruction;
- producers of alcoholic or tobacco products
- companies which have a significant involvement in gambling
- companies which print, publish, wholesale or broadcast pornographic material
- companies with a poor track record on pollution and damage to the environment

Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo*® (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo*®'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.fandc.com (click on 'About us')

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo*® report, which reports on engagement on a quarterly basis, is available from F&C's website.

What further steps taken when engagement is considered unsuccessful?

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Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Are voting practices disclosed?

F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Voting & Engagement

Examples of recent voting activity:

F&C recently conducted its annual review of its "Responsible Ownership Policy" and "Corporate Governance Operational Guidelines". These were sent to over 3,000 investee companies across its global portfolios, so as to advise them of F&C's voting intentions in advance of the voting season and invite discussion as needed. These policies attempt to "strike a balance between global principles and local best practice, and weave together the principles of independence, sound risk management, appropriate incentives and transparency". F&C's General Corporate Governance Operational Guidelines and UK guidelines are available within the "Governance and SRI" section of its website (see "About Us" at www.fandc.com). F&C's other guidelines for specific markets are shared with investee companies but are proprietary to F&C.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	F&C Asset Management
SRI Website	www.fandc.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Private investors should call customer Support desk telephone: 0845 600 6166 or email: investor.enquiries@fandc.com . Financial advisers: Adviser Helpdesk telephone: 0845 799 2299 or email: adviser.enquiries@fandc.com

F&C Stewardship Income Fund

EIRIS Ethical Investment Overview

This fund aims to invest in companies that make a positive contribution to society, while avoiding those whose activities can harm society or the natural environment. On rare occasions this fund may exclude companies which it judges to conflict with this aim even when they do not breach its negative criteria as set out below. Stewardship funds are covered by a responsible engagement policy called *reo*®. The Stewardship screening criteria are formulated, periodically reviewed and approved by an external panel, the Stewardship 'Committee of Reference', who are supported by the F&C Governance and SRI Team (GSRI). The Stewardship Funds have negative exclusion criteria, whereby companies are excluded from the portfolio in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. Its ethical fund committee also discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

This fund seeks to invest in companies with:

- a positive approach to the world's resources
- humane treatment of animals and natural food production methods
- a positive approach to the environment - conserving energy, controlling pollution, recycling waste
- a positive approach to social issues - good employment practices, investing in people, giving equal opportunities, companies which pursue a policy of "openness" about their activities

Negative investment criteria

This fund avoids investing in companies of the following types:

- producers and sellers of weapons of destruction;
- producers of alcoholic or tobacco products
- companies which have a significant involvement in gambling
- companies which print, publish, wholesale or broadcast pornographic material
- companies with a poor track record on pollution and damage to the environment

Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo*® (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo*®'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.fandc.com (click on 'About us')

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo*® report, which reports on engagement on a quarterly basis, is available from F&C's website.

What further steps taken when engagement is considered unsuccessful?

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Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Are voting practices disclosed?

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Voting & Engagement

Examples of recent voting activity:

F&C recently conducted its annual review of its "Responsible Ownership Policy" and "Corporate Governance Operational Guidelines". These were sent to over 3,000 investee companies across its global portfolios, so as to advise them of F&C's voting intentions in advance of the voting season and invite discussion as needed. These policies attempt to "strike a balance between global principles and local best practice, and weave together the principles of independence, sound risk management, appropriate incentives and transparency". F&C's General Corporate Governance Operational Guidelines and UK guidelines are available within the "Governance and SRI" section of its website (see "About Us" at www.fandc.com). F&C's other guidelines for specific markets are shared with investee companies but are proprietary to F&C.

Transparency

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Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	F&C Asset Management
SRI Website	www.fandc.com
Socially Responsible Investment (SRI) contact:	Private investors should call customer Support desk telephone: 0845 600 6166 or email: investor.enquiries@fandc.com . Financial advisers: Adviser Helpdesk telephone: 0845 799 2299 or email: adviser.enquiries@fandc.com

F&C Stewardship International Fund

EIRIS Ethical Investment Overview

This fund aims to invest in companies that make a positive contribution to society, while avoiding those whose activities can harm society or the natural environment. On rare occasions this fund may exclude companies which it judges to conflict with this aim even when they do not breach its negative criteria as set out below. Stewardship funds are covered by a responsible engagement policy called *reo*®. The Stewardship screening criteria are formulated, periodically reviewed and approved by an external panel, the Stewardship 'Committee of Reference', who are supported by the F&C Governance and SRI Team (GSRI). The Stewardship Funds have negative exclusion criteria, whereby companies are excluded from the portfolio in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. Its ethical fund committee also discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

This fund seeks to invest in companies with:

- a positive approach to the world's resources
- humane treatment of animals and natural food production methods
- a positive approach to the environment - conserving energy, controlling pollution, recycling waste
- a positive approach to social issues - good employment practices, investing in people, giving equal opportunities, companies which pursue a policy of "openness" about their activities

Negative investment criteria

This fund avoids investing in companies of the following types:

- producers and sellers of weapons of destruction;
- producers of alcoholic or tobacco products
- companies which have a significant involvement in gambling
- companies which print, publish, wholesale or broadcast pornographic material
- companies with a poor track record on pollution and damage to the environment

Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo*® (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo*®'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.fandc.com (click on 'About us')

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo*® report, which reports on engagement on a quarterly basis, is available from F&C's website.

What further steps taken when engagement is considered unsuccessful?

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Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Are voting practices disclosed?

F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Voting & Engagement

Examples of recent voting activity:

F&C recently conducted its annual review of its "Responsible Ownership Policy" and "Corporate Governance Operational Guidelines". These were sent to over 3,000 investee companies across its global portfolios, so as to advise them of F&C's voting intentions in advance of the voting season and invite discussion as needed. These policies attempt to "strike a balance between global principles and local best practice, and weave together the principles of independence, sound risk management, appropriate incentives and transparency". F&C's General Corporate Governance Operational Guidelines and UK guidelines are available within the "Governance and SRI" section of its website (see "About Us" at www.fandc.com). F&C's other guidelines for specific markets are shared with investee companies but are proprietary to F&C.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	Friends Provident
SRI Website	www.friendsprovident.co.uk/sri/
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Call 0800 00 00 80 or email customer.services@friendsprovident.co.uk

Family Charities Ethical Trust

EIRIS Ethical Investment Overview

The Family Charities Ethical Trust is a negatively screened fund which avoids investment in companies which generate significant turnover from certain negative areas (see below for list of ethical criteria). The ethical policy of the Trust is reviewed annually by Family Investment Management Limited.

Ethical Policy

Positive investment criteria

This fund does not have positive investment criteria

Negative investment criteria

The fund avoids investments in companies which generate significant turnover from: alcohol or tobacco, export of goods or services for military users, supplying ozone depleting chemicals, testing of cosmetics or toiletries on animals, using intensive farming methods, extracting or importing tropical hardwood, trade in prohibited pesticides, activities which significantly pollute waterways, ownership of registered companies in a significant number of countries identified as violating certain human rights.

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	EIRIS, Other external resources
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Contact Details and Further Information

Manager name	Information not available
Fund company	Family Investments
SRI Website	www.family.co.uk
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	0800 521721, or email ifasales@familyifa.co.uk

Friends Provident Stewardship Income Life Fund

EIRIS Ethical Investment Overview

This fund aims to invest in companies that make a positive contribution to society, while avoiding those whose activities can harm society or the natural environment. On rare occasions this fund may exclude companies which it judges to conflict with this aim even when they do not breach its negative criteria as set out below. Stewardship funds are covered by a responsible engagement policy called *reo@*. The Stewardship screening criteria are formulated, periodically reviewed and approved by an external panel, the Stewardship 'Committee of Reference', who are supported by a Governance and SRI Team (GSRI). The Stewardship Funds have negative exclusion criteria, whereby companies are excluded from the portfolio in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. Its ethical fund committee also discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

- This fund seeks to invest in companies with:
- a positive approach to the world's resources
 - humane treatment of animals and natural food production methods
 - a positive approach to the environment - conserving energy, controlling pollution, recycling waste
 - a positive approach to social issues - good employment practices, investing in people, giving equal opportunities, companies which pursue a policy of "openness" about their activities

Negative investment criteria

- This fund avoids investing in companies of the following types:
- producers and sellers of weapons of destruction;
 - producers of alcoholic or tobacco products
 - companies which have a significant involvement in gambling
 - companies which print, publish, wholesale or broadcast pornographic material
 - companies with a poor track record on pollution and damage to the environment

Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo@* (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo@*'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.friendsprovident.co.uk/sri/

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo@* report, which reports on engagement on a quarterly basis, is available from www.friendsprovident.co.uk/sri/website

What further steps taken when engagement is considered unsuccessful?

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Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Voting & Engagement

Are voting practices disclosed?

F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Examples of recent voting activity:

F&C recently conducted an annual review of its "Responsible Ownership Policy" and "Corporate Governance Operational Guidelines". These were sent to over 3,000 investee companies across its global portfolios, so as to advise them of F&C's voting intentions in advance of the voting season and invite discussion as needed. These policies attempt to "strike a balance between global principles and local best practice, and weave together the principles of independence, sound risk management, appropriate incentives and transparency". F&C's General Corporate Governance Operational Guidelines and UK guidelines are available within the "Governance and SRI" section of its website (see "About Us" at www.fandc.com). F&C's other guidelines for specific markets are shared with investee companies but are proprietary to F&C.

Transparency

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Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	Friends Provident
SRI Website	www.friendsprovident.co.uk/sri/
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Call 0800 00 00 80 or email customer.services@friendsprovident.co.uk

Friends Provident Stewardship International Life Fund

EIRIS Ethical Investment Overview

This fund aims to invest in companies that make a positive contribution to society, while avoiding those whose activities can harm society or the natural environment. On rare occasions this fund may exclude companies which it judges to conflict with this aim even when they do not breach its negative criteria as set out below. Stewardship funds are covered by a responsible engagement policy called *reo@*. The Stewardship screening criteria are formulated, periodically reviewed and approved by an external panel, the Stewardship 'Committee of Reference', who are supported by a Governance and SRI Team (GSRI). The Stewardship Funds have negative exclusion criteria, whereby companies are excluded from the portfolio in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. Its ethical fund committee also discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

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 - producers of alcoholic or tobacco products
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Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo@* (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo@*'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.friendsprovident.co.uk/sri/

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo@* report, which reports on engagement on a quarterly basis, is available from www.friendsprovident.co.uk/sri/website

What further steps taken when engagement is considered unsuccessful?

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Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

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Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	Friends Provident
SRI Website	www.friendsprovident.co.uk/sri/
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Call 0800 00 00 80 or email customer.services@friendsprovident.co.uk

Friends Provident Stewardship Life Fund

EIRIS Ethical Investment Overview

This fund aims to invest in companies that make a positive contribution to society, while avoiding those whose activities can harm society or the natural environment. On rare occasions this fund may exclude companies which it judges to conflict with this aim even when they do not breach its negative criteria as set out below. Stewardship funds are covered by a responsible engagement policy called *reo*®. The Stewardship screening criteria are formulated, periodically reviewed and approved by an external panel, the Stewardship 'Committee of Reference', who are supported by a Governance and SRI Team (GSRI). The Stewardship Funds have negative exclusion criteria, whereby companies are excluded from the portfolio in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. Its ethical fund committee also discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

This fund seeks to invest in companies with:

- a positive approach to the world's resources
- humane treatment of animals and natural food production methods
- a positive approach to the environment - conserving energy, controlling pollution, recycling waste
- a positive approach to social issues - good employment practices, investing in people, giving equal opportunities, companies which pursue a policy of "openness" about their activities

Negative investment criteria

This fund avoids investing in companies of the following types:

- producers and sellers of weapons of destruction;
- producers of alcoholic or tobacco products
- companies which have a significant involvement in gambling
- companies which print, publish, wholesale or broadcast pornographic material
- companies with a poor track record on pollution and damage to the environment

Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo*® (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo*®'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.friendsprovident.co.uk/sri/

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo*® report, which reports on engagement on a quarterly basis, is available from www.friendsprovident.co.uk/sri/website

What further steps taken when engagement is considered unsuccessful?

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Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Are voting practices disclosed?

F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and

Voting & Engagement

annual reporting.

Examples of recent voting activity:

F&C recently conducted an annual review of its "Responsible Ownership Policy" and "Corporate Governance Operational Guidelines". These were sent to over 3,000 investee companies across its global portfolios, so as to advise them of F&C's voting intentions in advance of the voting season and invite discussion as needed. These policies attempt to "strike a balance between global principles and local best practice, and weave together the principles of independence, sound risk management, appropriate incentives and transparency". F&C's General Corporate Governance Operational Guidelines and UK guidelines are available within the "Governance and SRI" section of its website (see "About Us" at www.fandc.com). F&C's other guidelines for specific markets are shared with investee companies but are proprietary to F&C.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	Friends Provident
SRI Website	www.friendsprovident.co.uk/sri/
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Call 0800 00 00 80 or email customer.services@friendsprovident.co.uk

Friends Provident Stewardship Managed Life Fund

EIRIS Ethical Investment Overview

This fund aims to invest in companies that make a positive contribution to society, while avoiding those whose activities can harm society or the natural environment. On rare occasions this fund may exclude companies which it judges to conflict with this aim even when they do not breach its negative criteria as set out below. Stewardship funds are covered by a responsible engagement policy called *reo@*. The Stewardship screening criteria are formulated, periodically reviewed and approved by an external panel, the Stewardship 'Committee of Reference', who are supported by a Governance and SRI Team (GSRI). The Stewardship Funds have negative exclusion criteria, whereby companies are excluded from the portfolio in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. Its ethical fund committee also discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

- This fund seeks to invest in companies with:
- a positive approach to the world's resources
 - humane treatment of animals and natural food production methods
 - a positive approach to the environment - conserving energy, controlling pollution, recycling waste
 - a positive approach to social issues - good employment practices, investing in people, giving equal opportunities, companies which pursue a policy of "openness" about their activities

Negative investment criteria

- This fund avoids investing in companies of the following types:
- producers and sellers of weapons of destruction;
 - producers of alcoholic or tobacco products
 - companies which have a significant involvement in gambling
 - companies which print, publish, wholesale or broadcast pornographic material
 - companies with a poor track record on pollution and damage to the environment

Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo@* (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo@*'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.friendsprovident.co.uk/sri/

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo@* report, which reports on engagement on a quarterly basis, is available from www.friendsprovident.co.uk/sri/website

What further steps taken when engagement is considered unsuccessful?

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Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Voting & Engagement

Are voting practices disclosed?

F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Examples of recent voting activity:

F&C recently conducted an annual review of its "Responsible Ownership Policy" and "Corporate Governance Operational Guidelines". These were sent to over 3,000 investee companies across its global portfolios, so as to advise them of F&C's voting intentions in advance of the voting season and invite discussion as needed. These policies attempt to "strike a balance between global principles and local best practice, and weave together the principles of independence, sound risk management, appropriate incentives and transparency". F&C's General Corporate Governance Operational Guidelines and UK guidelines are available within the "Governance and SRI" section of its website (see "About Us" at www.fandc.com). F&C's other guidelines for specific markets are shared with investee companies but are proprietary to F&C.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	Friends Provident
SRI Website	www.friendsprovident.co.uk/sri/
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Call 080 0000 080 or email customer.services@friendsprovident.co.uk

Friends Provident Stewardship Managed Pension Fund

EIRIS Ethical Investment Overview

This fund aims to invest in companies that make a positive contribution to society, while avoiding those whose activities can harm society or the natural environment. On rare occasions this fund may exclude companies which it judges to conflict with this aim even when they do not breach its negative criteria as set out below. Stewardship funds are covered by a responsible engagement policy called *reo@*. The Stewardship screening criteria are formulated, periodically reviewed and approved by an external panel, the Stewardship 'Committee of Reference', who are supported by a Governance and SRI Team (GSRI). The Stewardship Funds have negative exclusion criteria, whereby companies are excluded from the portfolio in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. Its ethical fund committee also discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

- This fund seeks to invest in companies with:
- a positive approach to the world's resources
 - humane treatment of animals and natural food production methods
 - a positive approach to the environment - conserving energy, controlling pollution, recycling waste
 - a positive approach to social issues - good employment practices, investing in people, giving equal opportunities, companies which pursue a policy of "openness" about their activities

Negative investment criteria

- This fund avoids investing in companies of the following types:
- producers and sellers of weapons of destruction;
 - producers of alcoholic or tobacco products
 - companies which have a significant involvement in gambling
 - companies which print, publish, wholesale or broadcast pornographic material
 - companies with a poor track record on pollution and damage to the environment

Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo@* (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo@*'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.friendsprovident.co.uk/sri/

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo@* report, which reports on engagement on a quarterly basis, is available from www.friendsprovident.co.uk/sri/website

What further steps taken when engagement is considered unsuccessful?

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Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Voting & Engagement

Are voting practices disclosed?

F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Examples of recent voting activity:

F&C recently conducted an annual review of its "Responsible Ownership Policy" and "Corporate Governance Operational Guidelines". These were sent to over 3,000 investee companies across its global portfolios, so as to advise them of F&C's voting intentions in advance of the voting season and invite discussion as needed. These policies attempt to "strike a balance between global principles and local best practice, and weave together the principles of independence, sound risk management, appropriate incentives and transparency". F&C's General Corporate Governance Operational Guidelines and UK guidelines are available within the "Governance and SRI" section of its website (see "About Us" at www.fandc.com). F&C's other guidelines for specific markets are shared with investee companies but are proprietary to F&C.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	Friends Provident
SRI Website	www.friendsprovident.co.uk/sri/
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Call 0800 00 00 80 or email customer.services@friendsprovident.co.uk

Friends Provident Stewardship Pension Fund

EIRIS Ethical Investment Overview

This fund aims to invest in companies that make a positive contribution to society, while avoiding those whose activities can harm society or the natural environment. On rare occasions this fund may exclude companies which it judges to conflict with this aim even when they do not breach its negative criteria as set out below. Stewardship funds are covered by a responsible engagement policy called *reo@*. The Stewardship screening criteria are formulated, periodically reviewed and approved by an external panel, the Stewardship 'Committee of Reference', who are supported by a Governance and SRI Team (GSRI). The Stewardship Funds have negative exclusion criteria, whereby companies are excluded from the portfolio in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. Its ethical fund committee also discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

- This fund seeks to invest in companies with:
- a positive approach to the world's resources
 - humane treatment of animals and natural food production methods
 - a positive approach to the environment - conserving energy, controlling pollution, recycling waste
 - a positive approach to social issues - good employment practices, investing in people, giving equal opportunities, companies which pursue a policy of "openness" about their activities

Negative investment criteria

- This fund avoids investing in companies of the following types:
- producers and sellers of weapons of destruction;
 - producers of alcoholic or tobacco products
 - companies which have a significant involvement in gambling
 - companies which print, publish, wholesale or broadcast pornographic material
 - companies with a poor track record on pollution and damage to the environment

Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo@* (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo@*'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.friendsprovident.co.uk/sri/

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo@* report, which reports on engagement on a quarterly basis, is available from www.friendsprovident.co.uk/sri/website

What further steps taken when engagement is considered unsuccessful?

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Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Are voting practices disclosed?

F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and

Voting & Engagement

annual reporting.

Examples of recent voting activity:

F&C recently conducted an annual review of its "Responsible Ownership Policy" and "Corporate Governance Operational Guidelines". These were sent to over 3,000 investee companies across its global portfolios, so as to advise them of F&C's voting intentions in advance of the voting season and invite discussion as needed. These policies attempt to "strike a balance between global principles and local best practice, and weave together the principles of independence, sound risk management, appropriate incentives and transparency". F&C's General Corporate Governance Operational Guidelines and UK guidelines are available within the "Governance and SRI" section of its website (see "About Us" at www.fandc.com). F&C's other guidelines for specific markets are shared with investee companies but are proprietary to F&C.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	Friends Provident
SRI Website	www.friendsprovident.co.uk/sri/
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	0800 00 00 80 or email customer.services@friendsprovident.co.uk

Friends Provident Stewardship Safeguard Optimiser Fund

EIRIS Ethical Investment Overview

This fund aims to invest in companies that make a positive contribution to society, while avoiding those whose activities can harm society or the natural environment. On rare occasions this fund may exclude companies which it judges to conflict with this aim even when they do not breach its negative criteria as set out below. Stewardship funds are covered by a responsible engagement policy called *reo@*. The Stewardship screening criteria are formulated, periodically reviewed and approved by an external panel, the Stewardship 'Committee of Reference', who are supported by a Governance and SRI Team (GSRI). The Stewardship Funds have negative exclusion criteria, whereby companies are excluded from the portfolio in breach of its negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. Its ethical fund committee also discusses companies on a case by case basis.

Ethical Policy

Positive investment criteria

- This fund seeks to invest in companies with:
- a positive approach to the world's resources
 - humane treatment of animals and natural food production methods
 - a positive approach to the environment - conserving energy, controlling pollution, recycling waste
 - a positive approach to social issues - good employment practices, investing in people, giving equal opportunities, companies which pursue a policy of "openness" about their activities

Negative investment criteria

- This fund avoids investing in companies of the following types:
- producers and sellers of weapons of destruction;
 - producers of alcoholic or tobacco products
 - companies which have a significant involvement in gambling
 - companies which print, publish, wholesale or broadcast pornographic material
 - companies with a poor track record on pollution and damage to the environment

Voting & Engagement

Engagement

Policy overview

The Stewardship engagement policy *reo@* (responsible engagement overlay) covers this fund's investments and all other in-house equity assets. *reo@*'s objective is to protect shareholder value by using influence as a shareholder to encourage companies to enhance their corporate governance standards and management of social, ethical and environmental (SEE) risks. It seeks to do this by encouraging companies to achieve good practice in these areas. Further information is available at www.friendsprovident.co.uk/sri/

Methods of engagement

Engagement is carried out largely through one-to-one contacts with companies, backed up by the voting process at companies' AGMs. The Governance and SRI Team also undertakes or commissions proprietary research on key SEE issues to assess how material they are to companies and what can be done to manage the risks effectively. The GSRI Team also actively participates in collaborative engagement exercises with other investors or with other expert (often NGO) groups.

Examples of recent engagement

A copy of the *reo@* report, which reports on engagement on a quarterly basis, is available from www.friendsprovident.co.uk/sri/website

What further steps taken when engagement is considered unsuccessful?

-

Voting

Policy overview:

The fund applies the F&C voting policy. F&C believes that shareholders have a responsibility to use their influence to promote good corporate governance in the widest sense, including the prudent management of corporate responsibility issues. Good practice embodies a number of key principles: an empowered and effective board and management team; appropriate checks and balances in company management structures; effective systems of internal control and risk management covering all significant issues, including corporate responsibility issues; commitment to promoting a "governance culture" of transparency and accountability throughout the company that is grounded in sound business ethics, remuneration policy that rewards the creation of long-term shareholder value and the achievement of corporate objectives. F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Voting & Engagement

Are voting practices disclosed?

F&C voting practices and the reasons for decisions are disclosed on the F&C website. This includes quarterly and annual reporting.

Examples of recent voting activity:

F&C recently conducted an annual review of its "Responsible Ownership Policy" and "Corporate Governance Operational Guidelines". These were sent to over 3,000 investee companies across its global portfolios, so as to advise them of F&C's voting intentions in advance of the voting season and invite discussion as needed. These policies attempt to "strike a balance between global principles and local best practice, and weave together the principles of independence, sound risk management, appropriate incentives and transparency". F&C's General Corporate Governance Operational Guidelines and UK guidelines are available within the "Governance and SRI" section of its website (see "About Us" at www.fandc.com). F&C's other guidelines for specific markets are shared with investee companies but are proprietary to F&C.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, EIRIS, KLD, other external
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Contact Details and Further Information

Manager name	-
Fund company	Friends Provident
SRI Website	www.friendsprovident.co.uk/sri/
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	0800 00 00 80 or email customer.services@friendsprovident.co.uk

Halifax Ethical Fund

EIRIS Ethical Investment Overview

The objective of the fund is to invest in companies whose activities are considered ethical both in terms of their primary activities and their means of achieving them. This fund is managed by Insight Investment, the asset manager of the Halifax and Bank of Scotland group. The Halifax Ethical Fund has negative exclusion criteria, whereby companies are excluded from the portfolio if they are in breach of its negative criteria. The Fund also takes a thematic approach, whereby the majority of its portfolio is invested in positive business activities as listed under positive criteria below.

Ethical Policy

Positive investment criteria

This fund aims to invest the majority of its portfolio in the following areas: Pollution control, Environmental protection, Efficient utilisation of material and energy resources, Clean fuels and alternative energy systems, Healthcare services and medical technology, Enabling technologies considered to be beneficial to society

Negative investment criteria

The fund will strive to avoid investments in companies involved in any of the following areas: , Alcohol, Animal testing, Armaments, Banking, Child labour, Fur trade, Gambling, Links with undemocratic regimes, Nuclear power production, Polluting the environment, Pornography, Tobacco.

Voting & Engagement

Engagement

Policy overview

Engagement is conducted at a house level rather than at an individual fund level. Recent engagement programmes have covered the following areas: Biodiversity; Corporate Governance (Board of Directors, Board Remuneration, Balance Sheet and Strategy); Climate change; Corporate Responsibility Governance; Customer-Related Risks; Health and Safety; Human Rights Offshoring; One Million Sustainable Homes; Responsible Supply Chain Management; and Revenue Transparency.

Methods of engagement

Letters to key personnel, Telephone dialogue with key personnel, Meetings with key personnel, Support for certain campaigns, Collaboration with other influential shareholders

Examples of recent engagement

During the first quarter of 2005 (January 1st to March 31st), Insight held shares in 80% of companies in the UK FTSE All Share Index. Of those, during this quarter, Insight engaged with 62 companies representing 11% of our clients' holdings by number or 43.3% by value. More detailed information on engagement activity can be found in Insight's quarterly investor responsibility bulletins, available at www.insightinvestment.com/responsibility.

What further steps taken when engagement is considered unsuccessful?

If engagement with a company brings to light information that is relevant to the screening criteria for the fund, this could lead to divestment

Voting

Policy overview:

Insight has a house voting policy that promotes compliance with the Combined Code of the Committee on Corporate Governance. The detailed policy can be found at www.insightinvestment.com/documents/responsibility/ir_voting.pdf. Insight votes on all resolutions of UK holdings, as well as of select European holdings..

Are voting practices disclosed?

Yes

Examples of recent voting activity:

During the first quarter of 2005, Insight voted on 749 resolutions at 84 company meetings. Details of voting recommendations can be found at www.insightinvestment.com/investorresponsibility . Resolutions raising social, ethical or environmental issues have not recently been submitted to companies in this fund.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	EIRIS, In-house researchers
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Contact Details and Further Information

Fund Manager	Insight Investment Management
Fund company	Halifax Investment Fund Managers
Socially Responsible Investment (SRI) contact. For further information regarding this fund, visit:	www.halifax.co.uk/investments/funds_ethical.shtml

Henderson Global Care Growth Fund

EIRIS Ethical Investment Overview

The Henderson Global Care Growth Fund invests in UK and overseas equities. Investments are selected according to the fund's social, ethical and environmental criteria which incorporates positive selection, ethical exclusion and engagement. The fund takes a thematic approach, investing exclusively in companies that provide solutions to sustainability challenges, what it refers to as Industries of the Future. The fund also adheres to strict ethical exclusion criteria which prohibit investments in a range of activities as detailed below. Companies are evaluated and rated according to their corporate responsibility performance and must meet a specified absolute performance level (i.e. not relative to their peers) to be considered acceptable for the fund. Engagement is carried out to enhance investment decision making and influence companies to improve practice.

Ethical Policy

Positive investment criteria

This fund has positive criteria covering the following areas:

- Community involvement - companies active in the community with programmes that may include staff secondment, support of Business in the Community, the Per Cent Club or charitable giving and fundraising
- Corporate governance - companies which demonstrate accountability to their investors and are seeking compliance with the recommendations of the Cadbury Committee on Corporate Governance.
- Education and training: companies supplying education or training services to enhance the quality of life and opportunity in the workplace.
Process control equipment - companies engaged in the manufacture or supply of efficiency improvement devices that provide water, energy or materials savings
- Employee relations - companies with good industrial relations records and policies that include, for example, measures to encourage employee participation, support for women and minorities, and Employee Share Ownership Plans.
- Healthcare services- companies supplying medical equipment, nursing services, care for the elderly or holistic therapies.
- Health & safety equipment - stricter legislation and corporate focus on employee safety has created a demand for equipment that minimises the risk of industrial accidents and improves workplace conditions. The fund looks for companies supplying specialist equipment or devices that have a health, safety or environmental application.
- Policy statements, audits and openness: companies with clear policies and systems of accountability. For example, those that publish a statement of business ethics or code of conduct, have environmental management systems (such as EMAS) or conduct social audits and make them publicly available, and respond fully to external enquiries.
- Progressive relationships and strategy - companies that clearly outline and explain the environmental implications of their corporate strategy. Companies which actively promote the interests of staff, such as maternity/paternity leave, counselling services; customers, for example those with eco-labelling of products; suppliers, such as those implementing audits for environmental performance and fair trade; and the public, such as those which contribute to community activities
- Energy conservation- companies engaged in the

Negative investment criteria

This fund avoids:

- Alcohol - companies involved in the production of alcoholic drinks or which generate more than 10% of their turnover from its sale
- Armaments - companies involved in the sale or production of strategic goods or services for military weapons or operations
- Gambling - companies with activity related to gambling, including the National Lottery and ownership or operation of betting shops, horse and greyhound racing tracks, licensed bingo halls, casinos or gaming clubs.
- Irresponsible marketing - companies that have consistently had public complaints upheld against them by the Advertising Standards Authority (ASA) or have irresponsibly marketed products, such as breast milk substitutes, to developing countries.
- Oppressive regimes - companies with subsidiaries or associated interests which support the activities of oppressive regimes, or companies which use forced labour are avoided, Pornography: companies that publish, print or distribute newspapers or magazines, or distribute films or videos, classed as pornographic.
- Tobacco - companies that engage in activities related to the production of tobacco products or generate more than 10% of turnover from tobacco sales,.
- Greenhouse gases - companies generating high emissions of carbon dioxide, the main greenhouse gas, including the extraction, refining or distribution of fossil fuels except natural gas, oil exploration and distribution and fossil fuel power stations that use coal or oil.
- Mining: companies directly involved in mining or quarrying.
- Nuclear power: companies which are involved in the uranium fuel cycle, treat radioactive waste, or supply nuclear related equipment or services for constructing or running nuclear plant or facilities.
- Ozone layer - companies that make or sell ozone depleting chemicals or users of ozone depleting chemicals that have yet to set dates for their phase-out.
- Pesticides - companies which manufacture, store, wholesale or retail pesticide products in the UK which are on the Department of the Environment Red List, which have been restricted in five or more countries or which have been implicated in incidents investigated by the Health and Safety Executive, Road building: companies generating more than 10% of turnover from road building.
- Tropical hardwood - companies active in the extraction, clearing, processing or import of tropical hardwood products.
- Water pollution - companies consistently exceeding discharge consents.
- Animal testing - companies which manufacture

supply of energy conservation services such as domestic or industrial insulation, or electronic energy efficiency devices.

- Mass transit systems - companies engaged in the provision of bus and rail services, or manufacture of bicycles, buses and trains
- Multimedia & telecommunications- companies which are directly involved in transforming the use of information, communication or ways of working, including developments in the internet, CD-ROMS, tele-working and mobile telephony.
- Pollution monitoring/pollution control equipment - companies engaged in the manufacture, supply or operation of pollution control equipment or monitoring devices
- Recycling services - companies engaged in the collection and recycling of waste or which use a high proportion of recycled waste in their products
- Renewable energy - companies involved in the generation of electricity from renewable resources such as wind, solar and hydro power, Water management: companies involved in the protection and provision of water supplies, or provide water purification services or equipment.
- Textiles - companies developing alternative textiles to leather.
- Vegetarian foods -companies active in processing or retailing vegetarian foods

pharmaceuticals, medicines, vitamins, cosmetics, soaps or toiletries, unless they make it clear that their products and ingredients are not animal tested

- Fur - companies involved in the sale or manufacture of animal fur products.
- Genetic engineering- companies whose primary activity is research into life forms involving the transfer of genes across species and alteration of plant or animal genes for commercial use.
- Meat & dairy production: any companies involved in the production or processing of meat/poultry or dairy products or eggs, or whose primary activity involves their sale, are avoided.

Voting & Engagement

Engagement

Policy overview

Engagement is undertaken to gain a deeper understanding of how management is responding to key sustainability and corporate responsibility issues. This analysis is then fed into investment decision-making. Where analysis shows that a company is not dealing adequately with an important issue, engagement is used to exercise influence for improvement. Engagement targets are identified through ongoing company analysis which highlights areas requiring improvement; the identification of important responsibility or sustainability themes; shareholder resolutions on sustainability issues, incidents or campaigns; implementation of our Responsible Investment policy that applies to all Henderson funds. Henderson's engagement and its expectations of companies is shaped by extensive dialogue with external specialists and our Advisory Committee, and is based on the SRI team's own analysis and judgement.

Methods of engagement

Engagement with a company is usually preceded by focused research. Engagement is then initiated, typically consisting of face-to-face meetings with company management, as well as other means of communication. Typically, objectives for engagement activity are set and progress towards these is reviewed periodically and reported to clients.

Examples of recent engagement

Each year, the SRI team select a number of sectors or cross-sectoral themes for particular investigation. In 2004, the team looked in detail at the mining, banking and telecommunication sectors and also worked on the implications across a range of sectors of climate change, stress and tax management. The team pursue issues and incidents specific to individual companies such as Shell's operations in Nigeria; GSK's research and marketing ethics and Scottish Power's hydroelectric dam in the US.

What further steps taken when engagement is considered unsuccessful?

Where continued engagement efforts fail to result in the desired improvements, the fund may choose to sell its holdings of the company concerned, or it may exercise its voting rights at Annual (or Extraordinary) General Meetings of the company.

Voting

Policy overview:

Henderson's UK Responsible Investment Policy sets out their approach to corporate governance and corporate responsibility for all the companies in which it invests, and indicates its views on these matters will be translated into voting decisions. It also represents the way it is implementing the Institutional Shareholders' Committee Statement of Principles on the Responsibilities of Institutional Shareholders and Agents and describes our approach to shareholder activism. Henderson expects UK companies to comply with the Combined Code, including the Turnbull Guidance on Internal Control, or to provide adequate explanation of areas in which they fail to comply.

Are voting practices disclosed?

Yes - voting practices are disclosed on the Henderson website

Voting & Engagement

Examples of voting practice?

During 2004 Henderson abstained or voted against management at 38 company AGMs/EGMs. These tended to be in relation to appointment of directors, the company's remuneration report, plans for executive incentives or dividends.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-house research team, External
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Contact Details and Further Information

Fund Manager	Henderson Global Investors
Fund company	Henderson Global Investors
Website	www.henderson.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	020 7818 4267

Henderson Global Care Income Fund

IRIS Ethical Investment Overview

The Henderson Global Care Income Fund invests in a mix of assets including UK equities and fixed interest stocks. Investments are selected according to the fund's social, ethical and environmental criteria which incorporates positive selection, ethical exclusion and engagement. The fund takes a thematic approach, positively selecting companies that provide solutions to sustainability challenges and others that are leaders in corporate responsibility management. This accounts for approximately 20-40% of the portfolio. The fund excludes investments associated with a wide range of ethical screens as detailed below. Companies are evaluated and rated according to their corporate responsibility performance and must meet a specified absolute performance level (i.e. not relative to their peers) to be considered acceptable for the fund. Engagement is carried out to enhance investment decision making and influence companies to improve practice.

Ethical Policy

Positive investment criteria

This fund has positive criteria covering the following areas:

- Community involvement - companies active in the community with programmes that may include staff secondment, support of Business in the Community, the Per Cent Club or charitable giving and fundraising
- Corporate governance - companies which demonstrate accountability to their investors and are seeking compliance with the recommendations of the Cadbury Committee on Corporate Governance.
- Education and training: companies supplying education or training services to enhance the quality of life and opportunity in the workplace.
Process control equipment - companies engaged in the manufacture or supply of efficiency improvement devices that provide water, energy or materials savings
- Employee relations - companies with good industrial relations records and policies that include, for example, measures to encourage employee participation, support for women and minorities, and Employee Share Ownership Plans.
- Healthcare services- companies supplying medical equipment, nursing services, care for the elderly or holistic therapies.
- Health & safety equipment - stricter legislation and corporate focus on employee safety has created a demand for equipment that minimises the risk of industrial accidents and improves workplace conditions. The fund looks for companies supplying specialist equipment or devices that have a health, safety or environmental application.
- Policy statements, audits and openness: companies with clear policies and systems of accountability. For example, those that publish a statement of business ethics or code of conduct, have environmental management systems (such as EMAS) or conduct social audits and make them publicly available, and respond fully to external enquiries.
- Progressive relationships and strategy - companies that clearly outline and explain the environmental implications of their corporate strategy. Companies which actively promote the interests of staff, such as maternity/paternity leave, counselling services; customers, for example those with eco-labelling of products; suppliers, such as those implementing audits for environmental performance and fair trade; and the public, such as those which contribute to community activities

Negative investment criteria

This fund avoids:

- Alcohol - companies involved in the production of alcoholic drinks or which generate more than 10% of their turnover from its sale.
- Armaments - companies involved in the sale or production of strategic goods or services for military weapons or operations.
- Gambling - companies with activity related to gambling, including the National Lottery and ownership or operation of betting shops, horse and greyhound racing tracks, licensed bingo halls, casinos or gaming clubs.
- Irresponsible marketing - companies that have consistently had public complaints upheld against them by the Advertising Standards Authority (ASA) or have irresponsibly marketed products, such as breast milk substitutes, to developing countries.
- Oppressive regimes - companies with subsidiaries or associated interests which support the activities of oppressive regimes, or companies which use forced labour are avoided.
- Pornography - companies that publish, print or distribute newspapers or magazines, or distribute films or videos, classed as pornographic.
- Tobacco - companies that engage in activities related to the production of tobacco products or generate more than 10% of turnover from tobacco sales.
- Contentious industries - investments will not be made in companies in contentious industries such as mining, oil, chemicals, car manufacture, or in pharmaceutical companies using animal testing, unless the company can demonstrate an outstandingly positive response towards environmental and social concerns.
- Nuclear power - companies which are involved in the uranium fuel cycle, treat radioactive waste, or supply nuclear related equipment or services for constructing or running nuclear plant or facilities.
- Ozone layer - companies that make or sell ozone depleting chemicals or users of ozone depleting chemicals that have yet to set dates for their phase-out.
- Pesticides - companies which manufacture, store, wholesale or retail pesticide products in the UK which are on the Department of the Environment Red List, which have been restricted in five or more countries or which have been implicated in incidents investigated by the Health and Safety Executive, Road building: companies generating more than 10% of turnover from road building, Tropical hardwood: companies active in the extraction, clearing, processing or import of tropical hardwood products.
- Water pollution - companies consistently exceeding discharge consents.
- Fur - companies involved in the sale or manufacture of

- Energy conservation- companies engaged in the supply of energy conservation services such as domestic or industrial insulation, or electronic energy efficiency devices.
 - Mass transit systems - companies engaged in the provision of bus and rail services, or manufacture of bicycles, buses and trains
 - Multimedia & telecommunications- companies which are directly involved in transforming the use of information, communication or ways of working, including developments in the internet, CD-ROMS, tele-working and mobile telephony.
 - Pollution monitoring/pollution control equipment - companies engaged in the manufacture, supply or operation of pollution control equipment or monitoring devices
 - Recycling services - companies engaged in the collection and recycling of waste or which use a high proportion of recycled waste in their products
 - Renewable energy - companies involved in the generation of electricity from renewable resources such as wind, solar and hydro power, Water management: companies involved in the protection and provision of water supplies, or provide water purification services or equipment.
 - Textiles - companies developing alternative textiles to leather.
 - Vegetarian foods -companies active in processing or retailing vegetarian foods
- animal fur products.
 - Genetic engineering - the fund seeks to avoid companies whose primary activity is research into life forms involving the transfer of genes across species and alteration of plant or animal genes for commercial use

Voting & Engagement

Engagement

Policy overview

Engagement is undertaken to gain a deeper understanding of how management is responding to key sustainability and corporate responsibility issues. This analysis is then fed into investment decision-making. Where analysis shows that a company is not dealing adequately with an important issue, engagement is used to exercise influence for improvement. Engagement targets are identified through ongoing company analysis which highlights areas requiring improvement; the identification of important responsibility or sustainability themes; shareholder resolutions on sustainability issues, incidents or campaigns; implementation of our Responsible Investment policy that applies to all Henderson funds. Henderson's engagement and its expectations of companies is shaped by extensive dialogue with external specialists and our Advisory Committee, and is based on the SRI team's own analysis and judgement.

Methods of engagement

Engagement with a company is usually preceded by focused research. Engagement is then initiated, typically consisting of face-to-face meetings with company management, as well as other means of communication. Typically, objectives for engagement activity are set and progress towards these is reviewed periodically and reported to clients.

Examples of recent engagement

Each year, the SRI team select a number of sectors or cross-sectoral themes for particular investigation. In 2004, the team looked in detail at the mining, banking and telecommunication sectors and also worked on the implications across a range of sectors of climate change, stress and tax management. The team pursue issues and incidents specific to individual companies such as Shell's operations in Nigeria; GSK's research and marketing ethics and Scottish Power's hydroelectric dam in the US.

What further steps taken when engagement is considered unsuccessful?

Where continued engagement efforts fail to result in the desired improvements, the fund may choose to sell its holdings of the company concerned, or it may exercise its voting rights at Annual (or Extraordinary) General Meetings of the company.

Voting

Policy overview:

Henderson's UK Responsible Investment Policy sets out their approach to corporate governance and corporate responsibility for all the companies in which it invests, and indicates its views on these matters will be translated into voting decisions. It also represents the way it is implementing the Institutional Shareholders' Committee Statement of Principles on the Responsibilities of Institutional Shareholders and Agents and describes our approach to shareholder activism. Henderson expects UK companies to comply with the Combined Code, including the Turnbull Guidance on Internal Control, or to provide adequate explanation of areas in which they fail to comply.

Are voting practices disclosed?

Voting & Engagement

Yes - voting practices are disclosed on the Henderson website

Examples of voting practice?

During 2004 Henderson abstained or voted against management at 38 company AGMs/EGMs. These tended to be in relation to appointment of directors, the company's remuneration report, plans for executive incentives or dividends.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-house research team, Other external
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Contact Details and Further Information

Fund Manager	Henderson Global Investors
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Fund company	Henderson Global Investors
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Website	www.henderson.com
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Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	020 7818 4267
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Henderson Global Care Managed Fund

EIRIS Ethical Investment Overview

The Henderson Global Care Managed Fund invests in a mix of assets including UK and overseas equities and fixed interest stocks. Investments are selected according to the fund's social, ethical and environmental criteria which incorporates positive selection, ethical exclusion and engagement. The fund takes a thematic approach, positively selecting companies that provide solutions to sustainability challenges and others that are leaders in corporate responsibility management. This accounts for approximately 30-50% of the portfolio. The fund excludes investments associated with a wide range of ethical screens as detailed below. Companies are evaluated and rated according to their corporate responsibility performance and must meet a specified absolute performance level (i.e. not relative to their peers) to be considered acceptable for the fund. Engagement is carried out to enhance investment decision making and influence companies to improve practice.

Ethical Policy

Positive investment criteria

This fund has positive criteria covering the following areas:

- Community involvement - companies active in the community with programmes that may include staff secondment, support of Business in the Community, the Per Cent Club or charitable giving and fundraising
- Corporate governance - companies which demonstrate accountability to their investors and are seeking compliance with the recommendations of the Cadbury Committee on Corporate Governance.
- Education and training: companies supplying education or training services to enhance the quality of life and opportunity in the workplace.
- Process control equipment - companies engaged in the manufacture or supply of efficiency improvement devices that provide water, energy or materials savings
- Employee relations - companies with good industrial relations records and policies that include, for example, measures to encourage employee participation, support for women and minorities, and Employee Share Ownership Plans.
- Healthcare services- companies supplying medical equipment, nursing services, care for the elderly or holistic therapies.
- Health & safety equipment - stricter legislation and corporate focus on employee safety has created a demand for equipment that minimises the risk of industrial accidents and improves workplace conditions. The fund looks for companies supplying specialist equipment or devices that have a health, safety or environmental application.
- Policy statements, audits and openness: companies with clear policies and systems of accountability. For example, those that publish a statement of business ethics or code of conduct, have environmental management systems (such as EMAS) or conduct social audits and make them publicly available, and respond fully to external enquiries.
- Progressive relationships and strategy - companies that clearly outline and explain the environmental implications of their corporate strategy. Companies which actively promote the interests of staff, such as maternity/paternity leave, counselling services; customers, for example those with eco-labelling of products; suppliers, such as those implementing audits for environmental performance and fair trade; and the public, such as those which contribute to

Negative investment criteria

This fund avoids:

- Alcohol: companies involved in the production of alcoholic drinks or which generate more than 10% of their turnover from its sale.
- Armaments: companies involved in the sale or production of strategic goods or services for military weapons or operations.
- Gambling: companies with activity related to gambling, including the National Lottery and ownership or operation of betting shops, horse and greyhound racing tracks, licensed bingo halls, casinos or gaming clubs
- Irresponsible marketing: companies that have consistently had public complaints upheld against them by the Advertising Standards Authority (ASA) or have irresponsibly marketed products, such as breast milk substitutes, into developing countries.
- Road building - companies generating more than 10% of turnover from road building.
- Oppressive regimes- companies with subsidiaries or associated interests which support the activities of oppressive regimes, or companies which use forced labour are avoided.
- Pornography - companies that publish, print or distribute newspapers or magazines, or distribute films or videos, classed as pornographic, Tobacco: companies that engage in activities related to the production of tobacco products or generate more than 10% of turnover from tobacco sales.
- Contentious industries - Investments will not be made in companies in contentious industries such as mining, oil, chemicals, car manufacture, or in pharmaceutical companies using animal testing, unless the company can demonstrate an outstandingly positive response towards environmental and social concerns.
- Nuclear power - companies which are involved in the uranium fuel cycle, treat radioactive waste, or supply nuclear related equipment or services for constructing or running nuclear plant or facilities.
- Ozone layer - companies that make or sell ozone depleting chemicals or users of ozone depleting chemicals that have yet to set dates for their phase-out.
- Pesticides - companies which manufacture, store, wholesale or retail pesticide products in the UK which are on the Department of the Environment Red List, which have been restricted in five or more countries or which have been implicated in incidents investigated by the Health and Safety Executive.
- Tropical hardwood - companies active in the extraction, clearing, processing or import of tropical hardwood products.
- Water pollution - We avoid companies consistently

- community activities
- Energy conservation- companies engaged in the supply of energy conservation services such as domestic or industrial insulation, or electronic energy efficiency devices.
- Mass transit systems - companies engaged in the provision of bus and rail services, or manufacture of bicycles, buses and trains
- Multimedia & telecommunications- companies which are directly involved in transforming the use of information, communication or ways of working, including developments in the internet, CD-ROMS, tele-working and mobile telephony.
- Pollution monitoring/pollution control equipment - companies engaged in the manufacture, supply or operation of pollution control equipment or monitoring devices
- Recycling services - companies engaged in the collection and recycling of waste or which use a high proportion of recycled waste in their products
- Renewable energy - companies involved in the generation of electricity from renewable resources such as wind, solar and hydro power, Water management: companies involved in the protection and provision of water supplies, or provide water purification services or equipment.
- Textiles - companies developing alternative textiles to leather.
- Vegetarian foods -companies active in processing or retailing vegetarian foods
- exceeding discharge consents.
- Fur - companies involved in the sale or manufacture of animal fur products.
- Genetic engineering - this fund seeks to avoid companies whose primary activity is research into life forms involving the transfer of genes across species and alteration of plant or animal genes for commercial use.

Voting & Engagement

Engagement

Policy overview

Engagement is undertaken to gain a deeper understanding of how management is responding to key sustainability and corporate responsibility issues. This analysis is then fed into investment decision-making. Where analysis shows that a company is not dealing adequately with an important issue, engagement is used to exercise influence for improvement. Engagement targets are identified through ongoing company analysis which highlights areas requiring improvement; the identification of important responsibility or sustainability themes; shareholder resolutions on sustainability issues, incidents or campaigns; implementation of our Responsible Investment policy that applies to all Henderson funds. Henderson's engagement and its expectations of companies is shaped by extensive dialogue with external specialists and our Advisory Committee, and is based on the SRI team's own analysis and judgement.

Methods of engagement

Engagement with a company is usually preceded by focused research. Engagement is then initiated, typically consisting of face-to-face meetings with company management, as well as other means of communication. Typically, objectives for engagement activity are set and progress towards these is reviewed periodically and reported to clients.

Examples of recent engagement

Each year, the SRI team select a number of sectors or cross-sectoral themes for particular investigation. In 2004, the team looked in detail at the mining, banking and telecommunication sectors and also worked on the implications across a range of sectors of climate change, stress and tax management. The team pursue issues and incidents specific to individual companies such as Shell's operations in Nigeria; GSK's research and marketing ethics and Scottish Power's hydroelectric dam in the US.

What further steps taken when engagement is considered unsuccessful?

Where continued engagement efforts fail to result in the desired improvements, the fund may choose to sell its holdings of the company concerned, or it may exercise its voting rights at Annual (or Extraordinary) General Meetings of the company.

Voting

Policy overview:

Henderson's UK Responsible Investment Policy sets out their approach to corporate governance and corporate responsibility for all the companies in which it invests, and indicates its views on these matters will be translated into voting decisions. It also represents the way it is implementing the Institutional Shareholders' Committee Statement of Principles on the Responsibilities of Institutional Shareholders and Agents and describes our approach to shareholder activism. Henderson expects UK companies to comply with the Combined Code, including the Turnbull Guidance on Internal Control, or to provide adequate explanation of areas in which they fail to comply.

Voting & Engagement

Are voting practices disclosed?

Yes - voting practices are disclosed on the Henderson website

Examples of voting practice?

During 2004 Henderson abstained or voted against management at 38 company AGMs/EGMs. These tended to be in relation to appointment of directors, the company's remuneration report, plans for executive incentives or dividends.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-house research team, Other external
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Contact Details and Further Information

Fund Manager	Henderson Global Investors
Fund company	Henderson Global Investors
Website	www.henderson.com

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	020 7818 4267
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Henderson Industries of the Future Fund

EIRIS Ethical Investment Overview

The Henderson Industries of the Future Fund invests globally in equities. Investments are selected according to the fund's social, ethical and environmental criteria which incorporate positive selection, ethical exclusion and engagement. The fund takes a thematic approach, investing exclusively in companies that provide solutions to sustainability challenges, what it refers to as Industries of the Future. The fund also adheres to ethical exclusion criteria which prohibit investments in a range of activities as detailed below. Companies are evaluated and rated according to their corporate responsibility performance and must meet a specified absolute performance level (i.e. not relative to their peers) to be considered acceptable for the fund. Engagement is carried out to enhance our investment decision making and influence companies to improve practice.

Ethical Policy

Positive investment criteria

This fund invests exclusively in 'Industries of the Future' in the following themes:

- Cleaner Energy - sources of energy that combat the effects of global warming, increase the use of renewable energy and help pave the way to a hydrogen economy.
- Efficiency - products and processes that reduce energy consumption, make more efficient use of resources and increase efficiency in business.
- Environmental Services - goods and services that improve the quality of the environment and reduce pollution and waste.
- Health - goods and services that help people live longer, healthier lives.
- Knowledge - supplying educational goods and services that enhance quality of life and improve opportunities for full-time students and those in employment.
- Quality of Life - goods and services that promote sustainable lifestyles among all age groups, including children and the elderly.
- Safety- minimising the risk of safety incidents at work, at home and in the community.
- Social Property and Finance - providing property for social benefit, access to housing, regeneration, and better and wider access to financial services.
- Sustainable Transport - Shifting to less polluting forms of transport, and cleaner transport technologies.
- Water Management: managing and conserving water, and minimising pollution

Negative investment criteria

This fund avoids:

- Alcohol: companies involved in the production of alcoholic drinks or which generate more than 10% of their turnover from its sale.
- Armaments: companies involved in the sale or production of strategic goods or services for military weapons or operations.
- Gambling: companies with activity related to gambling, including the National Lottery and ownership or operation of betting shops, horse and greyhound racing tracks, licensed bingo halls, casinos or gaming clubs
- Irresponsible marketing: companies that have consistently had public complaints upheld against them by the Advertising Standards Authority (ASA) or have irresponsibly marketed products, such as breast milk substitutes, into developing countries.
- Road building - companies generating more than 10% of turnover from road building.
- Oppressive regimes- companies with subsidiaries or associated interests which support the activities of oppressive regimes, or companies which use forced labour are avoided.
- Pornography - companies that publish, print or distribute newspapers or magazines, or distribute films or videos, classed as pornographic, Tobacco: companies that engage in activities related to the production of tobacco products or generate more than 10% of turnover from tobacco sales.
- Contentious industries - Investments will not be made in companies in contentious industries such as mining, oil, chemicals, car manufacture, or in pharmaceutical companies using animal testing, unless the company can demonstrate an outstandingly positive response towards environmental and social concerns.
- Nuclear power - companies which are involved in the uranium fuel cycle, treat radioactive waste, or supply nuclear related equipment or services for constructing or running nuclear plant or facilities.
- Ozone layer - companies that make or sell ozone depleting chemicals or users of ozone depleting chemicals that have yet to set dates for their phase-out.
- Pesticides - companies which manufacture, store, wholesale or retail pesticide products in the UK which are on the Department of the Environment Red List, which have been restricted in five or more countries or which have been implicated in incidents investigated by the Health and Safety Executive.
- Tropical hardwood - companies active in the extraction, clearing, processing or import of tropical hardwood products.
- Water pollution - We avoid companies consistently exceeding discharge consents.

- Fur - companies involved in the sale or manufacture of animal fur products.
- Genetic engineering - this fund seeks to avoid companies whose primary activity is research into life forms involving the transfer of genes across species and alteration of plant or animal genes for commercial use.

Voting & Engagement

Engagement

Policy overview

Engagement is undertaken to gain a deeper understanding of how management is responding to key sustainability and corporate responsibility issues. This analysis is then fed into investment decision-making. Where analysis shows that a company is not dealing adequately with an important issue, engagement is used to exercise influence for improvement. Engagement targets are identified through ongoing company analysis which highlights areas requiring improvement; the identification of important responsibility or sustainability themes; shareholder resolutions on sustainability issues, incidents or campaigns; implementation of our Responsible Investment policy that applies to all Henderson funds. Henderson's engagement and its expectations of companies is shaped by extensive dialogue with external specialists and our Advisory Committee, and is based on the SRI team's own analysis and judgement.

Methods of engagement

Engagement with a company is usually preceded by focused research. Engagement is then initiated, typically consisting of face-to-face meetings with company management, as well as other means of communication. Typically, objectives for engagement activity are set and progress towards these is reviewed periodically and reported to clients.

Examples of recent engagement

Each year, the SRI team select a number of sectors or cross-sectoral themes for particular investigation. In 2004, the team looked in detail at the mining, banking and telecommunication sectors and also worked on the implications across a range of sectors of climate change, stress and tax management. The team pursue issues and incidents specific to individual companies such as Shell's operations in Nigeria; GSK's research and marketing ethics and Scottish Power's hydroelectric dam in the US.

What further steps taken when engagement is considered unsuccessful?

Where continued engagement efforts fail to result in the desired improvements, the fund may choose to sell its holdings of the company concerned, or it may exercise its voting rights at Annual (or Extraordinary) General Meetings of the company.

Voting

Policy overview:

Henderson's UK Responsible Investment Policy sets out their approach to corporate governance and corporate responsibility for all the companies in which it invests, and indicates its views on these matters will be translated into voting decisions. It also represents the way it is implementing the Institutional Shareholders' Committee Statement of Principles on the Responsibilities of Institutional Shareholders and Agents and describes our approach to shareholder activism. Henderson expects UK companies to comply with the Combined Code, including the Turnbull Guidance on Internal Control, or to provide adequate explanation of areas in which they fail to comply.

Are voting practices disclosed?

Yes - voting practices are disclosed on the Henderson website

Examples of voting practice?

During 2004 Henderson abstained or voted against management at 38 company AGMs/EGMs. These tended to be in relation to appointment of directors, the company's remuneration report, plans for executive incentives or dividends.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-house research team
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Contact Details and Further Information

Fund Manager	Henderson Global Investors
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Fund company	Henderson Global Investors
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Website	www.henderson.com
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Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	020 7818 4267
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Homeowners Friendly Society FTSE4Good Fund

EIRIS Ethical Investment Overview

Homeowners FTSE4Good fund aims to track the FTSE4Good UK index, an index for socially responsible investment. The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. The FTSE4Good Index Series have negative exclusion criteria, whereby companies are excluded from the indices in breach of its negative criteria. The Fund also has positive criteria which are requirements for companies. An independent Policy Committee is responsible for managing the development of new and existing criteria and also assesses companies in the FTSE4Good Universe against the criteria, and authorises constituent changes at each semi-annual review.

Ethical Policy

Positive investment criteria

To qualify for inclusion in the FTSE4Good Index Series, companies must meet criteria requirements in three areas:

- Working towards environmental sustainability
- Developing positive relationships with stakeholders
- Up-holding and supporting universal human rights

Full details of the inclusion criteria can be found at www.ftse.com/ftse4good/criteria_methodology.jsp

Negative investment criteria

Companies that have been identified as having business interests in the following industries are excluded from the FTSE4Good Index Series:

- tobacco producers
- companies manufacturing either parts for, or whole, nuclear weapons systems
- companies manufacturing whole weapons systems
- owners or operators of nuclear power stations
- companies involved in the extraction or processing of uranium

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	FTSE4Good (EIRIS)
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Contact Details and Further Information

Fund Manager	Gartmore Investment Managers
Fund company	Engage Mutual Assurance
Website	www.engagemutual.com

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	0800 169 4321
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HSBC Amanah Global Equity Index Fund

EIRIS Ethical Investment Overview

The HSBC Amanah Global Equity Index Fund is aimed at Islamic investors. The fund invests in a diversified worldwide equities portfolio, in a manner that claims to be consistent with the principles of Islamic law (Shariah). The HSBC Amanah Global Equity Index Fund aims to track the price performance of the Dow Jones Islamic Market. The Dow Jones Islamic Market indices are comprised of Shariah compliant stocks from around the world. The fund excludes companies from its portfolio if they are in breach of its negative criteria as detailed below. HSBC Amanah is guided and supervised by an independent Shariah Supervisory Committee. The Committee regularly reviews and appraises the products and transactions structured by HSBC Amanah. The fund's ethical criteria have been also been developed with the assistance and endorsement of the Fund's Central Shariah Committee.

Ethical Policy

Positive investment criteria

This fund does not have positive investment criteria.

Negative investment criteria

The fund will not invest in companies whose primary business activities are involve following:

- arms
- alcohol
- tobacco
- pork
- gambling
- financial institutions
- biotechnology
- leisure / media

Additionally, the fund will not invest in companies which exhibit the following characteristics:

- debt / assets ration exceeds 30 per cent
- interest income exceeds five per cent of gross revenues
- amounts receivable and cash represent more than 50 per cent of total assets

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-House, External Shariah Supervisory Committee

Contact Details and Further Information

Manager name	Mohammed Dawood
Fund company	HSBC Investments (UK) Ltd
SRI Website	www.hsbcamanah.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	0800 5877 786

HSBC GIF Sustainability Leaders Fund

IRIS Ethical Investment Overview

This HSBC GIF Sustainability Leaders Fund aims to invest in Pan-European companies leading in the area of sustainable development. The fund adopts a 'best in class' approach which seeks to identify the best social and environmental practices and the leading companies in each sector. Companies are rated in relation to their social and environmental practices. The fund aims to invest in companies with high standard in the following areas: Environment, Human resources, Corporate governance, Clients and suppliers, Citizenship and Human rights. The fund has a policy of excluding Weapons and tobacco stocks. Investors in the fund support the work of Sustainable Development Charity LEAD (Leadership for Environment and Development) who receive a donation from HSBC's management fee.

Ethical Policy

Positive investment criteria

- This fund's investment process involves two steps:
- The definition of the funds investment universe, which is based exclusively on its socially responsible investment (SRI) criteria.
 - The investment phase, where stock selection are selected from the SRI Universe. The objective at this stage is to identify those companies which display a high degree of commitment to sustainable development

The definition of this fund's SRI investment universe is based on by an analysis and evaluation of six areas of sustainable development:

- Environment
- human resources
- human rights
- corporate governance
- clients and suppliers
- citizenship

The universe is composed of the top 10% of the companies rated by HSBC, and defined as the « best in class » in terms of sustainable development in their sector. Environmental, social and governance issues are weighted as follows: 50% for the Environment and 50% for the Social and Governance aspect.

HSBC states that "while these topics are common to all sectors of activity and therefore to all stocks, we must stress that we do not apply them in the same way for all sectors. In addition, the main issues, the practices and the results of each company with regards to each of the criteria are measured in relation to the specific constraints of their sector and in particular by comparing them to the best practices of their sector. For example, the environmental policy of a bank, the direct impact of which is low, cannot really be compared to that of a cement factory, where the impact is very high as it uses an industrial process which causes high levels of CO2 emissions".

Negative investment criteria

Weapons and tobacco are excluded from the fund's portfolio.

Voting & Engagement

Engagement

Policy overview

This fund has an engagement policy whereby it systematically carries out individual meetings with companies, as part of its analysis process, in order to assess the quality of their performance in the domain of sustainable development. Over the last three years, this has involved engagement with around 300 companies. During these one-to-one meetings, questions are asked on a range of topics, from corporate governance (number of independent directors, frequency of meetings, remuneration policy for executive management etc.) to social policy (cost-cutting practices, training policy, health and safety, relations with trade unions), and from environmental issues (reduction in CO2 emissions, eco-design in product policies etc.) to client-supplier relations or citizenship. The meetings include a review

Voting & Engagement

(which can involve highlight the weaker points of the company in question) whilst providing examples of the best practices of its sector. HSBC express clearly to the company what they are satisfied or disappointed with, or what is expected from the company. HSBC will also let the company know, if it is the case, why they are excluded from its SRI investment universe, especially if the company raises the subject.

Methods of engagement

Company visits: positive or negative changes are measured during successive company visits or through exceptional events (industrial accidents, corporate governance, etc.).

Examples of recent engagement

Not available

What further steps taken when engagement is considered unsuccessful?

The outcomes of engagement affecting how HSBC's assessment of a company. If engagement is unsuccessful this SRI assessment may be lowered. If the company subsequently becomes ineligible for the investment universe of the HSBC GIF Sustainability Leaders, the consequence in fund management terms is therefore automatic: it is sold.

Voting

Does this fund have a voting policy?

Yes. The fund applies the voting policy defined by HSBC Investments (France) which can be accessed here: <http://www.hsbcinvestments.fr/Commun/vote.asp>.

The fund votes on the following countries: France, United Kingdom, Germany, Italy, Switzerland, The Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Austria and Spain. Voting on British stocks is carried out on the basis of principles defined by fund management structures in London, HSBC Investments (UK) Ltd and HSBC Halbis Partners (UK) Ltd. Voting policy follows a general framework which covers the main stakes identified concerning: appointment and dismissal of the social representatives of the companies, remuneration of the board of directors, respect of shareholder rights (programme of issuance and redemption of securities), approval of the accounts, allocation of results, designation of the legal controls of the accounts, so-called regulated conventions, decisions leading to a change in status and good practices of governance. Voting policy also deals with the prevention and management of situations regarding a conflict of interest within the HSBC Group. The voting rights committee meets regularly to draw up, monitor, evaluate and develop voting policy. It is led by the head of SRI analysis. This committee is made up of 12 members including the Director of the Fund Management department (member of the executive committee), the Director of the Business Development department (member of the executive committee), representatives of European equity fund management (fund managers, analysts) and representatives from the compliance department. During the voting period, this committee meets at irregular intervals, whenever deemed necessary.

Are voting practices disclosed?

This fund does not disclose its voting practices.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House, External
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Contact Details and Further Information

Manager name	HSBC Investments
Fund company	HSBC Investments (FR) Ltd
SRI Website	http://www.hsbcinvestments.fr/sustainabilityleaders/index.asp
Socially Responsible Investment (SRI) contact. For further information regarding this fund, see:	http://www.hsbcinvestments.fr/sustainabilityleaders/index.asp

Impax Environmental Markets OEIC

EIRIS Ethical Investment Overview

Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in 'Environmental Markets', particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management.

Ethical Policy

Positive investment criteria

See 'Ethical Investment Overview' above

Negative investment criteria

More than 50% of the company's business has to be in environmental markets in order to qualify for inclusion in this fund's investment 'universe'. Negative criteria typically do not apply to Impax portfolio companies as they are included by virtue of what they do, i.e. the extent to which they are involved in 'environmental markets'

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-House

Contact Details and Further Information

Manager name	-
Fund company	Impax Asset Management Ltd
SRI Website	www.impax.co.uk
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Adrian Cornwall on 020 7432 2609 or email a.cornwall@impax.co.uk

Insight Investment European Ethical Fund

EIRIS Ethical Investment Overview

The Insight Investment European Ethical Fund aims to achieve long-term capital growth by investing primarily in UK and/or European companies that meet a range of ethical criteria. The Fund excludes companies from the portfolio in breach of negative criteria and has positive criteria which are not requirements for portfolio companies, but are taken into account alongside other factors in deciding whether a company is acceptable. The Fund Manager seeks to invest in a range of companies that make a positive contribution to society, have good employment practices, protect the environment and make sustainable use of natural resources.

Ethical Policy

Positive investment criteria

- The fund seeks to invest in companies with good human rights and environmental policies.

Negative investment criteria

Detailed criteria that specify threshold levels for involvement in this fund's negative areas and define terminology used are available at www.insightinvestment.com/responsibility. The fund seeks to avoid companies that:

- Derive 5% or more of turnover from the production and/or sale of tobacco
- Derive 5% or more of total turnover from gambling
- Produce or supply armaments or strategic parts of armaments
- Own or operate nuclear power stations
- Provide strategic parts and/or services to nuclear power stations
- Produce, distribute, or sell pornography
- Have a high negative impact on the environment
- Harvest or sell unsustainable timber or timber products
- Test cosmetics or household products on animals
- Sell non-medical products tested on animals
- Are involved in the supply of fur
- Operate in countries with particularly problematic human rights records, unless those companies can demonstrate that they have sufficient human rights policies and procedures in place

Voting & Engagement

Engagement

Policy overview

Engagement is conducted at a house level rather than at an individual fund level. Recent engagement programmes include: Biodiversity; Corporate Governance (Board of Directors, Board Remuneration, Balance Sheet and Strategy); Climate change; Corporate Responsibility Governance; Customer-Related Risks; Health and Safety; Human Rights Offshoring; One Million Sustainable Homes; Responsible Supply Chain Management; and Revenue Transparency

Methods of engagement

Letters to key personnel, telephone dialogue with key personnel, meetings with key personnel, support for certain campaigns, collaboration with other influential shareholders

Examples of recent engagement

During the first quarter of 2005 (January 1st to March 31st), Insight held shares in 80% of companies in the UK FTSE All Share Index. Of those, during this quarter, Insight engaged with 62 companies representing 11% of our clients' holdings by number or 43.3% by value. More detailed information on engagement activity can be found in Insight's quarterly investor responsibility bulletins, available at www.insightinvestment.com/responsibility

What further steps taken when engagement is considered unsuccessful?

If engagement with a company brings to light information that is relevant to the screening criteria for the fund, this could lead to divestment.

Voting

Policy overview:

Insight has a house voting policy that promotes compliance with the Combined Code of the Committee on Corporate Governance. The detailed policy can be found at www.insightinvestment.com/documents/responsibility/ir_voting.pdf. Insight votes on all resolutions of UK holdings, as well as of select European holdings.

Voting & Engagement

Are voting practices disclosed?

Details of voting recommendations can be found at www.insightinvestment.com/resolutions

Examples of recent voting activity:

During the first quarter of 2005, Insight voted on 749 resolutions at 84 company meetings. Details of voting recommendations can be found at www.insightinvestment.com/ Resolutions raising social, ethical or environmental issues have not recently been submitted to companies in this fund.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-house research team, EIRIS
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Contact Details and Further Information

Manager name	Insight Investment Management
Fund company	Insight Investment Management
Website	www.insightinvestment.com/responsibility
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	investor services on 08457 77 22 33, or email service@insightinvestment.com

Insight Investment Evergreen Fund

EIRIS Ethical Investment Overview

The Insight Investment Evergreen Fund has negative screening criteria and excludes companies from the portfolio if they are in breach of these. The Fund aims to invest in companies whose products, processes or services contribute to the restoration and renewal of the earth's ecology or to a cleaner and healthier environment. Approximately 20% of its portfolio is invested in environmental areas as detailed below.

Ethical Policy

Positive investment criteria

Positive investments considered appropriate for the Evergreen Fund will typically be involved in one or more of the following areas:

- Air quality/emissions control
- Drinking water purification
- Energy conservation
- Environmental assessment
- Geothermal energy
- Natural gas
- Pollution analysis
- Recycling, Site remediation
- Waste reduction/disposal
- Waste water treatment
- Wind power

Negative investment criteria

Detailed criteria that specify threshold levels for involvement in this fund's negative areas and define terminology used are available at www.insightinvestment.com/responsibility. The fund seeks to avoid companies that:

- Produce tobacco products
- Provide gambling services
- Manufacture or provide armaments
- Produce or distribute pornography
- Manufacture ozone-depleting chemicals (CFCs and halons)
- Manufacture or distribute harmful pesticides
- Harvest or sell unsustainable timber or timber products
- Produce, sell or distribute products that have been tested on animals
- Produce, sell or distribute fur products
- Produce, process or sell meat products
- Operate in countries with particularly problematic human rights records, unless those companies can demonstrate that they have sufficient human rights policies and procedures in place

Voting & Engagement

Engagement

Policy overview

Engagement is conducted at a house level rather than at an individual fund level. Recent engagement programmes include: Biodiversity; Corporate Governance (Board of Directors, Board Remuneration, Balance Sheet and Strategy); Climate change; Corporate Responsibility Governance; Customer-Related Risks; Health and Safety; Human Rights Offshoring; One Million Sustainable Homes; Responsible Supply Chain Management; and Revenue Transparency

Methods of engagement

Letters to key personnel, telephone dialogue with key personnel, meetings with key personnel, support for certain campaigns, collaboration with other influential shareholders

Examples of recent engagement

During the first quarter of 2005 (January 1st to March 31st), Insight held shares in 80% of companies in the UK FTSE All Share Index. Of those, during this quarter, Insight engaged with 62 companies representing 11% of our clients' holdings by number or 43.3% by value. More detailed information on engagement activity can be found in Insight's quarterly investor responsibility bulletins, available at www.insightinvestment.com/responsibility

What further steps taken when engagement is considered unsuccessful?

If engagement with a company brings to light information that is relevant to the screening criteria for the fund, this could lead to divestment.

Voting

Policy overview:

Insight has a house voting policy that promotes compliance with the Combined Code of the Committee on Corporate Governance. The detailed policy can be found at www.insightinvestment.com/documents/responsibility/ir_voting.pdf. Insight votes on all resolutions of UK holdings, as well as of select European holdings.

Are voting practices disclosed?

Details of voting recommendations can be found at www.insightinvestment.com/resolutions

Voting & Engagement

Examples of recent voting activity:

During the first quarter of 2005, Insight voted on 749 resolutions at 84 company meetings. Details of voting recommendations can be found at www.insightinvestment.com/ Resolutions raising social, ethical or environmental issues have not recently been submitted to companies in this fund.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-house research team, EIRIS
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Contact Details and Further Information

Manager name	Insight Investment Management
Fund company	Insight Investment Management
Website	www.insightinvestment.com/responsibility

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact: investor services on 08457 77 22 33, or email service@insightinvestment.com

King & Shaxson Ethical Balanced Income Fund

ERIS Ethical Investment Overview

The King & Shaxson Ethical Balanced Income Fund aims to deliver both income and long term capital growth from a managed portfolio of fixed interest securities, commercial property and shares. It uses three complementary approaches to ethical investment. This includes excluding some companies because of the activities in which they are involved, excluding certain others unless they can demonstrate ethical leadership in their sector, or are less exposed to certain key issues. The third approach involves investing in those companies which King & Shaxson believes are offering clear environmental or social benefits.

Ethical Policy

Positive investment criteria

1) Solutions-based investment To be included within the investment portfolio, equities identified as higher risk equity has to fulfil a clear social or environmental purpose. These include companies operating in the following fields:

Education and learning

This includes educational publishers, providers of secondary education and lifelong learning, educational information technology providers, nurseries and educational services.

Energy efficiency & storage

Typical areas of investment might include insulation, efficient energy transmission, energy efficient boilers, fuel cells and energy storage (to facilitate wider use of renewable energy).

Environmental management

This includes environmental consultancy, energy and resource efficiency, environmental monitoring, and resource metering Ethical Approach

Fair food and drink

This embraces organic and high animal welfare producers, organic and healthy food retailers and wholesalers, as well as fair trade food and drink retailers.

Healthcare

Healthcare covers a wide variety of businesses, and includes pharmacies, dental practices, opticians and optical manufacturers, hearing aid manufacturers, pharmaceuticals, drug delivery, care homes, vaccines, medical devices, homoeopathic medicine, diagnostic testing, wound care, orthopaedics, hospitals and GP surgeries.

Public and freight transport

The emphasis is on train and bus operators, but may also include rail engineering, metro and tram operators, shipping and ports.

Renewable energy

Investments in this sector include companies distributing, producing or manufacturing equipment for the following forms of energy: wind, hydro, geothermal, solar, biomass, landfill gas, wave and tidal. It may also include funds investing in the sector.

Safety

Safety embraces laboratory testing (non-animal testing), environmental controls, industrial controls, fire detection and control, safety in transport, internet filtering, food safety and fall-arrest systems.

Sustainable products

This covers a wide variety of products from sustainable forestry to bio-degradable packaging, cosmetics, and medicines based on natural ingredients, environmentally-efficient buildings and natural alternatives to synthetic chemicals.

Negative investment criteria

The fund seeks to avoid companies involved in the following activities:

Air and road transport

Airlines, airports, aircraft manufacturers, car makers, car dealers, road builders, road haulage companies and logistics companies, where this constitutes more than 30% of turnover.

Animal testing

Companies which test products on animals for cosmetics or pharmaceuticals.

Armaments

Companies which produce or sell weapons.

Fossil fuels

Companies which derive more than 30% of their turnover from fossil fuel exploration, extraction or refining.

Gambling

Companies which derive more than 10% of their turnover from any form of gambling.

Human rights abuses

Companies which are complicit in human rights abuses of their workforce or of their supply chain. Also companies which have operations in countries which are the subject of UN sanctions.

Intensive farming

Companies involved in factory farming including the manufacture of foods using intensively farmed products.

Nuclear power

Companies which own or operate nuclear power stations.

Pesticides

Companies which manufacture pesticides, or which derive more than 10% of turnover from the sale of pesticide products.

Pornography

Companies which publish, print or distribute film, videos, newspapers or magazines which are classed as pornographic where this constitutes more than 10% of turnover.

Tobacco

Companies which manufacture tobacco products or which derive more than 10% of turnover from the sale of tobacco products.

Urban renewal

Urban renewal refers to inner city redevelopment where the focus is on social and environmental regeneration. This is likely to involve property development on brownfield sites where buildings are designed to a high environmental specification and where a sense of community is central to the development.

Waste management and recycling

Waste management includes recycling, sewage treatment, the generation of energy from waste, site remediation, resource recovery, waste collection and waste processing.

Water and air quality

This includes waste-water treatment, purification, filtration, storm-water control and air pollution control.

2) Best of sector The following types of company have to demonstrate the following forms of ethical leadership in their sector, or else to be less exposed to key issues, if in order to be included within this funds portfolio:

Alcohol

Companies involved in the production of alcoholic drinks or which generate more than 10% of their turnover from its sale must demonstrate that they have exceptional policies in place to deal with alcohol abuse. This would exclude manufacturers of alcopops.

Banks

Banks are excluded unless they fulfil one of the following criteria:

- they are primarily mortgage lenders with little exposure to corporate lending
- they have a specific focus on lending for socially or environmentally beneficial purposes such as social housing or renewable energy
- they have a rigorous ethical exclusion policy in place

Food production and retailing

Food retailers and producers must be able to demonstrate that the methods of production and supply are sustainable – that is methods of production must be of the highest order in terms of animal welfare and the environment, and retailers and wholesalers must treat suppliers fairly. This would normally exclude major supermarkets and most food producers.

Insurance & Investment Companies

Insurance and investment companies have a significant ethical impact as they are major investors. Investments in these companies will therefore be made only if they can demonstrate a real commitment to socially responsible investment.

Mining

Companies directly involved in mining or quarrying are excluded unless they can demonstrate an outstanding approach to managing their environmental and social impact.

Retailing

Retailers have a responsibility to ensure that they are not complicit in poor environmental and labour standards of their suppliers. They are in a prime position to raise the standards of producers and we will only invest in retailers if they can demonstrate the effective implementation of an ethical supply chain policy

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	In-house research team
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Contact Details and Further Information

Manager name	Wayne Bishop
Fund company	King & Shaxson Asset Management Limited
Website	www.kingandshaxson.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	020 7426 5950

King & Shaxson Cautious Green Solutions Fund

IRIS Ethical Investment Overview

The King & Shaxson Ethical Green Solutions Fund aims to deliver long-term capital growth from a portfolio of global equities. The fund uses three complementary approaches to ethical investment. This includes excluding some companies because of the activities in which they are involved, excluding certain others unless they can demonstrate ethical leadership in their sector, or are less exposed to certain key issues. The third approach involves investing in those companies which King & Shaxson believes are offering clear environmental or social benefits.

Ethical Policy

Positive investment criteria

1) Solutions-based investment To be included within the investment portfolio, equities identified as higher risk equity have to fulfil a clear social or environmental purpose. These include companies operating in the following fields:

Education and learning

This includes educational publishers, providers of secondary education and lifelong learning, educational information technology providers, nurseries and educational services.

Energy efficiency & storage

Typical areas of investment might include insulation, efficient energy transmission, energy efficient boilers, fuel cells and energy storage (to facilitate wider use of renewable energy).

Environmental management

This includes environmental consultancy, energy and resource efficiency, environmental monitoring, and resource metering Ethical Approach

Fair food and drink

This embraces organic and high animal welfare producers, organic and healthy food retailers and wholesalers, as well as fair trade food and drink retailers.

Healthcare

Healthcare covers a wide variety of businesses, and includes pharmacies, dental practices, opticians and optical manufacturers, hearing aid manufacturers, pharmaceuticals, drug delivery, care homes, vaccines, medical devices, homoeopathic medicine, diagnostic testing, wound care, orthopaedics, hospitals and GP surgeries.

Public and freight transport

The emphasis is on train and bus operators, but may also include rail engineering, metro and tram operators, shipping and ports.

Renewable energy

Investments in this sector include companies distributing, producing or manufacturing equipment for the following forms of energy: wind, hydro, geothermal, solar, biomass, landfill gas, wave and tidal. It may also include funds investing in the sector.

Safety

Safety embraces laboratory testing (non-animal testing), environmental controls, industrial controls, fire detection and control, safety in transport, internet filtering, food safety and fall-arrest systems.

Sustainable products

This covers a wide variety of products from sustainable forestry to bio-degradable packaging, cosmetics, and medicines based on natural ingredients, environmentally-efficient buildings and natural alternatives to synthetic chemicals.

Negative investment criteria

The fund seeks to avoid companies involved in the following activities:

Air and road transport

Airlines, airports, aircraft manufacturers, car makers, car dealers, road builders, road haulage companies and logistics companies, where this constitutes more than 30% of turnover.

Animal testing

Companies which test products on animals for cosmetics or pharmaceuticals.

Armaments

Companies which produce or sell weapons.

Fossil fuels

Companies which derive more than 30% of their turnover from fossil fuel exploration, extraction or refining.

Gambling

Companies which derive more than 10% of their turnover from any form of gambling.

Human rights abuses

Companies which are complicit in human rights abuses of their workforce or of their supply chain. Also companies which have operations in countries which are the subject of UN sanctions.

Intensive farming

Companies involved in factory farming including the manufacture of foods using intensively farmed products.

Nuclear power

Companies which own or operate nuclear power stations.

Pesticides

Companies which manufacture pesticides, or which derive more than 10% of turnover from the sale of pesticide products.

Pornography

Companies which publish, print or distribute film, videos, newspapers or magazines which are classed as pornographic where this constitutes more than 10% of turnover.

Tobacco

Companies which manufacture tobacco products or which derive more than 10% of turnover from the sale of tobacco products.

Urban renewal

Urban renewal refers to inner city redevelopment where the focus is on social and environmental regeneration. This is likely to involve property development on brownfield sites where buildings are designed to a high environmental specification and where a sense of community is central to the development.

Waste management and recycling

Waste management includes recycling, sewage treatment, the generation of energy from waste, site remediation, resource recovery, waste collection and waste processing.

Water and air quality

This includes waste-water treatment, purification, filtration, storm-water control and air pollution control.

2) Best of sector The following types of company have to demonstrate the following forms of ethical leadership in their sector, or else to be less exposed to key issues, if in order to be included within this funds portfolio:

Alcohol

Companies involved in the production of alcoholic drinks or which generate more than 10% of their turnover from its sale must demonstrate that they have exceptional policies in place to deal with alcohol abuse. This would exclude manufacturers of alcopops.

Banks

Banks are excluded unless they fulfil one of the following criteria:

- they are primarily mortgage lenders with little exposure to corporate lending
- they have a specific focus on lending for socially or environmentally beneficial purposes such as social housing or renewable energy
- they have a rigorous ethical exclusion policy in place

Food production and retailing

Food retailers and producers must be able to demonstrate that the methods of production and supply are sustainable – that is methods of production must be of the highest order in terms of animal welfare and the environment, and retailers and wholesalers must treat suppliers fairly. This would normally exclude major supermarkets and most food producers.

Insurance & Investment Companies

Insurance and investment companies have a significant ethical impact as they are major investors. Investments in these companies will therefore be made only if they can demonstrate a real commitment to socially responsible investment.

Mining

Companies directly involved in mining or quarrying are excluded unless they can demonstrate an outstanding approach to managing their environmental and social impact.

Retailing

Retailers have a responsibility to ensure that they are not complicit in poor environmental and labour standards of their suppliers. They are in a prime position to raise the standards of producers and we will only invest in retailers if they can demonstrate the effective implementation of an ethical supply chain policy

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	In-house research team
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Contact Details and Further Information

Manager name	Wayne Bishop
Fund company	King & Shaxson Asset Management Limited
Website	www.kingandshaxson.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	020 7426 5950

Jupiter Ecology Fund

EIRIS Ethical Investment Overview

The Jupiter Ecology Fund aims to invest worldwide in companies that are responding positively to the challenge of environmental sustainability and are making a positive commitment to social well-being. Companies' financial prospects and ethical/environmental performances are assessed separately by the Jupiter Socially Responsible Investment and Governance Team and only when both criteria have been approved does the Jupiter Ecology Fund invest. The Jupiter Ecology Fund takes a thematic approach, investing in companies providing solutions to environmental and social problems. Approximately 80% of the portfolio is invested in these companies. The Fund has negative exclusion criteria and positive criteria which are requirements for portfolio companies. The SRI and Governance Team discuss companies on a case by case basis and decides how other positive and negative factors should be balanced. An Advisory Committee to the Fund reviews the outcome of the research and analysis.

Ethical Policy

Positive investment criteria

- The Jupiter Ecology Fund has 6 themes which identify sectors that provide solutions to society's biggest environmental and social problems. These themes make up approximately 75% of the portfolio. The themes are: Clean energy, water management, waste management, transport, sustainable living, beneficiaries of regulation. In addition, the Jupiter Ecology Fund will invest in companies that are seeking to minimise the environmental and social impacts of their processes, these companies are analysed under the following headings: Leading company assessment: companies that demonstrate leading practice amongst their industry peers in terms of policies, processes or performance in the areas of Corporate Responsibility and are demonstrating a commitment to managing their impacts and reporting on progress, Limited impact company assessment: companies that have low environmental impacts and manage these appropriately, Small company assessment: Companies whose management have a commitment to improve and can demonstrate that key social and environmental risks are managed well.

Negative investment criteria

- The Fund will not invest in any company that is involved in activities which are believed to be incompatible with its environmental and social goals. Examples of such negative activities include: manufacturing of armaments, alcoholic drinks or tobacco products, publication of pornographic material, generation of nuclear power; and operation of gambling facilities. The Jupiter Ecology Fund will not invest in any company which derives over 10% of its turnover from any one of these activities. It may however invest in a company which derives less than 10% of turnover from any one of these activities, but only if it makes an outstanding contribution to sustainable development in other respects. Additionally, the Jupiter Ecology Fund will not invest in any company which conducts or commissions animal tests carried out for cosmetic and toiletry purposes. A company involved in animal testing on other products, and their ingredients, will only be suitable for investment if it has made a substantial commitment to minimise animal testing, and in other respects makes an outstanding contribution to sustainable development. Full details of the Jupiter Ecology Fund's criteria are described in Jupiter's guide to Socially Responsible Investment funds which is available from the Manager

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover six key areas including investment criteria, the research process and the fund's approach to engagement and*

Signatory to the Eurosif Transparency Guidelines?*

Yes

Research

Research resources used

In-house research team, other external research resources

Contact Details and Further Information

Manager name

Jupiter Asset Management

Fund company

Jupiter

Website

www.jupiteronline.co.uk/PI/OurProducts/SRIGreen/

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

the broker Desk on 020 7314 7699, or email brokerdesk@jupiter-group.co.uk

Jupiter Environmental Income Fund

EIRIS Ethical Investment Overview

The Jupiter Environmental Income Fund invests primarily in UK companies that are responding positively to and profiting from the challenge of environmental sustainability and are making a positive contribution to social well being. Companies' financial prospects and environmental and social performances are assessed separately by the Jupiter Socially Responsible Investment and Governance Team (SRI and Governance Team) and the Jupiter Fund Management Team. Only when all criteria have been approved may the Jupiter Environmental Opportunities Fund invest. The Jupiter Environmental Opportunities Fund excludes companies from the portfolio in breach of negative criteria and has positive criteria which are requirements for portfolio companies. The SRI and Governance Team discuss companies on a case by case basis and decide how other positive and negative factors should be balanced. An Advisory Committee to the Fund reviews the outcome of the research and analysis.

Ethical Policy

Positive investment criteria

The Jupiter Environmental Income Fund will invest in companies that are seeking to minimise the environmental and social impacts of their processes, these companies are analysed under the following headings: Leading company assessment: companies that demonstrate leading practice amongst their industry peers in terms of policies, processes or performance in the areas of Corporate Responsibility and are demonstrating a commitment to managing their impacts and reporting on progress, Limited impact company assessment: companies that have low environmental impacts and manage these appropriately, Small company assessment: companies whose management have a commitment to improve and can demonstrate that key social and environmental risks are managed well, Continuous improvers: these companies have not yet reached leading company status but are typically working towards continuous improvement in policies, processes or performance in the areas of Corporate Responsibility and are demonstrating a commitment to managing their impacts and reporting on progress. By investing in companies with leading processes, the Jupiter Environmental Opportunities Fund will be allowed to invest in almost all sectors of the stock market, including those companies whose products and services do not contribute directly to sustainable development. In addition, the Fund will invest in companies that are providing solutions to environmental and social problems. The focus on solution providers has led to six investment themes which clearly identify companies providing solutions to society's environmental problems. These themes which constitute the majority of the Jupiter Ecology Fund also apply to the Jupiter Environmental Opportunities Fund and include clean energy, waste management, water management, transport, sustainable living and beneficiaries of regulation.

Negative investment criteria

- The Fund will not invest in any company that is involved in activities which are believed to be incompatible with its environmental and social goals. Examples of such negative activities include: Manufacture of armaments, Manufacture or sale of tobacco products, Generation of nuclear power, The Jupiter Environmental Income Fund will not invest in any company which derives over 10% of its turnover from any one of these activities. Neither will the Fund invest in any company which conducts or commissions animal tests carried out for cosmetic and toiletry purposes. A company involved in animal testing on other products, and their ingredients, will only be suitable for investment if it has made a substantial commitment to minimise animal testing. Full details of the Jupiter Environmental Income Fund's criteria are described in Jupiter's guide to Socially Responsible Investment funds which is available from the Manager.

Voting & Engagement

Engagement

Policy overview

Jupiter believes that it is important to engage with companies on behalf of its clients to promote more responsible business practice on corporate governance, environmental and social issues. A full description of the approach to engagement can be found in Jupiter's 'Corporate Governance and Voting policy: Jupiter's approach to UK voting, engagement and corporate responsibility' available from the website at www.jupiteronline.co.uk or by contacting Jupiter Customer Services on 020 7314 7600.

Methods of engagement

Jupiter's SRI and Governance Team's aim is to establish a positive, constructive and ongoing dialogue with the senior management of companies whose shares are held within the portfolios managed by Jupiter to encourage them to address the environmental and social impacts of their business activities

Examples of recent engagement

A full description of recent engagement activities can be found in 'Jupiter's approach to responsible shareholding: Voting and Engagement Report' available from the website at www.jupiteronline.co.uk or by contacting Jupiter Customer Services on 020 7314 7600

What further steps taken when engagement is considered unsuccessful?

If one engagement strategy seems to be unsuccessful, Jupiter would review that strategy and adopt an alternative strategy. For example, it may seek to engage with another member of the company management team, or possibly collaborate with other investors, support a shareholder resolution or, as a last resort divest.

Voting

Policy overview:

See Jupiter's 'Corporate Governance and Voting policy: Jupiter's approach to UK voting, engagement and corporate responsibility' available at www.jupiteronline.co.uk or by contacting Jupiter on 020 7314 7600.

Are voting practices disclosed?

Yes

Examples of recent voting activity:

See 'Jupiter's approach to responsible shareholding Voting and Engagement Report' available from the website at www.jupiteronline.co.uk or by contacting Jupiter on 020 7314 7600.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

Yes

Research

Research resources used

In-house research team, other external research resources

Contact Details and Further Information

Manager name

Jupiter Asset Management

Fund company

Jupiter

Website

www.jupiteronline.co.uk/PI/OurProducts/SRIGreen/

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

the broker Desk on 020 7314 7699, or email brokerdesk@jupiter-group.co.uk

Jupiter Global Green Investment Trust

EIRIS Ethical Investment Overview

The Jupiter Global Green Investment Trust takes a thematic approach to investments, with no exclusion criteria. It uses investment themes to identify companies around the world which have a significant focus on environmental solutions, such as Clean Energy, Water Management, Waste Management, Sustainable Living, Environmental Services and Green Transport.

Ethical Policy

The Trust aims to invest globally in companies which have a significant focus on environmental solutions. To achieve this, the Trust's policy is to focus on the following six green investment themes:

- **Clean Energy** Stand alone power and back-up systems based on wind, solar, flywheels, batteries and fuel cells; biofuels; insulation materials; energy efficiency technologies.
- **Water Management Water and wastewater services** including sewerage and treatment infrastructure; new technology-based solutions such as membranes and UV disinfection.
- **Waste Management Waste reduction and associated technologies;** recycling and resource management; recycled materials.
- **Sustainable Living Healthy lifestyle sector** including organic foods, complementary medicines and healthcare.
- **Environmental Services Companies** directly benefiting from increased environmental legislation, including environmental consultancies and providers of safety equipment.
- **Green Transport Integrated public transport systems;** vehicle emissions and energy efficiency control technologies.

Voting & Engagement

Engagement

Policy overview

Jupiter believes that it is important to engage with companies on behalf of its clients to promote more responsible business practice on corporate governance, environmental and social issues. A full description of the approach to engagement can be found in Jupiter's 'Corporate Governance and Voting policy: Jupiter's approach to UK voting, engagement and corporate responsibility' available from the website at www.jupiteronline.co.uk or by contacting Jupiter Customer Services on 020 7314 7600.

Methods of engagement

Jupiter's SRI and Governance Team's aim is to establish a positive, constructive and ongoing dialogue with the senior management of companies whose shares are held within the portfolios managed by Jupiter to encourage them to address the environmental and social impacts of their business activities

Examples of recent engagement

A full description of recent engagement activities can be found in 'Jupiter's approach to responsible shareholding: Voting and Engagement Report' available from the website at www.jupiteronline.co.uk or by contacting Jupiter Customer Services on 020 7314 7600

What further steps taken when engagement is considered unsuccessful?

If one engagement strategy seems to be unsuccessful, Jupiter would review that strategy and adopt an alternative strategy. For example, it may seek to engage with another member of the company management team, or possibly collaborate with other investors, support a shareholder resolution or, as a last resort divest.

Voting

Policy overview:

See Jupiter's 'Corporate Governance and Voting policy: Jupiter's approach to UK voting, engagement and corporate responsibility' available at www.jupiteronline.co.uk or by contacting Jupiter on 020 7314 7600.

Are voting practices disclosed?

Yes

Examples of recent voting activity:

See 'Jupiter's approach to responsible shareholding Voting and Engagement Report' available from the website at www.jupiteronline.co.uk or by contacting Jupiter on 020 7314 7600.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

Yes

Research

Research resources used

In-house research team, other external research resources

Contact Details and Further Information

Manager name

Charlie Thomas

Fund company

Jupiter Asset Management

Website

www.jupiteronline.co.uk/PI/OurProducts/SRIGreen/

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

the broker Desk on 020 7314 7699, or email brokerdesk@jupiter-group.co.uk

Legal & General Ethical Pension Fund

EIRIS Ethical Investment Overview

The objective of the Legal & General Ethical Pension Fund is to invest in a portfolio of securities of companies whose business conforms to a range of ethical and environmental guidelines. The pension fund invests almost 100% into the Legal and General Ethical Trust which is a passively managed fund which invests in the companies which meet the criteria listed below. The Legal & General Ethical Trust is a negative screening fund which will not invest in companies if they are in breach of its negative criteria. The criteria on which the investment decisions of the Ethical Trust are based were originally designed by investors expressing their commonly held beliefs. These views were obtained by conducting research involving both focus groups and in-depth interviews. The Ethical Trust's policy and criteria are reviewed once every four years.

Ethical Policy

Positive investment criteria

This fund does not have positive investment criteria

Negative investment criteria

The Legal & General Ethical Trust has been designed to track the FTSE 350 Index, excluding any company that is substantially involved in or cause any of the following criteria:

- Animal Testing
- Gambling
- Health and Safety Convictions
- Human Rights
- Intensive Farming
- Military
- Nuclear Power
- Ozone-Depleting Chemicals
- Pornography and Adult Films
- Tobacco
- Tropical Hardwood
- Water Pollution

Positive investment Voting & Engagement

Engagement

Policy overview

Legal & General engage with companies regarding share schemes, remuneration and performance conditions, as well as SRI issues including health and safety and environmental risks.

Methods of engagement

- Letters to investor relations personnel
- Telephone dialogue with CSR management personnel
- Meetings with CSR management personnel
- Support for certain campaigns
- Collaboration with other influential shareholders

Examples of recent engagement

-

What further steps taken when engagement is considered unsuccessful?

If engagement is considered to be unsuccessful, further meetings are held with the company.

Voting

Policy overview:

This fund does not have a specific SRI voting policy. However, L&G vote at meetings, for which they use the Association of British Insurers' (ABI) guidelines on remuneration and SRI disclosure.

Are voting practises disclosed?

Voting actions are reported on a quarterly basis to pension clients.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-house, EIRIS, ABI
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Contact Details and Further Information

Manager name	Legal & General Investment Management
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Fund company	Legal & General
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Website	www.legalandgeneral.com
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Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	0800 027 7169
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Legal and General Ethical Trust

EIRIS Ethical Investment Overview

The objective of the Ethical Trust is to invest in a portfolio of securities of companies whose business conforms to a range of ethical and environmental guidelines. The Trust is a passively managed fund which invests in the companies which meet the disclosed criteria, according to their market value. The Legal & General Ethical Trust is a negative screening fund which will not invest in companies if they are in breach of its negative criteria. The criteria on which the investment decisions of the Ethical Trust are based were originally designed by investors expressing their commonly held beliefs. These views were obtained by conducting research involving both focus groups and in-depth interviews. The Ethical Trust's policy and criteria are reviewed once every four years.

Ethical Policy

Positive investment criteria

This fund does not have positive investment criteria

Negative investment criteria

The Ethical Trust has been designed to track the FTSE 350 Index, excluding any company that is substantially involved in or cause any of the following criteria:

- Animal Testing
- Gambling
- Health and Safety Convictions
- Human Rights
- Intensive Farming
- Military
- Nuclear Power
- Ozone-Depleting Chemicals
- Pornography and Adult Films
- Tobacco
- Tropical Hardwood
- Water Pollution

In addition, Investment Trust, which form part of the FTSE 350, are also excluded as their investment objectives may include companies that fail to meet the fund's criteria.

Voting & Engagement

Engagement

Policy overview

Legal & General engage with companies regarding share schemes, remuneration and performance conditions, as well as SRI issues including health and safety and environmental risks.

Methods of engagement

- Letters to investor relations personnel
- Telephone dialogue with CSR management personnel
- Meetings with CSR management personnel
- Support for certain campaigns
- Collaboration with other influential shareholders

Examples of recent engagement

-

What further steps taken when engagement is considered unsuccessful?

If engagement is considered to be unsuccessful, further meetings are held with the company.

Voting

Policy overview:

This fund does not have a specific SRI voting policy. However, L&G vote at meetings, for which they use the Association of British Insurers' (ABI) guidelines on remuneration and SRI disclosure.

Are voting practises disclosed?

Voting actions are reported on a quarterly basis to pension clients.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-house, EIRIS, ABI
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Contact Details and Further Information

Manager name	Legal & General Investment Management
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Fund company	Legal & General
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Website	www.legalandgeneral.com
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Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	0800 027 7169
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Lincoln Green Life Fund

EIRIS Ethical Investment Overview

This fund invests in the Jupiter Ecology Fund as well as directly in equities. Lincoln has appointed Jupiter Asset Management as fund managers of the Lincoln Green Fund. Jupiter manages the fund with the same ethical criteria as the Jupiter Ecology Fund, therefore see the Jupiter Ecology Fund profile for full details of policy, criteria and engagement approach.

Ethical Policy

Positive investment criteria

Jupiter Asset Management manages the fund with the same ethical criteria as the Jupiter Ecology Fund, therefore see the Jupiter Ecology Fund profile for full details of policy, criteria and engagement approach

Negative investment criteria

Jupiter Asset Management manages the fund with the same ethical criteria as the Jupiter Ecology Fund, therefore see the Jupiter Ecology Fund profile for full details of policy, criteria and engagement approach

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

The fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

See the Jupiter Ecology Fund profile for details of research resources used

Contact Details and Further Information

Manager name

Jupiter Asset Management

Fund company

Lincoln Financial Group

SRI Website

www.lincolnuk.co.uk/

Socially Responsible Investment (SRI) contact:

If you are an IFA call 0845 075 3535 or email ifasupport@lincolnuk.co.uk, if you are a private investor call 0845 605 2323 or email customer.services@lincolnuk.co.uk

Marks & Spencer Ethical Fund

EIRIS Ethical Investment Overview

The Marks & Spencer Ethical Fund's objective is to provide investors with long-term capital growth by investing in predominantly UK companies that meets its ethical investment criteria. The fund will include those companies that meet its social, environmental and ethical criteria defined below. The investment adviser to the Fund is HSBC Investments (UK) Limited. They have delegated the day to day management of the assets of the Fund to the following specialist fund advisers: Sinopia Asset Management (UK) Limited and Jupiter Asset Management Limited.

Ethical Policy

Positive investment criteria

This fund does not have positive investment criteria

Negative investment criteria

The Fund seeks to invest in companies that make a positive contribution to the community or environment and will avoid investing in companies that are primarily involved in the following activities;

- **animal testing** (companies that conduct or commission for animal testing cosmetic or toiletry purposes)
- **armaments**
- **child labour** (companies that make use of child labour)
- **environment** (companies that have a poor environmental record)
- **fur trade**
- **gambling**
- **pornography**
- **tobacco**

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

The fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	External
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Contact Details and Further Information

Manager name	Marks and Spencer Unit Trust Management Limited
Fund company	Marks and Spencer Unit Trust Management Limited
SRI Website	www.marksandspencer.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Investor Helpline: 0808 005 55 55, email: internet.investments@mandsmoney.com

Marlborough Ethical Fund

EIRIS Ethical Investment Overview

The stated objective of the fund is to invest in securities whose products or services are of benefit to humankind with minimal harmful effects. The fund's ethical policy is derived from the same policy drawn up by the Joseph Rowntree Charitable Trust (JRCT) for its own purposes. This ethical policy "aims to invest in companies whose products or services are of benefit to humankind, with minimal harmful impacts and with an emphasis on meeting basic needs rather than luxuries. It does not however automatically rule out companies whose activities might be considered largely frivolous, if their customers are not predominantly the privileged in society."

Ethical Policy

Positive investment criteria

This fund considers the way companies conduct their businesses in all the markets in which they operate, as well as what their business is. This includes:

- employment conditions equal opportunities policy and practice, enabling all employees to make the fullest possible contribution to a company's progress
- environmental impact (while accepting some companies in extractive industries)
- attitudes to customers
- openness in reporting to stakeholders
- attitude to the communities in which they operate
- integrity in all their dealings
- the promotion of human rights especially in countries with oppressive regimes.

Negative investment criteria

This fund aims to avoid companies materially involved in:

- armaments
- brewing, distilling or retailing of alcohol as a main activity
- gambling, manufacture or retailing of tobacco as a major activity
- production of pornographic or violent material
- other activities which are felt to harm society more than they benefit it.

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

The fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	EIRIS
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Contact Details and Further Information

Manager name	Bob Brown supported by Simon Atherton (R.C. Brown Investment Management PLC)
Fund company	Marlborough Fund Managers Ltd
SRI Website	www.marlboroughfunds.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	01204 545588 or email keith.ounsworth@marlboroughfunds.com

Merchant Investors Ethical Cautious Fund

EIRIS Ethical Investment Overview

Companies eligible for the fund must demonstrate a responsible attitude to the environment and community, on both a local and global scale, and practice good worker / management relations and fair treatment for their employees. Organisations associated with certain negative areas will be excluded. The fund's ethical policy and criteria is developed and reviewed by the Senior Management and can be changed by the fund's ethical committee.

Ethical Policy

Positive investment criteria

This fund does not have positive investment criteria

Negative investment criteria

Securities associated with the following will be excluded from this fund's portfolio:

- armaments
- nuclear processing
- oppressive regimes
- tobacco production
- alcohol production
- experimentation on animals
- environmental damage

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

The fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	In-house, other external
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Contact Details and Further Information

Fund Manager	San Lam Asset Management
Fund company	Merchant Investors
SRI Website	www.merchant-investors.co.uk
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	0117 926 6366 or email eng@merchant-investors.co.uk

Norwich Sustainable Future Absolute Growth Fund

EIRIS Ethical Investment Overview

The Norwich Union Sustainable Future Funds' investment philosophy is based on the concept and goal of global sustainable development. The funds seek out investment in companies whose core business and operational processes address environmental and social problems (e.g. resource shortage, climate change, world health and human rights abuses). Norwich Union will seek to invest in sectors such as renewable or low-emission energies, healthcare, education and waste recycling. The Funds will not invest in companies or sectors which Norwich Union believes to be in conflict with environmental and social sustainability (e.g. tobacco or nuclear power). The investment philosophy also focuses on management vision, process and practice. Each company is awarded an SRI rating based on an analysis of both core business and management practices. The Sustainable Future funds' specific SRI criteria are based on Norwich Union's Sustainability matrix. Each company is awarded an SRI rating, based on an analysis of the company's core business (what it does) and the processes and practices employed (how they do it). This process was developed by the Norwich Union SRI team to provide a link between the definition of their investable universe and their SRI criteria. This method is designed to promote transparency by providing investors with a clear vision of which companies are eligible for inclusion in Norwich Union's portfolios. The matrix approach rates companies according to the extent to which their core business activity provides a sustainability solution, such as renewable energies, healthcare or education. The matrix also rates companies' policy and practices and the highest grades are awarded to those companies displaying the highest standards in areas such as environmental management, human rights & supply chain issues and corporate governance. More information is at www.norwichunion.com

Ethical Policy

Positive investment criteria

- The funds seek out investment in companies whose core business and operational processes address environmental and social problems (e.g. resource shortage, climate change, world health and human rights abuses). Norwich Union will seek to invest in sectors such as renewable or low-emission energies, healthcare, education and waste recycling.

Negative investment criteria

- Alcohol: Only invest in companies that adopt policies and practices to address responsible marketing, consumption and sale of their products.
- Animal welfare: No companies that derive >20% of turnover from the provision of animal testing services. No companies that test or commission testing on chimpanzees, primates or are involved in xenotransplantation (transplanting organs from animals to humans). No companies that use animal testing to manufacture or develop non-medical products
- Climate change: No companies that derive >20% of turnover from airports, airlines or cars powered by the internal combustion engine. No companies that derive >20% of turnover from the production of energy intensive materials (e.g. steel, cement) unless management has introduced substantive steps to minimise greenhouse gas emissions. No oil and gas companies whose reserves are under 60% natural gas reserves
- Deforestation: Will not invest in forestry and paper companies unless they have policies and practices in place to ensure that forests are managed in a sustainable way (e.g. the Forest Stewardship Council or similar certification schemes). No companies that are involved in the deforestation of primary or virgin forest or illegal logging practices.
- Ozone depleting substances: No companies that derive >20% of turnover from the manufacture of ozone depleting substances.
- Gambling: No companies that derive >20% of turnover from the management or ownership of gambling facilities
- Genetic engineering: No companies involved in the commercial release of genetically engineered organisms
- Human rights: No companies that consistently violate international human rights standards (see position paper for further information)
- Intensive farming: No companies that derive >20% of turnover from the manufacture of chemical pesticides. No companies that derive >20% of turnover from intensive meat farming

- Nuclear: No companies that derive >20% of turnover from owning or operating nuclear power stations. No companies that derive >20% of turnover from uranium mining or reprocessing of nuclear fuel. No companies that derive >20% of turnover from the development or manufacture of non-safety related products for nuclear power plants
- Pornography: No companies that derive >20% of turnover from the production or distribution of pornographic material. No companies that derive >20% of turnover from owning or operating adult establishments.
- Tobacco: Will not invest in companies that derive >5% of turnover from the manufacture of tobacco products.
- Weapons systems: Will not invest in companies that derive >5% of turnover from the manufacture or sale of armaments, weapon systems or critical components of weapon systems

Voting & Engagement

Engagement

Policy overview

The aims of Norwich Union's engagement policy are to press for improved environmental, social and corporate governance policies. More specifically, the main engagement themes for this year are climate change, human rights, environment and safety, transparency and globalisation.

Methods of engagement

Meetings with companies, building long term relationships and dialogue to communicate concerns. Site visits to gain an insight into company management and operations. Correspondence via letters, emails and phone calls are used to gather information and communicate regarding specific issues.

Examples of recent engagement

Norwich Union have recently engaged with the following companies: Augean Plc (wider impacts of waste disposal operations), Banco Santander/Abbey National (Governance concerns as a result of Abbey National acquisition), Morrisons (CSR reporting and management of SEE issues) and Peacock (Management of supply chain)

What further steps taken when engagement is considered unsuccessful?

If a company continuously fails to respond raised issues, Norwich Union may use its shareholder vote to encourage change. Norwich Union would consider filing resolutions on social, environmental and governance issues where it feels that management failure to address an issue jeopardises the interests of shareholders. Norwich Union may exclude companies from its portfolios on the basis of poor management of social, environmental governance issues regardless.

Voting

Policy overview:

The fund applies the Norwich Union Fund Management Corporate Governance policy. This policy requires adherence to the best-practice codes of conduct on composition of the board, tenure of director appointments, and remuneration structures. In addition, the Corporate Governance voting policy requires UK FTSE 100 companies, and those mid-cap companies in environmentally sensitive areas to publish a robust environmental report as part of the company's annual report and accounts. If such a report is not forthcoming, Norwich Union will vote against accepting that company's report & accounts at their AGM. This leading voting policy applies to all funds under management, extending beyond merely the assets held in the SRI funds. Norwich Union also maintain the right to vote against environmentally or socially damaging proposals where believe the company is exposing itself to unnecessary risk.

Are voting practices disclosed?

Yes - www.norwichunion.com/sri

Examples of recent voting activity:

Norwich Union Fund Management voted at 143 shareholder meetings in quarter 1 January to 31 March 2005. At 56 of these meetings Norwich Union voted against or abstained on at least one resolution.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used In-House (A team of 5 dedicated SRI Analysts)

Contact Details and Further Information

Manager name	Norwich Union Fund Management
Fund company	Norwich Union
SRI Website	www.norwichunion.com/press/faq-ethical-investments.htm

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact: [Paul Moody](mailto:Paul.moody@NorwichUnionfm.com) on 020 7809 6197 or email [Paul.moody@Norwich Unionfm.com](mailto:Paul.moody@NorwichUnionfm.com)

Norwich Sustainable Future Corporate Bond Fund

IRIS Ethical Investment Overview

The Norwich Sustainable Future Funds' investment philosophy is based on the concept and goal of global sustainable development. The funds are managed by Norwich Union Fund Management. The funds seek out investment in companies whose core business and operational processes address environmental and social problems (e.g. resource shortage, climate change, world health and human rights abuses). The funds seek to invest in sectors such as renewable or low-emission energies, healthcare, education and waste recycling and will not invest in companies or sectors which have been identified to be in conflict with environmental and social sustainability (e.g. tobacco or nuclear power). The investment philosophy also focuses on management vision, process and practice. Each company is awarded an SRI rating based on an analysis of both core business and management practices. The Sustainable Future funds' specific SRI criteria are based on a sustainability matrix. Each company is awarded an SRI rating, based on an analysis of the company's core business (what it does) and the processes and practices employed (how they do it). This process was developed by the SRI team to provide a link between the definition of their investable universe and their SRI criteria. This method is designed to promote transparency by providing investors with a clear vision of which companies are eligible for inclusion in Norwich Union's portfolios. The matrix approach rates companies according to the extent to which they their core business activity provides a sustainability solution, such as renewable energies, healthcare or education. The matrix also rates companies' policy and practices and the highest grades are awarded to those companies displaying the highest standards in areas such as environmental management, human rights & supply chain issues and corporate governance.

Ethical Policy

Positive investment criteria

- The fund seeks out investment in companies whose core business and operational processes address environmental and social problems (e.g. resource shortage, climate change, world health and human rights abuses). It will seek to invest in sectors such as renewable or low-emission energies, healthcare, education and waste recycling.

Negative investment criteria

- Alcohol: Only invest in companies that adopt policies and practices to address responsible marketing, consumption and sale of their products.
- Animal welfare: No companies that derive >20% of turnover from the provision of animal testing services. No companies that test or commission testing on chimpanzees, primates or are involved in xenotransplantation (transplanting organs from animals to humans). No companies that use animal testing to manufacture or develop non-medical products
- Climate change: No companies that derive >20% of turnover from airports, airlines or cars powered by the internal combustion engine. No companies that derive >20% of turnover from the production of energy intensive materials (e.g. steel, cement) unless management has introduced substantive steps to minimise greenhouse gas emissions. No oil and gas companies whose reserves are under 60% natural gas reserves
- Deforestation: Will not invest in forestry and paper companies unless they have policies and practices in place to ensure that forests are managed in a sustainable way (e.g. the Forest Stewardship Council or similar certification schemes). No companies that are involved in the deforestation of primary or virgin forest or illegal logging practices.
- Ozone depleting substances: No companies that derive >20% of turnover from the manufacture of ozone depleting substances.
- Gambling: No companies that derive >20% of turnover from the management or ownership of gambling facilities
- Genetic engineering: No companies involved in the commercial release of genetically engineered organisms
- Human rights: No companies that consistently violate international human rights standards (see position paper for further information)
- Intensive farming: No companies that derive >20% of turnover from the manufacture of chemical pesticides. No companies that derive >20% of turnover from intensive meat farming

- Nuclear: No companies that derive >20% of turnover from owning or operating nuclear power stations. No companies that derive >20% of turnover from uranium mining or reprocessing of nuclear fuel. No companies that derive >20% of turnover from the development or manufacture of non-safety related products for nuclear power plants
- Pornography: No companies that derive >20% of turnover from the production or distribution of pornographic material. No companies that derive >20% of turnover from owning or operating adult establishments.
- Tobacco: Will not invest in companies that derive >5% of turnover from the manufacture of tobacco products.
- Weapons systems: Will not invest in companies that derive >5% of turnover from the manufacture or sale of armaments, weapon systems or critical components of weapon systems

Voting & Engagement

Engagement

Policy overview

The aims of Norwich Union's engagement policy are to press for improved environmental, social and corporate governance policies. More specifically, the main engagement theme for this year are climate change, human rights, environment and safety, transparency and globalisation.

Methods of engagement

Meetings with companies, building long term relationships and dialogue to communicate concerns. Site visits to gain an insight into company management and operations. Correspondence via letters, emails and phone calls are used to gather information and communicate regarding specific issues.

Examples of recent engagement

Norwich Union have recently engaged with the following companies: Augean Plc (wider impacts of waste disposal operations), Banco Santander/Abbey National (Governance concerns as a result of Abbey National acquisition), Morrisons (CSR reporting and management of SEE issues) and Peacock (Management of supply chain).

What further steps taken when engagement is considered unsuccessful?

If a company continuously fails to respond raised issues, Norwich Union may use its shareholder vote to encourage change. Norwich Union would consider filing resolutions on social, environmental and governance issues where it feels that management failure to address an issue jeopardises the interests of shareholders. Norwich Union may exclude companies from its portfolios on the basis of poor management of social, environmental governance issues regardless.

Voting

Policy overview:

The fund applies the Norwich Union Fund Management Corporate Governance policy. This policy requires adherence to the best-practice codes of conduct on composition of the board, tenure of director appointments, and remuneration structures. In addition, the Corporate Governance voting policy requires UK FTSE 100 companies, and those mid-cap companies in environmentally sensitive areas to publish a robust environmental report as part of the company's annual report and accounts. If such a report is not forthcoming, Norwich Union will vote against accepting that company's report & accounts at their AGM. This leading voting policy applies to all funds under management, extending beyond merely the assets held in the SRI funds. Norwich Union also maintain the right to vote against environmentally or socially damaging proposals where believe the company is exposing itself to unnecessary risk.

Are voting practices disclosed?

Yes - www.norwichunion.com/sri

Examples of recent voting activity:

Norwich Union Fund Management voted at 143 shareholder meetings in quarter 1 January to 31 March 2005. At 56 of these meetings Norwich Union voted against or abstained on at least one resolution.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House (A team of 5 dedicated SRI Analysts)
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Contact Details and Further Information

Manager name	Norwich Union Fund Management
Fund company	Norwich Union
SRI Website	www.norwichunion.com/press/faq-ethical-investments.htm

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact: [Paul Moody](mailto:Paul.moody@NorwichUnionfm.com) on 020 7809 6197 or email [Paul.moody@Norwich Unionfm.com](mailto:Paul.moody@NorwichUnionfm.com)

Norwich Sustainable Future European Growth Fund

IRIS Ethical Investment Overview

The Norwich Sustainable Future Funds' investment philosophy is based on the concept and goal of global sustainable development. The funds are managed by Norwich Union Fund Management. The funds seek out investment in companies whose core business and operational processes address environmental and social problems (e.g. resource shortage, climate change, world health and human rights abuses). The funds seek to invest in sectors such as renewable or low-emission energies, healthcare, education and waste recycling and will not invest in companies or sectors which have been identified to be in conflict with environmental and social sustainability (e.g. tobacco or nuclear power). The investment philosophy also focuses on management vision, process and practice. Each company is awarded an SRI rating based on an analysis of both core business and management practices. The Sustainable Future funds' specific SRI criteria are based on a sustainability matrix. Each company is awarded an SRI rating, based on an analysis of the company's core business (what it does) and the processes and practices employed (how they do it). This process was developed by the SRI team to provide a link between the definition of their investable universe and their SRI criteria. This method is designed to promote transparency by providing investors with a clear vision of which companies are eligible for inclusion in Norwich Union's portfolios. The matrix approach rates companies according to the extent to which they their core business activity provides a sustainability solution, such as renewable energies, healthcare or education. The matrix also rates companies' policy and practices and the highest grades are awarded to those companies displaying the highest standards in areas such as environmental management, human rights & supply chain issues and corporate governance.

Ethical Policy

Positive investment criteria

- The fund seeks out investment in companies whose core business and operational processes address environmental and social problems (e.g. resource shortage, climate change, world health and human rights abuses). It will seek to invest in sectors such as renewable or low-emission energies, healthcare, education and waste recycling.

Negative investment criteria

- Alcohol: Only invest in companies that adopt policies and practices to address responsible marketing, consumption and sale of their products.
- Animal welfare: No companies that derive >20% of turnover from the provision of animal testing services. No companies that test or commission testing on chimpanzees, primates or are involved in xenotransplantation (transplanting organs from animals to humans). No companies that use animal testing to manufacture or develop non-medical products
- Climate change: No companies that derive >20% of turnover from airports, airlines or cars powered by the internal combustion engine. No companies that derive >20% of turnover from the production of energy intensive materials (e.g. steel, cement) unless management has introduced substantive steps to minimise greenhouse gas emissions. No oil and gas companies whose reserves are under 60% natural gas reserves
- Deforestation: Will not invest in forestry and paper companies unless they have policies and practices in place to ensure that forests are managed in a sustainable way (e.g. the Forest Stewardship Council or similar certification schemes). No companies that are involved in the deforestation of primary or virgin forest or illegal logging practices.
- Ozone depleting substances: No companies that derive >20% of turnover from the manufacture of ozone depleting substances.
- Gambling: No companies that derive >20% of turnover from the management or ownership of gambling facilities
- Genetic engineering: No companies involved in the commercial release of genetically engineered organisms
- Human rights: No companies that consistently violate international human rights standards (see position paper for further information)
- Intensive farming: No companies that derive >20% of turnover from the manufacture of chemical pesticides. No companies that derive >20% of turnover from intensive meat farming

- Nuclear: No companies that derive >20% of turnover from owning or operating nuclear power stations. No companies that derive >20% of turnover from uranium mining or reprocessing of nuclear fuel. No companies that derive >20% of turnover from the development or manufacture of non-safety related products for nuclear power plants
- Pornography: No companies that derive >20% of turnover from the production or distribution of pornographic material. No companies that derive >20% of turnover from owning or operating adult establishments.
- Tobacco: Will not invest in companies that derive >5% of turnover from the manufacture of tobacco products.
- Weapons systems: Will not invest in companies that derive >5% of turnover from the manufacture or sale of armaments, weapon systems or critical components of weapon systems

Voting & Engagement

Engagement

Policy overview

The aims of Norwich Union's engagement policy are to press for improved environmental, social and corporate governance policies. More specifically, the main engagement themes for this year are climate change, human rights, environment and safety, transparency and globalisation.

Methods of engagement

Meetings with companies, building long term relationships and dialogue to communicate concerns. Site visits to gain an insight into company management and operations. Correspondence via letters, emails and phone calls are used to gather information and communicate regarding specific issues.

Examples of recent engagement

Norwich Union have recently engaged with the following companies: Augean Plc (wider impacts of waste disposal operations), Banco Santander/Abbey National (Governance concerns as a result of Abbey National acquisition), Morrisons (CSR reporting and management of SEE issues) and Peacock (Management of supply chain)

What further steps taken when engagement is considered unsuccessful?

If a company continuously fails to respond raised issues, Norwich Union may use its shareholder vote to encourage change. Norwich Union would consider filing resolutions on social, environmental and governance issues where it feels that management failure to address an issue jeopardises the interests of shareholders. Norwich Union may exclude companies from its portfolios on the basis of poor management of social, environmental governance issues regardless.

Voting

Policy overview:

The fund applies the Norwich Union Fund Management Corporate Governance policy. This policy requires adherence to the best-practice codes of conduct on composition of the board, tenure of director appointments, and remuneration structures. In addition, the Corporate Governance voting policy requires UK FTSE 100 companies, and those mid-cap companies in environmentally sensitive areas to publish a robust environmental report as part of the company's annual report and accounts. If such a report is not forthcoming, Norwich Union will vote against accepting that company's report & accounts at their AGM. This leading voting policy applies to all funds under management, extending beyond merely the assets held in the SRI funds. Norwich Union also maintain the right to vote against environmentally or socially damaging proposals where believe the company is exposing itself to unnecessary risk.

Are voting practices disclosed?

Yes - www.norwichunion.com/sri

Examples of recent voting activity:

Norwich Union Fund Management voted at 143 shareholder meetings in quarter 1 January to 31 March 2005. At 56 of these meetings Norwich Union voted against or abstained on at least one resolution.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

Yes

Research

Research resources used In-House (A team of 5 dedicated SRI Analysts)

Contact Details and Further Information

Manager name	Norwich Union Fund Management
Fund company	Norwich Union
SRI Website	www.norwichunion.com/press/faq-ethical-investments.htm
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Paul Moody on 020 7809 6197 or email Paul.moody@Norwich Unionfm.com

Norwich Sustainable Future Global Growth Fund

IRIS Ethical Investment Overview

The Norwich Sustainable Future Funds' investment philosophy is based on the concept and goal of global sustainable development. The funds are managed by Norwich Union Fund Management. The funds seek out investment in companies whose core business and operational processes address environmental and social problems (e.g. resource shortage, climate change, world health and human rights abuses). The funds seek to invest in sectors such as renewable or low-emission energies, healthcare, education and waste recycling and will not invest in companies or sectors which have been identified to be in conflict with environmental and social sustainability (e.g. tobacco or nuclear power). The investment philosophy also focuses on management vision, process and practice. Each company is awarded an SRI rating based on an analysis of both core business and management practices. The Sustainable Future funds' specific SRI criteria are based on a sustainability matrix. Each company is awarded an SRI rating, based on an analysis of the company's core business (what it does) and the processes and practices employed (how they do it). This process was developed by the SRI team to provide a link between the definition of their investable universe and their SRI criteria. This method is designed to promote transparency by providing investors with a clear vision of which companies are eligible for inclusion in Norwich Union's portfolios. The matrix approach rates companies according to the extent to which they their core business activity provides a sustainability solution, such as renewable energies, healthcare or education. The matrix also rates companies' policy and practices and the highest grades are awarded to those companies displaying the highest standards in areas such as environmental management, human rights & supply chain issues and corporate governance.

Ethical Policy

Positive investment criteria

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Negative investment criteria

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- Deforestation: Will not invest in forestry and paper companies unless they have policies and practices in place to ensure that forests are managed in a sustainable way (e.g. the Forest Stewardship Council or similar certification schemes). No companies that are involved in the deforestation of primary or virgin forest or illegal logging practices.
- Ozone depleting substances: No companies that derive >20% of turnover from the manufacture of ozone depleting substances.
- Gambling: No companies that derive >20% of turnover from the management or ownership of gambling facilities
- Genetic engineering: No companies involved in the commercial release of genetically engineered organisms
- Human rights: No companies that consistently violate international human rights standards (see position paper for further information)
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- Weapons systems: Will not invest in companies that derive >5% of turnover from the manufacture or sale of armaments, weapon systems or critical components of weapon systems

Voting & Engagement

Engagement

Policy overview

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Examples of recent engagement

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Voting

Policy overview:

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Are voting practices disclosed?

Yes - www.norwichunion.com/sri

Examples of recent voting activity:

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Transparency

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Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used

In-House (A team of 5 dedicated SRI Analysts)

Contact Details and Further Information

Manager name

Norwich Union Fund Management

Fund company

Norwich Union

SRI Website

www.norwichunion.com/press/faq-ethical-investments.htm

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Paul Moody on 020 7809 6197 or email Paul.moody@NorwichUnionfm.com

Norwich Sustainable Future Managed Fund

EURIS Ethical Investment Overview

The Norwich Sustainable Future Funds' investment philosophy is based on the concept and goal of global sustainable development. The funds are managed by Norwich Union Fund Management. The funds seek out investment in companies whose core business and operational processes address environmental and social problems (e.g. resource shortage, climate change, world health and human rights abuses). The funds seek to invest in sectors such as renewable or low-emission energies, healthcare, education and waste recycling and will not invest in companies or sectors which have been identified to be in conflict with environmental and social sustainability (e.g. tobacco or nuclear power). The investment philosophy also focuses on management vision, process and practice. Each company is awarded an SRI rating based on an analysis of both core business and management practices. The Sustainable Future funds' specific SRI criteria are based on a sustainability matrix. Each company is awarded an SRI rating, based on an analysis of the company's core business (what it does) and the processes and practices employed (how they do it). This process was developed by the SRI team to provide a link between the definition of their investable universe and their SRI criteria. This method is designed to promote transparency by providing investors with a clear vision of which companies are eligible for inclusion in Norwich Union's portfolios. The matrix approach rates companies according to the extent to which their core business activity provides a sustainability solution, such as renewable energies, healthcare or education. The matrix also rates companies' policy and practices and the highest grades are awarded to those companies displaying the highest standards in areas such as environmental management, human rights & supply chain issues and corporate governance.

Ethical Policy

Positive investment criteria

- The fund seeks out investment in companies whose core business and operational processes address environmental and social problems (e.g. resource shortage, climate change, world health and human rights abuses). It will seek to invest in sectors such as renewable or low-emission energies, healthcare, education and waste recycling.

Negative investment criteria

- Alcohol: Only invest in companies that adopt policies and practices to address responsible marketing, consumption and sale of their products.
- Animal welfare: No companies that derive >20% of turnover from the provision of animal testing services. No companies that test or commission testing on chimpanzees, primates or are involved in xenotransplantation (transplanting organs from animals to humans). No companies that use animal testing to manufacture or develop non-medical products
- Climate change: No companies that derive >20% of turnover from airports, airlines or cars powered by the internal combustion engine. No companies that derive >20% of turnover from the production of energy intensive materials (e.g. steel, cement) unless management has introduced substantive steps to minimise greenhouse gas emissions. No oil and gas companies whose reserves are under 60% natural gas reserves
- Deforestation: Will not invest in forestry and paper companies unless they have policies and practices in place to ensure that forests are managed in a sustainable way (e.g. the Forest Stewardship Council or similar certification schemes). No companies that are involved in the deforestation of primary or virgin forest or illegal logging practices.
- Ozone depleting substances: No companies that derive >20% of turnover from the manufacture of ozone depleting substances.
- Gambling: No companies that derive >20% of turnover from the management or ownership of gambling facilities
- Genetic engineering: No companies involved in the commercial release of genetically engineered organisms
- Human rights: No companies that consistently violate international human rights standards (see position paper for further information)
- Intensive farming: No companies that derive >20% of turnover from the manufacture of chemical pesticides. No companies that derive >20% of turnover from intensive meat farming
- Nuclear: No companies that derive >20% of turnover from owning or operating nuclear power stations. No companies that derive >20% of turnover from uranium mining or reprocessing of nuclear fuel. No companies that derive >20% of turnover from the development or

- manufacture of non-safety related products for nuclear power plants
- Pornography: No companies that derive >20% of turnover from the production or distribution of pornographic material. No companies that derive >20% of turnover from owning or operating adult establishments.
- Tobacco: Will not invest in companies that derive >5% of turnover from the manufacture of tobacco products.
- Weapons systems: Will not invest in companies that derive >5% of turnover from the manufacture or sale of armaments, weapon systems or critical components of weapon systems

Voting & Engagement

Engagement

Policy overview

The aims of Norwich Union's engagement policy are to press for improved environmental, social and corporate governance policies. More specifically, the main engagement themes for this year are climate change, human rights, environment and safety, transparency and globalisation.

Methods of engagement

Meetings with companies, building long term relationships and dialogue to communicate concerns. Site visits to gain an insight into company management and operations. Correspondence via letters, emails and phone calls are used to gather information and communicate regarding specific issues.

Examples of recent engagement

Norwich Union have recently engaged with the following companies: Augean Plc (wider impacts of waste disposal operations), Banco Santander/Abbey National (Governance concerns as a result of Abbey National acquisition), Morrisons (CSR reporting and management of SEE issues) and Peacock (Management of supply chain)

What further steps taken when engagement is considered unsuccessful?

If a company continuously fails to respond raised issues, Norwich Union may use its shareholder vote to encourage change. Norwich Union would consider filing resolutions on social, environmental and governance issues where it feels that management failure to address an issue jeopardises the interests of shareholders. Norwich Union may exclude companies from its portfolios on the basis of poor management of social, environmental governance issues regardless.

Voting

Policy overview:

The fund applies the Norwich Union Fund Management Corporate Governance policy. This policy requires adherence to the best-practice codes of conduct on composition of the board, tenure of director appointments, and remuneration structures. In addition, the Corporate Governance voting policy requires UK FTSE 100 companies, and those mid-cap companies in environmentally sensitive areas to publish a robust environmental report as part of the company's annual report and accounts. If such a report is not forthcoming, Norwich Union will vote against accepting that company's report & accounts at their AGM. This leading voting policy applies to all funds under management, extending beyond merely the assets held in the SRI funds. Norwich Union also maintain the right to vote against environmentally or socially damaging proposals where believe the company is exposing itself to unnecessary risk.

Are voting practices disclosed?

Yes - www.norwichunion.com/sri

Examples of recent voting activity:

Norwich Union Fund Management voted at 143 shareholder meetings in quarter 1 January to 31 March 2005. At 56 of these meetings Norwich Union voted against or abstained on at least one resolution.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-House (A team of 5 dedicated SRI Analysts)
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Contact Details and Further Information

Manager name	Norwich Union Fund Management
Fund company	Norwich Union
SRI Website	www.norwichunion.com/press/faq-ethical-investments.htm

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact: [Paul Moody](mailto:Paul.moody@Norwich-Unionfm.com) on 020 7809 6197 or email Paul.moody@Norwich-Unionfm.com

Norwich Sustainable UK Growth Fund

ERIS Ethical Investment Overview

The Norwich Sustainable Future Funds' investment philosophy is based on the concept and goal of global sustainable development. The funds are managed by Norwich Union Fund Management. The funds seek out investment in companies whose core business and operational processes address environmental and social problems (e.g. resource shortage, climate change, world health and human rights abuses). The funds seek to invest in sectors such as renewable or low-emission energies, healthcare, education and waste recycling and will not invest in companies or sectors which have been identified to be in conflict with environmental and social sustainability (e.g. tobacco or nuclear power). The investment philosophy also focuses on management vision, process and practice. Each company is awarded an SRI rating based on an analysis of both core business and management practices. The Sustainable Future funds' specific SRI criteria are based on a sustainability matrix. Each company is awarded an SRI rating, based on an analysis of the company's core business (what it does) and the processes and practices employed (how they do it). This process was developed by the SRI team to provide a link between the definition of their investable universe and their SRI criteria. This method is designed to promote transparency by providing investors with a clear vision of which companies are eligible for inclusion in Norwich Union's portfolios. The matrix approach rates companies according to the extent to which they their core business activity provides a sustainability solution, such as renewable energies, healthcare or education. The matrix also rates companies' policy and practices and the highest grades are awarded to those companies displaying the highest standards in areas such as environmental management, human rights & supply chain issues and corporate governance.

Ethical Policy

Positive investment criteria

- The fund seeks out investment in companies whose core business and operational processes address environmental and social problems (e.g. resource shortage, climate change, world health and human rights abuses). It will seek to invest in sectors such as renewable or low-emission energies, healthcare, education and waste recycling.

Negative investment criteria

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- Deforestation: Will not invest in forestry and paper companies unless they have policies and practices in place to ensure that forests are managed in a sustainable way (e.g. the Forest Stewardship Council or similar certification schemes). No companies that are involved in the deforestation of primary or virgin forest or illegal logging practices.
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- Gambling: No companies that derive >20% of turnover from the management or ownership of gambling facilities
- Genetic engineering: No companies involved in the commercial release of genetically engineered organisms
- Human rights: No companies that consistently violate international human rights standards (see position paper for further information)
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- Nuclear: No companies that derive >20% of turnover from owning or operating nuclear power stations. No companies that derive >20% of turnover from

uranium mining or reprocessing of nuclear fuel. No companies that derive >20% of turnover from the development or manufacture of non-safety related products for nuclear power plants

- Pornography: No companies that derive >20% of turnover from the production or distribution of pornographic material. No companies that derive >20% of turnover from owning or operating adult establishments.
- Tobacco: Will not invest in companies that derive >5% of turnover from the manufacture of tobacco products.
- Weapons systems: Will not invest in companies that derive >5% of turnover from the manufacture or sale of armaments, weapon systems or critical components of weapon systems

Voting & Engagement

Engagement

Policy overview

The aims of Norwich Union's engagement policy are to press for improved environmental, social and corporate governance policies. More specifically, the main engagement themes for this year are climate change, human rights, environment and safety, transparency and globalisation.

Methods of engagement

Meetings with companies, building long term relationships and dialogue to communicate concerns. Site visits to gain an insight into company management and operations. Correspondence via letters, emails and phone calls are used to gather information and communicate regarding specific issues.

Examples of recent engagement

Norwich Union have recently engaged with the following companies: Augean Plc (wider impacts of waste disposal operations), Banco Santander/Abbey National (Governance concerns as a result of Abbey National acquisition), Morrisons (CSR reporting and management of SEE issues) and Peacock (Management of supply chain)

What further steps taken when engagement is considered unsuccessful?

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Voting

Policy overview:

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Are voting practices disclosed?

Yes - www.norwichunion.com/sri

Examples of recent voting activity:

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Transparency

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Signatory to the Eurosif Transparency Guidelines?*

Yes

Research

Research resources used

In-House (A team of 5 dedicated SRI Analysts)

Contact Details and Further Information

Manager name	Norwich Union Fund Management
Fund company	Norwich Union
SRI Website	www.norwichunion.com/press/faq-ethical-investments.htm
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Paul Moody on 020 7809 6197 or email Paul.moody@Norwich Unionfm.com

Norwich UK Ethical Fund

ERIS Ethical Investment Overview

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Ethical Policy

Positive investment criteria

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Voting & Engagement

Engagement

Policy overview

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Voting

Policy overview:

The fund applies the Norwich Union Fund Management Corporate Governance policy. This policy requires adherence to the best-practice codes of conduct on composition of the board, tenure of director appointments, and remuneration structures. In addition, the Corporate Governance voting policy requires UK FTSE 100 companies, and those mid-cap companies in environmentally sensitive areas to publish a robust environmental report as part of the company's annual report and accounts. If such a report is not forthcoming, Norwich Union will vote against accepting that company's report & accounts at their AGM. This leading voting policy applies to all funds under management, extending beyond merely the assets held in the SRI funds. Norwich Union also maintain the right to vote against environmentally or socially damaging proposals where believe the company is exposing itself to unnecessary risk.

Are voting practices disclosed?

Yes - www.norwichunion.com/sri

Examples of recent voting activity:

Norwich Union Fund Management voted at 143 shareholder meetings in quarter 1 January to 31 March 2005. At 56 of these meetings Norwich Union voted against or abstained on at least one resolution.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

Yes

Research

Research resources used

In-House (A team of 5 dedicated SRI Analysts)

Contact Details and Further Information

Manager name

Norwich Union Fund Management

Fund company

Norwich Union

SRI Website

www.norwichunion.com/press/faq-ethical-investments.htm

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Paul Moody on 020 7809 6197 or email Paul.moody@NorwichUnionfm.com

Old Mutual Ethical Fund

EURIS Ethical Investment Overview

The Old Mutual Ethical Fund seeks to invest in companies which are responding positively to the challenges of environmental sustainability, which are making a positive commitment to social issues which are to the long term benefit of the community, and those which avoid any significant involvement in armaments, animal testing, pornography, gambling, tobacco, or any other activities which are considered to have an adverse effect on health, the environment or human dignity. The Old Mutual Ethical Fund is a negative screening fund which excludes companies from the portfolio in breach of its negative criteria. It also has positive criteria which are requirements for portfolio companies.

Ethical Policy

Positive investment criteria

It is intended that the fund will consider investing in companies:

- committed to a positive approach to social issues, particularly concerning employee rights and equal opportunities
- which support and work with local communities and charitable causes
- with a consistently positive environmental policy and record
- committed to recycling waste products, reducing waste in their manufacturing processes and energy conservation
- which offer alternatives to animal tested goods, or use humane food production methods
- which are involved in public transport activities
- which offer safety and security products beneficial to the environment and to the community
- which invest in the training and development of employees
- which provide products or services identified as being basic necessities

Negative investment criteria

It is intended that the fund will not consider investing in:

- producers of alcoholic drinks or companies whose principal activity is the sale of alcoholic drinks
- producers of tobacco or companies who derive more than 10 per cent of their turnover from the sale of tobacco
- companies which are involved in the production and sale of armaments or products intended to endanger life
- companies which manufacture or sell environmentally harmful chemical substances and those which have a poor environmental record
- companies which exploit labour in the third world and developing countries or trade with suppliers who do so
- companies which support oppressive regimes or whose goods or services are to the detriment of the general population in countries with a poor human rights record
- companies encouraging degrading or addictive activities
- companies which test on animals.

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-House, EURIS< Other external

Contact Details and Further Information

Manager name

Old Mutual Asset Management

Fund company

Old Mutual

SRI Website

www.oldmutualfunds.co.uk

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

the marketing department on 020 7332 7500 or email info@oldmutualfunds.co.uk

Prudential Ethical Trust

IRIS Ethical Investment Overview

The Trust's objective is to maximise total long-term return by investment in a portfolio wholly or mainly invested in equity type securities of companies which satisfy a prescribed set of ethical criteria. Its investment criteria are "light green, striking a balance between ethical concerns and investment efficiency". The Trust is intended to be pragmatic and meet the ethical requirements of investors, but remain fully aware of the need to optimise investment return and risk. Other things being equal, the Trust favours securities of companies which promote equality of opportunity and take positive action to protect the environment. It has negative exclusion criteria, whereby companies are excluded from the portfolio if they are in breach of these criteria. It also has positive criteria which are not requirements but which are taken into account in determining if a company is acceptable for the portfolio. The Trust is managed by M&G, the Prudential Group's UK and European fund manager.

Ethical Policy

Positive investment criteria

Given the Trust's "light green" approach, the core principle of the stock selection process remains valuation, using both qualitative and quantitative methods to identify attractively valued stocks. The focus is on identifying those companies which have a strong and sustainable franchise that can deliver healthy long term returns. All else being equal, companies which do not meet the stated ethical and environmental standards are screened out of the investment universe for the fund. Accordingly, there is a greater emphasis in the fund on those companies which pass the screens. The fund chooses not to emphasise these companies further, other than on investment grounds. This is because such an approach would "require a subjective, non investment, view on how much to emphasis particular criteria. We believe clients do not expect us to exercise such judgement in our role as investment managers".

Negative investment criteria

The fund aims to exclude from its investment universe companies which fall into the categories described below: , Environment & Pollution, Health and Safety Convictions, Genetic Engineering, Tobacco Production, Exploitation of Animals, Military, Pornography, Developing Countries' Exploitation..

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	In-house research team, EIRIS, other external research resources
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Contact Details and Further Information

Fund Manager	The Trust is managed by M&G, the Prudential Group's UK and European fund manager.
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Fund company

Prudential Unit Trusts Ltd

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

www.pru.co.uk
PO Box 6106, Basildon, Essex, SS15 5NF

Quadris Environmental Fund

EIRIS Ethical Investment Overview

The fund exclusively invests in forestry projects. The ethical policy embodies the principles and criteria of the Forest Stewardship Council (FSC). Investments are made in accordance with positive selection criteria, ensuring that they are: ethical, sustainable, environmentally sound and socially pro-active. The policy has been approved by Quadris' board of directors and board of advisers. Changes can only be effected with the approval of both boards.

Ethical Policy

See ethical investment overview section

Voting & Engagement

Engagement

Policy overview

The Fund is actively involved in monitoring the standards of the management of forestry projects in which it invests, in relation to Environmental, Social, Ethical and Commercial performance.

Methods of engagement

The Board of Directors and Board of Advisers are in regular consultation with the Managers of the forestry plantations in which the Fund invests, on their Corporate Social Responsibility Strategy and are involved in the development and improvement of this strategy.

Examples of recent engagement

Engagement with the Forestry Managers has resulted in increased external benchmarking of environmental standards. In addition to FSC Certification, all plantations are now managed to ISO 14001 environmental standards and are certified as being compliant with GHG 031 ("Climate Friendly Forests") of the Kyoto Protocol.

What further steps taken when engagement is considered unsuccessful?

-

Voting

Policy overview:

None applicable – this fund does not have a voting policy.

Holdings*

Company

▪ Floresteca AgroFloreal Ltda	Managing 24 plantations in the State of Mato Grosso, Brazil according to FSC, ISO 14001 and GHG 031 certification.
▪ Floresteca B.V.	Interest Bearing Certificates & Zero Coupon Bonds

Please note that this is a fund specially designed for forestry conservation, for further references contact the Fund Manager responsible

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?* No

Research

Research resources used In-house, SGS Forestry (UK), Jaakko Poyry Consulting (UK)

Contact Details and Further Information

Fund Manager	Blue Sea International Ltd
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Fund company	Quadris
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SRI Website	www.quadris.co.uk
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Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

Ian hook on 01483 756800 or email invest@quadris.co.uk

Rathbone Ethical Bond Fund

IRIS Ethical Investment Overview

The Rathbone Ethical Bond Fund has negative exclusion criteria and positive criteria which are requirements for companies. Bond issuing companies involved in any of the activities outlined by the negative criteria will not be considered for inclusion in the fund universe. Bond issuing companies demonstrating well-developed policies and practices in at least one of the positive areas will be included in the fund universe, providing they are not involved in any areas of negative concern. The Fund also has positive and negative criteria which are taken into account when deciding whether a company is acceptable for the portfolio. The Fund's Ethical Screening Committee discusses these on a case by case basis. The fund's policy is reviewed at six-monthly meetings between the Ethical Screening Committee (including co-heads of the Ethical Team) and an external panel representing unit holders.

Ethical Policy

Positive investment criteria

To qualify for inclusion in the fund's universe, companies issuing bonds should demonstrate progressive or well developed policies in one of the following key areas: Management of environmental impacts: companies should have a clearly defined and published policy for managing their environmental impact. This should include: having a nominated board member with responsibility for environmental issues; and monitoring and reporting on progress against key performance indicators (KPIs) in areas such as waste disposal and recycling, consumption of water and fuel, emissions to air, and discharges to land and water, Human rights: companies should comply with local and national standards in accordance with minimums set by the International Labour Organization (ILO) and UN Universal Declaration of Human Rights (UDHR). Alternatively, companies may implement their own codes of conduct to ensure compliance with local laws covering child labour, working conditions and health & safety, Provision of beneficial products and services: companies should be involved in designing or manufacturing products that have social and environmental benefits.

These might include companies which make industrial processes cleaner or more efficient; companies involved in enabling compliance with health & safety legislation; companies engaged in supplying educational products or services; or companies involved in waste recycling or acceptable forms of waste management (excluding energy-from-waste incineration), Corporate community investment: companies should demonstrate long-term giving programmes of benefit to the community, either via cash donations or gifts in kind (e.g. staff time, use of buildings or office facilities). Membership of corporate giving benchmarking groups such as Business in the Community's PerCent Club or the London Benchmarking Group, Employment: companies should demonstrate a commitment to workplace diversity and equal opportunities, as well as facilitating employee work/life balance by offering flexible working, carer's leave and/or childcare facilities.

Negative investment criteria

The fund shall exclude bonds issued by companies involved in the following activities:

- Alcohol: companies involved in the production of alcoholic beverages
- Animal testing: companies providing animal testing facilities, or those which use animals in the discovery or development of pharmaceutical or healthcare products; ; manufacturers or retailers not adopting a fixed cut-off date policy with regard to the testing of cosmetic or household products (and their ingredients) on animals
- Armaments: manufacturers or vendors of strategic weapon systems, ordnance or combat vehicles
- Environmentally unsustainable or high impact activities: companies involved in mineral extraction, fossil fuel exploration & production, quarrying, agrochemical production, production of genetically modified seeds or foodstuffs; sale of hardwood products from non-sustainable sources, motor car manufacturing, or road building. Also, those companies with convictions for serious or persistent pollution offences
- Gambling: companies operating betting or gaming facilities (including casinos, betting shops and internet-based services)
- Nuclear power: companies involved in the construction of nuclear power plants, the generation of electricity from nuclear power, or the handling or reprocessing of radioactive waste
- Pornography: companies involved in the production or sale of pornographic material
- Tobacco: manufacturers or wholesalers of tobacco or tobacco products

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?* No

Research

Research resources used In-house research team, EIRIS, other external research resources

Contact Details and Further Information

Manager name	Rathbone Unit Trust Management
Fund company	Rathbone Unit Trusts
Website	www.rathboneunittrusts.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	David Holloway on 020 7399 0189 or email david.holloway@rathbones.com

Royal London Ethical Bond Trust

EIRIS Ethical Investment Overview

The Royal London Ethical Bond Trust, which is an authorised unit trust. It invests primarily in Sterling denominated fixed interest securities issued by companies or organizations that meet the predefined set of negative ethical criteria. The trust holds a policy of not investing in companies and organizations with significant trading sectors in alcohol, armaments, gambling, tobacco and pornography. Further details are provided below.

Ethical Policy

Positive investment criteria

The Trust does not have positive investment criteria

Negative investment criteria

The Royal London Ethical Bond Trust adopts a broad policy of not investing in companies and organisations with significant trading interests* in the following five sectors:

Alcohol (Involvement in brewing, distillation or sale of alcoholic drinks)

Armaments (Manufacture of armaments or nuclear weapons or associated strategic products)

Gambling (Have investments in betting shops, casinos or amusement arcades)

Tobacco (Growing, processing or sale of tobacco products)

Pornography (Provide adult entertainment services)

* the Trust defines significant as greater than 10% of turnover in either one of these sectors or 10% of turnover of these sectors combined

Voting & Engagement

Engagement

Policy overview

Information not available

Voting

Policy overview:

Information not available

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-house, EIRIS

Contact Details and Further Information

Manager name

Paola Binns

Fund company

Royal London Asset Management

Website

www.rlam.co.uk

Socially Responsible Investment (SRI) contact. For further information regarding this fund:

Email stan.bland@rlam.co.uk or call 020 7506 6559

Schroders Global Climate Change Fund

EIRIS Ethical Investment Overview

The Schroders ISF Global Climate Change Equity aims to invest in companies that create products or offer services which help to mitigate or adapt to the effects of climate change. In defining the investment universe, the fund assesses the impact of climate change on a company's investment potential.

Investment Policy

To be included in Schroders' climate change investment universe, a company must meet at least one or more of the following five criteria must be met:

- the company is positioning themselves as industry leaders in new products/services
- climate change impact is related to the necessary reaction to climate change trends/legislation
- management is embracing climate change in their corporate policy
- they are developing products/services designed to mitigate/adapt to the effects of climate change
- investing in climate change-related research and development

The fund utilises the following five key themes for growth in constructing its investment portfolio: Energy efficiency, Clean energy, Environmental resources, Low carbon fossil fuels, Sustainable transport. It aims to invest in companies that create products or offer services which help to mitigate or adapt to the effects of climate change.

Mitigation is defined as activities to prevent the worse future impacts of climate change. For example, companies developing new technologies to reduce greenhouse gas emissions. Mitigation activities are described as:

- Energy efficiency (e.g. reducing energy wastage)
- Shift from high-carbon to low-carbon fuels (e.g. decreasing dependence on coal and oil)
- Renewable technology (e.g. Carbon free or low carbon alternatives to fossil fuels)
- Carbon capture & sequestration (e.g. physically removing or storing carbon dioxide)

Adaptation is defined as changes we will have to make to accommodate the effects of climate change. For example, companies that construct buildings designed to withstand more extreme weather. Adaptation activities are described as:

- Agriculture (e.g. crop failure and lower yields from current strains)
- Forestry (e.g. depletion of forests)
- Water resources (e.g. changing rainfall patterns water becoming more scarce)
- Coastal (e.g. rising sea levels and greater threat of flooding)
- Ecosystems (e.g. damage to fragile environments such rainforests, tundra, etc)

The fund will not invest in:

- Companies where the investment case is not significantly affected by climate change
- Companies that experience cost pressures due to climate change or whose products decrease in demand
- Companies that do not recognise and embrace the importance and impact of climate change.

Voting & Engagement

Engagement

Policy overview

Information unavailable

Voting

Policy overview:

Not available

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?* | No

Research

Research resources used | In-house

Contact Details and Further Information

Fund Manager name | Simon Webber and Matthew Franklin

Fund company | Schroders

Website | www.schroders.com/climatechange

Socially Responsible Investment (SRI) contact. For further information regarding this fund, visit: www.schroders.com

Scottish Widows Environmental Investor Fund

IRIS Ethical Investment Overview

The Scottish Widows Environmental Investor Fund aims to invest in companies, mainly in the UK, which show a positive commitment to the protection and preservation of the natural environment. The fund's investment universe is drawn from companies benchmarked against a broad range of ethical criteria. The Scottish Widows Ethical Fund has negative exclusion criteria which exclude companies from the portfolio. It also has other positive and negative criteria which are taken into account in determining if a company is acceptable for the portfolio. This is done by assigning weightings or scores to the criteria and companies with the highest scores are preferred. In general positives must outweigh negatives for each company in the portfolio. The fund's policy has been approved by the Trustees, the Conservation Foundation Fund Committee and Scottish Widows. Changes to the policy would be the decision of the Committee.

Ethical Policy

Positive investment criteria

The fund will actively seek to invest in the following:

- companies which use sustainably managed forests to supply wood as raw materia
- companies which have taken steps to stop the use of CFCs in aerosols or foam packaging, or which have controlled CFC emissions from refrigeration plants
- companies which have taken initiatives in the following areas; recycled paper or cardboard, bottlebanks/refundable glass bottles, recycling waste, biodegradable packaging, use of reverse vending machines
- companies which demonstrate leadership in use of derelict inner city land, screening of sites, reinstatement of the environment after extraction or development companies that have achieved a significant reduction in fuel bills by efficient energy conservation, and those who are involved in producing goods involving efficient use of energy i.e. insulation materials or solar heating this could range from the use of lead free petrol in company cars to companies involved in the production and or retail of more energy efficient or more environmentally friendly transport
- companies involved in control of emissions of nitrates, oil, chemicals etc. into waterways or the atmosphere; control use of bleaches for paper products; water or sewage treatments
- companies which actively avoid the use of endangered species as raw materials for e.g. jewellery or cosmetics. companies which take steps to preserve the natural habitats of flora and fauna threatened by developments of that company and others
- companies involved in growing, producing or retailing organic produce (to Soil Association standard).
- companies which actively avoid production or use of drugs or hormones used to promote yields through intensive farming
- companies which sponsor environmental projects or have evidence of comprehensive employee health and safety initiatives

Negative investment criteria

This fund does not have negative investment criteria

Voting & Engagement

Engagement

Policy overview

SWIP engagement policy applies to investments held in both ethical and non-ethical funds. SWIP's engagement policy 'reflects the view that co-operation not conflict is most likely to promote a successful outcome for the company and its investors'. SWIP's Corporate Governance Policy and Policy on Shareholder Engagement set out SWIP's approach to voting and engagement (see www.swip.com). Where concerns are considered serious SWIP may meet with the Chairman, with non-executive directors or raise issues with the company's advisors. SWIP maintains good relationships with other investment managers and representative bodies within the fund management industry. This enables them, when necessary, to work with other institutional shareholders to press for change.

Methods of engagement

SWIP communicates with company management and investor relations teams through regular meetings, telephone conferences and site visits at least once a year. Group strategy, SRI criteria and corporate governance issues are some of the topics that are discussed. SWIP also take part in collective discussions with other shareholders on necessary issues.

Examples of recent engagement

SWIP recently engaged with management at Unilever regarding a waste disposal issue at their Indian subsidiary Hindustan Lever. Communications with the company included a requirement to improve waste disposal standards and to pay compensation to local villagers that were affected.

What further steps taken when engagement is considered unsuccessful?

-

Voting

Policy overview:

SWIPs normal practice is to vote on all resolutions put forward at company meetings and to vote all shares in its control where it has authority to do this. SWIPs stated policy is to support management as long as it is satisfied with its corporate governance stance and with its business conduct. SWIP will abstain in a resolution when it is unhappy with some elements of it or where a company has committed to review or address SWIPs concerns within a specified timescale. SWIP will vote against a resolution when a matter of significance is unresolved or if it is against their clients' best interests. When voting in the UK SWIP considers advice from external research providers but we does not follow the recommendations of any voting service. Each resolution at a UK company meeting is considered on a case-by-case basis by SWIP's Corporate Governance Director. When voting at overseas meetings SWIP generally follow the recommendations of ISS (Institutional Shareholder Services) with a few specific adjustments, unless a fund manager intervenes.

Are voting practices disclosed?

Voting practices are not publicly disclosed but voting reports are available to clients on request.

Examples of recent voting activity

-

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?* No

Research

Research resources used In-house, EIRIS, other external

Contact Details and Further Information

Manager name Scottish Widows Investment Partnership

Fund company Scottish Widows Investment Partnership

Website www.scottishwidows.co.uk

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact: Graham Mudie on 0845 300 2244

Scottish Widows Ethical Fund

EIRIS Ethical Investment Overview

The Scottish Widows Ethical Fund aims to invest in companies, mainly in the UK, with positive ethical practices. The fund's investment universe is drawn from companies benchmarked against a broad range of ethical criteria as detailed below. The Scottish Widows Ethical Fund has negative exclusion criteria and positive criteria which are requirements for companies. It also has other positive and negative criteria which are taken into account in determining if a company is acceptable for the portfolio. This is done by assigning weightings or scores to the criteria and companies with the highest scores are preferred. In general positives must outweigh negatives for each company in the portfolio. The policy and criteria are agreed between the independent Ethical Trust Advisory Board (ETAB) and Scottish Widows Investment Partnership (SWIP). SWIP meet quarterly with ETAB to review policy and criteria.

Ethical Policy

Positive investment criteria

The fund will seek to emphasise investment in companies involved in the following positive areas:

- Healthcare
- Care for the elderly
- Healthy eating
- Environmental protection and control
- Safety and security
- Developing world projects
- Education
- Relaxation and family leisure

Negative investment criteria

The fund will not, to the best of its knowledge, invest in companies with operations in the following negative areas:

- armaments
- nuclear processing
- alcohol and tobacco production
- animal experimentation for cosmetics
- gambling
- sale of fur
- pornography

Companies with strong positive criteria may have a small involvement in the following: sale of alcohol, sale of tobacco products, involvement in oppressive regimes, exploitation of scarce resources, provision of gambling facilities, genetic engineering of crops.

Voting & Engagement

Engagement

Policy overview

SWIP engagement policy applies to investments held in both ethical and non-ethical funds. SWIP's engagement policy 'reflects the view that co-operation not conflict is most likely to promote a successful outcome for the company and its investors'. SWIP's Corporate Governance Policy and Policy on Shareholder Engagement set out SWIP's approach to voting and engagement (see www.swip.com). Where concerns are considered serious SWIP may meet with the Chairman, with non-executive directors or raise issues with the company's advisors. SWIP maintains good relationships with other investment managers and representative bodies within the fund management industry. This enables them, when necessary, to work with other institutional shareholders to press for change.

Methods of engagement

SWIP communicates with company management and investor relations teams through regular meetings, telephone conferences and site visits at least once a year. Group strategy, SRI criteria and corporate governance issues are some of the topics that are discussed. SWIP also take part in collective discussions with other shareholders on necessary issues.

Examples of recent engagement

SWIP recently engaged with management at Unilever regarding a waste disposal issue at their Indian subsidiary Hindustan Lever. Communications with the company included a requirement to improve waste disposal standards and to pay compensation to local villagers that were affected.

What further steps taken when engagement is considered unsuccessful?

-

Voting

Policy overview:

SWIPs normal practice is to vote on all resolutions put forward at company meetings and to vote all shares in its control where it has authority to do this. SWIPs stated policy is to support management as long as it is satisfied with its corporate governance stance and with its business conduct. SWIP will abstain in a resolution when it is unhappy with some elements of it or where a company has committed to review or address SWIPs concerns within a specified timescale. SWIP will vote against a resolution when a matter of significance is unresolved or if it is against their clients' best interests. When voting in the UK SWIP considers advice from external research providers but we does not follow the recommendations of any voting service. Each resolution at a UK company meeting is considered on a case-by-

Voting & Engagement

case basis by SWIP's Corporate Governance Director. When voting at overseas meetings SWIP generally follow the recommendations of ISS (Institutional Shareholder Services) with a few specific adjustments, unless a fund manager intervenes.

Are voting practices disclosed?

Voting practices are not publicly disclosed but voting reports are available to clients on request.

Examples of recent voting activity

-

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	In-house, EIRIS, other external
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Contact Details and Further Information

Manager name	Scottish Widows Investment Partnership
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Fund company	Scottish Widows Investment Partnership
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Website	www.scottishwidows.co.uk
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Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Graham Mudie on 0845 300 2244
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Skandia Ethical Fund

IRIS Ethical Investment Overview

Skandia life has appointed JP Morgan Asset Management to manage around three quarters of the fund through a segregated mandate. Additionally, the fund invests into three existing ethical funds: Aegon Ethical Equity Fund, F&C Stewardship Growth Fund and the Norwich Union UK Ethical Fund. Investors should therefore consider the ethical investment approach undertaken by these funds, in addition to the information positive and negative screens which apply to the segregated portfolio. This is a screened fund that will not invest in companies involved in a range of negative ethical issues (see 'negative investment criteria'). Whilst the negative screen is generally dominant, positive issues are included in a number of ways. Where a number of companies that have passed the negative screen are under consideration for investment, a positive assessment may then be used to influence the direction of the fund (ie to direct investment into a more positive company from the point of view of social issue, environmental management and employee relations). Environmental issues are examined from both a positive and negative point of view, producing a balanced assessment. Generally, a "best in sector" approach is used. Banks are excluded if they have significant corporate lending activities, unless they can meet a range of positive criteria. In practice this means they must be best in sector on at least two areas from environmental, social and employee relations.

Ethical Policy

Positive investment criteria

The following positive criteria are used to distinguish between companies if they pass the fund's negative screening criteria. These positive criteria do not override the negative criteria:

- Employee relations - companies that operate equal opportunities policies or abide by codes of conduct regarding labour standards throughout their operations.
- Social issues - companies that provide socially beneficial products and services such as social housing, home care and nursing, etc, or demonstrate outstanding commitment to environmental management - companies that apply a systematic approach to the management of their environmental impact through, for example, environmental management systems, auditing and reporting.
- Environmental products and services - companies whose products and services produce environmental benefit, such as pollution control systems, waste management and recycling services, renewable energy and public transport communities in which they operate.

Negative investment criteria

Companies will be excluded according to the following criteria:

- Alcohol - companies whose primary activity is the manufacture or sale of alcoholic drinks.
- Animal testing - companies which manufacture animal tested cosmetics, industrial or household chemicals, pharmaceutical or healthcare products, or provide animal testing services.
- Factory farming - companies involved in the rearing of animals in intensive conditions.
- Armaments - companies that manufacture or sell weapons or weapons systems, or provide strategic components or services specifically for military use.
- Banks - companies that operate substantial commercial lending operations will be excluded, unless they can demonstrate significant positive initiatives (see positive criteria). For the time being privatised Building Societies will be acceptable investments.
- Gambling - companies whose primary activity is the operation of gambling facilities.
- Nuclear - companies that are involved in the generation of nuclear power, or provide nuclear services to the military.
- Pornography - companies involved in the production of pornographic material or distribution via print.
- Environment - companies will be excluded where their activities have a significant negative environmental impact, such as mineral extraction, oil and gas production and chemicals, unless those companies can demonstrate positive responses to these impacts (see positive criteria).
- Human rights - the fund will avoid companies with operations in developing countries and countries regarded as having oppressive regimes where evidence is held of their involvement, either by collusion or complacency, in abuses of human rights
- Tobacco - companies whose primary activity is the production or manufacture of tobacco products

Voting & Engagement

Engagement

Policy overview

This fund does not have an engagement policy

Voting

Policy overview:

The fund does not have a separate corporate governance voting policy in its own right, but rather votes in accordance with the corporate governance voting of JP Morgan Fleming's investments – the appointed manager of this fund's segregated portfolio.

Are voting practices disclosed?

No

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	Ethical Screening Services
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Contact Details and Further Information

Fund Manager	The overall Fund Manager is Alan Durrant, Chief Investment Office of Skandia Investment Management Limited. The portfolio consists of a segregated mandate run by Howard Williams of JPMorgan Asset Management and investment into three other ethical retail funds: Aegon Ethical Equity Fund, F&C Stewardship Growth Fund and the Norwich Union UK Ethical Fund.
Fund company	Skandia Investment Management Limited
SRI Website	www.skandiaiinvestmentmanagement.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	Call Chris Nuttall on 023 80 916747 or email chris.nuttall@skandia.co.uk

Sovereign Ethical Fund

EIRIS Ethical Investment Overview

This fund's stated investment policy is to avoid, as far as is practicable, companies whose activities contravene the negative criteria listed below. The fund's policy is developed, reviewed and approved by the Committee of Reference, the Sovereign Unit Trust Managers Board of Directors and the fund manager.

Ethical Policy

Positive investment criteria

The fund will seek to invest in companies:

- whose products or business activities contribute to the improvement of the environment
- which display an awareness of environmental issues and are taking steps to reduce their negative impact on the environment
- which have a good employment record, including human rights
- which contribute to society generally by supporting local community, national or worldwide projects or charities

Negative investment criteria

'As far as is practicable, the fund will avoid companies whose activities include links with:

- oppressive regimes
- the manufacture or supply of armaments
- the production of alcohol or tobacco
- the promotion of gambling
- nuclear processing
- unnecessary exploitation of animals'

Voting & Engagement

Engagement

Policy overview

Whilst there is no written policy, this fund 'considers engagement on a case by case basis'.

Methods of engagement

Telephone dialogue and meetings with key personnel

Examples of recent engagement

The fund has engaged with companies on the following issues: employment conditions in the developing world, reducing pollution incidents, improving health and safety records, involvement in defence contracts, involvement in the nuclear cycle.

What further steps taken when engagement is considered unsuccessful?

-

Voting

Policy overview:

This fund does not have a voting policy

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

In-house, EIRIS, other external

Contact Details and Further Information

Fund Manager

Legal & General Investment Management

Fund company

Sovereign Unit Trust Managers

SRI Website

www.teachers-group.co.uk

Socially Responsible Investment (SRI) contact:

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Standard Life Ethical Corporate Bond Fund

EIRIS Ethical Investment Overview

The fund aims to avoid investing in companies which could seriously harm the environment, the planet or its inhabitants. The fund has a range of negative and positive criteria used in the selection of stocks. The funds' investments are guided by its ethical policy which exclude investments that fail negative criteria and favour those that meet positive criteria. Investments are selected by the fund manager on performance grounds, but are all subject to the strict criteria of the fund's ethical policy. An Ethical Committee is in place to oversee the ethical funds. The Committee is responsible for ensuring that the funds remain within the spirit of the Ethical Policy and provide reassurance to investors that the funds are being managed according to the Ethical Policy. The Committee is comprised of senior managers from within Standard Life and individual investors who invest into the ethical funds.

Ethical Policy

Positive investment criteria

In identifying companies which are regarded as having a positive effect on society and the environment, Standard Life's Ethical Funds look at whether companies:

Make a positive contribution to the environment

For example:

Publish an environmental policy or statements or produce an environmental report. Produce environmental technologies, for example, technologies associated with pollution control and conservation of natural resources. Develop or use renewable energy, for example, solar, wind and wave energy.

Promote sound employment practices

For example:

Good policies and practices on equal opportunities and diversity. Training and education - have an active approach to employees' training and development needs. Health and safety - provide clear evidence of health and safety systems or a good record on health and safety.

Promote products and services which benefit the environment or human life.

Companies that provide environmental products and services which are of benefit to the community or life-saving and life-enhancing products such as medicines and safety equipment.

Donate to charities or are strongly involved in the community

Companies which demonstrate clear evidence of commitment to community or charitable work, including employee secondment schemes or make gifts in kind to the community.

Have clear policies and procedures on bribery and corruption

Companies which instruct their employees not to support or permit any corrupt practices, such as bribery, in their work for the company.

Have a policy that encourages good principles of business behaviour and ethics

Companies which have adopted a code which encourages employees to follow principles of good business behaviour. This should be published and distributed to all employees and, ideally, to groups outside of the company.

Negative investment criteria

In trying to identify companies which have a harmful effect on the environment and its inhabitants, Standard Life's Ethical Funds look at company policies and practices in the following areas:

Environmental damage and pollution,

Including:

Environmental pollution (UK only).
Companies which have been convicted of a pollution offence in the last three years.
Ozone-depleting chemicals.
Companies which manufacture or supply ozone-depleting chemicals.
Pesticide production.
Companies which manufacture pesticide products.
Tropical forests and sustainable timber.
Companies that clear tropical forests.

Tropical forests and sustainable timber

Companies that clear tropical forests without environmental mitigation measures in place will be excluded from the funds. The funds will also exclude companies that are involved in the production / use of high volumes of timber unless the company follows internationally recognised timber sourcing standards.

Test products on animals The funds will avoid investment in companies which manufacture products or ingredients that have been tested on animals by themselves or their suppliers.

Genetic engineering The funds will avoid investment in companies that carry out genetic engineering of crops, genetic engineering of animals or gene patenting.

Intensive farming The funds will avoid investment in companies that use intensive farming methods and own or operate fish farms.

Fur The funds will avoid investment in companies that sell fur products.

Operate in countries which violate the political and civil rights of their people, unless the company's policies address human rights.

Companies that operate in two or more countries which are rated poorly by Freedom House, an organisation based in the United States which monitors human rights worldwide, and The Observer Human Rights Index will be avoided, unless they have policies on human rights.

Pornography Companies that derive more than 3% of turnover from publishing or distributing pornographic magazines or newspapers (UK only) or adult entertainment services are avoided.

Produce or sell weapons Companies that produce or sell weapons, including nuclear weapons, will be avoided.

Process nuclear power Under this criterion companies that own or operate nuclear power stations will be avoided.

Produce alcohol The funds will avoid investment in companies which derive 10% or more of turnover from alcohol production.

Produce tobacco The funds will avoid investment in companies that manufacture tobacco products.

Are involved in gambling Companies which derive 10% or more in turnover from involvement in gambling will be avoided by the funds.

Voting & Engagement

Engagement

Policy overview

The fund has the same engagement policy that applies to all Standard Life funds. The aim of the policy is to encourage best practice standards of environmental and social management. Standard Life:

- seek to increase shareholder value through constructive consultation with companies about their strategy, performance, management and other issues
- vote all shares under our control at all shareholder meeting in the UK and Ireland and we always vote our shares in a manner consistent with the best interests of our customers.
- explain our reasons for voting against a resolution and inform a company of our intentions
- aim to be open and accountable to our customers about corporate governance activities
- seek to contribute to the development of the corporate governance environment

Methods of engagement

Standard Life have frequent one-to-one meetings focused on corporate governance and social and environmental issues with company directors, senior managers and secretaries. Concerns are raised with the companies which it invests in. Concerns are also publicised, where appropriate

Examples of recent engagement

Standard Life recently engaged with food retailers on animal testing, and on environmental and supply chain management.

What further steps taken when engagement is considered unsuccessful?

If a company does not conform to the ethical policy the holding is sold.

Voting

Policy overview:

All shares are voted in accordance with Standard life's UK Corporate Governance guidelines, a copy of which is available on its website.

Are voting practices disclosed?

Standard Life publishes its voting record on its website and list those instances in which it decided to vote against or abstain on a particular resolution. Wit also provides a brief explanation where it does not support management recommendations. Disclosures are made monthly in arrears.

Examples of recent voting activity

Standard Life voted against resolutions at ITV, BG Group, HHG and Man Group because there were features of the companies' proposed remuneration policies and their application that are not consistent with our Corporate Governance guidelines. Standard Life abstained on resolutions at ARM Holdings, Countrywide Assured, Spirax-Sarco Engineering, Cox Insurance, BG Group, Intermediate Capital, WPP Group and Incepta for the same reasons. Standard Life against the re-election of directors aged above 70 at Laird Group and Topps Tiles because their re-election was proposed without exceptional justification. It abstained on resolutions at WPP Group and BG Group for similar reasons. At Tesco it abstained on a resolution to amend the articles of association regarding the directors' retirement age. At ITV Standard Life abstained on resolutions to re-elect directors in order to underscore concerns about the payments to Michael Green at the time of the merger. It also abstained on a resolution at WPP Group to re-elect the auditors as they also act as remuneration advisors to the board.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

Yes

<http://www.eurosif.org/>

Research

Research resources used

In-house research team, EIRIS

Contact Details and Further Information

Manager name

Standard Life Investments

Fund company

Standard Life Investments

Website

www.standardlifeinvestments.co.uk/mutualfunds

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

the customer information team on 0800 33 33 53, or email cit_mutual@standardlife.com

Standard Life Ethical Life Fund

EIRIS Ethical Investment Overview

The fund aims to avoid investing in companies which could seriously harm the environment, the planet or its inhabitants. The fund has a range of negative and positive criteria used in the selection of stocks. The funds' investments are guided by its ethical policy which exclude investments that fail negative criteria and favour those that meet positive criteria. Investments are selected by the fund manager on performance grounds, but are all subject to the strict criteria of the fund's ethical policy. An Ethical Committee is in place to oversee the ethical funds. The Committee is responsible for ensuring that the funds remain within the spirit of the Ethical Policy and provide reassurance to investors that the funds are being managed according to the Ethical Policy. The Committee is comprised of senior managers from within Standard Life and individual investors who invest into the ethical funds.

Ethical Policy

Positive investment criteria

In identifying companies which are regarded as having a positive effect on society and the environment, Standard Life's Ethical Funds look at whether companies:

Make a positive contribution to the environment

For example:

Publish an environmental policy or statements or produce an environmental report. Produce environmental technologies, for example, technologies associated with pollution control and conservation of natural resources. Develop or use renewable energy, for example, solar, wind and wave energy.

Promote sound employment practices

For example:

Good policies and practices on equal opportunities and diversity. Training and education - have an active approach to employees' training and development needs. Health and safety - provide clear evidence of health and safety systems or a good record on health and safety.

Promote products and services which benefit the environment or human life.

Companies that provide environmental products and services which are of benefit to the community or life-saving and life-enhancing products such as medicines and safety equipment.

Donate to charities or are strongly involved in the community

Companies which demonstrate clear evidence of commitment to community or charitable work, including employee secondment schemes or make gifts in kind to the community.

Have clear policies and procedures on bribery and corruption

Companies which instruct their employees not to support or permit any corrupt practices, such as bribery, in their work for the company.

Have a policy that encourages good principles of business behaviour and ethics

Companies which have adopted a code which encourages employees to follow principles of good business behaviour. This should be published and distributed to all employees and, ideally, to groups outside of the company.

Negative investment criteria

In trying to identify companies which have a harmful effect on the environment and its inhabitants, Standard Life's Ethical Funds look at company policies and practices in the following areas:

Environmental damage and pollution,

Including:

Environmental pollution (UK only).
Companies which have been convicted of a pollution offence in the last three years.
Ozone-depleting chemicals.
Companies which manufacture or supply ozone-depleting chemicals.
Pesticide production.
Companies which manufacture pesticide products.
Tropical forests and sustainable timber.
Companies that clear tropical forests.

Tropical forests and sustainable timber

Companies that clear tropical forests without environmental mitigation measures in place will be excluded from the funds. The funds will also exclude companies that are involved in the production / use of high volumes of timber unless the company follows internationally recognised timber sourcing standards.

Test products on animals The funds will avoid investment in companies which manufacture products or ingredients that have been tested on animals by themselves or their suppliers.

Genetic engineering The funds will avoid investment in companies that carry out genetic engineering of crops, genetic engineering of animals or gene patenting.

Intensive farming The funds will avoid investment in companies that use intensive farming methods and own or operate fish farms.

Fur The funds will avoid investment in companies that sell fur products.

Operate in countries which violate the political and civil rights of their people, unless the company's policies address human rights.

Companies that operate in two or more countries which are rated poorly by Freedom House, an organisation based in the United States which monitors human rights worldwide, and The Observer Human Rights Index will be avoided, unless they have policies on human rights.

Pornography Companies that derive more than

3% of turnover from publishing or distributing pornographic magazines or newspapers (UK only) or adult entertainment services are avoided.

Produce or sell weapons Companies that produce or sell weapons, including nuclear weapons, will be avoided.

Process nuclear power Under this criterion companies that own or operate nuclear power stations will be avoided.

Produce alcohol The funds will avoid investment in companies which derive 10% or more of turnover from alcohol production.

Produce tobacco The funds will avoid investment in companies that manufacture tobacco products.

Are involved in gambling Companies which derive 10% or more in turnover from involvement in gambling will be avoided by the funds.

Voting & Engagement

Engagement

Policy overview

The fund has the same engagement policy that applies to all Standard Life funds. The aim of the policy is to encourage best practice standards of environmental and social management. Standard Life:

- seek to increase shareholder value through constructive consultation with companies about their strategy, performance, management and other issues
- vote all shares under our control at all shareholder meeting in the UK and Ireland and we always vote our shares in a manner consistent with the best interests of our customers.
- explain our reasons for voting against a resolution and inform a company of our intentions
- aim to be open and accountable to our customers about corporate governance activities
- seek to contribute to the development of the corporate governance environment

Methods of engagement

Standard Life have frequent one-to-one meetings focused on corporate governance and social and environmental issues with company directors, senior managers and secretaries. Concerns are raised with the companies which it invests in. Concerns are also publicised, where appropriate

Examples of recent engagement

Standard Life recently engaged with food retailers on animal testing, and on environmental and supply chain management.

What further steps taken when engagement is considered unsuccessful?

If a company does not conform to the ethical policy the holding is sold.

Voting

Policy overview:

All shares are voted in accordance with Standard life's UK Corporate Governance guidelines, a copy of which is available on its website.

Are voting practices disclosed?

Standard Life publishes its voting record on its website and list those instances in which it decided to vote against or abstain on a particular resolution. It also provides a brief explanation where it does not support management recommendations. Disclosures are made monthly in arrears.

Examples of recent voting activity

Standard Life voted against resolutions at ITV, BG Group, HHG and Man Group because there were features of the companies' proposed remuneration policies and their application that are not consistent with our Corporate Governance guidelines. Standard Life abstained on resolutions at ARM Holdings, Countrywide Assured, Spirax-Sarco Engineering, Cox Insurance, BG Group, Intermediate Capital, WPP Group and Incepta for the same reasons. Standard Life voted against the re-election of directors aged above 70 at Laird Group and Topps Tiles because their re-election was proposed without exceptional justification. It abstained on resolutions at WPP Group and BG Group for similar reasons. At Tesco it abstained on a resolution to amend the articles of association regarding the directors' retirement age. At ITV Standard Life abstained on resolutions to re-elect directors in order to underscore concerns about the payments to Michael Green at the time of the merger. It also abstained on a resolution at WPP Group to re-elect the auditors as they also act as remuneration advisors to the board.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-house research team, EIRIS
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Contact Details and Further Information

Manager name	Standard Life Investments
Fund company	Standard Life Investments
Website	www.standardlifeinvestments.co.uk/mutualfunds
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	the customer information team on 0800 33 33 53, or email cit_mutual@standardlife.com

Standard Life European Ethical Equity Fund

IRIS Ethical Investment Overview

This fund combines negative and positive ethical screening criteria, along with active engagement to invest in European equities. The fund aims to avoid investing in companies which could seriously harm the environment, the planet or its inhabitants. The fund has a range of negative and positive criteria used in the selection of stocks. The funds' investments are guided by its ethical policy which exclude investments that fail negative criteria and favour those that meet positive criteria. Investments are selected by the fund manager on performance grounds, but are all subject to the strict criteria of the fund's ethical policy. An Ethical Committee is in place to oversee the ethical funds. The Committee is responsible for ensuring that the funds remain within the spirit of the Ethical Policy and provide reassurance to investors that the funds are being managed according to the Ethical Policy. The Committee is comprised of senior managers from within Standard Life and individual investors who invest into the ethical funds.

Ethical Policy

Positive investment criteria

In identifying companies which are regarded as having a positive effect on society and the environment, Standard Life's Ethical Funds look at whether companies:

Make a positive contribution to the environment

For example:

Publish an environmental policy or statements or produce an environmental report. Produce environmental technologies, for example, technologies associated with pollution control and conservation of natural resources. Develop or use renewable energy, for example, solar, wind and wave energy.

Promote sound employment practices

For example:

Good policies and practices on equal opportunities and diversity. Training and education - have an active approach to employees' training and development needs. Health and safety - provide clear evidence of health and safety systems or a good record on health and safety.

Promote products and services which benefit the environment or human life.

Companies that provide environmental products and services which are of benefit to the community or life-saving and life-enhancing products such as medicines and safety equipment.

Donate to charities or are strongly involved in the community

Companies which demonstrate clear evidence of commitment to community or charitable work, including employee secondment schemes or make gifts in kind to the community.

Have clear policies and procedures on bribery and corruption

Companies which instruct their employees not to support or permit any corrupt practices, such as bribery, in their work for the company.

Have a policy that encourages good principles of business behaviour and ethics

Companies which have adopted a code which encourages employees to follow principles of good business behaviour. This should be published and distributed to all employees and, ideally, to groups outside of the company.

Negative investment criteria

In trying to identify companies which have a harmful effect on the environment and its inhabitants, Standard Life's Ethical Funds look at company policies and practices in the following areas:

Environmental damage and pollution, Including:

Environmental pollution (UK only).
Companies which have been convicted of a pollution offence in the last three years.
Ozone-depleting chemicals.
Companies which manufacture or supply ozone-depleting chemicals.
Pesticide production.
Companies which manufacture pesticide products.
Tropical forests and sustainable timber.
Companies that clear tropical forests.

Tropical forests and sustainable timber

Companies that clear tropical forests without environmental mitigation measures in place will be excluded from the funds. The funds will also exclude companies that are involved in the production / use of high volumes of timber unless the company follows internationally recognised timber sourcing standards.

Test products on animals The funds will avoid investment in companies which manufacture products or ingredients that have been tested on animals by themselves or their suppliers.

Genetic engineering The funds will avoid investment in companies that carry out genetic engineering of crops, genetic engineering of animals or gene patenting.

Intensive farming The funds will avoid investment in companies that use intensive farming methods and own or operate fish farms.

Fur The funds will avoid investment in companies that sell fur products.

Operate in countries which violate the political and civil rights of their people, unless the company's policies address human rights. Companies that operate in two or more countries which are rated poorly by Freedom House, an organisation based in the United States which monitors human rights worldwide, and The Observer Human Rights Index will be avoided,

unless they have policies on human rights.

Pornography Companies that derive more than 3% of turnover from publishing or distributing pornographic magazines or newspapers (UK only) or adult entertainment services are avoided.

Produce or sell weapons Companies that produce or sell weapons, including nuclear weapons, will be avoided.

Process nuclear power Under this criterion companies that own or operate nuclear power stations will be avoided.

Produce alcohol The funds will avoid investment in companies which derive 10% or more of turnover from alcohol production.

Produce tobacco The funds will avoid investment in companies that manufacture tobacco products.

Are involved in gambling Companies which derive 10% or more in turnover from involvement in gambling will be avoided by the funds.

Voting & Engagement

Engagement

Policy overview

This fund has the same engagement policy that applies to all Standard Life funds. The aim of the policy is to encourage best practice standards of environmental and social management. Standard Life:

- seek to increase shareholder value through constructive consultation with companies about their strategy, performance, management and other issues
- vote all shares under our control at all shareholder meeting in the UK and Ireland and we always vote our shares in a manner consistent with the best interests of our customers.
- explain our reasons for voting against a resolution and inform a company of our intentions
- aim to be open and accountable to our customers about corporate governance activities
- seek to contribute to the development of the corporate governance environment

Methods of engagement

Standard Life have frequent one-to-one meetings focused on corporate governance and social and environmental issues with company directors, senior managers and secretaries. Concerns are raised with the companies which it invests in. Concerns are also publicised, where appropriate.

Examples of recent engagement

Standard Life recently engaged with food retailers on animal testing, and on environmental and supply chain management.

What further steps taken when engagement is considered unsuccessful?

If a company does not conform to Standard Life's ethical engagement policy the holding is sold.

Voting

Policy overview:

All shares are voted in accordance with Standard life's UK Corporate Governance guidelines, a copy of which is available on its website: www.standardlifeinvestments.co.uk/mutualfunds

Are voting practices disclosed?

Standard Life publishes its voting record on its website and list those instances in which it decided to vote against or abstain on a particular resolution. It also provides a brief explanation where it does not support management recommendations. Disclosures are made monthly in arrears.

Examples of recent voting activity

Standard Life voted against resolutions at ITV, BG Group, HHG and Man Group because there were features of the companies' proposed remuneration policies and their application that are not consistent with our Corporate Governance guidelines. Standard Life abstained on resolutions at ARM Holdings, Countrywide Assured, Spirax-Sarco Engineering, Cox Insurance, BG Group, Intermediate Capital, WPP Group and Incepta for the same reasons. Standard Life against the re-election of directors aged above 70 at Laird Group and Topps Tiles because their re-election was proposed without exceptional justification. It abstained on resolutions at WPP Group and BG Group for similar reasons. At Tesco it abstained on a resolution to amend the articles of association regarding the directors' retirement age. At ITV Standard Life abstained on resolutions to re-elect directors in order to underscore concerns about the payments to Michael Green at the time of the merger. It also abstained on a resolution at WPP Group to re-elect the auditors as they also act as remuneration advisors to the board.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-house research team, EIRIS
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Contact Details and Further Information

Manager name	Standard Life Investments
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Fund company	Standard Life Investments
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Website	www.focusonethical.co.uk
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Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	the customer information team on 0800 33 33 53, or email cit_mutual@standardlife.com
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Standard Life Pension Ethical Fund

EIRIS Ethical Investment Overview

The fund aims to avoid investing in companies which could seriously harm the environment, the planet or its inhabitants. The fund has a range of negative and positive criteria used in the selection of stocks. The funds' investments are guided by its ethical policy which exclude investments that fail negative criteria and favour those that meet positive criteria. Investments are selected by the fund manager on performance grounds, but are all subject to the strict criteria of the fund's ethical policy. An Ethical Committee is in place to oversee the ethical funds. The Committee is responsible for ensuring that the funds remain within the spirit of the Ethical Policy and provide reassurance to investors that the funds are being managed according to the Ethical Policy. The Committee is comprised of senior managers from within Standard Life and individual investors who invest into the ethical funds.

Ethical Policy

Positive investment criteria

In identifying companies which are regarded as having a positive effect on society and the environment, Standard Life's Ethical Funds look at whether companies:

Make a positive contribution to the environment

For example:

Publish an environmental policy or statements or produce an environmental report. Produce environmental technologies, for example, technologies associated with pollution control and conservation of natural resources. Develop or use renewable energy, for example, solar, wind and wave energy.

Promote sound employment practices

For example:

Good policies and practices on equal opportunities and diversity. Training and education - have an active approach to employees' training and development needs. Health and safety - provide clear evidence of health and safety systems or a good record on health and safety.

Promote products and services which benefit the environment or human life.

Companies that provide environmental products and services which are of benefit to the community or life-saving and life-enhancing products such as medicines and safety equipment.

Donate to charities or are strongly involved in the community

Companies which demonstrate clear evidence of commitment to community or charitable work, including employee secondment schemes or make gifts in kind to the community.

Have clear policies and procedures on bribery and corruption

Companies which instruct their employees not to support or permit any corrupt practices, such as bribery, in their work for the company.

Have a policy that encourages good principles of business behaviour and ethics

Companies which have adopted a code which encourages employees to follow principles of good business behaviour. This should be published and distributed to all employees and, ideally, to groups outside of the company.

Negative investment criteria

In trying to identify companies which have a harmful effect on the environment and its inhabitants, Standard Life's Ethical Funds look at company policies and practices in the following areas:

Environmental damage and pollution, Including:

Environmental pollution (UK only).
Companies which have been convicted of a pollution offence in the last three years.
Ozone-depleting chemicals.
Companies which manufacture or supply ozone-depleting chemicals.
Pesticide production.
Companies which manufacture pesticide products.
Tropical forests and sustainable timber.
Companies that clear tropical forests.

Tropical forests and sustainable timber

Companies that clear tropical forests without environmental mitigation measures in place will be excluded from the funds. The funds will also exclude companies that are involved in the production / use of high volumes of timber unless the company follows internationally recognised timber sourcing standards.

Test products on animals The funds will avoid investment in companies which manufacture products or ingredients that have been tested on animals by themselves or their suppliers.

Genetic engineering The funds will avoid investment in companies that carry out genetic engineering of crops, genetic engineering of animals or gene patenting.

Intensive farming The funds will avoid investment in companies that use intensive farming methods and own or operate fish farms.

Fur The funds will avoid investment in companies that sell fur products.

Operate in countries which violate the political and civil rights of their people, unless the company's policies address human rights. Companies that operate in two or more countries which are rated poorly by Freedom House, an organisation based in the United States which monitors human rights worldwide, and The Observer Human Rights Index will be avoided, unless they have policies on human rights.

Pornography Companies that derive more than 3% of turnover from publishing or distributing pornographic magazines or newspapers (UK only) or adult entertainment services are avoided.

Produce or sell weapons Companies that produce or sell weapons, including nuclear weapons, will be avoided.

Process nuclear power Under this criterion companies that own or operate nuclear power stations will be avoided.

Produce alcohol The funds will avoid investment in companies which derive 10% or more of turnover from alcohol production.

Produce tobacco The funds will avoid investment in companies that manufacture tobacco products.

Are involved in gambling Companies which derive 10% or more in turnover from involvement in gambling will be avoided by the funds.

Voting & Engagement

Engagement

Policy overview

This fund has the same engagement policy that applies to all Standard Life funds. The aim of the policy is to encourage best practice standards of environmental and social management. Standard Life:

- seek to increase shareholder value through constructive consultation with companies about their strategy, performance, management and other issues
- vote all shares under our control at all shareholder meeting in the UK and Ireland and we always vote our shares in a manner consistent with the best interests of our customers.
- explain our reasons for voting against a resolution and inform a company of our intentions
- aim to be open and accountable to our customers about corporate governance activities
- seek to contribute to the development of the corporate governance environment

Methods of engagement

Standard Life have frequent one-to-one meetings focused on corporate governance and social and environmental issues with company directors, senior managers and secretaries. Concerns are raised with the companies which it invests in. Concerns are also publicised, where appropriate.

Examples of recent engagement

Standard Life recently engaged with food retailers on animal testing, and on environmental and supply chain management.

What further steps taken when engagement is considered unsuccessful?

If a company does not conform to Standard Life's ethical engagement policy the holding is sold.

Voting

Policy overview:

All shares are voted in accordance with Standard Life's UK Corporate Governance guidelines, a copy of which is available on its website: www.standardlifeinvestments.co.uk/mutualfunds

Are voting practices disclosed?

Standard Life publishes its voting record on its website and list those instances in which it decided to vote against or abstain on a particular resolution. It also provides a brief explanation where it does not support management recommendations. Disclosures are made monthly in arrears.

Examples of recent voting activity

Standard Life voted against resolutions at ITV, BG Group, HHG and Man Group because there were features of the companies' proposed remuneration policies and their application that are not consistent with our Corporate Governance guidelines. Standard Life abstained on resolutions at ARM Holdings, Countrywide Assured, Spirax-Sarco Engineering, Cox Insurance, BG Group, Intermediate Capital, WPP Group and Incepta for the same reasons. Standard Life voted against the re-election of directors aged above 70 at Laird Group and Topps Tiles because their re-election was proposed without exceptional justification. It abstained on resolutions at WPP Group and BG Group for similar reasons. At Tesco it abstained on a resolution to amend the articles of association regarding the directors' retirement age. At ITV Standard Life abstained on resolutions to re-elect directors in order to underscore concerns about the payments to Michael Green at the time of the merger. It also abstained on a resolution at WPP Group to re-elect the auditors as they also act as remuneration advisors to the board.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	Yes
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Research

Research resources used	In-house research team, EIRIS
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Contact Details and Further Information

Manager name	Standard Life Investments
Fund company	Standard Life Investments
Website	www.standardlifeinvestments.co.uk/mutualfunds

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact: the customer information team on 0800 33 33 53, or email cit_mutual@standardlife.com

Standard Life UK Ethical Fund

EIRIS Ethical Investment Overview

The fund aims to avoid investing in companies which could seriously harm the environment, the planet or its inhabitants. The fund has a range of negative and positive criteria used in the selection of stocks. The funds' investments are guided by its ethical policy which exclude investments that fail negative criteria and favour those that meet positive criteria. Investments are selected by the fund manager on performance grounds, but are all subject to the strict criteria of the fund's ethical policy. An Ethical Committee is in place to oversee the ethical funds. The Committee is responsible for ensuring that the funds remain within the spirit of the Ethical Policy and provide reassurance to investors that the funds are being managed according to the Ethical Policy. The Committee is comprised of senior managers from within Standard Life and individual investors who invest into the ethical funds.

Ethical Policy

Positive investment criteria

In identifying companies which are regarded as having a positive effect on society and the environment, Standard Life's Ethical Funds look at whether companies:

Make a positive contribution to the environment

For example:

Publish an environmental policy or statements or produce an environmental report. Produce environmental technologies, for example, technologies associated with pollution control and conservation of natural resources. Develop or use renewable energy, for example, solar, wind and wave energy.

Promote sound employment practices

For example:

Good policies and practices on equal opportunities and diversity. Training and education - have an active approach to employees' training and development needs. Health and safety - provide clear evidence of health and safety systems or a good record on health and safety.

Promote products and services which benefit the environment or human life.

Companies that provide environmental products and services which are of benefit to the community or life-saving and life-enhancing products such as medicines and safety equipment.

Donate to charities or are strongly involved in the community

Companies which demonstrate clear evidence of commitment to community or charitable work, including employee secondment schemes or make gifts in kind to the community.

Have clear policies and procedures on bribery and corruption

Companies which instruct their employees not to support or permit any corrupt practices, such as bribery, in their work for the company.

Have a policy that encourages good principles of business behaviour and ethics

Companies which have adopted a code which encourages employees to follow principles of good business behaviour. This should be published and distributed to all employees and, ideally, to groups outside of the company.

Negative investment criteria

In trying to identify companies which have a harmful effect on the environment and its inhabitants, Standard Life's Ethical Funds look at company policies and practices in the following areas:

Environmental damage and pollution,

Including:

Environmental pollution (UK only).
Companies which have been convicted of a pollution offence in the last three years.
Ozone-depleting chemicals.
Companies which manufacture or supply ozone-depleting chemicals.
Pesticide production.
Companies which manufacture pesticide products.
Tropical forests and sustainable timber.
Companies that clear tropical forests.

Tropical forests and sustainable timber

Companies that clear tropical forests without environmental mitigation measures in place will be excluded from the funds. The funds will also exclude companies that are involved in the production / use of high volumes of timber unless the company follows internationally recognised timber sourcing standards.

Test products on animals The funds will avoid investment in companies which manufacture products or ingredients that have been tested on animals by themselves or their suppliers.

Genetic engineering The funds will avoid investment in companies that carry out genetic engineering of crops, genetic engineering of animals or gene patenting.

Intensive farming The funds will avoid investment in companies that use intensive farming methods and own or operate fish farms.

Fur The funds will avoid investment in companies that sell fur products.

Operate in countries which violate the political and civil rights of their people, unless the company's policies address human rights.

Companies that operate in two or more countries which are rated poorly by Freedom House, an organisation based in the United States which monitors human rights worldwide, and The Observer Human Rights Index will be avoided, unless they have policies on human rights.

Pornography Companies that derive more than

3% of turnover from publishing or distributing pornographic magazines or newspapers (UK only) or adult entertainment services are avoided.

Produce or sell weapons Companies that produce or sell weapons, including nuclear weapons, will be avoided.

Process nuclear power Under this criterion companies that own or operate nuclear power stations will be avoided.

Produce alcohol The funds will avoid investment in companies which derive 10% or more of turnover from alcohol production.

Produce tobacco The funds will avoid investment in companies that manufacture tobacco products.

Are involved in gambling Companies which derive 10% or more in turnover from involvement in gambling will be avoided by the funds.

Voting & Engagement

Engagement

Policy overview

The fund has the same engagement policy that applies to all Standard Life funds. The aim of the policy is to encourage best practice standards of environmental and social management. Standard Life:

- seek to increase shareholder value through constructive consultation with companies about their strategy, performance, management and other issues
- vote all shares under our control at all shareholder meeting in the UK and Ireland and we always vote our shares in a manner consistent with the best interests of our customers.
- explain our reasons for voting against a resolution and inform a company of our intentions
- aim to be open and accountable to our customers about corporate governance activities
- seek to contribute to the development of the corporate governance environment

Methods of engagement

Standard Life have frequent one-to-one meetings focused on corporate governance and social and environmental issues with company directors, senior managers and secretaries. Concerns are raised with the companies which it invests in. Concerns are also publicised, where appropriate

Examples of recent engagement

Standard Life recently engaged with food retailers on animal testing, and on environmental and supply chain management.

What further steps taken when engagement is considered unsuccessful?

If a company does not conform to the ethical policy the holding is sold.

Voting

Policy overview:

All shares are voted in accordance with Standard life's UK Corporate Governance guidelines, a copy of which is available on its website.

Are voting practices disclosed?

Standard Life publishes its voting record on its website and list those instances in which it decided to vote against or abstain on a particular resolution. It also provides a brief explanation where it does not support management recommendations. Disclosures are made monthly in arrears.

Examples of recent voting activity

Standard Life voted against resolutions at ITV, BG Group, HHG and Man Group because there were features of the companies' proposed remuneration policies and their application that are not consistent with our Corporate Governance guidelines. Standard Life abstained on resolutions at ARM Holdings, Countrywide Assured, Spirax-Sarco Engineering, Cox Insurance, BG Group, Intermediate Capital, WPP Group and Incepta for the same reasons. Standard Life against the re-election of directors aged above 70 at Laird Group and Topps Tiles because their re-election was proposed without exceptional justification. It abstained on resolutions at WPP Group and BG Group for similar reasons. At Tesco it abstained on a resolution to amend the articles of association regarding the directors' retirement age. At ITV Standard Life abstained on resolutions to re-elect directors in order to underscore concerns about the payments to Michael Green at the time of the merger. It also abstained on a resolution at WPP Group to re-elect the auditors as they also act as remuneration advisors to the board.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

Yes

Research

Research resources used

In-house research team, EIRIS

Contact Details and Further Information

Manager name

Standard Life Investments

Fund company

Standard Life Investments

Website

www.standardlifeinvestments.co.uk/mutualfunds

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

the customer information team on 0800 33 33 53, or email cit_mutual@standardlife.com

SVM All Europe SRI Fund

EIRIS Ethical Investment Overview

The SVM All Europe SRI Fund invests in Pan European equities which meets the fund's ethical criteria. The fund has negative exclusion criteria, whereby companies are excluded from the portfolio if in breach of negative criteria. The Fund also has positive criteria, whereby it favours investments in companies which meet its positive criteria. The fund also seeks to will seek to influence the behaviour of companies it invests in through an active 'dialogue and engagement' process.

Ethical Policy

Positive investment criteria

SVM' s SRI process is focused around a positive screening and engagement process, focussing on four main areas of a company' s business:

- Personnel
- Society & Stakeholders
- Human Rights
- Environment.

Negative investment criteria

This fund will not invest in companies operating in the following industries;

- Armaments
- Pornography
- Tobacco

Voting & Engagement

Engagement

Policy overview

SVM SRI analyst continually reviews and engages with all of the companies the Fund invests in and documents progress.

Methods of engagement

Not available

Examples of recent engagement

Not available

What further steps taken when engagement is considered unsuccessful?

If after 12 months no progress has been made SVM will exit its investment – unless the company has already achieved SVM's 'commended' criteria status.

Voting

Policy overview:

Not available

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	In-house
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Contact Details and Further Information

Fund Manager	Neil Veitch and Hugh Cuthbert
Fund company	SVM Asset Management Ltd
Website	www.svmonline.co.uk

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact: 0800 0199 440

SWIP Global SRI Fund

EIRIS Ethical Investment Overview

This fund's screening criteria is based on based on United Nations and International Labour Organisation declarations, covenants and conventions. The screening process primarily reflects The Universal Declaration of Human Rights; The Convention on the Rights of the Child; International Environmental Conventions; ILO Core Conventions and Conventions against Bribery and Corruption. SWIP work with an external consulting company who use a specially developed model to apply the fund's ethical criteria. The fund was originally set up with a positive bias to invest in those companies that adopted a positive commitment to the natural environment and to engage with companies to improve their environmental business practices. Negative screens are also applied to avoid areas such as animal testing etc.

Ethical Policy

Positive investment criteria

This fund's screening criteria is based on based on United Nations and International Labour Organisation declarations, covenants and conventions. This fund will also consider the following issues when selecting stocks for its portfolio:

- Animal Testing
- Genetic Engineering
- Intensive Farming and Meat Sale
- Military Production and Sale
- Nuclear Power
- Ozone Depleting Chemicals
- Pesticides
- PVC and Phthalates
- Road construction
- Tobacco
- Tropical Hardwood
- Water Pollution

Negative investment criteria

This fund's screening criteria is based on based on United Nations and International Labour Organisation declarations, covenants and conventions. This fund will also consider the following issues when selecting stocks for its portfolio:

- Environmental management systems
- Environmental policy
- Environmental reporting
- Community Involvement

Voting & Engagement

Engagement

Policy overview

SWIP engagement policy applies to investments held in both ethical and non-ethical funds. SWIP's engagement policy 'reflects the view that co-operation not conflict is most likely to promote a successful outcome for the company and its investors'. SWIP's Corporate Governance Policy and Policy on Shareholder Engagement set out SWIP's approach to voting and engagement (see www.swip.com). Where concerns are considered serious SWIP may meet with the Chairman, with non-executive directors or raise issues with the company's advisors. SWIP maintains good relationships with other investment managers and representative bodies within the fund management industry. This enables them, when necessary, to work with other institutional shareholders to press for change.

Methods of engagement

SWIP communicates with company management and investor relations teams through regular meetings, telephone conferences and site visits at least once a year. Group strategy, SRI criteria and corporate governance issues are some of the topics that are discussed. SWIP also take part in collective discussions with other shareholders on necessary issues.

Examples of recent engagement

SWIP recently engaged with management at Unilever regarding a waste disposal issue at their Indian subsidiary Hindustan Lever. Communications with the company included a requirement to improve waste disposal standards and to pay compensation to local villagers that were affected.

What further steps taken when engagement is considered unsuccessful?

-

Voting

Policy overview:

SWIPs normal practice is to vote on all resolutions put forward at company meetings and to vote all shares in its control where it has authority to do this. SWIPs stated policy is to support management as long as it is satisfied with its corporate governance stance and with its business conduct. SWIP will abstain in a resolution when it is unhappy with some elements of it or where a company has committed to review or address SWIPs concerns within a sepcified

Voting & Engagement

timescale. SWIP will vote against a resolution when a matter of significance is unresolved or if it is against their clients' best interests. When voting in the UK SWIP considers advice from external research providers but we does not follow the recommendations of any voting service. Each resolution at a UK company meeting is considered on a case-by-case basis by SWIP's Corporate Governance Director. When voting at overseas meetings SWIP generally follow the recommendations of ISS (Institutional Shareholder Services) with a few specific adjustments, unless a fund manager intervenes.

Are voting practices disclosed?

Voting practices are not publicly disclosed but voting reports are available to clients on request.

Examples of recent voting activity

-

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?* No

Research

Research resources used In-house, EIRIS

Contact Details and Further Information

Fund Manager	Colin Beveridge
Fund company	Scottish Widows Investment Partnership
Website	www.swip.com
Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:	contact Rob Windle on 0131 655 7092 or email rob.windle@swip.com

SWIP Islamic Global Equity Fund

EIRIS Ethical Investment Overview

The SWIP Islamic Global Equity Fund aims to provide investors long-term capital growth by investing in global equities. The fund has investment criteria in place which aim to ensure that the companies in which it invests are compliant with Islamic Shariah principles. To help ensure such companies are appropriate under Islamic law the fund has a Shariah Advisory Board which ultimately approve each stock selected for inclusion in this fund's investment portfolio. The fund is benchmarked against the FTSE Global Islamic index.

Ethical Policy

Positive investment criteria

This fund does not have positive investment criteria.

Negative investment criteria

This fund aims to avoid investing in companies whose activities include:

- gambling
- tobacco
- the production or sale of pork products
- the production of intoxicating liquor
- arms manufacturing
- non-Islamically structured banking, finance, investment or life insurance business, or any other interest related activity

Voting & Engagement

Engagement

Policy overview

SWIP engagement policy applies to investments held in both ethical and non-ethical funds. SWIP's engagement policy 'reflects the view that co-operation not conflict is most likely to promote a successful outcome for the company and its investors'. SWIP's Corporate Governance Policy and Policy on Shareholder Engagement set out SWIP's approach to voting and engagement (see www.swip.com). Where concerns are considered serious SWIP may meet with the Chairman, with non-executive directors or raise issues with the company's advisors. SWIP maintains good relationships with other investment managers and representative bodies within the fund management industry. This enables them, when necessary, to work with other institutional shareholders to press for change.

Methods of engagement

SWIP communicates with company management and investor relations teams through regular meetings, telephone conferences and site visits at least once a year. Group strategy, SRI criteria and corporate governance issues are some of the topics that are discussed. SWIP also take part in collective discussions with other shareholders on necessary issues.

Examples of recent engagement

SWIP recently engaged with management at Unilever regarding a waste disposal issue at their Indian subsidiary Hindustan Lever. Communications with the company included a requirement to improve waste disposal standards and to pay compensation to local villagers that were affected.

What further steps taken when engagement is considered unsuccessful?

- Not available

Voting

Policy overview:

SWIPs normal practice is to vote on all resolutions put forward at company meetings and to vote all shares in its control where it has authority to do this. SWIPs stated policy is to support management as long as it is satisfied with its corporate governance stance and with its business conduct. SWIP will abstain in a resolution when it is unhappy with some elements of it or where a company has committed to review or address SWIPs concerns within a specified timescale. SWIP will vote against a resolution when a matter of significance is unresolved or if it is against their clients' best interests. When voting in the UK SWIP considers advice from external research providers but does not follow the recommendations of any voting service. Each resolution at a UK company meeting is considered on a case-by-case basis by SWIP's Corporate Governance Director. When voting at overseas meetings SWIP generally follow the recommendations of ISS (Institutional Shareholder Services) with a few specific adjustments, unless a fund manager intervenes.

Are voting practices disclosed?

Voting practices are not publicly disclosed but voting reports are available to clients on request.

Voting & Engagement

Examples of recent voting activity

- Not available

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*	No
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Research

Research resources used	In-house, External
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Contact Details and Further Information

Fund Manager	Suhail joined
Fund company	Scottish Widows Investment Partnership
Website	www.swip.com

Socially Responsible Investment (SRI) contact. For further information regarding this fund, see: www.swip.com/private_inv/islamic_global_equity_home.htm

SWIP Pan-European SRI Equity Fund

IRIS Ethical Investment Overview

This fund's screening criteria is based on based on United Nations and International Labour Organisation declarations, covenants and conventions. The screening process primarily reflects The Universal Declaration of Human Rights; The Convention on the Rights of the Child; International Environmental Conventions; ILO Core Conventions and Conventions against Bribery and Corruption. SWIP work with an external consulting company who use a specially developed model to apply the fund's ethical criteria. Any companies that fail to meet the criteria are either not purchased or removed from the portfolio.

Ethical Policy

Positive investment criteria

See 'ethical investment overview' section

Negative investment criteria

See 'ethical investment overview' section

Voting & Engagement

Engagement

Policy overview

SWIP engagement policy applies to investments held in both ethical and non-ethical funds. SWIP's engagement policy 'reflects the view that co-operation not conflict is most likely to promote a successful outcome for the company and its investors'. SWIP's Corporate Governance Policy and Policy on Shareholder Engagement set out SWIP's approach to voting and engagement (see www.swip.com). Where concerns are considered serious SWIP may meet with the Chairman, with non-executive directors or raise issues with the company's advisors. SWIP maintains good relationships with other investment managers and representative bodies within the fund management industry. This enables them, when necessary, to work with other institutional shareholders to press for change.

Methods of engagement

SWIP communicates with company management and investor relations teams through regular meetings, telephone conferences and site visits at least once a year. Group strategy, SRI criteria and corporate governance issues are some of the topics that are discussed. SWIP also take part in collective discussions with other shareholders on necessary issues.

Examples of recent engagement

SWIP recently engaged with management at Unilever regarding a waste disposal issue at their Indian subsidiary Hindustan Lever. Communications with the company included a requirement to improve waste disposal standards and to pay compensation to local villagers that were affected.

What further steps taken when engagement is considered unsuccessful?

-

Voting

Policy overview:

SWIPs normal practice is to vote on all resolutions put forward at company meetings and to vote all shares in its control where it has authority to do this. SWIPs stated policy is to support management as long as it is satisfied with its corporate governance stance and with its business conduct. SWIP will abstain in a resolution when it is unhappy with some elements of it or where a company has committed to review or address SWIPs concerns within a specified timescale. SWIP will vote against a resolution when a matter of significance is unresolved or if it is against their clients' best interests. When voting in the UK SWIP considers advice from external research providers but we does not follow the recommendations of any voting service. Each resolution at a UK company meeting is considered on a case-by-case basis by SWIP's Corporate Governance Director. When voting at overseas meetings SWIP generally follow the recommendations of ISS (Institutional Shareholder Services) with a few specific adjustments, unless a fund manager intervenes.

Are voting practices disclosed?

Voting practices are not publicly disclosed but voting reports are available to clients on request.

Transparency

**(These are voluntary guidelines for ethical funds which aim to increase accountability to consumers. The guidelines cover 6 key areas including investment criteria, research process and the fund's approach to engagement & voting - see www.eurosif.org)*

Signatory to the Eurosif Transparency Guidelines?*

No

Research

Research resources used

This fund uses the resources of Global Ethical Standard (GES) to assist with ethical screening inputs, in addition to a team of 22 Pan European in-house investment analysts.

Contact Details and Further Information

Fund Manager

Nigel Bolton

Fund company

Scottish Widows Investment Partnership

Website

www.swip.com

Socially Responsible Investment (SRI) contact. For further information regarding this fund, contact:

contact Tony Maddock on 020 7203 3051 or email tony.maddock@swip.com

Section 2 - Guide to ethical and green issues

This section provides a brief introduction to some of the key green and ethical issues most commonly included in the investment criteria of green and ethical funds. It also explains some of the main reasons why investors are interested in the issues.

Important

The information in this Directory is not, and should not be treated as any form of financial advice or recommendation and no investment decisions should be based upon it without consideration of the financial aspects of the decision including (but not limited to) considerations of returns, risk, charges, product and other suitability of the investment to the investor concerned. EIRIS recommends that you make no investment decision in relation to the information provided without appropriate professional financial advice. www.eiris.org provides details of how to find an independent financial adviser with experience of ethical investment.

Animals

- Animal testing

Animal welfare organisations have long campaigned against the use of laboratory animals to test the toxicity of chemicals in consumer products such as toiletries, tobacco and household cleaning products.

Cosmetics testing has always had the highest profile, being seen as having the least justification in terms of benefit to human beings. The European Union has agreed to ban most cosmetic tests from 2009, with importantly a ban on import into the EU of cosmetics with ingredients tested on animals - so the problem is not simply exported outside the EU. Cosmetic tests represent a very small proportion of the procedures carried out on animals. The animal testing of all new chemicals (not just those used in cosmetics) accounts for many more procedures - these tests include pesticides, food additives and preservatives. However, fundamental biological research and drug research and development account for the largest proportion of animal testing procedures. Most testing occurs at the development rather than the research stage - before new drugs can be tested on humans they have by law to be tested on two species to test the 'whole body' effect.

- Fur

Anti-fur campaigners believe that the use of fur for clothing is cruel and unnecessary in modern societies - real fur is viewed as a luxury item for which there can be little ethical justification. Campaigners focus particularly on fur which is not the by-product of the food industry, such as rabbit fur, but which comes from fur farms or from trapping wild animals.

- Intensive farming and meat sale

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

There is also widespread concern about the quality of food produced, particularly about food contamination (in the wake of BSE), antibiotic residues and the use of growth hormones and pesticides. Wider environmental concerns are also highly relevant for the food production sector.

Corporate ethics

Corporate ethics particularly refers to a company's governance and accountability. It can include issues of board practice, bribery and corruption, the management of social, environmental and ethical (SEE) risks, board level accountability for stakeholders and political donations. Corporate governance provides a framework for accountability to the company's owners - its investors and shareholders. Fundamentally, good corporate governance should facilitate good corporate performance, ensuring the company is managed in the best interest of its owners.

- Bribery and corruption

Corruption has many adverse effects. If permitted to flourish, corruption can, in the worst instances, hinder the development of entire nations. The World Bank and Transparency International, the global anti-corruption NGO, have demonstrated that, in some developing countries, corruption has reduced growth by deterring foreign investment and channelling funds into "white elephant" projects of primary benefit to corrupt decision-makers. Transparency International has also produced 'Business Principles for Countering Bribery' and produced lists of countries where bribery and corruption are common place. Companies that do business in such countries are more likely to be faced with compromising situations and have a bigger need to have in place policies and systems to address such cases.

Codes of ethics

How companies conduct their business and the behaviour of their employees is critical to a company's 'licence to operate'. Corrupt or unethical dealings will likely damage a company's

reputation and adversely affect the standing of its business partners, suppliers and customers. In the wake of a number of major global corporate scandals there have been growing public pressures and legislative initiatives for companies to be required to have a code of ethics.

- SEE Risk Management

In addition to the management of financial risks, a wider conception of social, environmental and ethical (SEE) risks has emerged. The premise is that non-financial risks, should they occur, have a potentially damaging impact on the financial health of the company and ultimately on shareholder value. Future financial damage can result from unrecognised or unmanaged risks, or from the costs of defending allegations or lawsuits.

- Women on the board

The "glass ceiling", a term coined almost twenty years ago, has barely been cracked in the boardroom. In UK companies currently 10% of directorships are held by women. This is despite women comprising approximately 30% of managers. The 'Female FTSE Report 2006' states that the number of female-held FTSE100 directorships decreased to 117, down from 121 in 2005. This issue has extended globally as shareholders and investors put pressure on companies to improve their corporate governance and boardroom diversity.

Developing countries

Concerns over the impact of companies in developing countries can include many factors:

- Commodity extraction

There is concern at the speed and manner in which natural commodities such as oil and timber are extracted from developing countries by western corporations, often at prices favourable to the wealthier nations and seemingly with little regard for the fact that they are using up finite resources. Dependence by a developing country on a narrow export base of commodities can also exacerbate its poverty when prices fall.

- Debt

The origins of the Third World debt crisis can be traced to inappropriate lending by many banks during the 1970s. Money was frequently lent to unviable prestige projects or was wasted by corruption, leaving many countries with no means of repaying the original debt. Since the 1990s, campaigning NGOs working on debt issues have focused far less on private bank debt and more on intergovernmental issues relating to the IMF and World Bank bonds.

- Breast milk substitutes

The inappropriate promotion of breast milk substitutes in developing countries is regarded as a major cause for concern by the World Health Organisation and UNICEF. As well as imposing a financial burden on poor people, substitutes are known to be generally less effective than breast milk in helping infants build up necessary immunities. They can also be dangerous where people do not have access to clean water to formulate the milk. In 1981 WHO developed a strict code of marketing practice to outlaw the inappropriate marketing of breast milk substitutes.

- Access to medicines

The issue of access to medicines for the developing world has become pressing in recent years. In 2001 a global public outcry forced some drug companies to drop their suit against the South African government for allowing cheaper versions of patented drugs. The principle reason for the lack of access to medicines is poverty, which denies people access to food, clean water, sanitation and basic healthcare. Poor health is in many cases a consequence of poverty and also a major cause of poverty. This causes a vicious cycle which seriously destabilises economies. However, according to NGOs, in many cases high drug prices, often the result of strong intellectual property protection, is a major barrier. NGOs have argued that pricing, patents, public-private partnerships and research and development are the main ways to increase access to medicines in the developing world.

- Tobacco marketing

In some countries the spread of tobacco, with its many negative health consequences, has begun to be checked by improved health education, public restrictions on sale and advertising and the impact of litigation. Globally though, particularly in developing countries, sales of tobacco are continuing to grow. Much of this growth in developing countries is aided by marketing methods aimed at the young, which are outlawed elsewhere.

Environment

The environment is a very broad field and encompasses a variety of factors and issues. Further details are given below.

- Environmental management, policy, reporting and performance

Some companies have responded to concerns over the degradation of the environment by producing environmental policies, implementing environmental management systems, and reporting on environmental issues relevant to the company.

Developing an environmental policy statement or making a formal commitment to a set of principles is commonly the first step for companies wishing to address their environmental impact.

Companies may then implement an environmental management system (EMS) to drive continual improvement in performance and compliance with their corporate environmental policy.

Calls for increased transparency in company activities have led to an increase in reporting on environmental performance, although the quality of information continues to vary widely. A number of companies have been criticized for publishing 'greenwash' to improve public relations without including meaningful performance data. As more companies adopt certified EMS the spotlight is now turning to what companies have actually achieved in performance terms.

- Chemicals of concern

The manufacture of chemicals and their subsequent use and sale in consumer products is an issue that is of growing concern for consumers, governments, regulators, health and environmental organisations, as well as for companies themselves. There is increasing scientific evidence that certain chemicals are hazardous to human health and the environment, and it is recognised that further action needs to be taken to phase out and substitute some of these substances as a priority. These chemicals can include: ozone depleting chemicals, Pesticides, PVC and phthalates

- Climate change and greenhouse gases

Climate change is now widely recognised as one of the most significant challenges facing the global economy. Environmental impacts include increased flood risk, declining crop yields, species extinctions and extreme weather patterns. The recent Stern Review concluded that under a Business-As-Usual (BAU) scenario a 2-3°C rise in temperature could reduce global economic output (as measure by GDP) by 3% annually. The international science community has now accepted that one cause of climate change is likely to be the increase in greenhouse gas emissions, particularly carbon dioxide, which has occurred since the industrial revolution.

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

- Mining and quarrying

Investors may have a variety of reasons to be concerned about mining and the extraction of commodities. Some may be concerned about pollution and the effect individual operations have on the landscape and local communities. The production processes associated with open

cast or strip mining may be of particular concern to these investors. Others argue that the nature of extractive industries is inherently damaging to the environment not just because of the production process but also because the end-products serve to increase greenhouse gas emissions, waste energy, and discourage recycling of resources.

- Nuclear power

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

Each stage of the nuclear fuel cycle, from uranium mining to the transport and disposal of radioactive waste, is seen by critics of the industry as increasing the risks of hazardous pollution. In the 21st century, the industry's wish to replace ageing plants together with ongoing initiatives to reduce carbon emissions has encouraged a new generation of proposals to be debated internationally.

- Sustainable timber

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

Widespread public concern over the effect of current harvesting and silvicultural practices on these and other forests has led to calls for more sustainable forest management practices. As a result, labelling systems have been developed for timber and timber products derived from well-managed forests to give the consumer a guarantee of sustainability. Illegal logging remains a significant threat to any efforts towards sustainable forestry. Responsible sourcing of credibly certified timber and timber products helps discourage illegal logging and promote greater transparency throughout the timber industry.

- Pollution

The effects of many industrial pollutants on human health and the environment are well-established. But in recent years attention has been focused on the possible links between poor air quality and respiratory illnesses, with atmospheric emissions from road traffic and industrial sources thought to contribute to thousands of deaths every year. Concern is also growing over the effects of complex organic chemicals such as pesticides and industrial chemicals.

- Water pollution

Water is the most important natural resource and its pollution has both environmental and economic impacts. The consequences of water pollution depend both on the type and level of pollution and the use to which the receiving water is put. Sewage discharges have polluted bathing waters and threatened the health of bathers. Water supplies may be contaminated by pollution if the receiving water is used as a source of drinking water. Toxic discharges may kill fish and other aquatic wildlife, and may ultimately affect the marine environment. International attention is currently focused on the potential long-term effects on human health and wildlife of many complex chemicals that cannot be broken down naturally and persist in the environment.

- Biodiversity

Biodiversity is vital for maintaining ecosystems on which all life depends. It is known that diverse ecosystems are better able to withstand environmental changes, such as climate change. Conserving biodiversity is therefore essential in ensuring the continued functioning of the ecosystems on which we all depend.

The biggest threat to biodiversity is from changes in land use leading to habitat destruction, fragmentation or simplification. The second biggest threat is the introduction of exotic species resulting in change at the ecosystem level, sometimes wiping out native species. Lastly, over-exploitation threatens many species.

- Genetic engineering

Genetic engineering is generally perceived to be a radically new way of manipulating nature. The ability to transfer genes across species barriers, so that genes found in bacteria can be incorporated into the genetic make-up of a plant, or human genes can be transferred into a sheep, is viewed with distrust by many outside the biotechnology industry. Genetic engineering is the central technology within modern biotechnology, which may include cloning and xenotransplantation, and the patenting of genes.

Human rights

Human Rights has become central to the corporate social responsibility agenda over the last few years. This is partly driven by the debate about whether globalisation is detrimental or beneficial for developing countries. It is also partly driven by concern about whether corporate behaviour is reinforcing or undermining human rights.

A number of campaigns focusing on corporate behaviour, initially in South Africa, and more recently in Burma and elsewhere, has placed the spotlight on particular countries where human rights are seen as most at risk (whilst not detracting from the fact that violations of human rights occur in all countries).

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

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

Military issues

Many people share the fundamental conviction that because the taking of human life is wrong, warfare is wrong too. Some take this to mean that the use of military force is unacceptable either for defensive or, more commonly, for offensive purposes. Others disapprove of what they regard as the harmful diversion of government funds from social spending to unproductive and destructive military programmes, both in the developed and the developing worlds.

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

People and stakeholder issues

Business activities have a variety of impacts on people. These can include providing meaningful employment and good working conditions; support for charities, or significantly improving the quality of the goods and services available to customers. Conversely, some company activities may involve negative impacts on groups, for example by exploiting unsafe or poorly paid working conditions.

Such impacts are often described in terms of stakeholder issues. A stakeholder can be defined as a party who affects, or can be affected by, the company's actions. The stakeholder issues that may be of particular interest to investors are:

- Equal opportunities

An increasingly important element of labour conditions is a company's attitude towards equal opportunities and diversity. Despite the many strides made globally in combating

discrimination during the last century, much remains to be done to achieve true equality in the workplace. Equal opportunity is increasingly an issue of global concern. However, progress towards equality is often at different stages of development in different countries. Social practices, legislation, and public opinion all differ around the world.

- Community involvement

The giving of money by companies to worthy causes is generally accepted as self-evidently 'a good thing.' Certainly, there are strong arguments in favour of identifying and encouraging companies that make a positive effort to contribute to the communities they work in and to society at large, whether via donations or other means.

- Health and safety

Having a thorough, regularly reviewed system regulating health and safety is essential in order to be seen to be pro-active in addressing concerns over the treatment of staff and other stakeholders.

- Relationships with customers and suppliers

Given the increasing importance attached to corporate reputation issues, it is vital that companies do all they can to actively engage with their stakeholders to improve the quality of their products and services. Without effective systems in place to monitor and improve a company's practices on this issue, it can often be difficult for the company to affect real change for the better. The existence of adequate monitoring systems therefore, is also important to investors seeking quantitative evidence of the company's performance on this issue.

- Supply chains

The quality of working conditions and the use of child labour in global supply chains is a high profile issue. An ever growing number of products are being assembled or processed in many different countries. More attention is now being paid to the working conditions prevalent in developing countries and/or those with poor human rights records. These countries are less able, due to factors including lack of resources, to ensure that basic minimum standards are maintained in all workplaces.

Whilst many cases of abuse and exploitative conditions have been located in poorer countries, it is also widely acknowledged that trade and foreign investment generate far more employment and wealth in developing countries than is provided by foreign aid projects. Hence, many development organisations consider it vital to ensure that raising concerns about working conditions does not unduly undermine such benefits or lead to 'back door protectionism' by wealthy countries.

- Trade unions

Trade unions and collective bargaining can provide workers with a valuable safeguard against exploitation and victimisation. This is particularly so in less wealthy countries and in less profitable industries which usually have poorer employment conditions. It is not of course always necessary for trade unions to be recognised by a company in order for it to provide good or above average working conditions.

- Training and development

Companies that provide good training and development opportunities to their workforce have a competitive edge over rivals, because not only is productivity increased as a result of improved training, but the business becomes more successful at both retaining and attracting high quality workers.

Positive products and services

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

There may be different views about what products or services should be regarded as positive, and factors such as production and supply could also be considered.

If a company's products and services are something you regard as being a good thing, then you may feel the growth and prosperity of the company concerned has a positive impact. This could be because its products and services meet an important need, provide a better quality of life or solve a social or environmental problem.

There are six key areas of activity which could be seen as providing basic necessities, environmental products and other services which help in solving problems and making the world a safer place.

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

Other ethical issues

- Alcohol

Although alcohol can be consumed without harm, it is also a toxic and addictive substance which causes illness, accidents, violence and family suffering.

As evidence of the health risks associated with alcohol consumption becomes more widespread, manufacturers have sought replacement consumers and launched new products. The drinks industry has been criticised by campaigning groups such as Alcohol Concern for targeting young or under-age drinkers.

Its relevance for charities

- Contraception and abortion

The issue of termination of pregnancy has remained controversial in recent years. The parameters of this debate vary greatly from country to country. Attitudes to the issue may be affected by religious beliefs, and views on the rights of women. 'The right to choose' -- those in favour of women being entitled to have abortions generally argue that a woman should have control over her own body, and the right to decide whether or not to terminate her pregnancy. They also call for improvements in sex education and in contraception.

'The right to life' – those who oppose abortion generally argue that human life is sacred and that aborting a foetus is effectively the taking of a human life. They generally believe that life begins at conception or shortly after. Therefore if an abortion is performed at any stage they would deem it as the destruction of life. Some opponents of abortion accept there may be exceptions to this rule such as rape victims or the pregnancy of very young girls, or the case of inherited conditions, such as Down's syndrome.

A separate, but related issue is that of contraception. A number of organised religious groups, most notably the Roman Catholic Church, believe that most forms of contraception are unacceptable, including birth control pills and condoms. Others, including many opponents of abortion, favour contraception, often as a means to control the spread of sexually transmitted diseases and HIV/AIDS or to improve maternal health.

- Gambling

Gambling has long been a cause for concern amongst ethical investors. With the advent of the National Lottery and the deregulation of the UK gambling industry there have been claims that addiction to gambling is on the increase in Britain.

Interest in gambling has been highlighted by recent concerns over the increased accessibility of gambling, particularly through the internet and interactive TV, and the discussion over the development of a super-casino'.

- Pornography and adult entertainment services

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

- Tobacco

Over recent years, the tide of public opinion in Britain has turned against smokers. Tobacco is the largest cause of preventable death in the UK, claiming over 100,000 lives every year. It is responsible for at least 90% of deaths from lung cancer, chronic bronchitis and emphysema, and it is a factor in over 20% of all deaths from heart disease. A decline in adult smoking and fears about the effects of 'passive' smoking in particular, have encouraged smoking to be banned in many public areas such as pubs, restaurants, offices and on public transport. Some smokers, however, see such moves as an attack on their civil liberties.

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

For further information on EIRIS products and services for consumers and financial advisers, please contact Mark Robertson:

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