



Embedding Ethics into Fund Management: *Make A Difference – Make A Return*

Neville White, Head of SRI Policy and Research

10 July 2018



PROFIT WITH PRINCIPLES

Our Ethical Credentials

- Launched first ethical fund in 1988; the second ethical equity retail fund in the UK
- Ultimately owned by the Allchurches Trust, a registered UK charity
 - Strong value set throughout company
 - Long term focus in running institutional and retail money
 - All distributable profits go to good causes - £100m target by 2020
- Integrated Socially Responsible Investment (SRI) approach
- Principles of Responsible Investment achieved top rating of A+
- Moneyfacts Best Ethical Investment Provider Award nine years running (2009-17)
- Committed to comprehensive Socially Responsible Investment (SRI)
 - Negative screening
 - Positive screening
 - Active voting
 - Engagement



Why Invest Responsibly?



POVERTY

CONFLICT



DIGNITY



STEWARDSHIP



**Ethical
Capitalism**

A Growing Market with Opportunities



“**European RI
market now at
€5 trillion AUM**

PROFIT WITH PRINCIPLES

A Growing Market with Influence



**“UK Church
Investors
Group now at
£17bn AUM**

PROFIT WITH PRINCIPLES

“Exercising Faith through investment

SRI: Socially Responsible Investing



Absence of Harm: Living Your Values

Weapons

Gambling

Alcohol

Interest Bearing Products

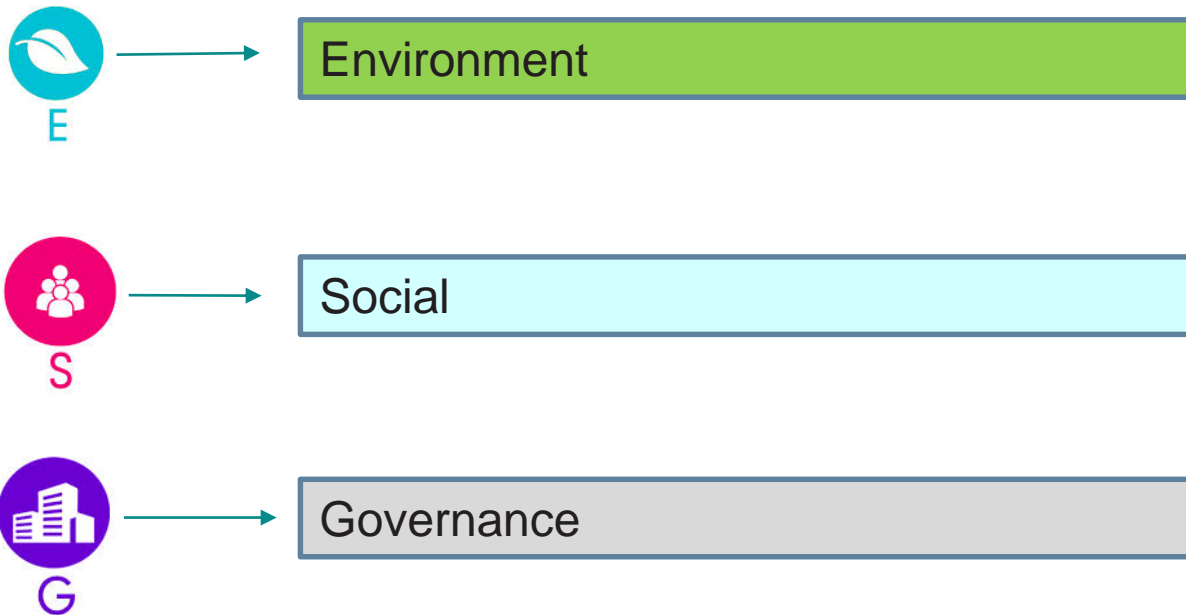
Pornography & Violent Material



Embeds fundamental faith values on an 'absence of harm' basis

...But You *Can* Do More!

Adding Values by Embedding ESG



Embeds ESG risk and business best practice factors into stock selection

'E': Integrating Environmental Risk



Climate Change

GHG Emissions

Pollution

Resource Depletion: Deforestation

Waste & Recycling

Soil, Water, Air Quality

Sustainable Products

Natural Capital

'S': A Cinderella...But With Huge Impact

Human Rights; Child & Forced Labour



Labour Rights & Employment

Conflict & Oppressive Regimes

Supply Chain Risk

Indigenous People and Land Rights

Conflict Minerals

Modern Slavery & Trafficking

Health & Safety

'G': Governance Fundamental to Performance



Business Ethics & Business Behaviour

Bribery, Corruption & Conduct

Board Quality; Director Independence

Pay for Performance

Cybersecurity

Ethical Sourcing

Tax, Political Donations & Lobbying

Diversity

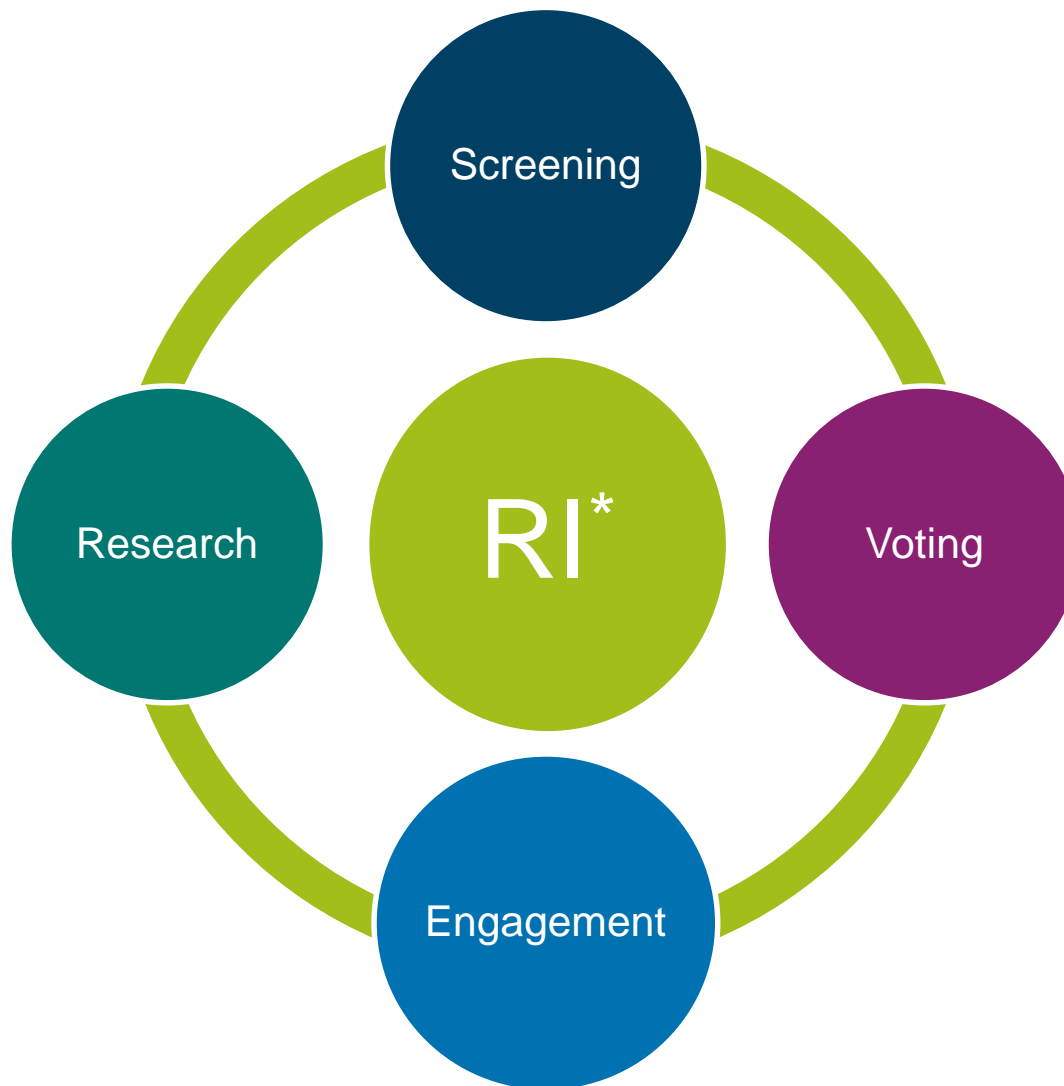
Integrating Ethics: What to Look for in a Manager



Integrating Ethics: What to Look For In A Manager

- **Trust & Integrity**
- **Competency & Expertise**
- **Track Record of ESG Integration**
- **Full Voting Record**
- **Informed, Focused Engagement**
- **Client Communication**
- **Sharing Your Values!**

Responsible Investment



Applying negative screening based on absence of harm, plus positive screening to identify responsible and sustainable companies.

Responsible stewardship, vote at all meetings across all international markets

Engagement with companies to understand material ESG risks, to encourage best practice and to catalyse positive change.

Client communication via published research and commentary to help inform the RI process.



The Price of Getting it Wrong?





Deepwater Horizon: 11 killed
Compensation and Penalties: \$62bn



Samarco, Brazil: 17 killed
Compensation and Penalties: £39bn claim lodged

Rana Plaza, Bangladesh: 1,134 killed





UK Banks: Corporate Misconduct

Compensation for PPI mis-selling
Money Laundering; FOREX Fraud
Sanctions Busting



£50bn+ set aside by Big Four for misconduct since crisis



REDUCING RISK: ENGAGING WITH CLIMATE CHANGE

Faith Making A Difference

“I have admired the determination of church investors to bring shareholder pressure to bear on major oil companies. However, the...increasing urgency of the need to respond to climate change indicate that now is the time for the churches to divest from oil and gas and reinvest in clean energy”

Dr David Atkinson – Hon. Assistant Bishop, Diocese of Southwark

Integrity Through Thought Leadership



- Macro themes
- Trends
- Ethical Risks
- Investment Chain



- ✓ Credibility
- ✓ Integrity
- ✓ Trust

Conclusion: Make A Difference: Make A Return

- Making a difference is not incompatible with making a return
- Stewardship and responsibility go beyond avoidance and negative criteria
- Adding positive screens helps reduce risk and adds value
- All shareholders have a voice and can collaborate for change
- Engagement is the best way to leverage your values and build better business
- Empower your Faith to make a difference...whilst making a return!

Thank You !

This presentation has been prepared by EdenTree Investment Management Limited for Financial Advisers, other intermediaries and other investment professionals only. It is not suitable for private individuals.

This document has been produced for information purposes only and as such the views contained herein are not to be taken as an advice or recommendation to buy or sell any investment or interest thereto. A full explanation of the characteristics of the investments is given in the Key Investor Information Document (KIID). Any forecasts, figures, opinions, statements of financial market trends or investment techniques and strategies expressed are unless otherwise stated, EdenTree Investment Management own at the date of this document. They are considered to be reliable at the time of writing, may not necessarily be all-inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecast made will come to pass. The value of any investment, and the income generated from it may fall as well as rise and will be affected by changes in interest rates, general market conditions and other political, social and economic developments, as well as by specific matters relating to the assets in which it invests. Past performance should not be seen as an indication of future performance.

EdenTree Investment Management Limited (EIM) Reg. No. 2519319. Registered in England at Beaufort House, Brunswick Road, Gloucester, GL1 1JZ, UK. EIM is authorised and regulated by the Financial Conduct Authority (FCA No. 527473).