

GOOD MONEY

- BANKS & BUILDING SOCIETIES •
- CHARITY CREDIT CARDS •
- ETHICAL INVESTMENT •
- INSURANCE •
- INTERNET BANKS •
- MORTGAGES •



Introduction

So far this book has covered how to spend your money, but what about how to save it? The following pages include all the information you need to make good choices on where and how to invest.

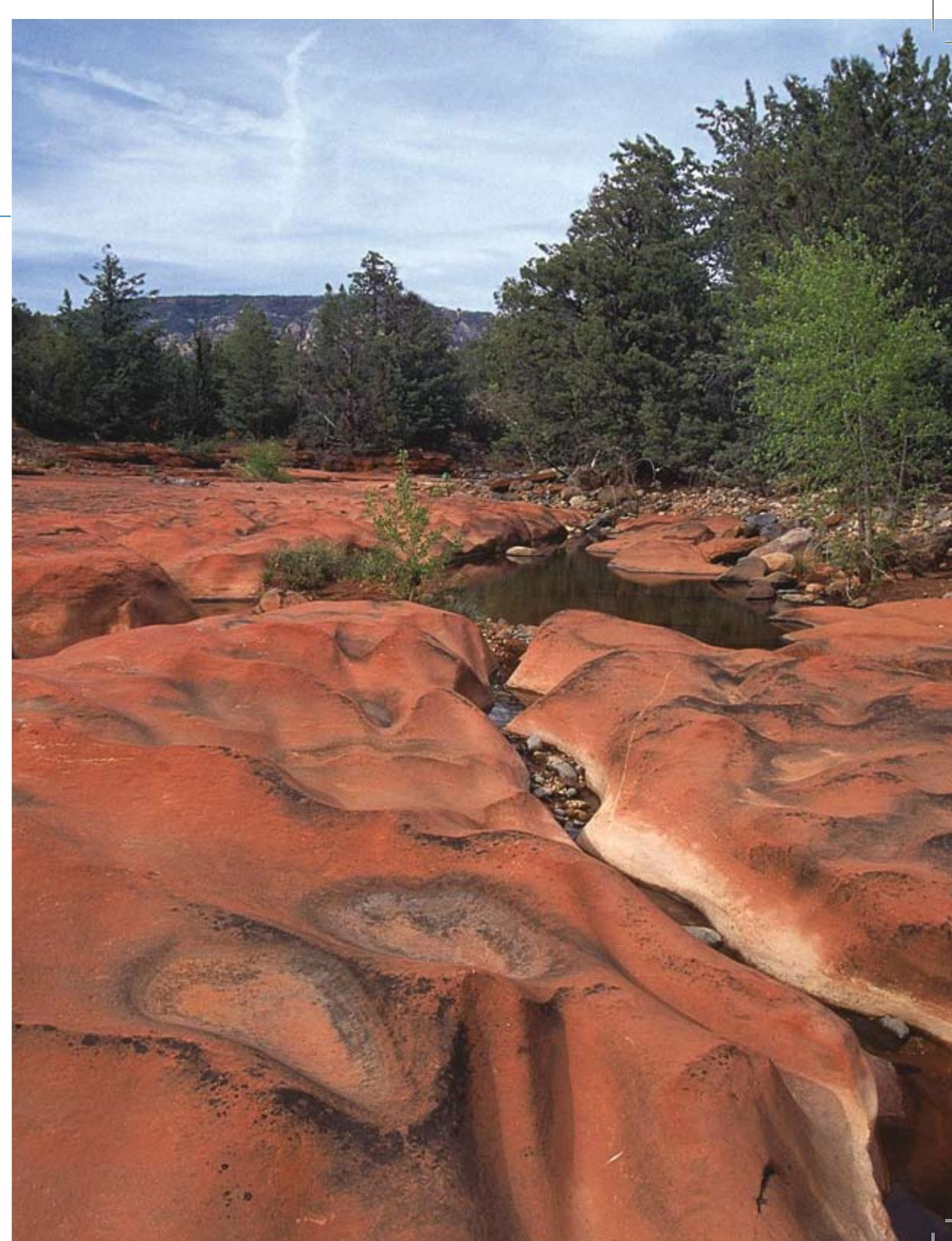
Savers often move their bank accounts to take advantage of the best interest rates, but few of us think of using the same process when it comes to the most ethical banks. With more Britons than ever before living in the red, whether it's through loans, credit cards or student debt, choosing a bank that operates transparently and does not encourage unnecessary spending is crucial. The major credit card companies in particular have been accused of irresponsible marketing, and of making large sums of money available to those who cannot necessarily afford the repayments.

Switching bank accounts no longer needs to be a lengthy and complex ordeal, and with internet banks increasing in popularity most of the research can be done at home. In fact, this section does much of the work for you, looking in depth at the most common criticisms levelled at the high street banks, building societies and mortgage lenders.

One of the most widespread contentions is with the banks' involvement in unethical lending. This can range from investment in questionable corporations to holdings of Third World debt. As well as exposing those brands that still use their money unwisely, this section looks at the companies that are doing the most to promote socially responsible investment.

Amongst these are the funds profiled in the ethical investment section, which finds out how shareholder power can be used to protest against company policies. If the prospect of investing in ethical business seems like a luxury, there are plenty of opportunities to support the charities and associations who campaign on environmental and human rights issues – see the section on charity credit cards, or the non-governmental organisation listings at the back of the book.

Making the switch to a responsible bank is the first, simple step towards ethical spending.



Banks and building societies

Banks and building societies claim to have their customers' best interests at heart, but are they really listening? Most of us choose our banks or building societies for reasons of convenience – simply because there's a branch around the corner or because we had an account with a predecessor of one of today's conglomerates. As customers we should keep track on the way our banks behave, particularly in their relationships with the developing world.

DODGY LENDING

The big banks have a notoriously bad history. Even in the last five years, banks have been condemned for funding rainforest destruction, for their involvement in highly controversial dam and gas-pipeline projects, and for lending to governments of the world's poorest countries so they can buy expensive military equipment.

Since some mutual building societies don't take business customers, they can never fund dubious business practices. Of those in the table, the Coventry, Yorkshire, Leeds and Bradford & Bingley do not lend commercially.

Perhaps the most rewarding way to store our money is with banks that have progressive investment policies. Charity Bank, the world's first not-for-profit bank, only invests in the charitable sector, and Triodos Bank lends solely to projects that add cultural value or are of benefit to people and the environment. Of course, the Co-op Bank has a transparent and comprehensive lending policy, available on their website.

THIRD WORLD CONCERNS

Several British banks – most notably Lloyds (now Lloyds TSB) and Midland (now HSBC) – were the focus of campaigns in the 1980s and 90s over their holdings of Third World debt. Much of this has now been written off as the banks realised that they were unlikely to recoup the loans, and that they were acquiring significant bad publicity. Some, such as the Bank of Scotland, 'swapped' their poorest-country debts for commitments by national governments that they would use the money for domestic development programmes. However, the Ethical Investment Research Service (EIRIS) has listed some high street banks as still holding Third World debt – see www.eiris.org.

British banks have been the target of other important campaigns about their holding of World Bank bonds, their involvement in the kind of currency speculation that has ruined many developing countries, and their support for the World Trade Organisation's controversial agreement on trade and services. Some of these issues are indicated on the table.

ETHICAL HEALTH CHECK

Information on the environmental and social policies and reporting standards of a range of banks can be found in an EIRIS

factsheet, available from 0845 606 0324 or www.eiris.org. Charity Bank are the first bank to become members of the Ethical Company Organisation's accreditation scheme.



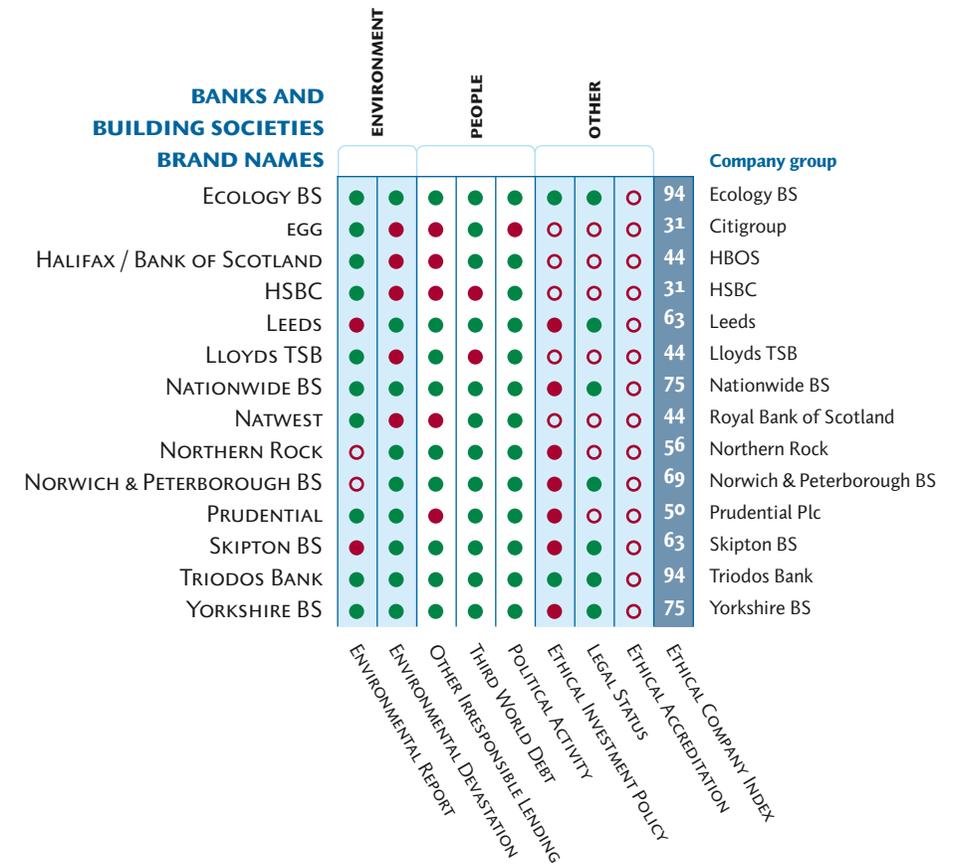
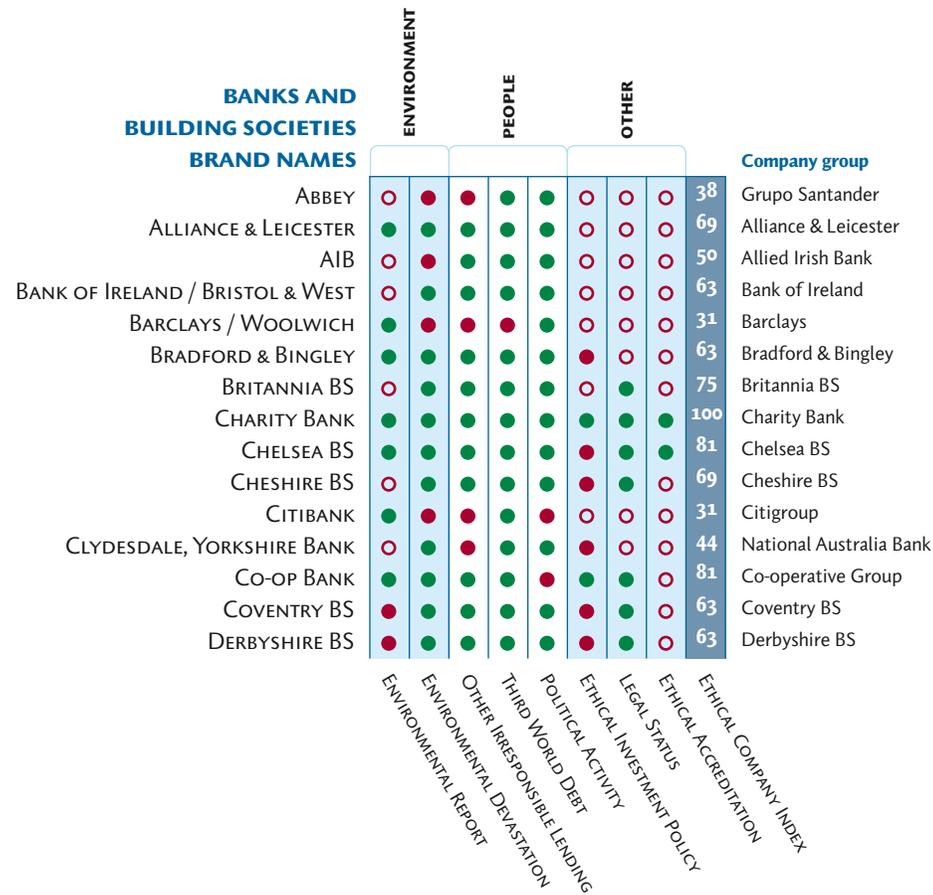
- Charity Bank
- Chelsea BS
- Co-op Bank
- Ecology BS
- Triodos Bank



- Alliance & Leicester
- Bank of Ireland
- Bank of Scotland
- Bradford & Bingley
- Bristol & West
- Britannia BS
- Chelsea BS
- Cheshire BS
- Coventry BS
- Derbyshire BS
- Leeds
- Nationwide BS
- Norwich & Peterborough BS
- Skipton BS
- Yorkshire BS



- Abbey
- AIB
- Barclays
- Citibank
- Clydesdale
- egg
- Halifax
- HSBC
- Lloyds TSB
- Natwest
- Northern Rock
- Prudential
- Woolwich
- Yorkshire Bank



Key
 ● Top rating
 ○ Middle rating
 ● Bottom rating

Source: The Ethical Company Organisation (2008)

Key
 ● Top rating
 ○ Middle rating
 ● Bottom rating

Source: The Ethical Company Organisation (2008)

Charity credit cards

Credit card loans are a big factor in Britain's soaring consumer debt, and credit card companies have come under attack for irresponsible selling strategies. Sophisticated direct marketing enables companies to target vulnerable people who are more likely to be tempted by credit card loans. A survey by homeless charity Centrepoin revealed that almost a quarter of homeless youngsters had received letters from credit card companies, urging them to apply for loans.

DEBT

There has been much talk of Britain's spiralling debt problem: half a million people have 'crippling debts on their credit cards' according to the National Consumer Council, and advice services such as Debt Free Direct say they received 275 per cent more calls per day in December 2004 than they did a year earlier.

In 2004, after three high-profile suicides by men who had racked up huge credit card debts, HBOS, Lloyds TSB and Capital One were accused by MPs of encouraging young people to get into debt they couldn't handle. Capital One, in particular, was condemned for aggressive marketing and its failure to make clear the cost of repayment.

Many major banks and credit card companies bombard supposedly susceptible households with junk mail and offers of unbeatable deals. The Office of Fair Trading has said that misleading advertising by credit card companies included using introductory rates to lower their overall APR.

CHARITY CREDIT CARDS

Charity credit cards raise money for good causes without serious cost to the customer. Nowadays there are plenty on offer, most of which let the holder choose which charities they wish to support. Single charities issue the cards to raise money and to win publicity. Several banks co-operate closely with them, but not all.

The cards raise money for a charity when the card is first taken out or first used, and from then on a small percentage, for example 25p for every £100 used, goes straight to the charity.

Few affinity cards charge an annual fee, but it is worth checking on this before taking one. Some have low introductory rates of interest in the first few months, but in general the rates are close to the average available at any one time. However, this is irrelevant if the bill is paid off in full, as most affinity cardholders apparently do. As the donations depend on the money spent, not on the size of the outstanding balance, there is no loss to the charity if the card is cleared every month. Many banks have been happy to co-operate

not only with conventional charities but also with sports clubs, hobby groups and professional organisations, seeing it as a way to gain market share. In terms of ethics, it makes little difference whether the card is Visa or Mastercard. It is more appropriate to ask which bank the charity has teamed up with to issue its credit card. Some of the banks have resisted becoming involved, considering cards too costly to administer or being reluctant to pay VAT on donations.

THE BANKS

Of the UK high street banks, Royal Bank of Scotland, the Co-op Bank, Halifax and Bank of Scotland (both part of HBOS), all offer charity-linked cards. US bank MBNA jointly issues affinity cards with charities. Co-op Bank cards support, amongst others,

Amnesty International, Greenpeace, Help the Aged, Save the Children, Oxfam and the RSPB. Halifax has cards that support Cancer Research UK, Mencap and the NSPCC.

THE PVC ISSUE

The Co-operative Bank's Greenpeace credit card, launched in 1998, was the first non-PVC card to enter the market. Although the bank made a commitment to convert all its cards to non-PVC plastic by 2000, there does not appear to have been any progress on the issue. No other UK card issuers seem to have followed their lead, despite the cumulative toxic effects of some of the chemicals involved in the manufacture and disposal of PVC.

See www.gooshing.co.uk for the best deals on a range of ethical financial products.



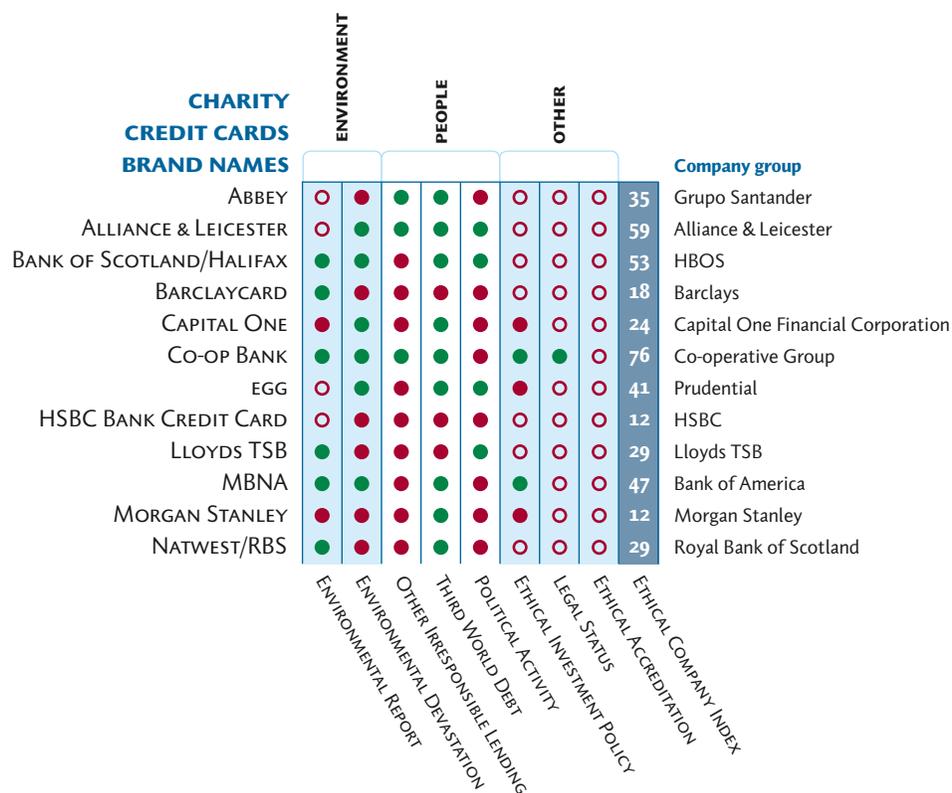
- Co-op Bank



- Alliance & Leicester
- Bank of Scotland
- Halifax
- MBNA



- Abbey
- Barclaycard
- Capital One
- egg
- HSBC
- Lloyds TSB
- Morgan Stanley
- Natwest
- Royal Bank of Scotland



Key
 ● Top rating
 ○ Middle rating
 ● Bottom rating

Source: The Ethical Company Organisation

Ethical investment

One of the most effective ways to put ethical consumerism into practise is through investment. The idea of using your money wisely has been around for a long time, but only recently has it become a mainstream means of supporting a good cause. With a growth in awareness about ethical investment's benefits on the part of companies as well as investors, it is becoming ever easier to put your money where your mouth is.

A LONG HISTORY

The roots of ethical investment can be traced to the religious movements of the nineteenth century, such as the Quakers and Methodists, whose concerns included issues such as temperance and fair employment conditions. At the beginning of the 1900s, the Methodist Church began investing in the stock market, consciously avoiding companies involved in alcohol and gambling.

During the twentieth century, more churches, charities and individuals began to take ethical criteria into account when making investment choices. An ethical investment ideology began to develop in the US as controversy over American involvement in the Vietnam war led to the founding of the Pax World Fund in 1971, which aimed to avoid investments associated with the war. In the 1980s, the apartheid regime in South Africa was the focal point for ethical investment and, indeed, its success as a tool of protest there accelerated its acceptance and growth around the world.

In 1983 the Ethical Investment Research Service (EIRIS) was established as the

UK's first independent research service in ethical investment, providing the underlying research into companies' social, environmental and ethical performance needed by investors to make informed and socially responsible investment decisions. The UK's first ethically screened unit trust – the Stewardship Fund – was launched by Friends Provident a year later. Now there are over 60 ethical retail funds in the UK market, with an estimated value of £3.8 billion. This growth in SRI (socially responsible investment) has been reflected globally. For example, the Asia-Pacific region has seen the launch of several SRI funds in places such as Japan, Australia and Singapore. In Europe there were 170 ethical funds in 1999; by the end of 2001 the number had grown to over 280.

'Ethical' or 'socially responsible' investment describes any area of the financial sector where the principles of the investor inform where they place their money. Companies big and small have an increasingly large impact upon the world around them. How they conduct their business can affect all manner of things beyond the actual product or service they

provide. There is a growing awareness that, alongside simply choosing to buy or not to buy their products, those of us who invest our spare money can also influence companies towards better social and environmental behaviour.

With any standard unit trust, investment trust, ISA or pension you may find your money going to companies that you would not wish to support. An ardent anti-smoker, for example, would be dismayed to discover that their savings were invested in a tobacco company. Whether your investments are limited to a pension fund, or if you're more involved in the stock market, knowing as much as you can about the ethics of the financial companies you're investing in can be as important as choosing an environmentally sound washing-up liquid. In fact, as a recent War on Want campaign (encouraging the 10 million people who are occupational pension scheme members to find out where their money is invested) shows, you can use your influence no matter how small your investments might seem.

HOW DO I BEGIN?

The first step towards positive investing is to identify what social, environmental and other ethical issues are most important to you. Areas of concern can be wide ranging, from animal testing to gambling, from human rights to nuclear power, from environmental enhancement to community involvement. Surveys by EIRIS have shown that the most prominent areas of concern are operations in oppressive regimes, breaking environmental regulations and testing products on animals. The companies that respondents preferred their pension funds to be invested in were

those with good records on environmental issues and employment conditions. Identifying these areas will reflect the type of companies you want to invest in or to avoid.

NOBODY'S PERFECT

It is important, however, to remember that there is no such thing as a perfect company. All are involved in activities that someone somewhere will object to, and none go far enough in terms of positive social and environmental contribution to satisfy all of the people all of the time. Ethical investment is about compromising and prioritising.

TYPES OF FUNDS

Once you've worked out your individual criteria, there are a diverse range of ethical funds available, and different funds suit different investors. Some funds select a set of criteria which they believe will appeal to the widest range of investors. Others take a precisely focused approach, designed to appeal to a particular market. It is therefore very important to look behind the 'green' or 'ethical' label at what the fund is actually investing in before deciding to invest.

Ask:

- How does the fund research the activities of the companies in which it invests?
- Is there an ethical committee or advisory board that is independent of the investment process, to make sure the fund adheres to its published ethical policy?
- How good is the fund's communication with investors, e.g. does it have mechanisms in place to allow investors to voice their concerns?

- How active is the fund in engaging or communicating with companies? Does it encourage companies to improve their social and environmental performance?

ETHICAL STRATEGIES

There are three main strategies that funds can adopt to implement their ethical investment policies:

ENGAGEMENT

- No companies are excluded but areas are identified in which companies can improve their environmental, social and ethical performance. The fund managers then 'engage' with the companies to encourage them to make such improvements

PREFERENCE

- The funds adopt social, environmental or other ethical guidelines which they prefer companies to meet. These guidelines are applied where all other things are equal (e.g. financial performance)

SCREENING

- An acceptable list of companies is created based on chosen positive and/or negative criteria (e.g. avoid companies involved in the arms trade, include companies with good environmental performance and so on). Funds are invested only in those companies on the list

A TWO-PRONGED APPROACH

Ethical investing works in two ways:

- by using the individual's power as a shareholder to influence corporate behaviour
- by their decision to invest only in companies who behave in a socially responsible manner

SHAREHOLDER POWER

One method of shareholder influence, which is particularly useful for the publicity it often receives, is the practice of posting shareholder resolutions which companies then have to consider in public at their annual general meetings. Campaigners say that the rules governing who can put forward a shareholder resolution are more restrictive in the UK than in the US. Nonetheless, a prominent UK example is the resolution placed before BP's spring 2002 AGM, filed by the global environment network WWF, together with an international coalition of ethical investors, on its drilling activities in environmentally and culturally sensitive areas. This is one part of the campaign to prevent BP and others from drilling for oil in places such as the Alaskan Arctic National Wildlife Refuge, which is one of the last pristine areas left in the US and is currently off-limits to oil and gas exploration and development.

The idea of shareholder power is relatively new, but it is becoming more prominent amongst NGOs. It can have some real results, as the case study on the next page shows.

VOTING FOR CHANGE

Shareholder resolutions, one of the more flamboyant ways of investing ethically, have been shown to work. Friends of the Earth used a shareholder resolution as part of its campaign against Balfour Beatty's plans to build a controversial dam in Turkey – the Ilisu dam on the Tiber River, 40 kilometres from the border of Syria and Iraq. Protest groups warned that the dam would make 78,000 local people homeless and drown dozens of towns and villages, including the world historic site of Hasankeyf.

FoE bought £30,000 worth of shares in order to submit a resolution on the dam contract at Balfour Beatty's AGM. Some months later, the company pulled out of the project, announcing that 'after a thorough evaluation of the commercial, environmental and social issues, it is not in the best interests of our stakeholders to pursue the project further'.

ALTERNATIVE INVESTMENT

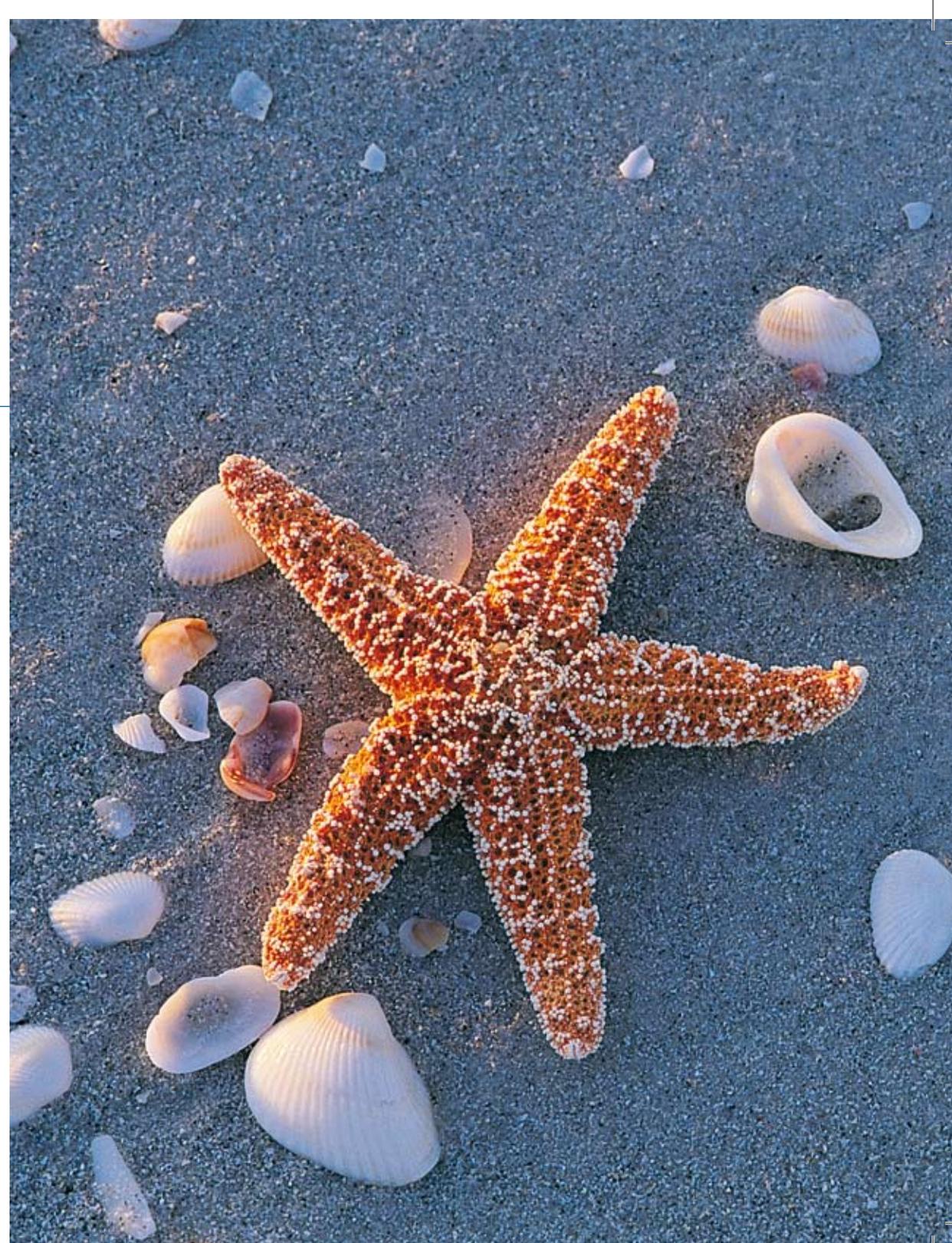
Ethical investment is not confined to shares traded in stock exchanges. Many investors prefer to back individual projects or causes. Such directed investment is known by a variety of terms including 'alternative' investment, 'mission-based' investment and 'socially directed' investment. Examples of cause-based investment include regeneration projects in Birmingham (through the Aston Reinvestment Trust), and the support of projects in developing countries (through the co-operative lending society, Shared

Interest). The cause-based investment sector is currently dominated by financial institutions such as Triodos Bank and the Ecology Building Society, although it also includes ethical companies who raise money directly from stakeholders by selling 'ethical shares'. Such companies include Traidcraft and the Centre for Alternative Technology.

GOOD FOR EVERYBODY

You don't need to worry that concentrating on ethical investments will make your financial performance suffer. Research by EIRIS and others indicates that investing according to ethical criteria may make little difference to overall financial performance, depending on the ethical policy applied. Five ethical indexes created by EIRIS produced financial returns roughly equivalent to the returns from the FTSE All-Share Index. For example, the total return of the Charities' Avoidance Index, which excludes the vast majority of companies involved in tobacco, gambling, alcohol, military sales and pornography, was 0.38 per cent greater than the All-Share.

Companies, too, can benefit. Over £3 billion is already invested in companies screened for good social, environmental and ethical practice by retail investors. Many churches and charities, pension schemes and local authorities are also investing according to socially responsible investment policies. That means money is being consciously diverted from companies that cannot demonstrate this good practice. Many investors are also engaging with companies in which they invest, or are considering investing in, to persuade them to improve their policies and practices.



You can get further information by contacting the organisations listed below:

EIRIS's Guide to Ethical Funds covers the ethical retail funds (such as unit trusts, OEICs and investment trusts) available to the UK investor, giving a summary of each fund's ethical policy, top ten holdings and outlining what products (such as pensions or ISAs) are available with that fund.

EIRIS was established in 1983 by a group of churches and charities, and today it is one of the leading providers of independent corporate research for socially responsible investors. EIRIS has a wealth of information for people who want to apply their principles to their investments and finances. EIRIS can provide a directory of financial advisors who have expertise in advising on ethical investments (available from www.eiris.org).
EIRIS, 80-84 Bondway, London SW8 1SD
Tel: 0207 840 5700
Email: ethics@eiris.org

The UK Social Investment Forum is a membership network that promotes and encourages socially responsible investment in the UK, including shareholder activism, social banking and community finance (www.uksif.org).
Tel: 0207 749 9950

The European Sustainable and Responsible Investment Forum (Eurosif) is a non-profit organisation promoting the concept, practice and development of responsible and sustainable investment (www.eurosif.info).

For more information see www.gooshing.co.uk. Ethical Investments (www.ethicalinvestments.co.uk) and Shared Interest (<http://cust.shared-interest.com>) are members

of the Ethical Company Organisation's accreditation scheme – see the back of the book for more information on these ethically-certified companies.

ETHICAL FUNDS

Below is a list of the ethical funds that *The Good Shopping Guide* was happy to promote and EIRIS was aware of at the time of collating this information and had been given details on by the fund provider. There may be other ethical funds that are on the market that EIRIS was not aware of or had no information on at that time. Note that by providing this list we are not making recommendations. For further information you may want to seek independent financial advice.

EIRIS defines an ethical fund as any fund which decides that shares are acceptable or unacceptable according to positive or negative ethical criteria e.g. environmental criteria, human rights criteria etc. The exception to this rule is that we do not include funds that only exclude companies involved in tobacco products.

AMP NPI GLOBAL CARE FUNDS (GROWTH, INCOME, PENSION AND PENSION MANAGED)

Type of investment: OEIC (Growth and Income), Pension Fund (Pension and Pension Managed),
Address: NPI House, 55 Calverly Road, Tunbridge Wells, Kent
Phone: 0189 251 5151

AXA WORLD FUNDS II – GLOBAL PORTFOLIO ECOLOGICAL FUND

Type of investment: Off-shore fund
Address: Sun Life Global Management Ltd, Royalty House, Walpole Ave, Douglas, Isle of Man IM1 2SL
Phone: 0162 464 3498
Fax: 0162 464 3541

AXA UK ETHICAL FUND

Type of investment: OEIC
 Address: AXA Sun Life Fund Managers Ltd, MFD,
 PO Box 1810, Bristol BS99 5SN
 Phone: 0117 989 0808
 Fax: 0117 989 0604

ABBEEY LIFE ETHICAL TRUST

Type of investment: Unit Trust
 Address: Abbey Life Investment Services Ltd, Abbey Life
 Centre, 100 Holdenhurst Road, Bournemouth BH8 8AL
 Phone: 0120 229 2373
 Fax: 0120 229 2403

ABERDEEN ETHICAL WORLD OEIC

Type of investment: OEIC
 Address: Aberdeen Unit Trust Managers Ltd, One Bow
 Churchyard, Cheapside, London EC4M 9HH
 Phone: 0845 300 2890
 Fax: 0207 463 6507

**AEGON ETHICAL INCOME AND
SOCIAALLY RESPONSIBLE FUNDS**

Type of investment: OEIC
 Address: Aegon Asset Management plc, Aegon House,
 3 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9SE
 Phone: 0800 169 5196
 Fax: 0131 549 4264

ALLCHURCHES AMITY FUND

Type of investment: OEIC
 Address: Allchurches Investment Management Services Ltd,
 Beaufort House, Brunswick Road, Gloucester GL1 1JZ
 Phone: 0145 230 5958
 Fax: 0145 231 1690

**BARCHESTER BEST OF GREEN LIFE,
PENSION AND OFFSHORE FUNDS**

This fund also invests in the Jupiter Ecology Fund
 Type of investment: Broker Bond
 Address: Barchester Green Investment, Barchester House,
 45 – 49 Catherine Street, Salisbury SP1 2DH
 Phone: 0172 233 1241
 Fax: 0172 241 4191

CIS ENVIRON TRUST

Type of investment: Unit Trust
 Address: CIS Unit Trust Managers Ltd, PO Box 105,
 Manchester M4 8BB
 Phone: 0161 837 5060
 Fax: 0161 837 4048

CITY FINANCIAL ETHICAL FUND

Type of investment: OEIC
 Address: City Financial Investment Company Ltd, City
 Financial Centre, 88 Borough High Street, London SE1 1ST
 Phone: 0207 556 8888
 Fax: 0207 556 8889

CREDIT SUISSE FELLOWSHIP FUND

Type of investment: OEIC
 Address: Credit Suisse Asset Management Funds (UK) Ltd,
 Beaufort House, 15 St Botolph Street, London EC3A 7JJ
 Phone: 0207 426 2929
 Fax: 0207 426 2959

**FRIENDS PROVIDENT STEWARDSHIP FUNDS (INCOME,
INTERNATIONAL, PENSION, LIFE AND UNIT)**

Type of investment: Unit Trusts and Pension Funds
 Address: 72-122 Castle Street, Salisbury
 Phone: 0870 600 6300
 Fax: 0870 600 6366

FAMILY CHARITIES ETHICAL TRUST

Type of investment: Unit Trust
 Address: 16 West St, Brighton BN1 2RE
 Phone: 0127 372 5272
 Fax: 0127 320 6026

HSBC AMANAH FUND

Type of investment: Fund based in Luxembourg
 (Islamic Shariah Fund)
 Address: 7 Rue du Marche-aux-Herbes, Luxembourg L-1728
 Phone: 0035 247 6812 230
 Fax: 0035 247 5569
 NB: These numbers are for dealing and administration;
 marketing materials should be obtained from the local HSBC
 Asset Management Representative

HALIFAX ETHICAL TRUST

Type of investment: OEIC
 Address: CMIM Retail Funds, 33 Old Broad Street,
 London EC2N 1HZ
 Phone: 0129 639 3100
 Fax: 0207 796 4824

HENDERSON ETHICAL FUND

Type of investment: OEIC
 Address: Henderson Global Investors,
 4 Broadgate, London EC2M 2DA
 Phone: 0845 783 2832
 Fax: 0207 956 9191

**HOMEOWNERS FRIENDLY SOCIETY
FTSE4Good UK FUND**

Type of investment: Single premium bond or
 savings plans
 Address: Homeowners Friendly Society Ltd, Hornbeam
 Avenue, Harrogate HG2 8XE
 Phone: 0500 848 262
 Fax: 0142 385 5181

ISIS UK ETHICAL TRUST

Type of investment: Unit trust
 Address: 15 Old Bailey, London EC4M 7AP
 Phone: 0207 506 1100
 Fax: 0207 236 2060

IMPAX ENVIRONMENTAL MARKETS

Type of investment: Investment Company
 Address: Crusader House, 145 – 157 St John St,
 London. EC1V 4RU
 Phone: 0207 490 4355
 Fax: 0207 336 0865

INSIGHT ETHICAL AND EVERGREEN FUNDS

Type of investment: OEIC sub fund
 Address: Clerical Medical Ethical Fund,
 Narrow Plain, Bristol BS2 0JH
 Phone: 0845 777 2233
 Fax: 0845 777 2234

**JUPITER ECOLOGY AND ENVIRONMENTAL
OPPORTUNITIES FUNDS**

Type of investment: Unit Trusts
 Address: Jupiter Asset Management,
 1 Grosvenor Place, London SW1X 7JJ
 Phone: 0207 412 0703
 Fax: 0207 412 0705

JUPITER GLOBAL GREEN INVESTMENT TRUST PLC

Type of investment: Investment Trust
 Address: Jupiter Asset Management Ltd,
 PO Box 14470, London SW1X 7YM
 Phone: 0845 306 0100

LEGAL AND GENERAL ETHICAL TRUST

Type of investment: Unit Trust
 Address: Legal and General Investments, Bucklersbury
 House, 3 Queen Victoria Street, London EC4N 8NH
 Phone: 0207 528 6200
 Fax: 0207 528 6838

LINCOLN GREEN FUND

Invests in equities and Jupiter Ecology Fund.
 Type of investment: Managed Life and Pension Funds
 Address: Barnett Way, Barnwood, Gloucester GL4 3RZ
 Phone: 0145 237 1371
 Fax: 0145 237 4374

**MERCHANT INVESTORS ASSURANCE ETHICAL
CAUTIOUS MANAGED FUND**

Type of investment: Managed Life and Pension Funds
 Address: St Bartholomew's House, Lewins Mead,
 Bristol BS1 2NH
 Phone: 0117 926 6366
 Fax: 0117 975 2144

**MINERVA GREEN PORTFOLIO AND
GREEN PROTECTOR PORTFOLIO**

Type of investment: Unit Trust
 Address: Minerva Fund Managers Ltd, Kelston View,
 Corston, Bath BA2 9AH
 Phone: 0122 587 2300
 Fax: 0122 587 2301

MORLEY SUSTAINABLE FUTURE FUNDS

Type of investment: OEIC
 Address: Morley Fund Management, 1 Poultry,
 London. EC2R 8EJ
 Phone: 0207 809 6000

NORWICH UNION UK ETHICAL FUND

Type of investment: Unit Trust
 Address: Norwich Union Investment Management,
 PO Box 4, Surrey Street, Norwich NR1 3NG
 Phone: 0160 362 2200

OLD MUTUAL ETHICAL FUND

Type of investment: Unit Trust
 Address: 5th Floor, 80 Cheapside, London, EC2V 6LS
 Phone: 0207 332 7500
 Fax: 0207 332 7550

QUADRIS ENVIRONMENTAL FUND

Type of investment: OEIC
 Address: Regent House, 19 – 20 The Broadway,
 Woking, Surrey. GU21 5AP
 Phone: 0148 375 6800
 Fax: 0148 377 6800

ST. JAMES'S PLACE ETHICAL FUND

Type of investment: Unit Trust
 Address: St James's Place House, Dollar Street,
 Cirencester. GL7 2AQ
 Phone: 0128 564 0302
 Fax: 0128 564 0436

SCOTTISH AMICABLE ETHICAL FUND

Type of investment: Unit Trust
 Address: Scottish Amicable, Craigforth,
 PO Box 25, Stirling FK9 4UE
 Phone: 0178 644 8844
 Fax: 0178 646 2134

SCOTTISH LIFE UK ETHICAL FUND

Type of investment: Pension Fund
 Address: Scottish Life Assurance Company,
 19 St Andrew's Square, Edinburgh EH12 1YE
 Phone: 0131 456 7777
 Fax: 0131 456 7421

SCOTTISH WIDOWS ENVIRONMENTAL INVESTOR FUND

Type of investment: Unit Trust
 Address: Scottish Widows Unit Trust Managers Ltd,
 Charlton Place, Andover, Hants SP10 1RE
 Phone: 0845 300 2244

SKANDIA ETHICAL PORTFOLIO

Type of investment: Managed life and pension fund
 Address: Skandia Life, PO Box 37, Skandia House,
 Portland Terrace, Southampton SO14 7AY
 Phone: 0238 033 4411
 Fax: 0238 072 6637

SOVEREIGN ETHICAL FUND

Type of investment: Unit Trust
 Address: Sovereign Unit Trust Managers Ltd,
 Tringham House, Wessex Fields, Deansleigh Road,
 Bournemouth BH7 7DT
 Phone: 0800 731 1093
 Fax: 0120 243 5027

STANDARD LIFE UK ETHICAL FUND

Type of investment: OEIC
 Address: Standard Life Investment Company,
 1 George Street, Edinburgh EH2 2LL
 Phone: 0800 333 353
 Fax: 0131 245 2390

STANDARD LIFE LIFE ETHICAL AND PENSION ETHICAL FUNDS

Type of investment: OEIC
 Address: Standard Life Assurance Company,
 30 Lothian Road, Edinburgh EH1 2DH
 Phone: 0845 60 60 100
 Fax: 0131 245 2429

www.goosbing.co.uk will soon feature a range of 'best deal' and 'best ethics' information concerning ethical investment.

Insurance

Choosing insurance companies is a bit of a lottery. They might be offering the best deal today, but who knows what will happen in the future? Increased risk of natural disasters such as flooding could affect the cover these companies offer. Stay ahead of the main players by keeping track of their shares and where they choose to invest, as this is a good indicator as to the ethical standard of their policies.

ETHICAL INSURANCE

A key question for ethical consumers is which shares the money is invested in. According to Friends of the Earth, 'the fate of the global environment is in large part under [institutional investors'] control, and yours too – because it is your money and you are their client'. However, the Ethical Money partnership says that 'no insurer has an "ethical investment" policy where-by they avoid investing in particular types of company'.

Campaigners have become increasingly impatient over unethical corporate activities and they are learning how to put pressure on insurance companies as shareholders. One way to make this pressure work is to keep consumers aware of what their insurers are investing in. Campaigners ask the insurance companies to use their own power as shareholders to vote or create pressure for more ethical or environmentally sound behaviour by the target company. By working together, campaigners and consumers can push these companies to change their policies.

PLUMMETING SHARES

As share prices plummeted in 2001 and 2002, many insurance companies went through a difficult time and saw their assets devalued, as their own investments in stocks, shares and property markets began to mark up losses. Premiums started to rise and companies became much more careful about the risks they were prepared to cover. In the UK, flood cover was withdrawn from a lot of homes that were deemed to be at risk.

So-called natural disasters have required insurers to make huge pay-outs, the rate of which has been doubling every decade. One report in 2002 warned that more frequent natural disasters in future could bring insurers, re-insurers and banks 'to the point of impaired viability or even insolvency'. The insurance companies usually offset their potential liabilities by trading some of the premium (like a bookie 'off-setting' a large bet with another bookie) with a re-insurance company. Many of these companies have now become involved in the UN Environment Programme's Insurance Industry Initiative, which commits them

to working together to address issues such as pollution reduction, efficient use of resources and climate change – or in other words to try to work out more sustainable development policies around the world.

ETHICAL INSURANCE

There are some insurers who can be regarded as ‘ethical specialists’. Naturesave places 10 per cent of premiums into a fund (The Naturesave Trust) which finances projects that benefit the environment. The company offers a free environmental performance review to businesses and

charities to help spread awareness of sustainable development. The Environmental Transport Association (ETA) aims to bring about positive changes in Britain’s travel habits by raising awareness about the impact of excessive car use. It provides travel, house, motor and bicycle insurance (www.eta.co.uk).

For those seeking ethical pet insurance, Animal Friends dedicates its profits to the care of animals and their environment (www.animalfriends.org.uk).

Choose from the greener companies and source the best insurance deals at www.gooshing.co.uk.



- Animal Friends
- Aviva
- CIS
- Ecclesiastical
- ETA
- Naturesave
- Norwich Union
- Royal & Sun Alliance



- Aegon
- Britannic
- Cornhill
- Halifax
- Legal & General
- Liverpool Victoria
- Northern Rock
- Royal London
- Scottish Equitable
- Standard Life



- Allied Dunbar
- Axa
- Churchill
- Direct Line
- Eagle Star
- egg
- First Direct
- Lloyds TSB
- NatWest
- Prudential
- Royal Bank of Scotland
- Zurich

INSURANCE BRAND NAMES	ENVIRONMENT			PEOPLE			OTHER			Company group
	ENVIRONMENTAL REPORT	ENVIRONMENTAL DEVASTATION	OTHER IRRESPONSIBLE LENDING	THIRD WORLD DEBT	POLITICAL ACTIVITY	ETHICAL INVESTMENT POLICY	LEGAL STATUS	ETHICAL ACCREDITATION	ETHICAL COMPANY INDEX	
AEGON	○	●	●	●	○	○	○	○	53	Aegon N.V.
ALLIED DUNBAR	○	●	●	●	●	○	○	○	41	Zurich Financial Services
ANIMAL FRIENDS	●	●	●	●	●	○	○	○	65	Animal Friends Insurance
AVIVA	●	●	●	●	●	○	○	○	65	Aviva
AXA	○	●	●	●	●	○	○	○	35	Axa
BRITANNIC	○	●	●	●	●	●	○	○	53	Britannic Group
CHURCHILL	●	●	●	●	●	○	○	○	29	Royal Bank of Scotland
CLERICAL MEDICAL	●	●	●	●	●	○	○	○	53	HBOS
CO-OPERATIVE INSURANCE SOCIETY (CIS)	●	●	●	●	●	●	○	○	76	Co-operative Group
CORNHILL	○	●	●	●	●	○	○	○	59	Allianz Group
DIRECT LINE	●	●	●	●	●	○	○	○	29	Royal Bank of Scotland
EAGLE STAR	○	●	●	●	●	●	○	○	41	Zurich Financial Services
ECCLESIASTICAL	○	●	●	●	●	●	○	○	65	Allchurches Trust Limited
EGG	○	●	●	●	●	●	○	○	41	Prudential
ETA	●	●	●	●	●	○	○	○	76	Environmental Transport Association
FIRST DIRECT	○	●	●	●	●	○	○	○	12	HSBC
HALIFAX	●	●	●	●	●	○	○	○	53	HBOS
LEGAL & GENERAL	○	●	●	●	●	○	○	○	47	Legal and General Group Plc
LIVERPOOL VICTORIA	●	●	●	●	●	●	○	○	59	Liverpool Victoria Friendly Society
LLOYDS TSB	●	●	●	●	●	○	○	○	29	Lloyds TSB
NATWEST	●	●	●	●	●	○	○	○	29	Royal Bank of Scotland
NATURESAVE	●	●	●	●	●	○	○	○	65	Naturesave Policies Ltd
NORTHERN ROCK	○	●	●	●	●	●	○	○	53	Northern Rock
NORWICH UNION	●	●	●	●	●	○	○	○	65	Aviva
PRUDENTIAL	○	●	●	●	●	●	○	○	41	Prudential
ROYAL & SUN ALLIANCE	●	●	●	●	●	○	○	○	65	Royal & Sun Alliance Insurance Group Plc
ROYAL BANK OF SCOTLAND	●	●	●	●	●	○	○	○	29	Royal Bank of Scotland
ROYAL LONDON	●	●	●	●	●	●	○	○	59	Royal London Group
SCOTTISH EQUITABLE	○	●	●	●	○	○	○	○	53	Aegon N.V.
STANDARD LIFE	○	●	●	●	●	○	○	○	47	Standard Life Group
ZURICH	○	●	●	●	●	●	○	○	41	Zurich Financial Services

Key

- Top rating
- Middle rating
- Bottom rating

Source: The Ethical Company Organisation

Internet banks

The internet allows us to bypass the physical realities of geography: savers no longer need to travel to their local branch to sort out their finances, but can check balances and handle transactions from the comfort of their own home. Online banking has grown rapidly in recent years, but the same old big banks lurk behind most new internet brands, and many still have their fingers in morally-questionable pies across the globe.

BRAVE NEW WORLD

Online banking services include being able to check balances and statements, setting up monthly transactions, making and receiving one-off payments, and paying bills and salaries. Most banks offer free financial planning software to be used in tandem with the internet service.

Internet banks allow savers to see their statements at any time, meaning that it is easy to follow the progress of a cheque, or find out when money paid out on a debit card has left the account. There is no longer any need to wait for the statement to arrive at the end of the month, and many banks allow their customers to print the pages off directly from the screen.

73 per cent of Barclays' customers say they will switch to online services by 2009, and already more than half of Royal Bank of Scotland business customers bank online.

The online financial arena is developing fast. One recent innovation, founded by the creators of online bank Egg and financed by the company that originally backed eBay, was launched in March 2005 and aims to

allow millions of people to borrow from and lend money to each other. Zopa (*www.zopa.com*) seeks to do away with "faceless corporations" and put people who wish to lend money in touch with those who would like to borrow. It claims to offer better rates of interest for borrowers and investors than banks or building societies.

SECURITY

There have been numerous newspaper stories about website scams exposing loopholes in the security of online banking. In one such scam, bogus emails claiming to be from your bank ask for your password and other details, enabling the sender to take money from your account.

Despite this, research published in November 2004 showed an increased confidence in online banking: more than one in five adults surveyed by TNS, a market information specialist, said they were either likely to start using or to increase their use of online banking in the future.

All internet-users should know that banks never send emails asking for your

account details; if you get one, delete it, block the sender and inform your bank. And, as a further reassurance, the chance of anyone hacking into your account is very slim, since banks use the strongest encryption available to protect customer details. Keep your passwords safe and your money will be safe too.

The independent Financial Services Authority (FSA) has a register of financial organisations that are authorised in the UK, including those that operate over the internet. It keeps an up-to-date list of firms that can safely be dealt with – and those that are not registered and should probably be approached with caution.

INTERNET BANKS

According to research carried out in 2003 by Virtual Surveys, big banks were rated less highly than their online rivals in terms of customer satisfaction. Smile, First Direct and Nationwide scored highest, while Bank of Scotland, Abbey National, Natwest and Lloyds TSB floundered at the bottom of the table.

There has been a recent growth in 'stand-alone' internet banks, such as Smile, Egg, Cahoot, and First Direct. While the brands may be distinct from their high-street counterparts, they usually just represent the online arm of one of the major banks. Be sure to check which one before you sign up for an account.



- Co-op Bank
- Nationwide
- NetmasterGold
- smile



- 365 online
- Alliance & Leicester
- Bank of Scotland
- Charcolonline
- Halifax
- Intelligent Finance
- Internaxx
- Newcastle Net Savings
- Yorkshire Bank



- Abbey
- Barclays
- cahoot
- Citibank
- egg
- HSBC
- Lloyds TSB
- Natwest
- Royal Bank of Scotland
- Woolwich Open Plan

INTERNET BANKING BRAND NAMES	ENVIRONMENT			PEOPLE			OTHER			Company group
	ENVIRONMENTAL REPORT	ENVIRONMENTAL DEVASTATION	OTHER IRRESPONSIBLE LENDING	THIRD WORLD DEBT	POLITICAL ACTIVITY	ETHICAL INVESTMENT POLICY	LEGAL STATUS	ETHICAL ACCREDITATION	ETHICAL COMPANY INDEX	
365 ONLINE	○	●	●	●	●	○	○	○	59	Bank of Ireland
ALLIANCE & LEICESTER	○	●	●	●	●	○	○	○	59	Alliance & Leicester
ABBAY	○	●	●	●	●	○	○	○	35	Grupo Santander
BANK OF SCOTLAND	●	●	●	●	●	○	○	○	53	HBOS
BARCLAYS	●	●	●	●	●	○	○	○	18	Barclays
CAHOOT	○	●	●	●	●	○	○	○	35	Grupo Santander
CHARCOLONLINE	●	●	●	●	●	○	○	○	47	Castlegate 342 Ltd
CITIBANK	○	●	●	●	●	○	○	○	24	Citigroup
CO-OP BANK	●	●	●	●	●	●	○	○	76	Co-operative Group
EGG	○	●	●	●	●	●	○	○	41	Prudential
FIRSTDIRECT	○	●	●	●	●	○	○	○	12	HSBC
HALIFAX	●	●	●	●	●	○	○	○	53	HBOS
HSBC	○	●	●	●	●	○	○	○	12	HSBC
INTELLIGENT FINANCE	●	●	●	●	●	○	○	○	53	HBOS
INTERNAXX	○	●	●	●	●	○	○	○	47	TD Bank/Fortis Group
LLOYDS TSB	●	●	●	●	●	○	○	○	29	Lloyds TSB
NATIONWIDE	●	●	●	●	●	●	○	○	71	Nationwide BS
NATWEST	●	●	●	●	●	○	○	○	29	Royal Bank of Scotland
NETMASTERGOLD	○	●	●	●	●	●	○	○	65	Norwich & Peterborough
NEWCASTLE NET SAVINGS	●	●	●	●	●	●	○	○	59	Newcastle Building Society
ROYAL BANK OF SCOTLAND	●	●	●	●	●	○	○	○	29	Royal Bank of Scotland
SMILE	●	●	●	●	●	●	○	○	65	Co-operative Group
WOOLWICH OPEN PLAN	●	●	●	●	●	○	○	○	18	Barclays
YORKSHIRE BANK	○	●	●	●	●	○	○	○	59	National Australia Bank

Key
 ● Top rating
 ○ Middle rating
 ● Bottom rating

Source: The Ethical Company Organisation

Mortgages

Ten years ago, most mortgages were taken out with building societies, but since de-mutualisation, about four out of five mortgages are now provided by either a bank, a life insurer or a specialist mortgage lender. All of the companies examined here offer standard 'repayment' mortgages. These include a few of the remaining building societies, some of the major lenders and some companies that offer mortgages with an ethical or 'green' conscience.

WHO GETS THE MONEY?

Mortgages make up most of Britain's £1 trillion debt mountain. In the course of our lives they are likely to be our single biggest outlay; an outlay that may be indirectly funding some of the most ruthless and destructive business activities. As a result, the mortgage company's lending policies are as important as the kind of mortgage on offer.

The corporate social responsibility reports from banks and corporations have evolved into detailed, elaborate documents, and most banks now make some reference to socially responsible investment. It is easy to be sceptical about how much these flashy PR jobs match up to reality, since the major banks so often provoke condemnation from NGOs around the world.

According to Christian Aid (www.christian-aid.org.uk), in 2002 HSBC marketed a bond issue for two oil companies, Petronas of Malaysia and Talisman of Canada, both of which were major investors in Sudan. A UN special reporter for Sudan said that revenue

from international oil companies such as these fuelled the country's civil war.

More recently, in December 2004, Barclays' involvement in the Trans-Thai-Malaysia gas pipeline, and in the Omkareshwar Dam in India, provoked a human rights protest supported by Friends of the Earth (www.foe.co.uk). The bank was accused of failing to uphold the Equator Principles, a code of environmental and social conduct that is designed to prevent organisations from violating human rights through their choice of lending.

GREEN MORTGAGES

Homes are one of the largest sources of carbon dioxide emissions in the UK. While most mortgage lenders offer valuation surveys as part of the mortgage deal, relatively few at this stage are offering specialised environmental surveys. These environmental surveys assess how energy efficient the house is, and give advice on energy saving measures. Currently, the Co-Operative Bank offers this kind of

survey free with its green mortgage, as do the Norwich & Peterborough and the Ethical Mortgage Service.

The Ecology Building Society currently lends only on properties that give ‘ecological payback’. This translates as houses that it considers to be energy-saving, such as back-to-backs and derelict houses which would otherwise have been abandoned. This strict lending policy means that it won’t be suitable for every person seeking a mortgage.

The Norwich & Peterborough offers a carbon-neutral mortgage. For the first five years of each of its Green Mortgages, it will plant eight trees a year. Its leaflet claims that the trees will absorb carbon dioxide to the equivalent of the estimated emissions of the property. It also offers a ‘brown’ mortgage scheme which aims to encourage

the renovation and restoration of buildings for residential use.

The Co-operative Bank’s green mortgage will ‘pay Climate Care to offset around 20 per cent of an average home’s carbon dioxide production for every mortgage we grant’. It claims that over a 20-year mortgage just under a fifth of an acre of forest would be planted.

FINDING ADVICE

The Ethical Investors Group is a collaboration between the Ethical Investment Co-operative (a group of independent financial advisors) and consultants called Thirdwave. It offers advice on mortgages from a panel of lenders that it has ethically screened. This panel includes the Skipton, Scottish and Yorkshire Building Societies.

MORTGAGES BRAND NAMES	ENVIRONMENT			PEOPLE			OTHER			Company group	
	ENVIRONMENTAL REPORT	ENVIRONMENTAL DEVASTATION	OTHER / IRRESPONSIBLE LENDING	THIRD WORLD DEBT	POLITICAL ACTIVITY	ETHICAL INVESTMENT POLICY	LEGAL STATUS	ETHICAL ACCREDITATION	ETHICAL COMPANY INDEX		
ABBEEY	○	●	●	●	●	●	○	○	○	35	Grupo Santander
ALLIANCE & LEICESTER	○	●	●	●	●	●	○	○	○	59	Alliance & Leicester
BARCLAYS	●	●	●	●	●	●	○	○	○	18	Barclays
CHELTENHAM & GLOUCESTER	●	●	●	●	●	●	○	○	○	29	Lloyds TSB
CO-OP BANK	●	●	●	●	●	●	○	○	○	76	Co-operative Group
ECOLOGY BS	●	●	●	●	●	●	○	○	○	71	Ecology BS
ETHICAL MORTGAGES	●	●	●	●	●	●	○	○	○	76	Ethical Investors Group
HALIFAX	●	●	●	●	●	●	○	○	○	53	HBOS
LLOYDS TSB	●	●	●	●	●	●	○	○	○	29	Lloyds TSB
NATIONWIDE BS	●	●	●	●	●	●	○	○	○	71	Nationwide BS
NORWICH & PETERBOROUGH BS	○	●	●	●	●	●	○	○	○	65	Norwich & Peterborough BS
ROYAL BANK OF SCOTLAND	●	●	●	●	●	●	○	○	○	29	Royal Bank of Scotland
WOOLWICH	●	●	●	●	●	●	○	○	○	18	Barclays

Key
 ● Top rating
 ○ Middle rating
 ● Bottom rating

Source: The Ethical Company Organisation



- Co-op Bank
- Ecology BS
- Ethical Mortgages
- Nationwide BS
- Norwich & Peterborough BS



- Alliance & Leicester
- Halifax



- Abbey
- Barclays
- Cheltenham & Gloucester
- Lloyds TSB
- Royal Bank of Scotland
- Woolwich