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Ethical Investment Trend Still Strong Amid Economic Chill

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Investing with environmental, social and ethical aims remains important for fund managers despite the financial crisis, investment industry figures said at a recent conference in London.

"We are seeing continued, if not growing, interest from pension funds about our responsible engagement overlay, or REO service – where F&C conducts engagement relating to environmental, social and governance issues on behalf of ourselves and those pension funds that have taken on our services to conduct engagement on their behalf," George Dallas, director of corporate governance at F&C, said at a conference run by Ecofact, a Swiss-based consultancy.

F&C, the veteran UK investment firm, operates a number of socially responsible investment funds.

"Much of this interest is coming from Continental Europe, and is motivated by asset owners wishing to demonstrate long term stewardship of their pension assets and who wish to conform to the UN Principles of Responsible Investment," Mr Dallas added.

Drawn up in 2006, the UN Principles for Responsible Investment are a set of voluntary standards that professional investment managers pledge to uphold to incorporate environmental, social and governance issues in their investment processes. F&C was one of the first companies to pledge support for the principles.

There remains debate in the investment industry on whether ethical investment, sometimes also known as socially responsible investment, is a drag on returns because potentially profitable businesses are deemed off-limits, or is good economic sense over the long term.

"One is against the growth of responsible investment, reflecting the general market slowdown, and will hamper our goals going forward," said James Gifford, executive director of the UN agency for Principles of Responsible Investing.

"The other shows that irresponsible investment practices, such as corporate corruption, caused the current trauma and this will actually strengthen the case for investing in line with the Principles of Responsible Investing," he said, referring to the UN's guidelines of 2006.

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