Ethical Funds Annual Review

2017

Standard Life Investments

Published January 2018

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Foreword

Colin Walklin
Group Chief
Operating Officer

Standard Life Investments' ethical funds, available in the UK and Europe, are a valuable option for those who wish to invest in a way that reflects their ethical, environmental and social values. We have been managing money in the ethical space for nearly 20 years and remain proud of the environmental and social research we conduct on issues that are close to our customers' hearts.

Standard Life Investments has a long history of looking at environmental, social and governance (ESG) matters. This work is overseen by our ESG Investment team, which carries out the analysis, engagement and voting activities on behalf of the investments we manage.

During 2017, Standard Life merged with Aberdeen Asset Management to form a new company, Standard Life Aberdeen plc. Combining the two heritage teams' ESG expertise will give us one of the best-resourced teams in the industry. This will enhance the services we can provide to the ethical funds, to which we remain committed.

Standard Life Investments' ethical funds are overseen by the Ethical Funds Advisory Group, which brings external, independent oversight to our process and work. As part of good governance, and in order to refresh the Group and ensure independence, the external appointments are limited to three three-year terms. We provide additional information on the members at the back of this report.

At the end of 2017, we said farewell to Callum Blackburn, who had served on the Group for nine years. We would like to thank Callum for his commitment and invaluable contribution during this time. He will be missed.

This report covers the work the ESG Investment team conducts on behalf of the ethical funds, much of which is driven by our annual Ethical Survey. The work the team undertakes includes conducting research and engaging on ethical issues that relate to the funds.

Last year was a busy one for the team and for the funds. Once again, we sponsored Good Money Week in the UK. This is a campaign aimed at raising awareness of sustainable, responsible and ethical investment choices that consumers can make. We also conducted research on a number of issues, including neonicotinoids and their potential link to the collapse of bee colonies, climate change, and employment issues in distribution centres. Details of some of these issues can be found in this report. While this report is not exhaustive, it provides an overview of the work of the group and the funds. We continue to monitor carbon footprint, given the importance of climate change to our investors.

We welcome dialogue with the investors in our funds, so please do feel free to send comments and suggestions to the ESG Investment team through its team mailbox **esg_investment@standardlife.com.**

Colin Walklin
Chair of the Ethical Funds Advisory Group
January 2018

Introduction

Welcome to the 2017 annual review of Standard Life Investments' ethical funds.

Standard Life Investments has been running ethical funds since 1998. The funds seek to consider our clients' ethical, environmental and social values, while also offering the potential to earn a competitive return. The ethical criteria are governed by the Ethical Funds Advisory Group, which meets twice a year and provides external oversight.

We recognise the subjective nature of personal ethics, and aim to be as transparent as possible about our ethical investment process. In this review, we highlight the activities relating to our ethical funds, including the result of the annual survey of investors and engagement with companies held in the ethical funds.

Annual ethical survey results and policy changes

We want our ethical funds to reflect our clients' concerns and ethical principles. To this end, we conduct an annual survey of investors in the funds to gather their views on which ethical considerations are most important to them.

Following client feedback, we amended the Ethical Funds Investment Policy in 2015 to exclude companies that have significant carbon-intensive mining operations, such as coal and tar sands. Since then, enquiries regarding fossil fuels have dominated other queries from investors.

As a result, the 2017 survey asked more detailed questions about fossil fuels. We saw an increase in the number of investors who would like to see further exclusions on fossil fuel companies. While most of these firms are excluded because they fail other screens, such as carbon emissions, animal testing or human rights violations, the funds have never had an outright exclusion of fossil fuel producers. Following a discussion by the Ethical Funds Advisory Group at its meeting in November 2017, we will seek to review further exclusions and test this with customers, with a view to amending the policy in 2018. We have also continued to measure the carbon footprint of the ethical funds, which we will present later in this report.

Given the increasing attention paid to employment issues by consumers, investors, civil society and policymakers, the 2017 survey also tested investor views on adding negative criteria on labour issues by asking more detailed questions about employment practices. Over 90% of investors surveyed responded that they would like to see negative criteria for companies that have a harmful effect on their employees, for example by using child or forced labour. While the screening process already pays a high level of attention to employment issues, the policy had not made explicit reference to this. This change will help to better identify companies that have faced employment issues. We will amend the policy to this effect during 2018.

Thematic work

During the year, we produced a number of research pieces that were discussed at the meetings of the Ethical Funds Advisory Group, including papers on factory farming, employment issues, climate change and neonicotinoids.

Neonicotinoids

Neonicotinoids are a group of systemic pesticides and some of the most widely used insecticides globally. However, their use has become increasingly controversial in recent years as they are suspected to be linked to the decline in bee colonies, often referred to as 'colony collapse disorder'.

Why do bees matter?

The UN Food and Agriculture Organisation (FAO) estimates that pollinators affect 35% of the world's crop production.[1] The total economic value of insect pollinators to European agriculture is estimated to be around €22 billion a year.[2] However, according to FAO data, pollinator numbers have declined by about one-third in the last decade. The exact cause is unknown, but is thought to be a combination of a number of factors including parasites, habitat decline, climate change and the stress from increasing pesticide use.

An increasing number of studies suggest there is a link between neonicotinoid use and the health of bee colonies. In June 2017, the most comprehensive field study to date was published in Science.[3] It found that overwintering success of colonies was negatively correlated with insecticide use in the UK, Hungary and Germany. A second study, published in conjunction with the first, examined the impact of neonicotinoid exposure on honey bees in corn-growing regions in Canada.[4] It found that exposure was linked to increased worker-bee mortality, queenlessness and declines in social immunity.

Yet such studies remain contested by the agrochemical industry, which claims that products are safe when used responsibly. The European study highlighted above was criticised by Syngenta for being too simplistic in its interpretation of the data.[5] However, a number of developments across different jurisdictions during 2017 suggests that regulators may be under increasing pressure to take action.

In March 2017, a European Commission draft proposal on a total neonicotinoid ban was leaked to the media. This followed a 2013 decision by the European Commission to temporarily ban the use of three neonicotinoid pesticides (thiamethoxam produced by Syngenta, and clothianidin and imidacloprid produced by Bayer). This came despite heavy lobbying from companies, including legal action against the commission from Bayer and Syngenta. The draft proposal drew a backlash from industry bodies such as the Crop Protection Agency, which called it a politically motivated judgement. So far, the European Commission has been unsuccessful in getting member states to vote in favour of the ban.

A turning point

In November 2017, Michael Gove, the UK environment secretary, revealed in the Guardian that the UK will back a total ban on neonicotinoids on fields across Europe. The minister explained that research conducted since 2013 suggests that the evidence of neonicotinoids leading to declines in pollinator health has grown stronger. The UK's Expert Committee on Pesticides published advice following the review of the study highlighted above and others, concluding that neonicotinoid pesticides can have negative effects on pollinator health.

In addition to regulatory developments, non-government organisations (NGOs) have celebrated a number of successes taking on agrochemical giants like Syngenta and Bayer on pesticides. Both companies were heavily criticised when their own studies obtained by Greenpeace (through Freedom of Information legislation) showed a link between high doses of their products and the health of bee colonies. In November 2016, the European Court of Justice ruled in favour of a group of NGOs that wanted access to confidential industry research on the authorisation studies for pesticides.

In the wider context of food security and the role pesticides play, the United Nations special rapporteur on the right to food, and the special rapporteur on the implications for human rights of the environmentally sound management and disposal of hazardous substances and wastes, recently co-authored a paper calling for a global treaty on pesticides.[6] The report criticised agrochemical companies for perpetuating the 'myth' that pesticides are necessary to feed a growing population. Instead, it highlighted a systematic denial by companies as to the adverse effects of pesticides and aggressive marketing practices. It suggests that, in principle, there is enough food to feed the world. The challenge is an inequitable system of food production and distribution that prevents access to food by those who need it, and creates issues of waste management in developed economies.

While a global treaty is unlikely, Europe is not the only place where regulators are considering taking action. Countries like China are increasingly recognising the problems associated with heavy pesticide use. Studies carried out by the Chinese government over 26 million hectares of farmland suggest that 20% of arable land in China is no longer suitable for farming due to pesticide and other pollutant contamination.[7] Following the release of the 13th Five-Year Plan on Food Safety, in April 2017 the Chinese premier signed a State Council decree for revised regulation of pesticide management. The decree would require producers and importers to register products under certain criteria.

The implications for companies

European agrochemical producers such as Bayer, Syngenta and BASF have lobbied both at a European Commission and individual government level against the ban and will be well-prepared should one be imposed.[8] Nevertheless, it could lead to a reduction in sales. Additionally, there are significant operational costs associated with preparing toxicity studies for registering products and developing alternatives.

Our ethical funds have limited exposure to companies involved in the production of pesticides. Most chemical companies are excluded under the animal testing criteria of the ethical policy. But pollinator decline is a wider issue that will impact a number of industries, including food producers and retailers as well as luxury-goods manufacturers and pharmaceuticals. While the extent of the reliance is difficult to estimate, some companies are recognising the potential risks and are taking actions to protect pollinators. For example, in the UK, B&Q, the garden chain owned by UK-listed company Kingfisher, announced in May that it would stop selling flowering plants that were treated with neonicotinoids. The decision was a response to consumer concerns about UK wildlife. While these types of commitment present significant challenges in tracing products to individual fields, it demonstrates that this is an issue of increasing focus for both regulators and corporates.

[1] FAO (2017). FAO's Global Action on Pollination Services for Sustainable Agriculture. Data obtained from: http://www.fao.org/pollination/background/en/
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[6] United Nations, General Assembly (2017). Report of the Special Rapporteur on the right to food. Available from: http://ap.ohchr.org/documents/dpage_e.aspx?si=A/HRC/34/48
[7] Caixan Online (2016). "China's tainted soil initiative lacks pay plan". Available from: http://english.caixin.com/2016-06-08/100952896.html
[8] Corporate Europe Observatory (2013). "Pesticides against pollinators – Private letters reveal Syngenta and Bayer's furious lobbying against EU measures to save bees". Available from: https://corporateeurope.org agribusiness/2013/04/pesticides-against-pollinators

Thematic work

Carbon footprinting

Last year marked an important milestone for climate risk assessment. The Taskforce on Climate-related Financial Disclosure (TCFD) released its final recommendations document, a reference guide for companies on their journey towards understanding the financial implications of climate change risk. The TCFD recommends companies take into account the physical, liability and transition risks associated with climate change. It also offers specific guidance on how asset managers and owners can use this information to achieve better investment decisions for the benefit of their clients.

Interest from our investment clients generally continues to grow and we expect greater regulatory requirements around carbon-performance reporting. Article 173 of the French Energy Transition Law requires institutional investors to communicate on climate change risk in portfolios, evaluate their share of 'green' investments and define a low-carbon strategy.

Even though carbon data is now widely available, particularly in more mature markets, footprinting is still more of an art than an exact science. There are a number of ways to go about it, from developing in-house approaches using 'raw' carbon data to sourcing packaged solutions from third-party specialist providers. Assumptions and methodologies can also differ significantly between approaches.

In 2016, we initiated a review of different carbon data providers and have also taken the opportunity of the merger with Aberdeen Asset Management to pool our efforts and capabilities regarding carbon footprinting. We will shortly decide on a specialist carbon-data provider, with a view to applying the analysis to a representative sample of funds and reporting on the findings. This is a space where industry consolidation is likely to continue, rendering the review exercise more difficult. For example, in June 2017, Institutional Shareholder Service acquired the investment climate-data division of South Pole Group.

In 2016, for the first time we disclosed carbon footprint results for Standard Life Investments' UK ethical and Europe ethical funds. We are repeating this exercise for 2017, and have now included our Ethical Corporate Bond Fund, covering our entire ethical investment proposition.

Figure 1 presents the results for 2016 and 2017. As per the TCFD recommendation, we present the funds' carbon intensity, i.e. tonnes of CO_2e per £ million revenue. This is a measure of the carbon efficiency of the portfolio per unit of output.

Year-on-year comparisons are difficult to make, as we have relied on different providers. The 2016 results were generated via the YourSRI.com portal (supported by South Pole Group), where portfolios were uploaded to a website portal, with only a small number of benchmarks available. The 2017 results were obtained using Bloomberg's Carbon Footprint Report, an Excel-based tool. South Pole Group results include Scope 1, 2 and 3 CO_2 emissions, along with estimated data in the absence of company disclosure. Bloomberg results only cover Scope 1 and 2 CO_2 emissions, with estimates following a simpler sector-average methodology compared with South Pole Group.

Results

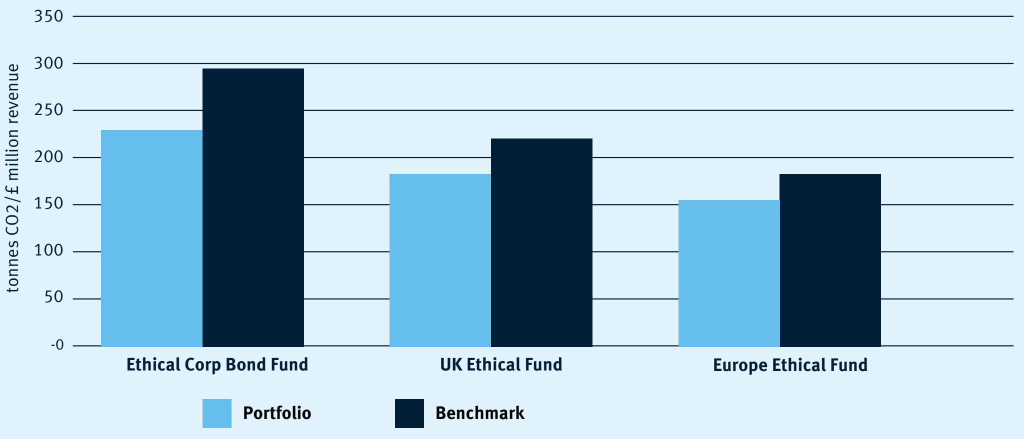
All our funds have a lower carbon content than their chosen benchmarks, irrespective of the carbon footprinting tool used. The underlying data show that the ethical funds are allocating less capital to carbon-intensive sectors (sector allocation effect). When they are invested in carbon-intensive sectors, they are allocating capital to less carbon-intensive companies within these sectors (stock selection effect).

Figure 1: Carbon footprint results 2016 - 2017

		2017		2016	
		Method: Bloomberg		Method: YourSRI.com	
		Unit: tonnes CO2/ £ million revenue		Unit: tonnes CO2e/ £ million revenue	
		Carbon data year: 2016		Carbon data year: 2015	
		Portfolio	Benchmark	Portfolio	Benchmark
EQUITY	UK Ethical Fund	175.9	221.0	117.7	255.4
	Europe Ethical Fund	133.1	185.2	299.6	349.5
FIXED INCOME	Ethical Corporate Bond Fund	227.8	293.5	390.3	436.9

Source: Standard Life Investments

Figure 2: Ethical fund range carbon footprint – 2017 results



Source: Standard Life Investments

Engagement and voting

We take seriously our role as stewards of our clients' capital and seek to illustrate how we hold companies and boards accountable on behalf of our clients and beneficiaries. We do so through active engagement, voting, attending and speaking at annual general meetings (AGM). We provide a more detailed account of our engagement and voting activities in our ESG investment quarterly reports, which can be found at:
https://www.standardlifeinvestments.com/sustainable_and_responsible_investing/documents.html

Engagement

The ESG Investment team regularly engages with investee companies on environmental, social and governance issues. During 2017, we also engaged on specific ethical issues. A number of themes stood out from these interactions, including cyber security and data privacy, in light of the General Data Protection Regulation coming into force in the EU in May 2018. We also engaged with retailers on working practices in their warehouses and supply chains.

Engagement case study

JD Sports

Following engagement with Sports Direct, the Responsible Investment function began engaging with a few other retail companies that have warehouses in the UK and are held across the ethical funds.

One of the companies approached was JD Sports, a UK-based sports retail company selling branded goods in stores and online. Our first meeting took place in October 2016. We discussed zero-hours contracts (which JD Sports does not use), wages and agency workers. Overall, we had concerns about the level of public disclosure and potential reputational challenges.

In December 2016, Channel 4's Dispatches aired an undercover investigation into working conditions at JD Sports' Kingsway warehouse near Rochdale. The programme made a number of serious allegations, including a 'three strikes and you're sacked' policy and rigorous security checks during unpaid time, resulting in workers effectively receiving less than the minimum wage.

We spoke to the company the day after the investigation was aired, encouraging it to respond proactively to allegations. JD Sports did publish a statement on its website and announced an internal review into working practices at the warehouse. It also employed Deloitte to conduct an external review into these areas.

In May 2017, we conducted a follow-up engagement with JD Sports' chief financial officer and head of HR. The Deloitte review had concluded and found that the Dispatches programme did not give a balanced representation of the operations at Kingsway. We were encouraged by the action plan JD Sports had put in place based on the recommendations from Deloitte. An improvement in disclosure in the annual report was also noted.

Overall, the engagement gave us comfort that the concerns were not as serious as those at Sports Direct, and the company became increasingly open to engaging with shareholders on how employees are treated. Nevertheless, JD Sports still has some way to go in implementing its improvement plan and does not seem to fully recognise the potential negative impact from media campaigns against the retail sector. The company will remain a target for follow-up engagement but is not currently considered an inappropriate holding for the ethical funds.

Engagement case study

Investor Forum collaborative engagement

We approached the UK Investor Forum to initiate a collaborative engagement project focusing on the business practices in the apparel sector. We examined employment practices which inform the use of staff agencies, zero-hours contracts and consideration of the voluntary living wage.

Historically, large numbers of staff were required to manually select and pack the individual orders. This required staff to walk a considerable distance (often many miles) around the warehouses within a single shift. A number of new automated systems have been introduced which have improved the nature of the work. While this was positive, the impact on job opportunities was a concern. Companies assured investors that the impact on job numbers would be limited, with more opportunity to build new skills and take on new roles to oversee the automation.

As part of this project, we engaged with a number of companies and organisations, including the Association of Labour Providers, Institute of Human Rights and Business, the Gangmasters and Labour Abuse Authority, Debenhams, Staffline, ASOS and Burberry. We also attended site visits at the UK distribution centres of ASOS, BooHoo, JD Sports and N Brown.

It was useful to see how the different warehouses operate and the level of automation adopted. While these warehouses offer significant job opportunities, the focus needs to be on the quality of jobs offered. It was encouraging to note a number of improvements have been made in working conditions within warehouses more recently. This has largely been down to investor and other stakeholder pressures. We witnessed at first hand how some of the poorer practices that were uncovered have been remediated and improved.

However, the nature of the work is low-skilled, low-paid and often involves long hours. This creates the challenge of attracting workers to these centres. The companies all spoke about labour shortages and competition for workers in the market place. We could see the benefits of a business adopting good working conditions in attracting and retaining workforces. We will continue to monitor and engage with companies using warehouse distribution centres.

As shareholders, we want to use our voice to encourage better corporate behaviour. In most cases, we will seek to engage with the company and escalate our concerns to the board. However, if we feel that the company is not doing enough to address the issues, we will consider divesting it from the ethical funds. An example of such a case was our holding in Barclays.

Engagement case study

Barclays Bank

Barclays Bank is listed in the UK and offers a range of services including retail and business banking, and wealth and investment management. We held the bank in several of our ethical funds at the beginning of 2017.

During the year, Barclays' CEO Jes Staley faced allegations that he tried to identify a whistle-blower. It is alleged that Mr Staley was advised by the Barclays board that it was against company policy to breach the anonymity of a whistle-blower. Following the incident, Mr Staley publicly stated "I made a mistake. I was trying to protect a vulnerable colleague. I should have left the organisation to handle it." These actions are currently being investigated by UK financial regulators and New York's Department of Financial Services. Following the allegations, we spoke with Barclays to highlight our concerns.

We recognise the positive steps that Barclays has taken over numerous years to create a positive culture within the bank. This included its 'through the lens' programme, which encourages all employees to make decisions not only on compliance grounds but also with consideration to the ethics of their actions. However, following these allegations and the uncertainty still surrounding the ongoing investigation, we have decided that it is not appropriate to hold Barclays in our ethical funds at this time.

We will continue to monitor the progress of the investigation and engage with Barclays.

Below is an overview of engagement with companies held in the ethical funds during 2017.

Company	Fund	Topics Discussed
ASML	European Ethical Equity Fund	Data security, talent retention
Banco Santander	European Ethical Equity Fund, Ethical Corporate Bond Fund	Lending practices, relationship with unions
Barclays*	Ethical Corporate Bond, UK Ethical Equity Fund	Business ethics
Bellway	UK Ethical Equity Fund	Sustainable housing
Boohoo.com	UK Ethical Equity Fund	Employee relations
BT	Ethical Corporate Bond Fund	Audit issues in Italy, board succession, cyber security, employee relations
Cineworld	UK Ethical Equity Fund	Employee relations, collective bargaining
Deutsche Post	European Ethical Equity Fund	Employee relations and relationship with unions
Deutsche Telekom	European Ethical Equity Fund, Ethical Corporate Bond Fund	Relationship with unions, cyber security and data privacy
Enel	European Ethical Equity Fund	Water stress, cyber security
Essity*	European Ethical Equity Fund	Animal testing
FDM Group	UK Ethical Equity Fund	Human-capital management
International Consolidated Airlines Group*	UK Ethical Equity Fund	Employee relations, fuel efficiency
JD Sports	UK Ethical Equity Fund	Employee relations
Joules	UK Ethical Equity Fund	Employee relations, human rights risks in supply chain
LafargeHolcim	European Ethical Equity Fund	Operations in Syria
Legal & General	Ethical Corporate Bond Fund	UN's Sustainable Development Goals
Lloyds Banking Group	Ethical Corporate Bond Fund	Digital banking, PPI

Company	Fund	Topics Discussed
Michelin	European Ethical Equity Fund	Raw material supply chain, labour relations
Pandora	European Ethical Equity Fund	Investor communications, board composition
RBS	Ethical Corporate Bond Fund	Sustainability strategy, SME lending, litigation costs
Ryanair*	European Ethical Equity Fund	Employee relations, fuel efficiency
Saint Gobain	European Ethical Equity Fund	Community relations, water contamination
Securitas	European Ethical Equity Fund	Security services, employee relations
SSE	Ethical Corporate Bond Fund	Regulation on pricing, energy mix
Thames Water	Ethical Corporate Bond Fund	Water discharge, regulation
TUI	UK Ethical Equity Fund	Board composition
Virgin Money	UK Ethical Equity Fund	Customer service, M&A, board composition
Vodafone	UK Ethical Equity Fund, Ethical Corporate Bond Fund	Cyber security, data privacy, human rights in supply chain, audit issues

* no longer held in the fund as at 30/11/2017

Voting

The ESG Investment team votes at the AGMs of companies held in the ethical funds. Some examples of our voting activity are highlighted in this report. Our full voting records can be found at:

https://www.standardlifeinvestments.com/governance_and_stewardship/what_is_corporate_governance/our_voting_records.html

We did not support remuneration-related resolutions at a number of AGMs during 2017. This involved a range of issues where we did not feel remuneration practices and policies were fully aligned with the interests of shareholders.

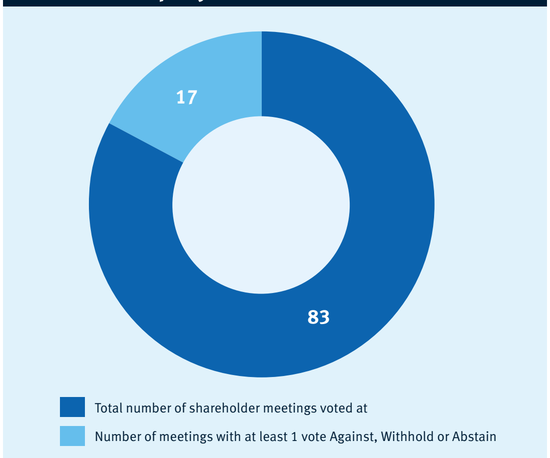
We also did not support a number of share issuance resolutions, where the terms of the requested authorities exceeded our guideline limits on share issuances without pre-emption.

At the AGM of BT Group, we voted against the reappointment of PWC as auditors in light of the company's failure to protect shareholder interests regarding the Italian scandal (the company issued a significant profit warning in January 2017, of which approximately one-third was caused by fraud at its Italian business). We also voted against the re-election of the chairman of the audit committee and the chief executive. This reflected our disappointment in the failure of the committee and the executive directors to provide oversight and control of the Italian division.

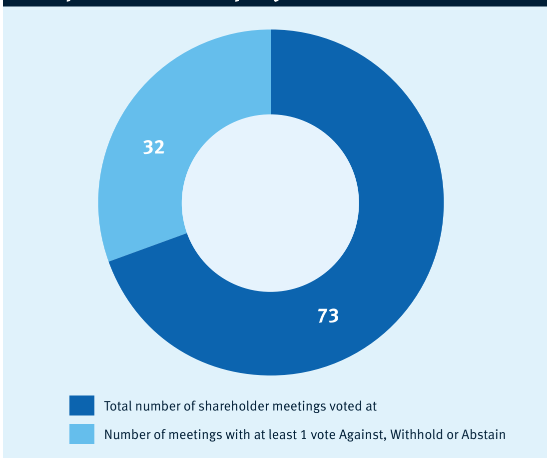
Similarly, at Vodafone's AGM, we voted against the re-appointment of auditors PWC. This was because PWC took on the administration of Phones 4u knowing that it was to be appointed auditors of Vodafone. PWC was already clear that there would be a conflict of interest, as the Phones 4u case would involve making significant claims against Vodafone. We believe that an auditor should take action to avoid such conflicts of interest, as they have the potential to compromise the independence of the auditors and thus undermine their role in protecting the interests of shareholders. Given our concerns about their appointment as auditors in 2014, it seemed logical to vote against the resolution to approve their remuneration as auditors.

We also attended the 2017 AGM of Vodafone to raise our concerns about the independence of PWC. The board publicly indicated it agreed with our concerns.

UK Ethical Equity Fund



European Ethical Equity Fund



Collaborative engagement and events

Once again, Standard Life Investments was co-lead sponsor of Good Money Week 2017. This is a UK campaign to raise awareness of sustainable, responsible and ethical finance, and help people make good money choices. Standard Life Investments ran its "Invest for a better future" campaign to raise awareness of 'good' investments, and to introduce the concept of impact investing. The week included events for the press, UK advisers and Standard Life Investments staff. Standard Life Wealth also hosted two events for charity trustees, CEOs and financial directors of higher education and faith-based charities.

Standard Life Investments was also part of a syndicate that commissioned research from the Wisdom Council, a customer research consultancy, in the run-up to Good Money Week. The research found that there is strong interest in responsible investment. One in two investors surveyed responded that they would sell an investment if a company was not acting responsibly.

In addition to our campaign for Good Money Week, Standard Life Investments took part in a number of industry initiatives and events. We also became a founding signatory to ShareAction's Workforce Disclosure Initiative, which seeks to improve corporate reporting on human capital, and ultimately improve labour practices. Additionally, we took part in a collaborative engagement with a number of retailers with warehouses, initiated by the Investor Forum, and spoke at a number of events, including the Global Ethical Finance Forum. We were part of an industry-led initiative, convened on behalf of the UK government, to create a culture of social impact investing. The UK government has recognised the growing interest of investors in socially beneficial investments. The initiative's Advisory Group published its recommendations, which are directed to a wide variety of stakeholders including advisers. government, investment institutions and regulators. The report can be found at: **https://www.gov.uk/government/publications/growing-a-culture-of-social-impact-investing-in-the-uk**

More information on our participation in industry events can be found in our ESG quarterly reports: **https://www.standardlifeinvestments.com/sustainable_and_responsible_investing/documents.html**

"The survey suggested that one in two investors would sell an investment if the company was not acting responsibly."

Ethical Funds Advisory Group

The Ethical Funds Advisory Group oversees the ethical criteria of Standard Life Investments' ethical funds range. It is chaired by Standard Life's Group Chief Operating Officer and includes three independent members. It aims to bring together the informed opinions of investors in the funds and external experts with those people from Standard Life Investments that manage, oversee and distribute the funds. The group meets twice a year to ensure policies and procedures are applied correctly, and that they accurately reflect the views of those invested. The group also monitors ethical issues through reports from our Responsible Investment function and presentations by organisations involved in issues of concern.

Independent members

Callum Blackburn

Callum is the head of policy and research at Zero Waste Scotland (ZWS), a not-for-profit organisation funded by the Scottish government. ZWS supports businesses, public bodies and individuals to help them reduce their use of energy and resources. Callum has worked in the environmental and waste management sector for 18 years, primarily to develop environmental policy and programmes. As part of this, he advised the Scottish government on its Circular Economy Strategy. Prior to joining ZWS, Callum worked for MWH Consulting as a principal consultant in waste management. He has also helped to design and implement a range of sustainable development and waste strategies for local authorities.

Francis Blake

After obtaining a degree in agricultural and forest sciences from Oxford University, Francis set up and ran his own organic farm in Somerset (where he still lives). He then used this experience to write a book, 'Organic Farming and Growing – a Guide to Management', which is still in print. In 1986, he joined the Soil Association, first as managing director of Soil Association Certification Ltd until 2000, then as Soil Association Standards director for a further 10 years, and finally policy advisor (part-time). During this time, he was also president of the IFOAM EU Regional Group (ifoam-eu.org) for nine years, and chair of the COSMOS-standard AISBL (cosmos-standard.org) for seven years. Now semi-retired, he is working as a consultant and chairs the Somerset-based Green Scythe Fair committee (greenfair.org.uk) and is a board member of IOAS (ioas.org).

Carey Haslam

Carey has been a conflict consultant for 25 years, specialising in process design, training and coaching for public and third-sector organisations. She currently focuses on mediation and alternative dispute resolution; developing the potential and resilience of senior management and staff teams; and equality and diversity, in particular unconscious bias. She is a non-executive director of the Office of the Independent Adjudicator for Higher Education and held a senior management position with Leap Confronting Conflict, a national youth and conflict charity. She has worked as an environmental facilitator on projects including nuclear fuel, traffic and waste; has studied and provided training in human rights; has co-authored training manuals; has been a visiting university lecturer; and was originally an authorised financial planner. Carey has been investing ethically for the past 20 years. She has a degree in biology from Exeter University and a diploma in applied finance and investment from the Securities Institute of Australia.

Mike Segal

Mike has a PhD in chemistry from the University of Cambridge and spent the first 13 years of his working life in research and development. He is the author of over 70 papers in the scientific and technical literature field. In 1988 he joined the civil service, where he held a variety of posts in MAFF (Ministry of Agriculture, Fisheries and Food), the Food Standards Agency and DEFRA (Department for Environment, Food & Rural Affairs). During his career in government, he has had high-level responsibilities for policy issues relating to agriculture; environmental protection; human nutrition; UK and global food security; animal welfare; and protection of workers and the public. He was a director in DEFRA from 2004 to 2011.Since February 2011, Mike has been happily retired, enjoying spending time with his grandchildren when not travelling the world with his wife.

The ESG Investment team

The ESG Investment team was formed in 2016 by joining the Governance & Stewardship team and the Responsible Investment team. The Responsible Investment team is dedicated to the research and analysis of the environmental, social and ethical issues that have a bearing on Standard Life Investments' client portfolios. The team has responsibility for implementing the Ethical Funds Investment Policy and screening companies for inclusion in the ethical funds. It also engages actively and regularly with companies in which we are, or may become, a shareholder.

Amanda Young
Head of Responsible Investment

Katharina Lindmeier
Analyst, Responsible Investment

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