

## Green and Ethical Investment

**If you're serious about social and environmental issues, then choosing a green or ethical fund or ISA represents a long-term investment, not just in your financial future but the world's future too.**

Ethical savings accounts and funds avoid investing in certain industries, such as tobacco, nuclear power or arms. They may also seek to invest in 'positive' businesses like renewable energy, sustainable timber and waste management. Furthermore such funds and accounts can generate returns as healthy as their non-ethical equivalents.

### **Share Ownership**

If you are thinking of dabbling in the stock market, or already own shares, it's possible to shape your portfolio so that the companies you invest in match your ethical principles. In addition to selecting companies for investment on the basis of their ethical credentials, you can also use your power and influence as a shareholder to improve the ethical performance of companies in which you invest.

The easiest way for ethically-minded individual investors to choose which companies to invest in is to use a [fund manager or stock broker](#) who will adhere to a set of ethical constraints. Another is to invest in a pooled fund which is guided by a green and/or ethical ethos. Different types of green and ethical investment funds and ISAs are described below.

### **Finding the right green and ethical investment fund**

Decide what type of fund or ISA you're looking for:

#### ***Ethical Funds***

These generally seek to avoid certain types of businesses while often investing in socially and environmentally beneficial ones.

#### ***Green Tech/Climate Change Funds***

These seek to invest in companies in specific sectors like renewable/alternative energy, carbon offsetting, sustainable timber and waste management. It is important to note that these funds do not necessarily avoid the type of companies that ethical funds do, for example those involved in nuclear power.

## **Shariah Funds**

These funds may be of interest to Muslim and non-Muslim ethical investors alike, as they tend to avoid investment in areas like alcohol, tobacco, gambling and pornography. Furthermore, investing in banks or other similar financial institutions is not allowed due to the restriction on excessive 'gearing' or interest charging.

*We recommend that you fully consider your green and ethical requirements and speak to an independent financial advisor (IFA) before committing to any investments. You can find an [IFA](#) with ethical investment experience on [YourEthicalMoney.org](#)*

## **Finding a green and ethical ISA**

An ISA (Individual Savings Account) is a tax-free savings account designed to encourage people to save money. There are two types of account: a cash ISA and a stocks and shares (equity) ISA.

The money deposited in an ISA linked to an equity fund can be invested in companies listed on the stock market, government bonds and corporate bonds. It is therefore considered to be exposed to more risk than a cash ISA as its performance may be subject to market fluctuations. However, this type of ISA could potentially deliver greater returns in the long-term.

## **Equity ISAs**

There are currently around 90 green and ethical funds available, the majority of which come with an ISA wrapper. On [YourEthicalMoney.org](#) you can search for an ISA by investment type (ethical, green tech, Shariah) or by the green and ethical criteria that are of key concern to you.

## **Cash ISAs**

A cash ISA is similar to a normal savings account except that the interest earned is exempt from tax and there is a limit on how much cash you can deposit. If you want to invest your money in a green or ethical cash ISA you can do so with a proven green or ethical provider, including:

- [The Co-operative Bank](#)
- [Smile](#)
- [Triodos Bank](#)
- [Ecology Building Society](#)

## Alternative investments

In addition to ethical funds and ISAs, there are a number of other green and ethical investment options available, including:

- [Triodos Renewables](#) is a public limited company that invests in large-scale renewable energy projects.
- [Newcastle Intermediary Services 'Clean Energy Select Account'](#) is available as a direct investment or cash ISA and invests in a mixture of clean energy technology and equipment companies.
- [HSBC Vaccine Investment](#) open to consumers as an investment plan or an ISA, this product helps raise money for the GAVI Alliance. It states that every £1000 invested helps immunise over 130 children from five life-threatening diseases, including Diphtheria and Hepatitis B.
- [Triodos Microfinance Fund](#): this fund provides finance to nearly 40 microfinance institutions in countries in Latin America, Africa, Asia and Eastern Europe. It is open to individual UK high-net-worth or sophisticated investors.
- [Big Issue Social Enterprise Investment Fund](#): the investment subsidiary of the Big Issue magazine has launched a new fund which target foundations, charitable investors and high-net-worth individuals. It aims to invest in social enterprises in the health and social care, environment, and employment and skills sectors.

Invest for a green and ethical future.