

Best of Sector investing can be applied to any type of company but it has special relevance to sectors with a high social or environmental impact, or which might be considered to be questionable from this perspective.

COMMODITIES & ENERGY

We all use minerals, energy and metals in some form or other, so how these are extracted and processed is of key significance. You could argue that the companies that find and extract these natural elements are reliant on exploiting non-renewable resources, but you could also argue that we can't do without these things and that it is essential to reward best practice in the industry amongst the major players.

Electricity

Electricity generators and distributors. 'Best of Class' status might be assessed on the input fuel mix, efficiency of energy generation, commitment to renewable energy and biodiversity management.

Mining

Mining and quarrying. 'Best of Class' might require companies to demonstrate leading practice in terms of biodiversity management, human rights and environmental footprint.

Oil & Gas

The exploration, refining and retailing of oil. This includes companies both directly and indirectly involved in these industries (including service companies). 'Best of class' may mean companies demonstrating leading practice in terms of pollution management, human rights, efficiency of production and efforts to replace fossil fuels with renewable sources.

FINANCIAL SERVICES

Almost everyone in the UK uses financial services in one form or another, yet for an industry which relies on trust, it is sadly mistrusted. Companies have responded with an avalanche of corporate responsibility statements to prove their worth in community endeavours, but at the heart of what financial services companies do, is how they use our money.

Banks – commercial lenders

High street banks, merchant banks, infrastructural banks, e.g. European Bank for Reconstruction & Development. 'Best of class' refers to banks that demonstrate leadership in environmental management, lending policies, putting the customer first, community investment, micro-credit and social banking.

Insurance & investment

Life assurers, general insurers, fund managers, financial advisers. 'Best of class' might require that companies lead on socially responsible investment, management of their internal environmental impact, social reporting, treatment of customers and response to global warming.

INFORMATION TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS

Information technology, telecommunications and the media are some of the most powerful influences on our lives. In themselves they might be viewed as ethically neutral and like many technologies or innovations, it is how they are used that matters.

IT Software

Software developers and retailers. 'Best of class' might be interpreted as superior environmental management, social impact assessment, or the provision of educational or business tools for social or environmental purposes.

Media

Newspaper groups, publishers, radio, TV, film and internet. 'Best of class' refers to groups which exercise editorial freedom, operate fair business practices and make information more freely available to all.

Telecommunications

Mobile phone equipment manufacturers & retailers, mobile and fixed line phone operators. 'Best of class' requires companies to exhibit best practice in their internal environmental management, especially energy usage, their human rights policies & customer relations, and in how they have sought to .

MANUFACTURING

Our economy might be ever more dependent on services, but there's no getting away from it – we still need to make things. Yet, as we have become more aware of our environmental footprint, how we make more with less becomes increasingly important.

Cars

Car and vehicle manufacturers. 'Best of class' might mean manufacturers that minimise their use of resources or that have a pronounced focus on less polluting vehicles, especially electric, fuel cell, LPG or biodiesel vehicles.

Chemicals

Chemical manufacturers. 'Best of class' means companies that have appropriate environmental management systems in place and that make products that have key environmental benefits.

Electronic & Electrical

Producers of electronic and electrical goods including computer hardware, white goods and control devices. 'Best of class' requires companies to have a credible human rights policy for their manufacturing and leading environmental management plans which reduce both energy and resource consumption.

Engineering

General engineers. 'Best of class' means companies that minimise their environmental footprint in terms of energy and resource usage, and if they use overseas labour either directly or indirectly, have a credible human rights policy.

Paper & Packaging

Paper and packaging manufacturers. 'Best of class' infers that companies source paper from sustainable sources, and minimise their resource and energy usage.

PROPERTY & CONSTRUCTION

A growing population, more single people and an ageing housing stock have created a need for more houses. As the economy changes, there's also an ever present need for commercial property like offices, industrial warehouses and shops. Furthermore, as more young people enter further education there's been pressure on accommodation for students and with more people seeing their doctor more frequently, there's a growing need for fit-for-the-purpose primary health care centres. And as we travel more and more, the roads fill up creating pressure for more road building. So all in all, there's more building going on with an increasing pressure on resources and the landscape.

Commercial Property

Offices, retail outlets, industrial warehouses. 'Best of class' means funds of properties that manage their environmental impact especially well or that have a focus on brownfield development or urban regeneration.

Specialist Property

Property let with a social purpose, such as primary health care trusts or for student accommodation. Such property might be considered to be 'Best of class' by virtue of its social impact.

Residential Property

Property used for owner occupation or buy to let. 'Best of class' means funds of properties that minimise their use of resources, have a focus on brownfield development or urban regeneration, or that manage their tenant relationships sensitively.

Road Construction

Engineering or building firms engaged in road construction. 'Best of class' means companies that demonstrate best practice in terms of consultation and minimising their environmental impact.

RETAILING

Retailers are an important part of everyday life and there's been increasing concerns over the relationship between the producers of the goods that they sell and the 'all-powerful' retailers. Do the producers get paid a fair price, are their working conditions good and are the retailers taking adequate steps to reduce their (often considerable) environmental footprint?

Car sales/leasing

Car sales or leasing. 'Best of class' principally translates to fair treatment of customers.

General Retailers

Retail of household, clothing, electronic, electrical or personal goods. 'Best of class' means operating a particularly credible supply chain policy and environmental management plan.

Supermarkets

Supermarkets. 'Best of class' applies where a company demonstrates that it has done more than its competitors in energy management, working with suppliers on a more equitable basis, the range of healthy and organic produce available and reduction in 'food miles'.