

SAVING OUR SEAS

IFAs can preserve our planet by selecting ethical funds and encouraging companies to stop using plastics

Popular BBC One television series *Blue Planet II* joins a spate of recent media coverage drawing attention to the environmental damage caused by plastic waste. The show and others like it point out the alarming global reach of plastic detritus, its chemical toxicity and appallingly harmful effects on wildlife and sea creatures. Indeed, so serious is the problem that the UK government has pledged to eradicate avoidable plastic waste as part of a 25-year plan.

While individuals can make personal decisions to reduce their plastics use, they are constrained by the choices available. This is where ethical investing steps in. It can encourage change by supporting environmentally-minded companies, while avoiding those that contribute to the problem.

Advisers and wealth management firms with expertise in ethical investing can support individual investors. They can do so by helping to raise awareness of the issue with fund providers. They can also identify the ethical funds with strongest credentials in this area.

HEAVY RELIANCE

The trouble with plastics is they are extremely useful. They are cheap, strong, lightweight, waterproof, chemically inert and durable, making them ideal for many purposes including storage and food wrapping.

As a result, even when aware of the issues, consumers struggle to excise them from their lives.

Recycling can help to some degree, but not all plastics can be recycled. Government initiatives, such as bag charging schemes, have made significant reductions in usage, resulting in an 83% drop in 2016/17 since 2014/15 and £66 million donated to good causes.

So ethical investing has a role to play in helping cut off the problem at the root. It can encourage companies to stop using or creating plastics and seek alternatives throughout the supply chain. It can also support better recycling and disposal.

KEEP IN MIND

Key areas to examine when selecting companies to support or avoid are:



Ethical investing is a challenging area, and it can be hard for investors to select fund providers with the strongest skills



- Reduction in use of plastics by using more sustainable materials, including for packaging.
- Reuse of plastics through the introduction of deposit schemes, such as those previously introduced with glass bottles. But it is also important to see used plastic as a resource.
- Recycling: whether enhanced plastics treatments, preferential use of more readily recyclable plastics, or use of plastics in ways that can be separated for recycling. There should be emphasis on products that can genuinely be recycled in the locations where they are used, rather than being only 'technically recyclable'.
- Disposal, to ensure plastic waste is dealt with responsibly so it does not enter oceans and other ecosystems, causing harm.

TAKING ACTION

Ethical portfolio managers can also engage with firms to encourage improvement. And investors can raise issues concerning plastics with their advisers. This allows them to leverage their savings, often including pension pots, in addition to actions in their daily lives.

Charity and pension fund trustees can also pursue a similar strategy. For charities with an environmental focus, this allows them to work towards their objectives even with funds invested, as well as achieving targets by disbursement.

In this respect, advice firms have a valuable role to play. Ethical investing is a challenging area, and it can be hard for investors to select fund providers with the strongest skills and commitment in this area. By making use of the services of advice firms with specific expertise in ethical investing, underlying clients can have greater confidence their money is being put to the best possible use. ■



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