



A BEGINNER'S GUIDE TO **GREEN, CLEAN AND KIND** MONEY



Coordinated by

UKSIF
UK Sustainable Investment
and Finance Association

WHAT IS GREEN, CLEAN AND KIND MONEY?

CHARLENE CRANNY, DIRECTOR OF GOOD MONEY WEEK

This pandemic has been a wake-up call for many of us in many different senses, but especially when it comes to our finances. That's why the theme of this year's **Good Money Week** is '**Clean Slate Green Slate**', encouraging people to consider green options as they start afresh with their finances. As 37% of us Brits are now likely to revamp our finances as a result of this wake-up call, we would love to see you considering ethical and green options for bank accounts and investing a little bit of cash into something green and sustainable.

As our country attempts to "build back better", there has never been a more important time to think about the social and environmental impact of our money and protecting our future wealth.

We would particularly urge the 51% of Brits who were fortunate enough to save money during the pandemic to consider ethical investing. You'll invest at a time when the country and society needs it most – and you'll be glad to hear that ethical and sustainable investments regularly outperform the others too.

Only 15% of Brits surveyed said they knew what ethical investing means, so there is clearly a job to be done on sharing the benefits of ethical, sustainable and green finance. It can divert money away from companies that are guilty of reckless and irresponsible behaviour when it comes to the environment, human rights and equality, and instead you can choose to invest in funds that will have a positive impact on those things.

Investing is not just for people with thousands to invest; you can start now by investing as little as £5 a month in an ethical fund that will help society and the environment at a time when they need it most. And with luck you'll have something to fall back on during unprecedented times like these. Double win!

CONTENTS

PAGE 3, TOP TIPS FOR **GREEN, CLEAN**
AND **KIND** MONEY AND **LIFESTYLE**

PAGE 8, WHAT DO **FUND MANAGERS** DO?

PAGE 10, HOW **FINANCE** CAN HELP US TO
"**BUILD BACK BETTER**"



UKSIF
UK Sustainable Investment
and Finance Association

AberdeenStandard
Investments

LIONTRUST

in association with
AVIVA


Stewart Investors
Sustainable Funds Group

OUR TOP TIPS



Here are your beginner's tips for green, clean and kind money and living. If you're starting from scratch, these will get you to a great place.

DEMAND A GREEN AND CLEAN PENSION

Trillions of pounds of our pension savings are invested in companies each year. Some of these are guilty of reckless behaviour when it comes to the environment, human rights and inequality. NEST, the largest pension scheme in the UK by membership with 9 million savers, and others, has announced plans go 'net zero' and stop investing savers' money in companies that produce a lot of carbon emissions. Ask your boss to switch your company pension to a net zero provider, ask your current provider for a sustainable option, or you can push them to go green at **Make My Money Matter**.

Placing your pension money in green investments could have 117x the same positive environmental impact of limiting yourself to one return flight a year (Nordea, 2018).

MOVE YOUR SAVINGS

Even the simplest standard savings account will be using your hard-earned money to make loans and invest in companies until you withdraw it. Make sure your provider is choosing the greenest, kindest companies by having a browse of comparison website **Ethical Consumer**. They rank savings accounts from various UK firms on a number of environmental and sustainable factors. **Good with Money** also has amazing 'good lists' and 'good guides' to all sorts of financial products.

INVEST AS LITTLE AS £5 - £50

Don't skip past this one because you've seen the word 'investment'! While the word 'investment' might sound like a scary one, it really shouldn't be. Why not take one small (and easy) first step into investing by considering a £5 stake in renewable energy through a platform like **Abundance**. They offer investments to create something good for the environment and society with the potential of a good financial return as well. Other platforms to explore are **Ethex**, **Big Exchange**, **Clim8** and **Tickr**.

INVEST LOCAL

You can use **Abundance** to support councils across the UK that are delivering local green and social projects like solar farms for low-risk financial returns. You can make a small commitment and you can see what happens – you may discover the returns are more encouraging than you thought. **Energy4all** is also a good place to start if you want to get involved in something at a local level.

LEND MONEY

If you are fortunate enough to be able to, have you ever considered lending a little money to someone in the developing world who is trying to lift themselves out of poverty by running their own business? Take a look at **lendwithcare.org**, which allows people to lend relatively small sums to people in countries such as Cambodia and Togo. You won't earn any interest, but the money you lend is paid back to you in instalments. The minimum you can lend is £15 and the site says the average repayment schedule is around 12 months.

SPEAK TO A FINANCIAL ADVISER THAT SPECIALISES IN GOOD MONEY

If you are lucky enough to be able to afford a financial adviser, speak to one that specialises in sustainable finance. You can find a list over at the **Ethical Investment Association**.



You might want to help create a greener, fairer UK in other ways too. Here are some suggestions...

DON'T BUY, BORROW

The Library of Things asks 'Why buy when you can borrow?' It's asking consumers to think twice before they buy things and instead to try to borrow them. Lots of common household items are available and you can reserve and collect your items or have them delivered. Already available in several London boroughs, see if you can introduce it to your area.



CHAMPION SUSTAINABLE FASHION

Do you believe in sustainable fashion? Join the **Mamooq** movement and say goodbye to wasteful fast fashion.



GET INVOLVED IN COMMUNITY GARDENING

Designed to combat air pollution by introducing plants on the Overground, Energy Gardens are springing up all over London. Over 100 community groups across London are already engaged with the programme and it hopes to branch out to wider UK communities. Interested? Visit **Energy Garden** online.

COMPARE GREEN ENERGY SUPPLIERS

Did you know you can easily compare green energy suppliers? With the **Big Clean Switch** you can quickly search for planet-friendly gas and electricity suppliers and they'll make the switch on your behalf.

DONATE TO FOODBANKS

The Trussell Trust's new analysis forecasts a 61% increase in food parcels needed across its UK network in October to December, with six parcels given out every minute. During the start of the pandemic around half of people who used a food bank had never needed one before. If you're able, buying supplies for your local food bank can be a real help to people in need in your local area, or you can donate through their website.



BUY FROM BLACK OWNED BUSINESS

Black Pound Day is the national campaign that was set up this year to support and raise awareness for Black-owned businesses. More than simply one day a year, Black Pound Day is a campaign that encourages consumers to switch from their usual shopping destinations to local and online black-owned businesses on the first Saturday of every month. According to the Black Pound Day website, if everyone was to spend just £10 a week on Black businesses, we could inject £1.9bn into the Black community.



ASK YOUR EMPLOYER TO OFFER CLIMATE PERKS

Fly less and make low-carbon holiday choices with **Climate Perks**. They work with climate-conscious employers to offer paid 'journey days' to employees who opt to travel on holiday by train, coach or boat instead of flying. Staff are empowered to act on their values and employers receive Climate Perks accreditation in recognition of their climate action.

EXPECT NET ZERO COMMITMENTS FROM EVERYONE

We need to reduce carbon emissions down to zero or 'net zero' (when the few emissions we continue to create are removed from the atmosphere) by 2050 at the absolute latest to avoid the worst effects of climate change. It is such an important target that the UK has made it law for the government to achieve it. Lots of big companies including tech, finance, aviation and others are committing to the target. Expect net zero commitments from everyone you do business with.

SHOP LOCAL

We should all be shopping mindfully and avoiding wasteful purchasing, but when you do need to shop, try going local in the first instance. Research has shown that of every £1 spent with a small or medium-sized business around 63p stays in the local economy, compared to only around 40p with a larger business. In addition, when you shop at your local butcher, baker, farm shop or greengrocer, much of the produce has had a relatively short 'field-to-fork' journey. As well as supporting local farmers, this means that the food is likely to be wrapped in less single-use plastic packaging.

CALL FOR A LIVING WAGE FOR KEY WORKERS

Key workers have worked tirelessly to keep our country going during the coronavirus pandemic. Yet, more than 1 million key workers are not receiving a real Living Wage. **The Living Wage Foundation** is campaigning for change and you can show your support on their website.





WHAT REAL PEOPLE SAY...

"Now, more than ever, it's important to stand up and be counted. One of the ways of doing this is through investments - putting your money where your mouth is. Staying true to our values is really important to us, which is why **we invest in funds that have a positive impact on the environment and society.**

"As new parents, we are concerned about the world our daughter is inheriting and feel it is our responsibility to act. By investing in ethical and sustainable funds, we can help ensure her future - **in the financial sense in addition to working towards a better world for her to inhabit.**

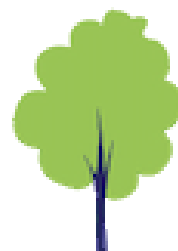
"In these uncertain times, companies that focus on sustainability are well-positioned to weather adverse conditions while still benefiting from positive market environments. Ethical and sustainable investments often yield excellent results, so we can invest knowing we are **not compromising our values or the potential of our investment.**

For us, it is a no-brainer."

Arabella Colman Morgan, Rebecca Colman, James Morgan



Shhhh! 05.05.2020



OVER HALF (51%) OF THE NATION AGREES THAT THE GOVERNMENT SHOULD PRIORITISE LOWERING CARBON EMISSIONS WHEN “BUILDING BACK BETTER” FROM THE CORONAVIRUS PANDEMIC, EVEN IF IT TAKES LONGER. 18% THINK THE GOVERNMENT SHOULD PRIORITISE LOWERING CARBON EMISSIONS WHEN “BUILDING BACK BETTER”, BUT ONLY IF “BUILDING” IS NOT SLOWED DOWN.

"I am Mike Atkinson, a former IT project manager, now retired and living in Wiltshire. I'd had concerns about the degradation of our environment since the 1970s and started to support various NGOs taking action to combat this.

During the 1990s, I began to realise how money could be used to effect positive change. It is important to me that my money works for good in society rather than being used to maintain the status quo, or worse.

I now have investments in wind and solar farms, many community owned, and ethical property and ethical banking. I first invested in Thrive in 2005 to help kick-start renewable energy in the UK and I took more Thrive shares in 2019 because it's important that clean energy continues to grow.

I think Thrive provides the right balance between purpose and profit, which is good because few people will invest for purely altruistic reasons."



WHAT DO FUND MANAGERS DO?

Often, when people think of fund managers they think of the 'Wolf of Wall Street' or profit hungry scoundrels that cause financial crashes. Actually, many fund managers are wholeheartedly committed to making the world a better place. Here are just some examples of fund managers doing good...

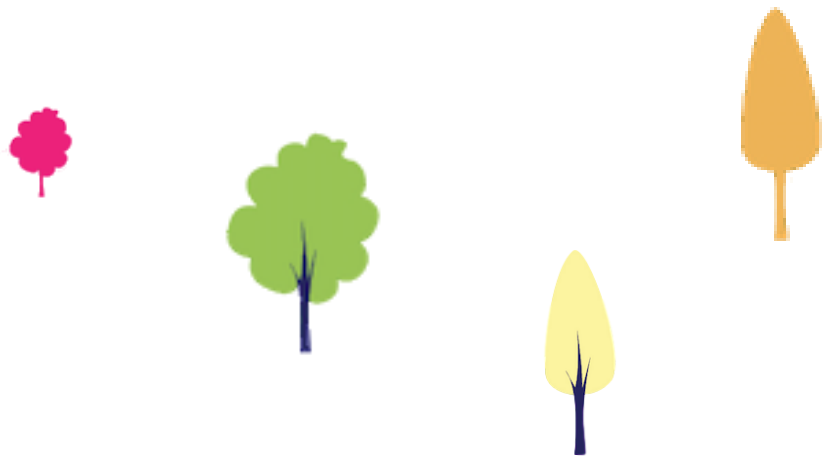
SUPPORT DIVERSITY

Harriet Parker, Investment Manager, Liontrust Sustainable Investment team

A genuine push from investors for greater diversity in companies has only come in recent years and we have already seen good progress at gender level within boards, senior management and overall leadership. Looking at what has helped deliver this could be important to ensure we get the most from the next push for greater ethnic diversity.

There is growing understanding of the business benefits that diverse workforces and leadership can deliver. Academic studies looking at increased returns for firms that are more gender diverse has helped take the issue beyond just a governance perspective.

In our funds, around four-fifths of companies have responded positively to requests to increase board gender diversity where it was lacking. Many have substantially increased the proportion of women on boards since we started to push for this in 2016, with the majority now having over the threshold of 30%.



PROTECT THE PLANET

Peter Michaelis, Head of the Liontrust Sustainable Investment team

If the current crisis has taught us anything, it is that we need to face challenges head-on and not bury our heads in the sand and hope they go away – and so it is with the climate crisis. Some climate-related initiatives, such as parts of the EU Green Deal and the climate crisis meeting COP26, have been delayed a year as Covid-19, rightly, stays at the top of the agenda. But we think this de-emphasis will be temporary.

Estimated costs from climate change vary depending on the country but are huge across the board: in the UK, the annual hit to GDP is expected to be in the order of -0.4% for over 50 years and in the US the figure is -0.6%. These are not distributed normally, with countries near the Equator in Central America at -11% and Western Africa at -15%.

Given this situation, we are stepping up engagement with companies to ensure they reduce their carbon emissions to zero. **In our view, businesses that are proactive in reducing carbon emissions, and are able and willing to articulate this in their business strategy, will gain a competitive advantage and generate better investment returns. Those that do not will face increasing risks to their businesses.**

Aberdeen Standard Investments in conversation with AstraZeneca...

PUSH FOR ESSENTIAL VACCINES

AstraZeneca is a global business that researches, manufactures and sells pharmaceutical and medical products. We hold the company across a wide range of our funds, so it's a high priority for us to regularly speak to them.

As part of this, we recently arranged a meeting to discuss some of the recent news stories about a Covid-19 vaccine and the company's new environmental strategy. A key area of focus in combating the virus is the successful development of a vaccine. AstraZeneca is particularly well placed to do this because of its global presence and its focus on research and development.

AstraZeneca has partnered with Oxford University to work on a potential vaccine and, if tests are successful, the vaccine will start to be rolled out. In the UK, AstraZeneca has committed to manufacture and distribute around 30 million doses by the end of the year and 100 million in early 2021. It also has commitments to deliver over 300m doses to the US and 400m in continental Europe into the start of next year. AstraZeneca prides itself on providing access to medicine in regions where healthcare is far less developed, and it has been working on a wide number of initiatives to support this for many years.

Earlier this year, AstraZeneca announced that it had reached an agreement to supply one billion doses of the Covid-19 vaccine to low and middle-income countries, with a commitment to provide 400 million before the end of the year.

The company also released its environmental strategy earlier this year, which includes committing to being carbon neutral by 2025 and carbon negative by 2030. Both these targets are ambitious and will require a significant amount of work, but they're positive steps, and we look forward to following progress. AstraZeneca is particularly well placed to develop a Covid-19 vaccine given the company's global presence and focus on research and development.

When our sample were asked which public figures they think represent the ethics or values they'd like to see more of in Britain when it "builds back better", David Attenborough (74%) was the top choice, followed by Swedish environmental activist Greta Thunberg (44%). Third came Marcus Rashford (39%), who this year successfully campaigned for the Government to extend the school meal voucher scheme for the summer holidays.



HOW FINANCE CAN HELP US TO “BUILD BACK BETTER”

Some finance companies are better than others at using our investments and savings for good. We wanted to find out who they are and share some of what we found with you.

We know finance can do good and to find some great examples for you we have worked with the EIRIS Foundation, a charity that works to increase the impact of responsible investment. They surveyed banks, pensions funds and fund managers on the things they are committing to that could help the UK to build back better.

EIRIS asked about a variety of topics. The key ones were:

Covid

Black Lives Matter

Equality

Climate change

This is what one fund manager said about doing business during Covid:

“The firms that have got good social purpose be it environmental or social or both, these firms have proved more resilient during Covid.... We think the demonstrably good ones [were] focused on stakeholder [us!] needs not purely shareholder needs...It's going to be a growing part of our approach”.

Most people have a bank account so let's start there....

Banks

Banks lend to all types of businesses and to millions of people. They employ hundreds of thousands of staff and offer bank accounts to almost every citizen: they look at a wide range of issues- all of those listed above.

Many of the UK's leading banks, including Lloyds, Santander, Triodos and HSBC signed a letter to Boris Johnson calling for a recovery plan that *“align[s] with the UK's wider goals and deliver a clean, just recovery, that creates quality employment and builds a more sustainable, inclusive and resilient UK economy for the future.”*

Other banks including Nationwide and NatWest have given additional support to staff affected by Covid. Then after the Black Lives Matter protests ten banks stood up to acknowledge race issues and show support for anti-racism including Monzo, Natwest, Triodos and Starling. Gender equality is further down the line as an issue so we see more action. 14 of the banks disclose data on their gender pay gap; the gaps varied from 48% at HSBC to 10% at Metro bank. All but one of the banks (M&S bank) had at least one female director, TSB had the highest percentage at 42%.

On climate change, six of the 17 banks reviewed, including Barclays and HSBC, had signed up to the recommendations of the Taskforce on Climate Related Financial Disclosure (TCFD), and five more have taken some TCFD-related steps such as making a commitment or making a report. **TCFD reporting means they are being transparent about whether our savings and investments are protected against financial losses due to climate change.**

Pensions

Pension funds invest for a very long time so need to think about what is going to be profitable in 20, 30 years or more. The UK and our European neighbours are committed to reaching net zero emissions by 2050 latest. Therefore, if your pension fund isn't starting to reduce its investment in, say, fossil fuels... then there is a problem.

Despite pension funds managing billions of pounds, they are usually run by small teams to keep costs low. That means they often do not look at all the issues and outsource decisions instead. EIRIS found out the following when they looked at 47 large pension schemes:



On Covid, several schemes including the Local Pensions Partnership and the HSBC scheme had signed the green recovery letter to the Prime Minister, and eleven other pension schemes have supported Covid-initiatives. But only four schemes publicly acknowledged Black Lives Matter.

Pension funds did far better on climate. Thirty-one are taking steps on TCFD reporting including NEST, Tesco pensions and the Universities scheme. Fourteen of the schemes have made a commitment of some kind to net zero including the Aviva Master Trust and the Greater Manchester scheme.

Fund Managers

Fund managers invest our savings. Pretty much everything that happens in the world has some impacts on the value of those savings and so needs to be considered - such as climate change or a pandemic! Because organisations like pension funds tell their fund managers to make expert investment decisions on their behalf, the fund managers consider many more issues than the pension funds themselves. EIRIS reviewed a list of 45 fund managers that provide “sustainable” investments. Twenty-three fund managers disclosed their gender pay gap; the largest was 50% at Royal London, the lowest 15% at 7IM and Impax. Seventeen managers acknowledged issues related to Black Lives Matter.

The fund managers were very active on climate, probably the most looked at issue in sustainable finance. Twenty-eight are taking steps on TCFD including Aberdeen Standard Investments, Aviva, Janus Henderson, Liontrust, Royal London and WHEB. In terms of carbon-footprinting, 20 fund managers had begun work, and 26 are moving to achieve net zero.

So the industry is doing a lot that will help the UK make a green and fair recovery but of course there is still a lot of work to be done.

Good MoneyWeek and others will continue to update you on who is showing leadership so you can make good decisions for your finances and your values.



THANK YOU SO MUCH FOR READING OUR GUIDE. WE REALLY HOPE IT'S HELPFUL.

LET US KNOW WHICH ACTIONS YOU TAKE OVER AT [GOODMONEYWEEK.COM](https://goodmoneyweek.com) OR ON SOCIAL MEDIA [@GOODMONEYWEEK](https://twitter.com/goodmoneyweek). WE CAN'T WAIT TO HEAR FROM YOU!

Good Money Week raises awareness of sustainable, responsible and ethical finance - banking, pensions savings and investments - to help people make good money choices. In 2020 we are looking at how our money can support a green and fair recovery after the pandemic. Ensuring we build back better in a way that works for people, planet, health and wealth. Good Money Week is co-ordinated by UKSIF (UK Sustainable Investment and Finance Association). Thank you to our brilliant sponsors - we couldn't do it without you.

Warning! We are not certified financial advisers. The information here is provided for information and educational purposes only and do not constitute financial advice. You are advised to consult with an independent financial adviser for advice on your specific circumstances. The value of investments can go up and down and capital is at risk.