Let’s do different – let’s make a change

Banks, pension funds, fund managers and some personal financial advisors are still investing in projects that are contributing to climate change and not necessarily taking into account the risks that climate change poses. We have already seen the risks of extreme weather events with the potential to disrupt businesses, food production and supply chains. This impacts the ability of businesses to make a profit, and the functioning of the economy at large, which can have significant negative impacts on financial returns.

Not everyone will be actively managing their finances but some of you will be, as will members of your family. There are things to do to lessen the impact your money has on climate change.

Looking into ethical banks in the UK, three come up frequently – Triodos Bank, The Co-operative Bank and Charity Bank. They offer different services but they are all worth checking out. Two and a half years after switching to Triodos, I am still very happy with them.

Pension schemes are big, institutional investors with lots of money invested in global financial markets and tremendous power to influence market behaviour. Since 2019, pension fund trustees have a duty to consider environmental, social and governance issues. If you have a personal pension, you could talk to your investment manager about climate risk. If you are in a big pension scheme, do write and ask them about their attitude to climate risk and let them know this is important to you. I did.

There is a huge range of investment funds and personal financial advisors will know there are ethical funds, the first of which was launched in the UK in 1984, and today over 150 are available. Some of these are investing in companies actively responding to the challenges of climate change such as clean energy, water, timber, agriculture and technology. There are specialist financial advisors or you can talk to your own financial advisor, if you have one. From regular conversations with fund managers, my advisor tells me that they receive surprisingly few letters from investors so any correspondence they do receive generally has quite an impact.

Making a choice to invest ethically is not only good for wider society and the environment, but it can be good for you too. Ethical investments have been shown to outperform the returns of their non-ethical equivalents.

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