

Column Header : The Climate Action Column

Sub heading (for edition 12) : Make Your Money Matter



For many of us it has now become second nature to look at labels when we are shopping for food or clothes, so that we can make a considered choice about whether the product has caused a negative impact on the planet. So maybe we should also be doing the same when we make purchases in the financial services sector.

Banks and Pension Providers are investing our money, and we ought to feel comfortable that their decisions are not contradicting our personal values. If you are someone who really cares about the climate crisis you need to know that your money is being used to encourage industries and companies that are looking for ways to mitigate and reverse the current situation, rather than ones that continue to support and grow those involved in fossil fuel industries.

How Ethical is your Bank?

Ethical Consumer (www.ethicalconsumer.org) is an independent, not-for-profit organisation that carries out research on a range of products and services, assessing them against 'ethical' criteria. In 2022 they updated their review of UK banking organisations. This included looking at whether they invest in the fossil fuel industry, oil and gas exploration and fracking; what companies they are shareholders in; how clear their policies on reducing their own emissions are. Ethical Consumer also looked for positive indications – do the banks invest in the renewable energy industry; do they measure their own carbon footprint; are they transparent about what companies and projects they support?

Top of the ranking in this research (and in reviews by many other organisations) is Triodos Bank (www.triodos.uk). They only invest in projects and companies that work for positive social, environmental and cultural change. What's more, you can find details on their website of all of their investments. It is on-line banking service only, and there is a £3 a month fee for a current account. If ethical banking is really important to you, then you should definitely consider it. Other top UK banks recommended by Ethical Consumer are Co-operative Bank, Nationwide, Monzo and Starling. All are regulated by the FSCS.

Sadly, none of the Big Four Banks (Barclays, HSBC, Lloyds and NatWest) fared well in this ranking. Worse than that, they are often guilty of 'greenwashing'. In Oct 2022 the Advertising Standards Authority banned a series of HSBC ads because of their misleading environmental claims. If ensuring that your money does not get invested in activity that is harmful to the planet, then now would be a good time to seriously consider moving your accounts from these banks to one with a company ethos which is more aligned to your own. The Current Account Switching System means that changing bank accounts is relatively easy.

What about your Pension?

Research undertaken by Make My Money Matter (MMMM) has shown that the UK pensions industry is responsible for financing 330m tonnes of carbon emissions each year. Instead of investing in companies that combat deforestation, or are developing sustainable energy solutions,

many of them still continue to invest in companies which are involved in sustaining and even growing the fossil fuel industry.

There are £3 trillion in UK pensions. This money is owned by all of us, and is invested to build our savings for the future. For many of us, we want to feel that our savings are not being generated by companies that are actually jeopardising that future. If you have a pension, you have power. So much power, that, according to MMMM, greening your pension could be 21x more effective at reducing your carbon footprint than giving up flying, going veggie and switching energy provider combined.

Make My Money Matter is a public campaign, co-founded by film-maker and activist Richard Curtis. Their website gives really helpful advice, proforma letters and checklists aimed at helping individuals take action with their pension provider or employer, to persuade them to sign up to the Green Pensions Charter. Go to <https://makemymoneymatter.co.uk/> to find out more.

Conclusion – you have the power - make a difference.

More information on this and lots more related topics can be found on the Harborough Climate Action Webpages : www.sustainableharboroughcommunity.co.uk/hca