



Introduction

Welcome to our *Christian Ethics in Practice* newsletter. This keeps you updated on the important ethical work we undertake on behalf of our investors and is published twice a year.

Epworth Investment Management has a great deal of ethical engagement underway across a broad range of topics; including climate change, mining, worker's rights, farm animal welfare, plastics and corporate governance. We cannot do justice to all of these topics in a short newsletter, so in this edition we will provide an update on four issues that are of concern to our clients - Plastics, the Living Wage, Climate Change and Worker's Rights.

If you would like more information regarding any of the topics covered or on other areas, do get in touch, we would be delighted to hear from you.



David Palmer
Chief Executive Officer

Plastics

From Greenpeace to Blue Planet, plastic waste and its implications for the health of the planet is becoming a focus for individuals, corporations and governments throughout the world.

“There could be more plastic in the sea than fish by 2050”

According to the *Ellen MacArthur Foundation* (an organisation that has done considerable research into plastic pollution), there could be more plastic in the sea than fish by 2050⁽¹⁾ and the equivalent of one refuse truck's-worth of plastic is dumped into the sea every minute.⁽²⁾

Plastics production has increased twentyfold since 1964⁽²⁾ and despite some recent UK government action, more needs to be taken to cut plastic use before the damage becomes irreversible. Corporations need to be challenged regarding their use of plastics, including the micro plastics that get washed into our water system through cosmetics, clothing and industrial processes. As part of the Epworth's ongoing engagement with a range of companies on plastics, we have been focussing on the risks arising from microfibres and their long-term impact on the marine environment.

This year, the Epworth contacted a number of companies, including *Tesco*, regarding the presence of microfibres in clothing ranges. Tesco replied encouragingly, stating they are working with suppliers to understand the science and have part-funded a pan-industry initiative '*Industry Acting on Microfibres*' to drive a co-ordinated response.

Epworth is becoming a signatory to the *Plastics Solutions Investors Alliance (PSIA)*: an international coalition of investors with a combined \$1 trillion of assets under management that engages with publicly traded consumer goods companies on the threat posed by plastic waste and pollution. PSIA have engaged with various corporations such as *Nestlé* and *Unilever* on the use of single use plastics and polystyrenes. These engagements have been important in spreading awareness surrounding disposable plastics. This increased awareness has played an important role in developing the policy of governments and companies. In the UK, the Government recently announced a ban on plastic straws from 2020, after 80% of people voted in support of a ban during a consultation.

Living Wage

We work with *ShareAction* (a charity that looks to make investment a force for good) and engage with companies to get them to adopt the real Living Wage (which is higher than the Government's National Living Wage). In 2018, we were involved in encouraging seven new companies to become Living Wage accredited.

Berkeley Group and *Reckitt Benckiser* made steps towards paying a Living Wage. Whilst neither company is yet accredited, Berkeley Group now pays the Living Wage to all its directly employed staff and Reckitt Benckiser to all UK employees, including its contractors.

"In 2018, we were involved in encouraging seven new companies to become Living Wage accredited."



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Climate Change

In the last newsletter, we outlined the work we were undertaking with regard to our investment portfolios and climate change.

Our work evaluating fossil fuel companies' alignment with the Paris Agreement has made considerable progress. We are assessing the extent to which the business plans of these companies are aligned with the 'well below 2°C scenario'. Our project looks at companies' current asset mix, capital expenditure plans, climate strategy & governance, positive transition steps and direct emissions. We have developed methodologies for all five assessment areas and have begun to apply them to companies. Overall, we are examining 29 metrics on each company. Our next steps are to refine our approach and engage with the companies we are assessing.

We continue to be active in investor coalitions such as Climate Action 100+. This includes co-filing a shareholder resolution at the *BP* AGM earlier this year, calling on the company to outline how it will align with the Paris Agreement.

Workers' Rights

Our letter to the Chairman of *Ted Baker* (a clothing retailer) following allegations of inappropriate behaviour in the workplace received some publicity. The CEO later voluntarily suspended himself from duties and in March, the company announced that he had resigned. In addition to this, new staff training has been put in place across the company to ensure workers' rights are protected.

(1) Ellen MacArthur Foundation, The New Plastics Economy, Catalysing Action (2017).

(2) <https://www.theguardian.com/business/2016/jan/19/more-plastic-than-fish-in-the-sea-by-2050-warns-ellen-macarthur>



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