

Joint Advisory Committee on
the Ethics of Investment 2019

The **Methodist** Church 



PlasticWaste

An investor perspective

Plastic waste

Public awareness of the pollution of our oceans by plastic waste is greater today than ever. Sir David Attenborough's programme *Blue Planet 2* broadcast stunning pictures of the beauty of the ocean environment. But the disturbing images of the damage caused by the eight million tonnes of plastic waste that ends up in our oceans every year had a profound impact.

The reality is that product packaging relies heavily on plastic, and dealing safely with the waste appears to be an intractable problem. Our inability to handle plastic waste hit the headlines when China, the world's largest plastic waste importer, announced that it would cease imports of plastic waste, a decision that directly impacts on local authorities in the UK. The problem has risen up the political agenda; for example, Commonwealth Heads of Government have pledged to eliminate single-use plastic.

Thankfully, radical questions are being explored. Can we achieve a circular economy in plastics so that all plastic is recycled rather than ending up as waste? How far can we get towards eliminating the need for new plastic feedstock manufactured from fossil fuels?

The Plastics Pact

In October 2018, the inaugural UK Plastics Pact Summit took place in London, bringing together industry and research bodies to move us towards a circular economy in plastics. Managed by WRAP (Waste & Resources Action Programme) and working with the government-funded body UK Research and Innovation (UKRI), the Plastics Pact initiative is supported by many of the UK's major food and drink companies and retailers.

Their message: creating a unique pact between governments, businesses, local authorities, NGOs and citizens is the only way to truly transform the UK's plastics system.

The targets set by the pact are near-term, not for some distant point in the future: 100% of plastic packaging to be reusable, recyclable or compostable by 2025; 70% of UK plastic packaging to be effectively recycled or composted by 2025 – the percentage as of 2017 stands at a meagre 46%.

Plastics Pact members are asked to make pledges, and many have already done so. Innocent Drinks aims for smoothie bottles to be made from 100% recycled plastic by 2022, a feat not yet possible with current technology. Procter & Gamble are using plastics that have been reclaimed from beaches, while Ocado and Asda are eliminating difficult to recycle black plastic from their packaging.



Action plan

The Joint Advisory Committee on the Ethics of Investment (JACEI) has expressed concern over the environmental impact of plastic, particularly 'single-use' plastic. During 2018, the Central Finance Board of the Methodist Church (CFB) drew together an action plan to engage with companies on their exposure to plastic packaging and waste. The Plastic Solutions Investor Alliance, which is supported by the CFB, has drawn together an investor statement. It focuses mainly on US consumer goods companies but also provides opportunities for collaborative engagement with European companies. JACEI has commended the CFB in their initial engagement with companies across a range of sectors.



UK retail sector

CFB commenced engagement with a number of companies in the two areas of plastic packaging and microfibers. During this engagement some responses revealed a commitment to achieve change. Tesco, for instance, provided a detailed reply to CFB questions. Given its size, this company is in a position to be influential on plastic, and it is therefore noteworthy that Tesco has set ambitious targets to remove and reduce plastic whilst moving towards fully recyclable alternatives.

Bottled water

JACEI has noted that Nestlé and Danone – both with exposure to bottled water businesses – have set targets to make their bottles and other packaged products fully reusable or recyclable by 2025. Nestlé is also looking at compostable paper-based materials and biodegradable polymers where recycling presents challenges.

Ocean cruise companies

CFB has also asked Carnival, the owner of the P&O and Cunard cruise line companies, about their target of reducing waste by 5% by 2020, which appeared unambitious. CFB asked how the group leads on waste reduction where at present it appears to be at the discretion of each cruise line brand. JACEI and CFB remain fully committed to following through their engagement with companies and reporting their responses.



Moving beyond plastic waste

So can we close the loop on plastic production and recycling and create a circular economy in plastics? The environmental and climate crisis requires that we do, but the solutions are not yet clear. Each time a piece of plastic is recycled it degrades in quality and is less suitable as feedstock for new plastic products. The technology and manufacturing processes in use today imply a finite lifespan for any plastic material. Solutions will require advancement in government and company policy, technology and consumer behaviour. One part of the solution will be the development of alternative materials or compostable plastics in order to reduce our reliance on fossil fuels. Global brands have huge resources and global impact. Through engagement JACEI is committed to work to reduce the harm to our oceans.

From the Chair of the Joint Advisory Committee on the Ethics of Investment (JACEI):

This short report has focused on one issue – plastic waste. However, during 2018/19, JACEI has also advised the Central Finance Board (CFB) in a number of other ethical areas, particularly:

- Maintaining a strong focus on climate related issues and, in particular, responding to the 2017 Conference request for accelerated work and co-filing a shareholder resolution at BP
- Adopting position papers and policy statements on Tobacco, Fixed Income and Pooled Investment Funds
- Commending engagement on workforce issues by joining the Workforce Disclosure Initiative



- Welcoming continued ecumenical efforts on sustainable mining as part of the Mining and Faith Reflections Initiative (MFRI) dialogue
- Supporting the Church Investors Group (CIG) by leading its water risk engagement programme

- Remaining supportive of the FTSE4Good Breast Milk Substitutes (BMS) process, engaging with manufacturers on BMS-related risk and commending work undertaken by RB to integrate the Mead Johnson infant formula business so as to retain FTSE4Good inclusion
- Continuing to support the Access to Nutrition Index (ATNI) on BMS issues
- Continuing to oppose excessive executive remuneration and to vote ecumenically as part of the CIG voting coalition.

A Summary Report on the work of JACEI is contained in the Agenda of Methodist Conference. The full report is available at www.methodist.org.uk/jacei and on the CFB website. Other position papers and policy statements on a range of ethical investment issues are also available at www.cfbmethodistchurch.org.uk/ethics.

We welcome comments and feedback on the work of JACEI. I encourage you to contact me with any questions or concerns about ethical investment and the Church.

*The Revd Dr Stephen Wigley,
Chair, Joint Advisory Committee on the
Ethics of Investment (JACEI)*



The **Methodist Church** Joint Advisory Committee
on the **Ethics of Investment**

The Joint Advisory Committee on the Ethics of Investment (JACEI) is composed of representatives appointed by the Central Finance Board of the Methodist Church (CFB) and by the Methodist Council. It meets four times a year to advise the CFB on the ethical aspects of its work and monitors its decisions from an ethical standpoint.

Joint Advisory Committee on the Ethics of Investment (JACEI)

Methodist Church House, 25 Marylebone Road, London NW1 5JR

Telephone: 020 7467 5245

Email: jaceichair@methodistchurch.org.uk

Web: www.methodist.org.uk/jacei



Central Finance Board
of the Methodist Church

The Central Finance Board of the Methodist Church (CFB) is responsible for managing and investing £1.3bn of Methodist assets. Its challenge is to make good financial returns, whilst acting within the teachings of the Methodist Church. Its mission statement affirms that “we aim to construct investment portfolios which are consistent with the moral stance and teaching of the Christian faith [and] to be a Christian witness in the investment community”.

Central Finance Board of the Methodist Church (CFB)

9 Bonhill Street, London EC2A 4PE

Telephone: 020 7496 3630 Fax: 020 7496 3631

Email: invest@cfbmethodistchurch.org.uk

Web: www.cfbmethodistchurch.org.uk