

How P1 ‘walk the talk’ on ethical

By Quintin Rayer | Feb 8, 2018



Last week I attended the P1 Investment Management financial adviser conference in London and heard Dr Quintin Rayer talk through their investment philosophy, process and approach for managing ESG (environmental, social, governance) portfolios. P1 doesn't just talk the talk, they walk the talk. From Quintin's ethical investing qualification (I'd never heard of such a designation before) to, among other things, offsetting the carbon footprint for the team's daily commute. Rather than trying to explain the pledges P1 have made, I'll hand you over to the man himself to explain.

P1's Experience with Environmental Management ISO 14001 and the Carbon Disclosure Project

Following the successful launch of P1 Investment Management's ethical proposition for retail and bespoke clients, P1 has pledged to a number of environmental standards to show our commitment. Such standards demonstrate that our engagement is more than skin-deep, providing independent verification that we are achieving the standards expected of an ethical wealth manager.

Introduction

During 2017, P1 Investment Management launched its ethical investment service (for interested advisers, details are available on our website [1], [2]). Because we believe that ethical investing really matters, we are determined to demonstrate our commitment is more than skin deep. Particularly since we carefully assess fund managers for inclusion in our ethical portfolios to ensure they meet high ethical and sustainability standards while avoiding those that only have a superficial commitment.

On our journey progressing towards high ethical and sustainability standards, we have instigated several programmes with a commitment to continuous improvement [3]. These range from corporate initiatives (such as formal standards and carbon offsetting) to schemes that help our people individually 'do their bit', including support for charitable activities.

Carbon Offsetting

P1's carbon offsetting initiative has the ultimate goal of achieving carbon-neutrality across all activities. We wish, if possible, to reduce our carbon emissions to zero. However, while there are areas (such as business travel) where low-carbon alternatives can be selected (for example train travel rather than by car), often a genuine zero carbon option is not available. Consequently, we estimate carbon emissions from our activities and offset them to achieve carbon-neutrality (zero net carbon emissions).

We are addressing this sequentially. Initially, we estimated the carbon-footprint generated by daily staff commutes to and from work. This generates a total of 14.6 tonnes of carbon-dioxide equivalent annually, which we more than mitigated using a scheme that not only offset 17 tonnes of CO2 equivalent but also planted 17 trees in the South West UK (our location) [4]. Following this initial success, we are rolling this out to include business travel, which we will be offsetting as our next priority.

ISO14001 – Environmental Management

On 6th November 2017, P1 achieved ISO 14001:2015 certification, demonstrating that we meet a high standard of environmental management. This was the result of a team effort from staff across P1, requiring us to formalise our environmental management processes and covering areas including leadership, commitment, planning, documentation, performance evaluation and continuous improvement. It gave structure to our initiatives, and many activities we were already doing (or planning) now fit within this framework. We also considered new aspects (such as reaching out to key suppliers to check their standards) with environmental assessments covering specific areas.

Significantly, it also includes ongoing processes for improvement and regular auditing to ensure we retain the standards met.

The Carbon Disclosure Project

The significant threats posed by carbon emissions and climate change [5] motivated P1's commitment to target carbon-neutrality. This made application to become a signatory of the Carbon Disclosure Project (CDP) a natural step [6]. By joining the CDP, we support the call for greater disclosure of critical environmental data by companies. It means P1 is supporting CDP to engage with over 6,000 companies globally, requesting transparency, collecting and disseminating data on carbon emissions. This plays a crucial role in assisting superior decision making for investors wishing to avoid carbon-intensive businesses and direct their capital towards more sustainable enterprises.

As wealth managers, our assets under management help provide CDP with the leverage it needs to fulfil its role. By signing up to the CDP, not only do our clients see the strength of our commitment, but we also join a community of investors representing \$100 trillion of assets that give CDP the authority to collect environmental data.

How this helps Advisers

Clients increasingly wish to invest ethically and often have specific concerns in mind. The Investment Association reports £14.9 billion assets in the UK ethical funds sector in October 2017, a yearly increase of £2.7 billion [7]. Advisers need to know how to best help clients by selecting the most appropriate ethical funds and accessing the skills of wealth managers who can support them in this important area.

Advisers must be confident that the wealth managers they choose to support the ethical and sustainable investing requirements of their clients have the necessary skills and commitment. By using the services of firms like P1, that have met certified environmental management standards such as ISO 14001 and who are signatories of CDP, advisers can demonstrate to their clients, and thus reassure them, that they are providing them with a service that best meets their ethical requirements.

References

[1] P1 Investment Management, *[Online here]*.

[2] P1 Investment Management, "Ethical Investing," *[Online here]*.

[3] P1 Investment Management, "Our Values," *[Online here]*.

[4] Carbon Footprint, *[Online here]*.

[5] Q. G. Rayer, "Should Ethical Investors Target Carbon-Neutrality?," in Proceedings of the 12th Annual Green Economics Institute, Green Economics Conference, 10-12 June 2017, p271-275., Oxford University, 2017.

[6] Carbon Disclosure Project, *[Online here]*.

[7] "PDF ARCHIVE OF STATISTICS," The Investment Association, October 2017. *[Online here]* Accessed 12 December 2017

This article was written by Dr Quintin Rayer, Head of Investment research at P1 Investment Management and also published on the [DISCUS website](#).

