

# ETHICAL INVESTMENT FOR CHURCHES

LIFESTYLE

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### WHY?

Investment is not a morally neutral activity. Collectively, churches in the UK hold billions of pounds in bank accounts and the stock market. Some of this is held at local level and some denominationally. Imagine the impact if these churches chose to invest solely in companies who have good approaches to employment, equal opportunities, environmental sustainability and human rights. And imagine the behavioural changes that would result if those billions of pounds were withdrawn from companies whose main purpose is gambling, pornography or one which creates mass carbon emissions.

If you are not already doing so as a church, is it time to think about getting good returns whilst also living out your values with your money?

### HOW?

#### ESTABLISH A POLICY

'Ethical' means different things to different people. Your governing body will have different personal views, so an important first step is agreeing what your 'church' view is.

An investment policy will also help you think about the financial objectives – do you need income now or do you want the capital to grow for future use? What is your approach to risk? What is the length of the investment? Might you need to access funds at short notice?

The Charities Aid Foundation (CAF) takes you through the steps here: <https://www.cafonline.org/charities/investments/writing-investment-policy>

<https://www.cafonline.org/charities/investments/time-to-invest-ethically>

#### APPLYING THE POLICY

How far will you apply this policy? Is it simply for any reserves you might hold? Will you also think about your banking or the ethics of your insurance policy?



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### CHOOSE AN ETHICAL BANK

You may be shocked (or delighted) to find out how the funds in your bank account are invested and how the bank treats its staff. Five of the most ethical banking options in 2021 are reviewed here:

<https://www.eccr.org.uk/wp-content/uploads/2021/03/Ethical-Banking-Options.pdf>

### CHOOSE ETHICAL INVESTMENTS

If your church has reserves to be held for a medium to long term whilst generating income for day-to-day use, the simplest system is to invest in an ethical fund. In the UK, CAF and CCLA are specialists in charitable investment fund solutions, offering several with different risk approaches, ethical stances and returns: <https://www.ccla.co.uk/investment-solutions>

<https://www.cafonline.org/charities/investments>

Many mainstream investment managers have one or more 'ethical' or 'charitable' fund. Ask questions about what this means. Some have clear information whilst others may not be ethical in the way you would like them to be. Charity SRI (Socially Responsible Investment) has a searchable database: [http://www.charitysri.org/for\\_charities/database\\_of\\_funds.html](http://www.charitysri.org/for_charities/database_of_funds.html)

### DIFFERENT APPROACHES TO ETHICAL INVESTMENT

The United Reformed Church (URC) has been thinking carefully about the investment impact of their money for many years. Their policy revolves around positive screening, constructive engagement and negative screening.

*Positive screening* means investing in companies where you value either the product or policies and practices (or both!). For example, a renewable energy company or a company which pays attention to racial and social diversity on its staff team.



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*Negative screening* includes actively avoiding investments you believe are not compatible with the church's values, such as fossil fuels, pornography, gambling, weapons of destruction and so on:

<http://www.yourfaithyourfinance.org/investing/positive-screening/positive-screening/>

<http://www.yourfaithyourfinance.org/investing/negative-screening/avoidance/>

*Constructive engagement* is a more active approach to investing. Remember that shareholders are actually the owners of the company, so have the power to influence the decisions made.

Speaking up at a shareholders meetings may feel challenging if like Moses in Exodus 4 you think

"I have never been eloquent." There is lots of support for investment activism: <https://www.yourfaithyourfinance.org/investing/engagement/>

<https://www.eccr.org.uk/money-makes-change-churches/>

You can find out how your denomination invests here: <http://www.yourfaithyourfinance.org/investing/influencing-your-churchs-investments/>

### **DIVESTMENT (DIS-INVESTMENT)**

Influencing the central investment of your denomination takes time. With the support of 'Bright Now', the URC agreed to completely divest from fossil fuels in 2019. Natalie spoke convincingly on behalf of the URC Youth Assembly: "*We believe that by divesting from fossil fuels we can support God's creation on a scale that is now needed given our planet's fragile condition. It will be URC Youth members that have to live through and deal with this volatile future planet if change does not happen now.*"

Bright Now campaign for fossil-free churches, asking them to move their investments to renewable alternatives to "*retain integrity in the face of climate change*".

Divest and join the campaign here: <https://brightnow.org.uk/>



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### LONGER READS & OTHER RESOURCES

Try this interactive workshop to help your church members make connections between their money and their faith: <https://www.eccr.org.uk/money-makes-change-workshop/>

Charity trustees have legal obligations around investments in this Government guidance: <https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14>

You can find extensive resources about investments at Charity SRI (Socially responsible investment): <http://www.charitysri.org/charities.html>

The Church Investors Group represents the charitable and pension funds of many Christian groups. They seek to work together to encourage responsible business practice: <https://churchinvestorsgroup.org.uk/>

### BOOKS

*Green money: How to Save and Invest Ethically* by Sarah Pennells, A&C Black Publishers, 2009