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Ethical Investment

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think



Investment is not a 'morally neutral' activity. That's the message from Edward Mason, Head of Responsible Investment of the Church Commissioners for England.

In an online article *Active On The Field Of Play*, he warns that given their public purpose, churches and charities cannot simply be 'passive consumers' of investment products.

'They have an opportunity and a responsibility – and often a reputational imperative,' he said, 'to try actively to shape the way investment management is conducted on their behalf.' Adopting a detailed ethical investment policy is important.

ACTIVE ON THE FIELD OF PLAY

www.churchofengland.org/media/2001798/edward%20mason%20charity%20finance%20article%20_final%20as%20published%20june%202014.pdf

INFLUENCING YOUR CHURCH'S INVESTMENTS

www.yourfaithyourfinance.org/investing/influencing-your-churchs-investments/united-reformed-church

do



Invest your money in the world you want – rather than in risky projects that could ruin the planet as well as your pension.

Christian Aid are adopting that approach as they work with their partners ShareAction on The Green Light campaign.

With £3 trillion currently invested in UK pension funds, those pots of money have 'a huge amount of power in shaping the economy', according to Christian Aid. 'The exciting bit is that this money is made up of ordinary pension savers' money – so we have a say in how it is used!'

This campaign aims to take the fight for climate justice straight to those who shape our economy. Christian Aid pointed out that many pension providers have big investments in 'dirty fossil fuel projects', which is bad for the planet and risky for pensions.

If governments act to limit emissions as promised, many large fossil fuel projects will quickly move from profit to loss, dragging down the value of people's pensions. But if governments don't act, and companies continue to burn rapidly exhaustible supplies, runaway climate change could irreversibly damage the world we retire into. 'Either way, business as usual isn't an option,' said Christian Aid.

They encourage concerned citizens to ask their pension providers to investigate how much is invested in carbon intensive industries – and the risks that might have for the value of their pensions.



FUND A FAIRER FUTURE WITH YOUR PENSION

www.christianaid.org.uk/ActNow/climate-justice/fund-a-fairer-future-with-your-pension.aspx



Reflect on reasons for green investment

It is helpful to read The Church of England's policy on climate change and investment. The Church of England has decided not to make direct investments in any company where more than ten per cent of its revenues are derived from the extraction of thermal coal or the production of oil from tar sands – and to engage with others on the need for change. In their policy summary, the Church outlines its responsibility in this area, and offers the wider Christian community some key reasons for changing the way we invest our money. Here are some of the key principles the report promotes:

- climate change is an urgent ethical issue that calls for an urgent response;
- Christians have a responsibility to live more sustainable and equitable lives;
- churches have a responsibility to ensure their investments reflect their witness and mission.

The full policy document is available in a link here, along with video interviews about the Church's approach towards investment.

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INVESTMENT POLICY

[www.churchofengland.org/media/2223994/
climate.change.policy.30.04.15.pdf](http://www.churchofengland.org/media/2223994/climate.change.policy.30.04.15.pdf)

VIDEO INTERVIEWS

www.youtube.com/watch?v=Ytk6mjAV4qM



Seek out investments that are positive towards the planet

How is the company responding to the threats and opportunities posed by climate change? Is the company keeping its carbon low? Is the company promoting climate awareness and emissions reduction? There are various guides to help you through the issues:

- Green Money: How To Save And Invest Ethically by Sarah Pennells (A & C Black Publishers) explains the ideas behind ethical investment, points out sources of information, and offers to help develop a financial plan that's sustainable both for you personally and for the planet;
- a leading resource for churches and charities on responsible and sustainable investment is Charitysri.org, which provides resources, information and links that can help you learn more about responsible investment;
- YourEthicalMoney.org is an independent, non-profit resource to help you find out how and where your money is invested, search for green and ethical financial products, and find out how you can help make finance more sustainable.

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GREEN MONEY

www.bloomsbury.com/uk/green-money-9781408198322

CHARITY SRI

www.charitysri.org

YOUR ETHICAL MONEY

www.youethicalmoney.org



Find those who do banking differently

There are a number of banks and building societies with prominent green and ethical credentials, according to YourEthicalMoney.org. They include the following:

- Co-operative Bank, whose 'robust green and ethical' policies govern its current accounts, savings and investment products;
- Triodos Bank, which offers green and ethical savings accounts and investments. The bank was established in 1980 in the Netherlands and now has significant operations in the UK;
- Ecology Building Society, which offers a range of green savings accounts and mortgage options;
- Charity Bank, investing through loans to benefit charities and communities. It offers saving accounts and cash ISAs to consumers.

As just one example from those listed, Triodos describe themselves as 'a global pioneer of sustainable banking'. They claim their mission is to make money work for positive social, environmental and cultural change. Triodos believe profit doesn't need to be at the expense of the world's most pressing environmental problems. They finance organisations from organic food and farming businesses and pioneering renewable energy enterprises, to recycling companies and nature conservation projects. Check out the wider range of green banking.

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YOUR ETHNICAL MONEY
www.yourethicalmoney.org/banking

TRIODOS
www.triodos.co.uk/en/personal



Explore resources for responsible investment

UK Sustainable Investment and Finance, Ecumenical Council for Corporate Responsibility and CCLA have produced an Action Guide for Churches for National Ethical Investment Week. The publication explains what ethical investment is and how individuals and churches can invest responsibly. They also provide ideas and resources for worship, displays, newsletter articles and letters to the local press.

Examine the investment record of other churches

It's not just about being 'environmental'. It's also about being a Christian witness. That's how the Methodist Church feels about investment. Around £1billion of Methodist money is invested in stocks, shares, bonds and other schemes. This money comes from individual churches and circuits, as well as national funds. All the money is invested in line with ethical principles.

Review your church's investment options

A number of PCCs will have some reserves whether it's the cash in the bank, deposits, investments or even owned property. This guide provides a simple guide to questions PCCs should consider when reviewing their reserves, and how and where these are invested.

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ACTION GUIDE FOR CHURCHES
FOR NATIONAL ETHICAL
INVESTMENT WEEK

www.eccr.org.uk/article250.html

THE METHODIST CHURCH
ETHICAL INVESTMENT

www.methodist.org.uk/mission/public-issues/ethical-investment

INVESTING RESERVES

www.parishresources.org.uk/wp-content/uploads/investingreserves.pdf



Follow official guidelines for churches

Some churches and charities may be able to invest, and investments can be a major source of funding. However, investing also exposes them to risks. To help them stay safe and legal, the Charity Commission has produced a document to guide charities and their trustees in confidently making decisions about investments that comply with their duties.

Check out the green credentials of investment funds

Contact your broker and ask for a breakdown of ethical investment portfolios where you can see where and how a company claiming to be ethical actually invests its funds. Remember that brokers may offer a free initial consultation, but after that its advice may be on a fee-paying basis.

It is important to know that many firms with ethical investment shareholders, claim one thing but invest in some dubious sources. A key learning point is, don't invest unless you can see where your investment is spread.

Invest in a fairer world

An alternative investment option would be to open a Share Account with Shared Interest Society which was established in 1990. By opening a Share Account you receive non-transferable shares to the value of the investment. £1=1 share and you can invest between £100 and £100,000. All of the investments are pooled together and used to provide loans and pre-finance to fair trade producers in disadvantaged communities. It should be noted that they lend unsecured because the farmers do not have the assets to guarantee the funds. As a result, the risk of lending funds is shared amongst the investors.



CHARITY COMMISSION GUIDE

www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14/charities-and-investment-matters-a-guide-for-trustees

SHARED INTEREST SOCIETY

www.shared-interest.com/



Legislation on ethical investment claims remains rather patchy

The result is very similar to the green product industry where any company can claim a green credential on their product so long as something in their supply chain is 'green'. So take care and stay green!

Realise you are part of a wider movement

More than half of British investors – 54 per cent – want their investments to have a positive impact, beyond just making money. That is part of the findings from research carried out for 'Good Money Week' in 2015 – a record high since polling began in 2009. 'The clear message from the public to the finance sector is – make our money count,' said Simon Howard, Chief Executive of UKSIF, the body coordinating Good Money Week. 'This rising demand for sustainable investment lays down a real challenge to the industry. So far it has responded well with a diverse range of sustainable options from energy efficiency and blue bonds to sustainable investment funds and community crowdfunding – but more needs to be done.'

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ADVICE FOR THE VOLUNTARY
SECTOR

www.afvs.org.uk

SUSTAINABLE SAVINGS

uksif.org/2015/10/19/make-our-money-count-public-demand-for-sustainable-pensions-savings-reaches-record-high