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## **Green Investment Declaration – Frequently Asked Questions**

### **Why is this Declaration needed?**

Collectively, churches and faith institutions have tens of billions of dollars invested on the global stock markets. These investments have power to create a better world, or to contribute to its degradation. While many faith institutions have adopted negative screening, which precludes investment in unethical practices, few have clear positive screening strategies that outline how their investments will be used to build a fairer, cleaner and more hopeful future.

By signing up to this Declaration, churches and faith institutions are able to both journey towards ensuring their investments reflect their deeply held values, as well as signalling to others to do likewise.

### **How might we benefit from becoming signatories to this initiative?**

Many faith traditions emphasise social justice, stewardship of the environment, and wellbeing of all people. By becoming a signatory to this Declaration, your organisation can begin or further the use of its financial resources to reflect and promote its faith values and mission. This can help strengthen trust and support within your faith community by demonstrating a commitment to these values, as well as providing a practical way to contribute to climate solutions. Becoming a signatory can enhance moral leadership in the broader movement towards ethical and responsible investing.

### **What counts as a 'climate solution'?**

There are various definitions, but the definition of Climate Solutions used here is inspired by the [EU Taxonomy tool](#) to help investors transition to a low-carbon,

resilient and resource-efficient economy. These solutions are defined to be economic activities that make a substantive contribution to one of six environmental objectives: climate change mitigation, climate change adaptation, protection of water and marine resources, transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. These activities must also do no harm to the other five, and meet minimum safeguards. Each organisation will have a view on whether or not certain activities are 'solutions' to a green and just transition, and as such are free to define their own climate solutions that are aligned with their environmental policy.

### **Our church already has invested in solar panels for our building/s. Does this count as having invested in climate solutions?**

We recognise that direct investments in climate solutions on church land and property is impactful, and we'd encourage this activity. However, this Declaration is limited to assets in managed funds (savings and investments) and as such does not cover other sustainability measures. This is due to the complications around what activities count as tackling the climate crisis, and when the investment took place. For instance, if a church hall replaced its windows with double glazing 20 years ago, could this count as the church 'investing in climate solutions', or was it done as standard maintenance because the old windows weren't fit for purpose? Therefore, this initiative is targeted at moving financial investments into climate solutions.

### **How do we avoid greenwashing?**

Greenwashing refers to schemes that seem like sustainable initiatives, but in reality aren't as good as they first appear. In fact, the Climate Justice Alliance's Just Transition campaign identifies a number of false solutions that "will only worsen our ecological and economic crises." [Just Transition - Climate Justice Alliance](#)

As with any ethical investment, following due diligence processes reduces the risk of investing in less-than-reputable companies. Use our ['Guide for Church Investors'](#) to explore these questions with your fund managers.

In addition, from 31 July 2024 new sustainability labels for investments will come into play; these labels are designed to give investors more information and minimise greenwashing. For more information, see here: [Sustainable investment labels and anti-greenwashing | FCA](#)

### **If I incorporate the values of my faith into my investments, what are the implications for investment performance, risk, or fees?**

Some organisations believe that aligning investments with faith values results in better long-term performance, improved risk management, lower costs, or a combination of these benefits. Others think it makes no difference in long-term net risk-adjusted performance. Some remain unsure, unconvinced by research, or rely on their consultants or asset managers for guidance. The discussion on performance is crucial and should include faith leadership, investment leadership, the governing board overseeing the faith's assets, and investment consultants to ensure a comprehensive and informed dialogue.

The good news is that currently green investments are at least matching or outperforming their non-ESG counterparts. [This blog from FaithInvest](#) looks at the year-end report of a performance benchmark provider that showed that the ESG-screened index performance over the 5 years to 2023 consistently outperformed the non-ESG index. This trend is likely to continue across global markets as increasingly policy environments shift towards sustainability frameworks that strive for a Paris-compliant world where global temperature rise is capped at 1.5°C.

### **I don't know whether our church / faith institution holds any investments. How do I find out?**

For an individual church or institution, start by asking your Treasurer or Finance Officer, and/or track down a copy of your Annual Accounts and see whether any investments are listed.

If you're interested in finding this information for your governing body such as your circuit, diocese, order, association or denomination, again try contacting their Finance Officer or team and/or take a look at their annual report.

**Our church / faith institution doesn't hold any investments, but we recognise the importance of using our money to tackle the climate crisis. Can we still be involved?**

Yes! If you don't have any direct investments, you can still use your money to bring about positive change. Firstly, take a look at [Just Money Movement's guide to your church's bank account](#) and consider switching to an ethical bank. Secondly, promote this Green Investment Declaration to your church / faith institution's governing body.

**Our church / faith institution does have some investments, but they're managed by a third party (i.e. fund manager, diocese) with whom we have little contact. Can we still sign up to this initiative?**

Yes, you will need to put this Declaration to your Fund Manager and state your intent to move into investing for impact in climate solutions, and discuss with them your options for doing so. Use our 'Investors Guide' [link] to explore these questions with your fund managers.

**We already have over 5% of our investments in climate solutions. Is this Declaration for us?**

Yes, that's great! You are already able to display the Oak Level accreditation. Use the online form to sign up, and you'll receive more information about how to celebrate this. It is an important tool for influencing the wider sector to follow your lead and adopt a climate investment strategy.

**I'm not a financial expert. How can I encourage my church / faith institution to engage with this?**

You don't need to be an expert, and you don't need to offer financial advice. Signing up to this Declaration marks your intent to align your investments with your faith values, and the accompanying resources such as this 'Investors Guide' [link] are designed to help you to explore these questions with your fund managers.

**Is this a global campaign, and can anyone sign up?**

Yes, this is open to any church or Christian organisation, no matter where you're based in the world.

**Can I sign the declaration if we still have investments in fossil fuels?**

We must leave fossil fuels in the ground. No amount of climate solutions can offset the planned increase in extraction and burning of fossil fuels. Therefore, signatories to this Declaration must not currently hold investments in fossil fuel companies.

Some faith institutions have additional clauses as part of their divestment commitments such as stating they will also divest from companies that derive more than 10% of revenue from the exploration or extraction of fossil fuels; or that companies need to be genuinely aligned with the Paris Agreement's transition pathway to 1.5 degrees. Signatories must also have an investment policy that reflects their desire to address the climate crisis, including a carbon reduction aim.

Operation Noah has a fossil fuel divestment campaign, and you can take action here: [www.operationnoah.org/bright-now-campaign/church-divestment](http://www.operationnoah.org/bright-now-campaign/church-divestment)