

Webinar “Called to Unity – Towards an Ecology of relationships Together for Europe, 2 March 2024

Dr. Lorna Gold, Managing Director FaithInvest (Ireland)

The Commitment of Christian Churches in Europe to Care of Creation – A Call for Faith-Consistent Investing

In this short intervention I would like to address three things. Firstly, to contextualise the discussion we are having on our relationship with nature as Christian Churches, as people of faith – recognising our role in this crisis. There is perhaps no more important and urgent discussion to be had. Secondly I’d like to ask what role European Churches, can play on mobilising action on care for our common home, particularly as key stakeholders with their own assets and investments. And finally, I’d like to share briefly about the work that FaithInvest is doing – and how we are trying to support faith groups to start the journey towards greater sustainability through faith-consistent investing. My colleague Catherine will talk more about this in the afternoon.

The urgency of response

If you are here today I don’t need to tell you about the urgency of the crisis the world is now facing. In my mind this is primarily due to a breakdown in our sense of relationality – to each other and with our beautiful mother earth. If we take a broad view, then, it is clear that the whole financial system is not fit for purpose to tackle the polycrisis we now face – and is urgently in need of wholesale reform. The whole financial system literally underpins the fossil fuel industry, and wider economic sectors which perpetuate a destructive logic. It under girds these sectors of the economy – in terms of investment, insurance and banking. It systematically under values climate and related risk in all its forms – and inflates the value of carbon heavy stocks and products.

Rather than a short shock which led to the Marshall Plan and Bretton Woods Treaty post-WW2, we are now in a creeping crisis – a rolling crisis where the international financial system is not serving the needs of the majority of people and the planet. But don’t be fooled - there is the same urgent need to reform and address the international financial system to account properly for the climate, nature and inequality crises we now face. As Pope Francis said in *laudato Si*: ‘the cry of the earth and the cry of the poor are two sides of the one coin’. Interlinked crises which will keep getting louder.

Why do faith investments matter?

Within this context, what can faith communities and institutions do, particularly in wealthy regions like Europe and North America? What are they already doing? We, as Christians, have to first recognise that historically our theological narrative has also contributed to this situation. We allowed ourselves to justify certain actions, certain theories, on the basis of a God given right to dominate rather than steward, to plunder rather than to nurture, believing we have no limits. This relational rupture has been embedded in our social structures, in our economic policies, in our business models. The outcomes, we can see, are self-evident.

I think the conversations that are happening here are very important – and the ecumenical collaboration and advocacy which arises from them. In this space we hear about the wonderful work that faiths are doing right across the world both at the grassroots level – implementing environmental action programmes – right up to the grasstops – advocating for a fossil fuel non-proliferation treaty. These are all essential efforts and critically important. They need to increase and multiply.

One area which I'm concerned about where I feel we haven't focused enough is how faiths can leverage their role within the financial markets as investors. Many will not be aware (because we don't really like to talk about it) that faiths are significant investors on global markets. The Oxford University study a year ago put the figure at \$5 trillion US. That is a vast under-estimate of faith assets. For a start it does not count Islamic finance which alone is estimated at \$7 trillion – or the substantial assets of over 2000 Catholic religious orders and universities. If you think of the resources of all the Catholic dioceses of the USA alone or the Daoist temples in China... you get the point. We are talking about a massive amount of capital here.

My contention is very straightforward. These same faiths have stood up at conferences for decades – most recently in Abu Dhabi before COP28 – and proclaimed that their theology, their deep values, are aligned to care for the earth. At the moment, what they truly believe – and how they invest do not match up.

Faiths are rich in pro-social and pro-environmental values. These have also been written into commitment statements and programmes in every religion.

Christianity: Human beings as stewards of God's creation, responsible for caring for it in a way that respects its intrinsic value. The Earth and its creatures have value in themselves and are to be treated with reverence and respect. Pope Francis shifts one step beyond stewardship – recognising the need for a wider communion with nature, that nature has intrinsic values. This is profound teaching which has significant resonance today.

Islam: Care of the earth is a duty of trusteeship (*Khalifah*). Allah is unity (*Tawheed*), reflected in the unity of humanity and nature. We must maintain this unity and the ecological integrity of the Earth.

Daoism: the Dao concerns all life, not just human existence. Biodiversity is seen as a manifestation of the wealth and creativity of the universal Dao. Protecting, treasuring and making appropriate use of nature is central to Daoist practice. Destroying nature causes disruption to the natural balance of Yin and Yang and should be avoided.

Judaism: Teachings relating to care for the earth include 1) *Bal Taschit* (Do not Destroy), 2) *Tikkun Olam* (Repair of the world), and 3) *Kavod Habriyot* (Human dignity / respect for God's creation).

Hinduism: Protecting the environment considered as Hindu dharma (the nature of reality). The Earth is personified as Mother Earth and worshiped as Goddess (*Devi*). Good *karma* can come from protecting the earth.

Buddhism: the principle of origination (*paticca-samuppāda*) emphasises the interconnectedness of all things. Caring for the environment begins with caring for oneself. The Five Precepts (ethical guidelines for Buddhists), include refraining from harming living beings.

The most recent statements of faith leaders, moreover, go further than ever before and state that faiths will lead by example. They will embed nature and sustainability within their own institutions and communities. So surely a good place to start is with their own investments? Afterall, these are faith assets owned by faith institutions, as custodians of their wider communities.

So is this actually happening? FaithInvest has done some research on this. Obviously our research is at a much smaller scale – but nonetheless it shows a clear picture. We scoured the internet to find faith institution investment policies and guidelines and invited groups to send us theirs. In the end we assessed well over 130 policies this year. We devised a scorecard to weight the faith alignment of each. Of the policies we assessed an astonishing 45% made NO mention of their faith in their investment policy. What we also showed is that if institutions do not mention faith in their policy (the front door language), they are pretty much precluded from pursuing any strategies to align their investments. Of the 55% who did mention their faith values, the vast majority had simply translated the values into negative screening or divestment of different sectors, including fossil fuels. For this reason we named our report ‘good intentions’ – because right now, that is what faith institutions have in relation to their investment policies and strategies.

So what would an ideal faith-consistent European Church investor be doing with their investments? This is a really good question and it is really hard to have a one size fits all answer as so much depends on the size of the investment and the nature of it. But taking it on a theoretical level, you would expect a few things to be in place:

- A clear statement of the faith values and principles right up front – and how that influences how the institution thinks and acts in relation to money. Just think of your own faith group and what your faith has taught you about the just use of money!
- Second, once that is in place, you would expect a number of clear strategies to ensure alignment of investments to these values. These would include exclusions (like fossil fuels), shareholder engagement (using proxy voting or other collective means to ensure your values are being acted on), choice of ‘best in class’ funds based on robust ESG or other criteria, and finally, a certain portion of funds being used for more ‘prophetic’ investments – perhaps direct investing in impact projects or venture philanthropy. There are many strategies that can be pursued.
- Third, you would expect a clear governance structure and process for making decisions on this and for ensuring monitoring and evaluation of the investments impact.

Of course the question that always comes back is whether all this is possible and still to make a profit on the markets? Pensions need to be paid, investment profits pay for lots of good missionary work etc. There are of course real trade-offs but solutions can almost always be found – particularly with a realistic time horizon and proper signalling to investment managers of the desire to change. The market will respond to values-driven demand!

I always like to tell the story of when we in Ireland helped the Irish Catholic Bishops to divest from fossil fuels. It happened after Laudato Si was launched and the bishops were encouraged to review their investments in light of the climate crisis and LS. As a result they made a decision to divest from fossil fuels. At the time there was not any product on the Irish market which was fossil free. Nevertheless, the bishops went ahead. Their decision had a snowball effect – leading eventually to the government legislating for divestment from fossil fuels of the sovereign wealth fund. It was huge. Suddenly, the market shifted. Seeing the demand, the investment managers who had been cautious and saying it would not work, saw they would lose business and created new fossil free products.

How can FaithInvest help?

FaithInvest was set up almost five years ago to support faith institutions to invest this way – aligned to their deep pro-environment and pro-social values. We work with individual faith groups

to support them to think through their investment policies and strategies and then take action to put their values into practice. We have seen how a deep process of reflection on the part of the Churches in Europe – aligning with their intrinsic values - can shift the dial in terms of national and international policy.

This kind of engagement is really about the power of faiths to support a value-led systems change. It is about faiths really stepping up as deep values based communities – and recognising the moral responsibility to use everything in our power to help address our global crises. Just imagine what could happen if all faiths – or even a sizeable portion of them – started to invest according to their values? What then if their congregations started to do the same? We could see a huge tipping point – where people everywhere started to demand that their own pensions and other investments started to contribute to climate care rather than destruction, to sow peace rather than war, to build a better future.