



CHRISTIAN

QUAKERS IN BRITAIN

The Britain Yearly Meeting of the Religious Society of Friends (BYM) which is the centrally managed part of Quakers in Britain) has about £10 million (US\$13 million) in directly-owned property and about £24 million (US\$31 million) in financial assets, principally held in UK-listed equities. Other Quaker charities in Britain, including area Quaker meetings, schools, care homes, study and retreat centres, manage their own assets, but on broadly similar principles as those set out below.

Investment Policy

BYM invests ethically, consistent with its Quaker witness and true to its Quaker Testimonies. The 2014 Investment Policy for BYM includes five main principles which are the products of Quaker spiritual leadings:

- Truth and integrity
- Justice, equality and community
- Simplicity
- Peace
- The Earth and the environment

The Policy (which will be updated at the end of 2017) is used by BYM's investment managers to selecting stocks positively, and subject to the specific exclusion of tobacco, alcohol, gambling, prostitution and pornography, munitions and fossil fuel extraction.

Principles behind investment decisions

Quakers believe that a simple lifestyle, freely chosen, is a source of strength and no person's place in the world should be defined by material possessions.

Stories and teachings relating to investments and other activities are collected in our Book of Discipline called Quaker Faith and Practice which is updated about every 30 years and available online here: qfp.quaker.org.uk/

The chapter from 1994 on sustainability called Unity of Creation opens with a 1772 quotation from John Woolman, who was far ahead of his time when he said: "to impoverish the Earth now to support outward greatness appears to be an injury to the succeeding age."

British Quakers' growing concerns in recent years about the environment, inequality, arms trading, refugees, housing etc. have been recorded in minutes from annual meetings and influence subsequent Quaker activities. Minute 36 of Yearly Meeting 2011 committed us to become a low carbon sustainable community. Following that, BYM trustees decided on divestment from fossil fuel extractive companies. Minute 23 in 2012 shone light on failings in the UK economic system and Minute 36 in 2015 on inequality.

"We do not own the world, and its riches are not ours to dispose of at will. Show a loving consideration for all creatures, and seek to maintain the beauty and variety of the world. Work to ensure that our increasing power over nature is used responsibly, with reverence for life. Rejoice in the splendour of God's continuing creation." *Advices and Queries 42 from Quaker Faith and Practice, 1994 revision*

Environmental and sustainable features are embedded in the way BYM manages the properties it directly owns and runs. Friends House in London has been refurbished to very high energy efficiency standards; has won awards for the organic and local food it serves to visitors and staff; keeps bees and solar water heaters on the roof; and provides meeting space for many leading social and environmental campaigns.

BYM owns small areas of farmland and woodland in England but delegates the management to others. It does not invest in real estate or private equity asset classes.

The limits on areas of investment tend to be practical rather than based on principle. QFP does not intend to invest directly in non-listed private businesses which it does not fully own. It has neither the expertise nor resource to do so. QFP encourages its fund managers to seek out positive investments, but only where the scale and risk level make investment sense. They have holdings in renewable energy and environmental markets funds.

The returns from these investments are used to fund BYM central work in all the areas of the 5 principles above, including supporting the Divest-Invest movement, Operation Noah, Ecumenical Council for Corporate Responsibility, Campaign against the Arms Trade and other non-Quaker NGOs which work to influence corporations and investors to act more responsibly and sustainably.

BYM is also a member of the Church Investors Group, which, with far greater investment power, has been very active in engaging with oil, gas and mining companies to plan for a future in which CO2 emissions are severely constrained to meet the Paris COP targets. Recently QFP has undertaken engagement with portfolio companies directly for the first time, on corporate tax avoidance.

QFP will be interested to learn from others at the Zug event. It can also share the challenges and dilemmas of responsible investing with other Quaker asset owners in Britain and elsewhere.

Challenges

There are always tensions between the need for funds for Quaker work and the cost of making investment more complex or risky. There also needs to be a balance between the time devoted to investment as opposed to the time devoted to other Quaker work. There is a lack of suitable investment products, although we have asked our fund managers to keep looking for more opportunities. The principal risks faced by BYM are short-term price volatility at a time of disinvestment, a permanent reduction in the capital value of investments, liquidity, inflation, deflation, interest rate volatility and exchange rate movements. Other risks include counterparty risk and environmental, social and governance risk. Trustees regard BYM as a medium-risk, long-term investor.

This paper was prepared by Susan Seymour, a Quaker who gives service on a national committee. The Investment Policy from which it is drawn was approved by the Britain Yearly Meeting of the Religious Society of Friends (BYM) Trustees in 2014. This policy is currently under review by the Trustees' Finance and Property Committee and will be updated later in 2017.