

# Faith in Finance

## Faith-Consistent Investment Guidelines for Evangelical Christians

### BACKGROUND

Financial investors and religious leaders who represent over 500 faith investment groups, eight religions, and approximately 3 trillion dollars in assets, met together with representatives of the United Nations for a historic international meeting on “Faith in Finance,” in Zug, Switzerland, Oct 30<sup>th</sup> – Nov 1<sup>st</sup>, 2017.

The World Evangelical Alliance (WEA) attended this consultation\* as the first step toward developing evangelical guidelines for faith-consistent investing with particular regard to investing in the United Nations’ 17 Sustainable Development Goals (SDG’s).

The Zug consultation led to the formation of **FaithInvest**. To become members of **FaithInvest** organizations are required to submit their tradition’s faith-consistent financial investment guidelines. The following evangelical guidelines were developed at a two-day pre-consultation hosted by the WEA in conjunction with the 2018 Christian Economic Forum on July 21<sup>st</sup>-22<sup>nd</sup> in St. Moritz, Switzerland. Our discussion, study, and prayer together led us to the following faith-consistent guidelines for Evangelical Christians.

### GUIDELINES

*He has shown you, O mortal, what is good. And what does the LORD require of you? To act justly and to love mercy and to walk humbly with your God.*

Micah 6:8 NIV

*Responding to the cry of the poor and the cry of creation is a biblical calling evangelical business leaders can do something about through their investments.*

Timo Plutschinski, World Evangelical Alliance’s Business Coalition

*Throughout history evangelical business leaders have been called upon to draw deeply on their Christian commitments and faithfully implement Kingdom virtues and priorities in their businesses for the well-being of individuals, families, society, and the integrity of God’s gift of creation. Now is such a time for this generation!*

Dr. Chris Elisara, World Evangelical Alliance’s Creation Care Task Force

We live in a broken world where our call as Christians is to experience, share, and help extend “God’s kingdom on earth as it is in heaven.” If evangelical Christians are to deeply and sustainably have an impact on the economic, social, environmental, and spiritual health of our world, that will require a biblically faithful approach for how the evangelical community stewards and utilizes the resources God has entrusted to it.

At this juncture in human history there is an acute urgency for the evangelical community to discuss and develop faith-consistent evangelical investment principles, define strategic investment targets, and develop investment tools that can measure the full range of impacts that evangelicals are concerned about, including holistic personal, community, and socio-cultural spiritual transformation. That is the intent of the following faith-consistent investment guidelines for evangelical Christians.

## **Our Principles**

Investment is the means of redistributing capital to where it can be most productive for the flourishing of humankind and the earth. It is fundamentally a spiritual and moral decision.

As evangelical Christian investors, we believe:

- Scriptural wisdom and God speaking to us influences the way in which we invest.
- Acknowledge that we have been privileged with significant wealth and economic power compared to our brothers and sisters worldwide with less wealth.
- We recognise our redemptive role as disciples of Jesus to be agents of God's Kingdom on earth as it is in heaven.
- Our assets are entrusted to us and we have a responsibility to act as God's faithful stewards for current and future generations.

Therefore we will:

- Invest so as to promote human dignity, flourishing, reconciliation, and restoration in Christ.
- Recognise the inherent value of God's gift of creation and our responsibility to care for the integrity of God's creation.
- Acknowledge our duty of care and responsibility for our families, communities, and nations, and to prevent them from harm.
- Demonstrate unequivocal Christian virtues such as love, joy, peace, patience, kindness, goodness, gentleness, and self-control while operating in the world.
- Reject unjust accumulation of wealth and the exacerbation of inequality.
- Pursue excellence and value creation through Christian faith-consistent investments.
- Act to influence areas where we have responsibility and agency.
- Intentionally measure the spiritual, economic, social, and environmental impact of our investments, both intended and unintended.

## **ANNEX 1:**

### **Potential approaches to applying the principles:**

#### **Discern – Avoid – Promote - Design**

Discern – Avoid – Promote - Design are attributes that have been used to establish several instruments for financial markets which help to guide investors in making ethically sustainable investments. They are:

- Conduct research and discern how our investment strategy can be continually improved.
- Develop explicit negative evangelical Christian faith-consistent investment criteria (exclusion screening).
- Develop explicit positive evangelical Christian faith-consistent investment criteria (inclusion screening).
- Ethically sustainable themed and direct investments.
- Active engagement (business dialogue and/or exercise of voting rights).

#### **Negative Screening**

*Negative Screening* refers to the approach of seeking to exclude from the investible universe companies, instruments, and investments that bring exposure to significant negative effects – particularly those investments that violate Christian principles including deliberate or indiscriminate destruction of human life, abuse of human dignity and freedoms, damaging of health and well-being, destruction of creation in pursuit of short-term profit, and reaping reward from unjust behaviour are

all activities that we consider to be inconsistent with a faith-consistent evangelical Christian approach to investing summarised below.

- Maintains well-considered positions, with clear and practical applications to the investment portfolio, on a wide range of ethical issues.
- Maintains a framework for identifying and avoiding investments that are unacceptable in light of faith-consistent evangelical Christian principles.
- Maintains a framework for identifying and avoiding investments that are undesirable in light of faith-consistent evangelical Christian principles.
- Applies those frameworks through a combination of internal and external research to identify companies and investments that should be excluded from the portfolio.
- Monitors the portfolio to ensure its ongoing appropriateness.

### **Positive Screening**

Positive Screening is the process of investing more heavily in companies, instruments, and investments that operate in accordance with the positive faith-consistent evangelical Christian principles outlined above. This orients the portfolio more towards those companies that are successfully promoting human flourishing and creation care. This would include funds or businesses which:

- Integrate ecological integrity and sustainability into their business models and strategies.
- Report on and follow-up their ecological integrity and sustainability work based upon, for example, their codes of conduct and other guidelines and commitments.
- Adhere to international regulations designed to protect human beings and God's creation, and also take action to correct faults and shortcomings. Companies should utilise their agency to have a positive influence throughout their entire values chains.
- Make positive contributions economically, environmentally, and socially to affected communities. Limit their negative effects on God's creation and act with consideration for the current and coming generations by, for example, using the best available technology and reducing their use of God's creation while at the same time protecting the integrity of God's creation.

Accordingly, the evangelical Christian Investor:-

- Seeks to appoint and monitor managers that take environmental, social and governance (ESG) factors into account in the management of their portfolio.
- Ensures that any internally-managed portfolios appropriately consider ESG factors.
- Identifies, in considering negative screening as outlined above, areas of company behaviour and impact that are considered positively.

### **Active Ownership and Influence**

Active Ownership and Influence is the process of trying to positively shape company, instrument and investor behaviour through dialogue as an investor. As a responsible evangelical Christian investor, we should consider not just what we invest in, but also how we act as owners in exercising our decision-making authority on assets. This can involve exercising proxy voting rights, undertaking corporate engagement, and collaborating with other investors.

Accordingly, the evangelical Christian Investor:-

- Ensures that they understand their investments sufficiently to make informed decisions on the exercise of governance rights.

- Participates in the responsible investment community, collaborating with other investors to gain influence and seek change.
- Oversees the exercise of its voting rights and maintains Proxy Voting Procedures to govern decisions in this area.
- Is transparent to members disclosing information about the portfolio’s holdings.

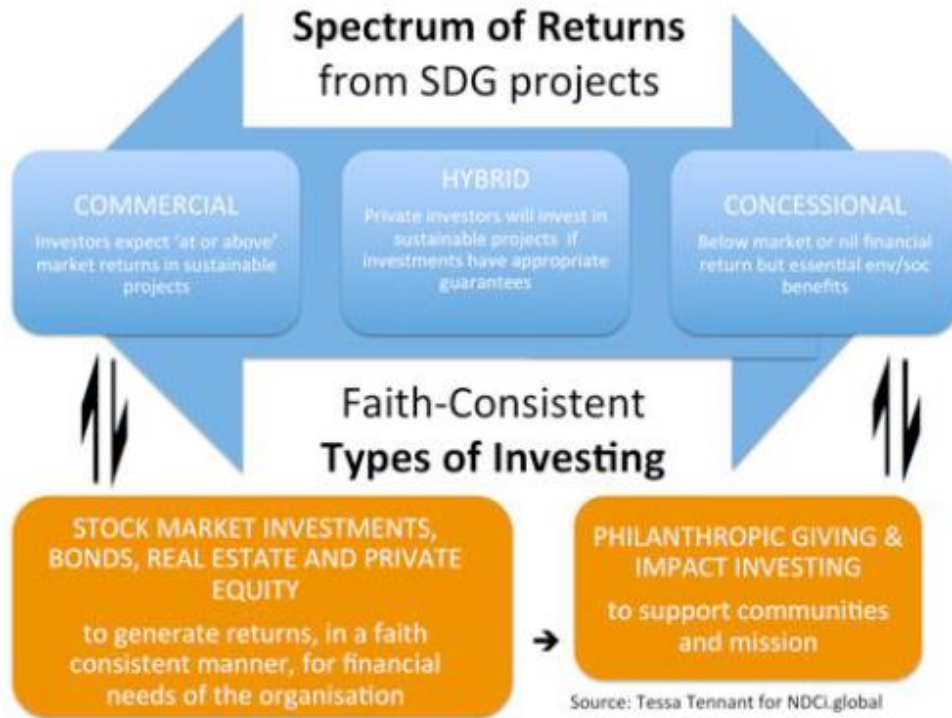
**Impact Investing**

Impact Investing is an approach of actively and intentionally making investments that seek to achieve both a risk-adjusted financial return and positive social or environmental impacts. Impact investing may include full commercial return investments, or discounted return investments in lieu of higher social or creation care impact.

Accordingly, the evangelical Christian Investor:

- Identifies strategic areas of investment which furthers their mission and ministry and allocates an appropriate part of the investment portfolio to impact investment.
- Proactively seeks out companies that are doing good and encourages the growth of their impact through investment.
- Encourages other companies to follow the models set by these “positive” investments.
- Ensures that it has the skills and resources to be a leader in impact investing.
- Seeks to measure and disclose both financial and non-financial outcomes of its impact investment portfolio.

**Spectrum of Returns**



We recognise there may be trade-offs between these different types of investments and returns, and take this into consideration when designing impact investment portfolios.



\* The WEA was represented by Dr. Chris Elisara from the Creation Care Task Force, and Timo Plutschinski and Reuben Coulter from the WEA's Business Coalition.