

Church Commissioners supporting the Church of England

HOW WE INVEST



We manage a
£10.3bn
endowment fund in an ethical
and responsible way to
support the mission of the
Church of England.

We have delivered an
average return of
10%
per year
over the last 30 years.

These returns on
our investments
pay for around
20%
of the total
annual running costs
of the Church of England.

Excellent returns
We look after a **diverse**
portfolio in order to minimise
risk and maximise returns.

The **excellent long-term**
performance of our fund is
the key to long-term
sustainable funding for the
Church's ministry.

Effective stewardship
Our focus as a **Responsible**
Investor seeks to address the
complexity of the world in which
we invest by taking a **systemic**
approach to **systemic issues**.

Determined action on climate
change underpins our approach
to **net-zero by 2050**.





Excellent returns

Our fund:

- is well diversified to manage risk
- invests in public and private markets
- invests across assets like property, forestry, farmland and infrastructure
- holds a cash balance to ensure we can meet our distributions to support the Church

Strong performance: our successful active management has achieved an average return of 10% per year over the past 30 years.

Excellent track record: we have repeatedly exceeded our target return.



1 Public Equities	28.9%	9 Commercial	2.3%
2 Defensive Equities	7.4%	10 Residential	5.1%
3 Absolute Return	13%	11 Rural	5.6%
4 Private Equity	8.2%	12 Strategic Land	2.8%
5 Venture Capital	5.8%	13 Indirect Property	1.1%
6 Timberland	4.9%	14 Portfolio Hedges	0.6%
7 Infrastructure	1.5%	15 Cash And Cash-Like Assets*	7.6%
8 Credit Strategies	5.2%		

*Includes 0.2% in portfolio hedges



[More details on our fund and activities can be found in our annual report.](#)

The two pillars of our RI policy highlight our Christian values and beliefs:



RESPECT FOR THE PLANET



RESPECT FOR PEOPLE

We believe that taking account of environmental, social and governance (ESG) issues is an intrinsic part of being a good investor. We hold this belief for both ethical and financial reasons. Our responsible investment framework is focused on the philosophies of Respect for the Planet and Respect for People.

We believe that a best-practice approach to responsible investment is one where the investor is comfortable operating in the complex, nuanced world we live in.

This would be an approach where the aim is to increase positive outcomes, reduce negative outcomes and manage the exposure to risk, but where it is recognised that this may mean that we need to be invested in an area that carries a degree of both investment and reputational risk.

Effective stewardship

We are an active investor committed to being at the forefront of responsible investment (RI) globally. This means that environmental, social and governance (ESG) issues are an intrinsic part of how we invest, for both ethical and financial reasons.

Our approach to investments aligns with the [Five Marks of Mission](#) and is shaped by ethical policies created following advice from the Church of England's [Ethical Investment Advisory Group \(EIAG\)](#).



[You can find more details in our Stewardship Report](#)





Climate change: our timeline to net zero

We are committed to a net-zero investment portfolio no later than 2050.



General Synod debate on climate change: we reaffirmed our promise to engage urgently with fossil fuel companies with poor TPI ratings and to divest if necessary.



We divested from fossil fuel companies that were not aligned with the goals of the Paris Agreement to restrict the global average temperature rise to well below 2°C.



General Synod's target date for a net-zero carbon emissions Church includes our day-to-day operational activities.

To help achieve our net-zero goal, we are members of the UN-convened Net Zero Asset Owner Alliance, a group of 42 institutional investors, representing \$6.6 trillion.

2017

2018

2020

2023

2025

2030

2050

We co-founded the Transition Pathway Initiative (TPI), a tool for investors to assess companies' readiness to transition to net zero. TPI includes more than 105 investors globally, representing \$26 trillion and forms a core part of our climate strategy.



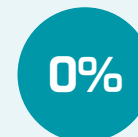
We announced divestment from nine fossil fuel companies that did not pass our TPI-based climate change hurdles. Twelve companies improved because of our engagement.



Our carbon reduction target is -25% by 2025, based on a 2019 baseline.



Our investment portfolio will be net zero no later than 2050. We will achieve this by using our influence as a global investor to effect real change in the economy.



Active Ownership: ESG, engagement and voting

Environmental, Social and Governance (ESG) integration underpins our investment processes across all asset classes.

- We talk to company executives and board members to influence change to a company's ESG practices.
- Ethically, we think that investors who take account of ESG issues will be better aligned with the broader objectives of society and better corporate citizens. Information on our voting record is available in the [Stewardship Report](#) and in our '[Engagement, Screening and Voting Reports](#)'.
- We may divest from any company in any sector because of ESG reasons if, after sustained dialogue, they do not respond to our concerns.

Advocacy and collaboration

We believe that good stewardship and the application of our RI principles are drivers of long-term, sustainable performance and therefore contribute to mitigating risk. Nonetheless we are cognisant of systemic, marketwide risks. This is why, in addition to our own direct engagement, we work as part of collaborative initiatives with other stakeholders, such as investors, experts and non-governmental organisations (NGOs), to influence policy makers in responding to market-wide risks.

We also selectively support public policy statements published in the media, in cases where we believe our voice can contribute to a solution and which are aligned with our duties as an investor.

Ethical and environmental exclusions

We restrict investments in companies involved in certain sectors. More information on our exclusions is in our [Stewardship Report](#).

We also restrict investment in companies involved in the extraction of thermal coal and production of oil from oil sands and carbon intensive companies who fail to meet our standards on climate change restriction criteria.

OUR EXCLUSIONS INCLUDE

- GAMBLING
- ALCOHOL
- DEFENCE
- CLIMATE CHANGE
- TOBACCO
- SPECIAL EXCLUDED
- PREDATORY LENDING
- CLUSTER MUNITIONS, DEFENCE
- CANNABIS
- FIREARMS
- OTHER

Impact investment and monitoring

We are committed to ensuring that our investments lead to positive outcomes.

Our [Impact Investment Framework](#) adheres to the guidelines of the UK's Impact Management Project.

