



# What can the circuit, local church or church member do to invest ethically?

Anyone who holds a bank account, has a pension fund in their name or has any investments is, whether they like it or not, engaged in the capitalist system, for good or evil. When money is invested in a company, the person or organisation making that investment does so hoping for a return. The question of the size of the return is usually that which most concerns those making such an investment. For those of us who are Christians, the question must also arise: 'How is that return to be achieved?'

Companies receiving investments have policies and practices which govern the way in which they operate. Many outline their policies on their websites. However, the practices of some companies can depart considerably from what they state as their intention. Other companies, though usually not admitting this, appear to make a deliberate decision to distance their commercial activity from ethical issues.

It is sometimes the case that when a circuit, church or church member decides to invest in a company, the question of whether the interest gained (ie the proceeds of the investment) has been achieved in an ethical way has not been asked. However, it seems right to argue that Christians should do their best to ensure that the income they are receiving from investments has not come about as a result of practices with which, as Christians, they would be unhappy.

## Ethically doubtful practices pursued by some companies

### o Marketing practices

There are occasions when products can be inappropriately marketed. For example, many would feel that baby milk powder is perfectly acceptable if fed to babies over the age of six months and in places where water supplies are safe. However, the same product marketed in places where water quality is poor, as in parts of Africa, can kill. This was an issue for Nestlé. Today, as a result of pressure from investors, there is a set of guidelines for the marketing of baby milk drawn up by the World Health Organisation.

### o Environmental practices

Many large companies have a considerable impact upon the environment. This might be through the 'carbon footprint' which they create or it might be through other pollutants put into the atmosphere. Other companies are causing damage to the natural environment through mineral extraction or the destruction of tropical rain forests.

### o Employment practices

Certain companies have unethical employment practices such as resisting union involvement or, in some third world countries, expecting workers to live in hostels a very long distance away from their families.

### o Discriminatory practices

There are companies with practices that impinge detrimentally on indigenous groups. For example, some British companies are 'outsourcing' work to India and, through discriminatory practices against the Dalit Community, profiting massively.

### o Financial practices

Remuneration packages for senior executives are now a significant ethical issue. Many companies pay bonuses to their directors, as well as very large salaries. The problem is that bonuses seldom appear to relate in any direct way to the success or otherwise of the person rewarded.

## A Methodist approach to ethical investment

Many Methodists have been involved in boycotts of companies with an ethically questionable track record, such as Barclays Bank in South Africa during the apartheid years. As a Church, however, we often seek to use our influence as shareholders to effect ethical action, seeing this as a far more positive and creative way of bringing about change. (However, investing in certain companies and even certain sectors has never been acceptable to the Methodist Church.)

The Methodist Church's Joint Advisory Committee on the Ethics of Investment (JACEI) has for some time been developing a strategy of engaging with companies to ensure that their commercial activities reflect a Christian stance. Our advice to the Central Finance Board (CFB) of the Church helps it to use the Church's investments to influence companies in ways compatible to Methodist understandings. It is far more difficult for individuals or small charitable funds, such as local churches and circuits, to do this if acting by themselves. By placing their funds with the CFB, churches can on occasions influence the commercial activity of even the largest companies. Working together as a Church we can make a difference. There are similar groups for other denominations.

Ethical funds have been established in which individuals can invest. The most ethically committed bank is that run by the Co-op, though increasingly other banks are developing ethical accounts for those who wish to make use of them. Individuals investing in these ways are normally provided with information indicating the sphere of ethics with which the fund is particularly concerned. Nevertheless, there remain differing perceptions of what makes ethics Christian (even amongst Christians!). It is worth noting here, that simply because a fund calls itself 'ethical', it does not mean that it necessarily exemplifies what many would call a Christian ethic.

As Christians, we are fundamentally concerned with 'kingdom values'. We are about seeking to make the world more like the place that God has always wanted it to be. In a world where commercial decisions can affect the lives of millions of people, ensuring that such decisions are made on an ethical basis is thus a challenge for all those of us who call ourselves Christians.

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