



Church Investment in Climate Solutions

Financing a Liveable Future



Faith-motivated. Science-informed. Hope-inspired.



BRIGHT NOW
towards fossil free Churches

Executive Summary

The climate crisis is the most urgent challenge of our time. Millions of people have been forced from their homes; species loss is happening at an alarming rate; extreme weather events are becoming more commonplace; sea-level rise threatens lives and livelihoods; and severe droughts are leaving tens of millions at risk of starvation. Every country is affected by the climate crisis, but the world's poorest communities are facing the most severe impacts, despite having done least to cause the crisis.

The investment decisions that Churches and faith institutions make are a reflection of the Church, its beliefs and its values. Investing in climate solutions can be a significant way for Churches to stand in solidarity with the most marginalised communities and with the Earth.

The Church and the climate, conflict and cost of living crises

As well as the climate crisis, the world is now facing an energy and cost of living crisis, especially as a result of Russia's illegal invasion of Ukraine. Given the need for greater energy security, investment in renewable energy and energy efficiency is needed at scale. If the world were to redirect the \$570 billion of annual planned oil and gas investments towards renewables, this could fully finance wind and solar energy expansion in line with the 1.5°C target of the Paris Agreement.

Churches can play a crucial role by investing in climate solutions and by using their prophetic voice to call on governments to implement policy that addresses the climate crisis at the speed and scale required, as more than 500 UK Church leaders did in a letter to the then Prime Minister and Chancellor in March 2022 – calling for no new investment in fossil fuels and for increased investment in renewables and energy efficiency.

Climate science and the increasing urgency of action

The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, published in the spring of 2022, highlighted that immediate and deep emissions reductions are needed across all sectors if we are to have any chance of limiting global heating to 1.5°C. It showed that transformation is needed in the systems that provide our energy, industry, transport, buildings, agriculture and land use.

Scientific warnings are stark: a major study published in September 2022 highlighted that the world is at the brink of multiple tipping points. The UN Environment Programme (UNEP) warned ahead of COP27 that credible policies from governments to limit global heating are not in place, and current policies would lead to a 2.8°C rise in global average temperatures, which would lead to further, potentially unstoppable warming. Yet every fraction of a degree matters and urgent action, with a rapid shift to clean energy and energy efficiency, could save the lives of millions of people.

Fossil fuel divestment and investment in a fair and fast transition

Most UK Churches have now completed divestment from fossil fuel companies. Increasing numbers of investment management companies offer 'fossil free funds', responding to demand from

faith institutions and other clients. Yet the ethical investment process does not end with divestment. Churches and other faith institutions also need to consider the positive difference they wish to make in the world with their investments. As they have in the fossil fuel divestment movement, Churches can shift markets and change public attitudes during this crucial decade when the world must cut global greenhouse emissions nearly in half.

Some Churches are leading the way on investment in climate solutions, including, among others, Quakers in Britain, the Church Commissioners, the Church of Ireland and the Diocese of Truro, all of which are included as case studies in this report. Many faith institutions are also taking important steps to increase the energy efficiency of their buildings, including the Diocese of Oxford, which announced that it would invest £10 million to improve the carbon footprint of its vicarages and better care for its clergy.

Climate solutions and the opportunities for investment

Some of the most effective climate solutions are also those that offer the greatest opportunities for investment. These include renewable energy and energy storage, both of which have seen significant cost reductions in recent years. Furthermore, investment in regenerative agriculture and sustainable forestry can have a big impact, and major landowners such as the Church of England are in a unique position to demonstrate leadership on these issues.

A rapid transition to electric vehicles of all types is vital, and this has even greater benefits when they are powered by renewable energy. Investment in public transport is hugely important and has other benefits alongside reducing emissions.

Faith investors have a key role to play in accelerating a fair and fast transition that also recognises the importance of economic, gender and racial justice. They can play a crucial role in increasing energy access for the 770 million people around the world without access to electricity, as well as tackling poverty for the 2.8 billion people who still lack access to clean cooking fuels and technologies, through investment in decentralised renewable energy and clean cookstoves in the Global South. While such investments may generate lower financial returns, they have a much greater social impact.

In this report, we give examples of Churches and faith institutions taking action to invest in a liveable future, explore common issues and outline some of the next steps for faith institutions that want to directly address the climate crisis with their investments. We hope this will be a useful resource both for campaigners wishing to encourage their Churches to invest in climate solutions and for faith investors with an interest in this topic.

Now is the time for Churches and faith institutions to take a more strategic and intentional approach to increase their investment in climate solutions, to do so more proactively and to communicate good practice, in order to inspire other faith institutions, the investment community and wider society.

Disclaimer: The examples of investments and investment decisions in this report do not imply any sort of endorsement or recommendation. Full analysis and due diligence should always be undertaken before proceeding with any investment decision.