

Church of England Ethical Investment Advisory Group

Defence investments policy

May 2010

The EIAG recommends that the national investing bodies should exclude from their investments:

Indiscriminate weapons exclusion

- Any company involved in the production or supply of indiscriminate weaponry (defined as nuclear weapons, anti-personnel mines, cluster munitions, chemical weapons or biological weapons), with no turnover threshold to be applied.
- Any company involved in the production, processing, supply or storage of weapons-grade nuclear fissile materials, with no turnover threshold to be applied.
- Any company involved in the provision of strategic* parts or services for anti-personnel mines, cluster munitions, chemical weapons or biological weapons, with no turnover threshold to be applied.

Conventional weapons exclusion

- Any company deriving more than 10% of its turnover from strategic military sales including conventional military platforms, whole military systems, weaponry or strategic military parts or services.

* Throughout this policy the term 'strategic' is used to differentiate between military parts or services that are essential for military operations and enhance military capability and parts or services that are either not material to military capability or are generic parts or services also widely used for non-military purposes. To give an example, a parade ground uniform does not enhance military capability; battlefield uniform does.

Screening that requires a judgement as to whether a part or service is strategic will be done on the basis of expert independent external advice from an ethical investment screening service.

Discretionary inclusion/exclusion

- The EIAG may advise the national investing bodies on an ad hoc basis that a specific company should be added to or taken off the restricted stocks list in the light of bespoke consideration of that individual company. Such recommendations will be exceptional, in circumstances where the use of a screening service has led to inclusions on, or omissions from, the restricted stocks list that violate the intent of the EIAG. In bespoke consideration the EIAG will take into account a company's role in the arms trade and its complicity in exports to regimes the EIAG considers oppressive. Recommendations will normally follow engagement with the company concerned to establish precisely the nature of the company's involvement in the defence sector and arms trade.

POLICY THEOLOGY, ETHICS AND REASONING

Fundamental Christian values

1. Christians affirm the value of human life and seek peace. More controversially, Christians are called to love their neighbour as themselves and, therefore, to understand the life of an enemy to be as valuable in God's sight as their own. This has profound implications for Christian attitudes to war and conflict. Nevertheless, the churches have also recognised that, prior to the eschaton (the final consummation of all things), it may be necessary to commit sin in order to prevent the commission of a much greater sin. This is not a universal Christian principle, but it has informed Christian practice through much of the history of the church.

Biblical guidance

2. Violence is an issue on which there is a different emphasis in the Old and New Testament. The Old Testament treats war and violence as normal and legitimate.

'Accursed is the one who is slack in doing the work of the Lord; and accursed is the one who keeps the sword from bloodshed.' Jeremiah 48.10

Even the 6th Commandment (Deuteronomy 5:17), which appears as 'Thou shalt not kill' in the King James bible, is translated in the NRSV as 'You shall not murder', which is more in keeping with the Hebrew original.

3. By contrast Jesus' words and actions in the New Testament offer a model of non-violence.

'But I say to you that listen, Love your enemies, do good to those who hate you, bless those who curse you, pray for those who abuse you. If anyone strikes you on the cheek, offer the other also; and from anyone who takes away your coat do not withhold even your shirt.' Luke 7.27-29

'Then they came and laid hands on Jesus and arrested him. Suddenly, one of those with Jesus put his hand on his sword, drew it, and struck the slave of the high priest, cutting off his ear. Then Jesus said to him, 'Put your sword back into its place; for all who take the sword will perish by the sword.' Matthew 26.50-52

The approach of the Christian Church

4. The Christian Church has adopted different views on war and violence in different circumstances. The early Church, although persecuted, took Jesus' model of non-violence as its guide. During the time when Christianity was the majority religion of the Roman Empire, the Church had to consider the practical political issues on which a government must take positions. On the issue of the state's recourse to warfare, the view came to prevail that the state could, according to specified criteria,

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enter into and conduct war justly ('just war' theory). This theory drew on classical philosophy and was articulated most prominently by St. Augustine.

Just war theory

5. In just war theory, criteria are set out for the legitimate resort to warfare. A war must have a *just cause*, be waged by a *proper authority* and with a *right intention*, be undertaken only if there is a *reasonable chance of success* and if the total good outweighs the total evil expected (overall *proportionality*). It must also be waged as a *last resort* and *in pursuit of peace*. Criteria are also set out for the conduct of war. These are *discrimination* (avoiding intentional harm to non-combatants) and *proportionality of means* (using such force as is essential to pursue the just cause).
6. Just war theory does not constitute a Christian ideal. The application of just war theory is a Christian practice, not a doctrine. It is reflected in international law, but for Christians who accept it, it is an expedient response to the challenges of living in a fallen world.

The Church of England today

7. Just war theory probably represents the centre of gravity within the thinking of the Church of England today, as reflected in Synod debates over the last 30 years (from *The Church and The Bomb* in 1983 to *Peacemaking in a Nuclear Age* in 1988, *Iraq: Would Military Action be Justified* in 2002 and the recent debate on Trident renewal).
8. However, attitudes to war and armaments are not defining matters for Anglican orthodoxy and other equally valid views are held in the Church of England. Many members of the Church believe that pacifism is the Christian way most true to the New Testament witness. Some nuance their commitment to pacifism with a view that the Christian response to violence and oppression is non-violent active resistance. The differences of view within the Church should not be exaggerated: almost all Christians feel uncomfortable about resort to war.
9. International law recognises the right of states to defend themselves and the responsibility of states to protect their citizens, and so does the Church of England (Article 37 of The 39 Articles of Religion states 'It is lawful for Christian men, at the commandment of the magistrate, to bear weapons, and serve in the wars'). The mainstream of the Church of England is not therefore intrinsically opposed to the manufacture and use of armaments within the framework of ethical criteria. There are many Anglicans serving in the armed forces and working in the defence industry. Where they have moral qualms, the Church is often the place where these can be explored and individuals ministered to.
10. The EIAG noted that, whilst the report, *The Church and the Bomb* (1983), advocated a unilateral reduction in Britain's nuclear arms capacity, the General

Synod rejected unilateral nuclear disarmament and accepted the duty of the British Government to maintain adequate forces to deter nuclear aggression. The debate was passionate and the voting on the main motion and key amendments was often close. There was a clear majority for an amendment condemning indiscriminate mass destruction in war. Nothing since 1983 suggests that opinion in the Church of England has coalesced more firmly on one side or the other of the argument. The EIAG concluded that most Anglicans continue to find the question of nuclear weaponry morally challenging and that the proper response was therefore to take a precautionary approach. Without a much clearer lead from Synod than has, so far, been forthcoming, it would not be appropriate to invest in, or derive profit from, such weapons.

Just war theory today

11. The context for the use of armed force has changed over recent decades (to encompass peace-keeping and humanitarian intervention) and is continuing to change (to encompass warfare that mixes anti-terrorism, counter-insurgency campaigns and state-building in fragile or failed states). Just war theory was developed for a context of war between states and its application today is the subject of reflection and debate. Some argue that many contemporary contexts for military intervention are essentially policing campaigns and therefore should not be judged according to ethical approaches designed to address warfare between states.
12. The EIAG holds that the just war principle of discrimination between combatants and non-combatants remains essential when considering whether certain forms of weaponry are ethical or not.
13. As well as just war theory, certain ethical precepts are relevant when considering whether certain forms of weaponry are ethical or not. In particular, the principle of double effect recognises the importance of intent in determining the morality of actions (in this case the design, manufacture and sale of weaponry) and distinguishes between primary effects which are the intended result and secondary effects which, although they may be foreseen, are not the intended result (of a particular kind of weapon).

Impediments to the existence of defence companies operating in line with Christian just war theory

14. The EIAG debated whether there might be an armaments company solely focused on producing weapons to be used in line with just war principles, but concluded that such a company is not a practical proposition, for the reasons set out below.
15. Even if a company only sells to its national government, its products can be used for many purposes. Some of these purposes may be in line with just war principles; some may not. There is simply no way of knowing how a government is going to use a military product once it is manufactured and there is no state that can

guarantee that its weaponry will only be used in line with just war principles. This is not to say that all states are morally equivalent; many states including EU member states, the US, Canada and Japan have shown a high degree of commitment to using armed force within an ethical framework and in line with international law.

16. The arms trade creates additional ethical complications. Arms trading can have benefits. Arms imports are essential to give many states the ability to defend themselves. Arms exports can also support the maintenance of viable national defence industries, as is the case in the UK.
17. The problem with arms trading is that although the trade is normally highly regulated, it is regulated by national governments who may take ethical issues into consideration but also take political and economic issues into consideration. There is no national defence exports regime that can guarantee that weaponry will only be used in line with just war principles. Furthermore major defence companies manufacture in a range of countries. Therefore even the stronger national export regimes are not necessarily the export control regimes under which companies listed in countries with strong controls operate.
18. A final consideration is that military platforms, systems and armaments have a long life-span. Governments and government policies change. Equipment may be sold on. This is yet another reason why there is no way of knowing how military products are going to be used once manufactured. Long-established democracies offer greater assurance that military products will be used within a consistent ethical and legal framework than non-democratic governments.

Why the Church investing bodies might not invest in a defence company even if there were one operating entirely in line with Christian just war theory

19. The EIAG asked itself whether, notwithstanding the above, the Church might invest in an armaments company solely focused on producing weapons to be used in line with just war principles, were it to exist.
20. The EIAG took the view that, uniquely in our economy, the products of the defence industry are purposefully designed to destroy human life; and that the Church would need to consider whether it wished to devote capital to, and derive profit from, a company that supports an activity (warfare) that, even if conducted ethically, falls so far short of the Christian ideal.

Involvement in indiscriminate weapons grounds for zero-tolerance exclusion

21. In terms of the relationship between nuclear weapons and anti-personnel mines and cluster munitions, the EIAG took the view that the common factor was the capacity of all these weapons for indiscriminate destruction of human life. For this reason, it concluded that it is inappropriate ethically for the Church's national investing bodies to devote their capital to, and derive profit from, their manufacture.

22. Just war theory rejects the use of indiscriminate weaponry. The weapons in whose manufacture listed companies are currently involved that are clearly indiscriminate are nuclear weapons, anti-personnel mines and cluster munitions. Non-combatant casualties are an intrinsic effect of such weapons.
23. The EIAG therefore advises that it is appropriate to exclude from investment, with no turnover threshold applied, any company involved in the production or supply of nuclear weapons, anti-personnel mines and cluster munitions. It is also appropriate to exclude from investment, again with no turnover threshold applied, any company involved in the production or supply of weapons-grade nuclear fissile materials and any company involved in the provision of strategic parts or services for anti-personnel mines or cluster munitions.
24. Should screening research identify any listed companies involved in the production or supply of chemical or biological weapons or the provision of strategic parts or services for chemical weapons or biological weapons, it would also be appropriate to exclude such companies from investment with no turnover threshold applied.
25. Although conventional bombs can and do cause casualties among non-combatants, such casualties are not usually the primary, intended effect.

Practical considerations arising from the nature of the modern economy that mean that total exclusion of defence companies is inappropriate

26. A feature of the modern economy is the existence of large conglomerates whose primary purpose is not the production and supply of military products but who are nevertheless involved in some way in the production of such products or components.
27. Companies with modest involvement in military products or strategic parts may be primarily involved in the supply of products that are not subject to investment exclusions and are of great social utility. Such companies may also be leaders in areas of corporate responsibility of great interest to the Church, e.g. sustainability.
28. Banning investment in all companies involved in any way in military products, either themselves or through stakes in other companies, has the effect of preventing investment in a many of the world's largest companies. A policy of exclusion from investment of all such companies would be in conflict with the fiduciary responsibilities of the Church investing bodies' trustees not to act in ways detrimental to their beneficiaries' financial interests.
29. For these reasons it is appropriate to apply a threshold at which defence turnover becomes material and a cause for exclusion from investment.
30. It does not follow from the exclusion from investment of companies materially

involved in the defence industry that excluded companies (or the individuals working for them) are unethical. The exclusion policy seeks to reflect the centre of gravity position in the Church on the ethics of investment in defence companies by the Church investing bodies, not working in the defence industry.

Avoidance of investment in companies exporting to oppressive regimes

31. Sometimes, companies may have defence turnover below the materiality threshold but be known to be exporting to oppressive regimes. In these instances exclusion of companies with defence turnover below the materiality threshold will be appropriate.

Which products should the defence investment policy cover?

32. The EIAG considered whether, in determining an appropriate ethical investment policy, it would be appropriate to distinguish between ‘offensive’ and ‘defensive’ products, and not to apply any prohibitions on investment to companies making ‘defensive’ products. The EIAG concluded that this is not a viable distinction. Not only are individual companies almost always involved in the production of a range of different kinds of products, but the EIAG could not identify a military product that can only be used in a defensive context. Products designed to protect military personnel – e.g. armoured vehicles and body armour – provide defensive benefits but they also provide offensive benefits in that they allow soldiers better to operate in hostile environments and take more effective offensive action. Similarly radar can be, and is, used not just to detect enemy movements but also to select targets.
33. The EIAG is therefore of the view that all military platforms, whole military systems, weaponry and strategic parts and services for them should be covered by the defence investments policy. Military platforms include military aircraft, ships, submarines, helicopters, armoured vehicles, tanks and security vehicles. Whole military systems, weaponry and strategic military parts and services include nuclear warheads, missiles, torpedoes, bombs, ordnance, artillery, small-arms, handguns, electronic warfare systems, guidance, targeting and firing systems, avionics, radar, sonar, instrumentation, military IT, military software, components, vessel and weapons commissioning and refit.
34. Companies providing non-strategic parts or goods and services generally provided in civil society should not be subject to the policy unless the company is complicit in their abuse.

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