

Church Commissioners for England

Approach to investing in solutions

Responsible Investment Team
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Introduction

The Church Commissioners for England (the Church Commissioners) manages the Church of England’s permanent endowment fund in order to provide sustainable funding to support the mission and ministry of the Church. We do this through responsible and ethical management of a diverse investment portfolio. Through our investing activities we aim to deliver target returns and also consider ways to *increase positive outcomes, reduce negative outcomes and manage risk*.

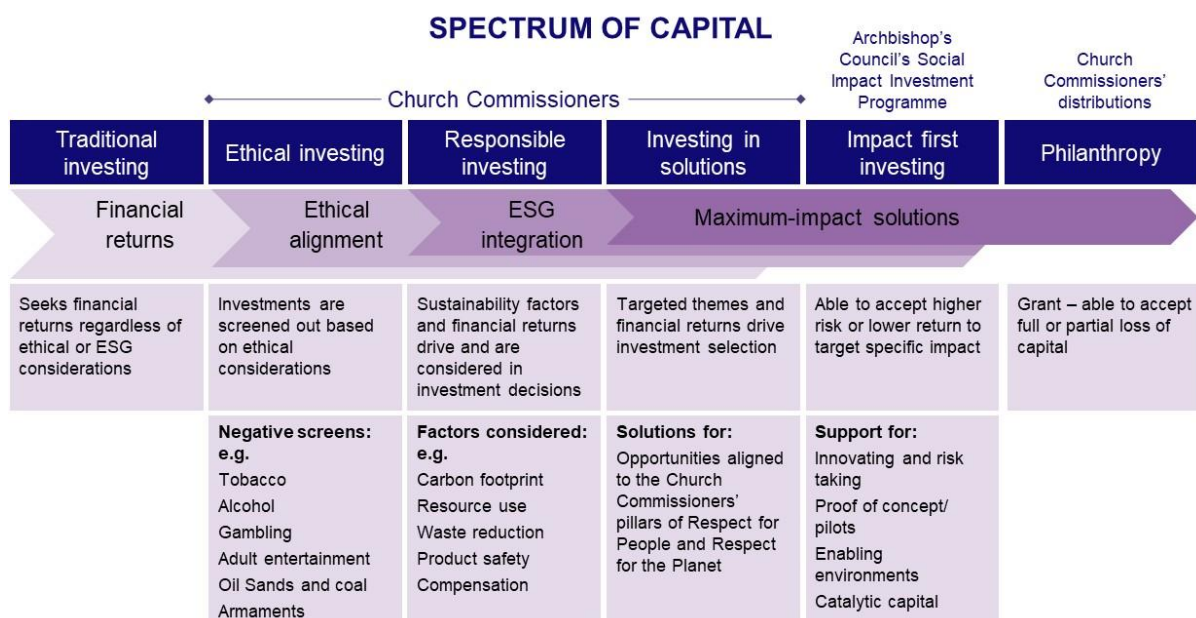
This paper sets out our approach to one of our levers to meet our objectives¹; our investments in solutions to global challenges such as climate change, nature loss and social inequality (“solutions”).

The Church Commissioners’ approach to investing in solutions

To meet our investment return target and distribution objectives, the Church Commissioners seeks investment opportunities that provide long-term returns for the fund within the parts of the investment universe that meet our ethical and responsible investment requirements. In addition to assessing the individual investment opportunity, we also consider how it fits in the overall portfolio to ensure that we can meet our objectives in various market conditions and over time. Within these boundaries, we look favourably on opportunities that provide solutions to global challenges while also generating appropriate risk-adjusted financial returns.

The Spectrum of Capital in Figure 1 was developed to communicate different ways investors can incorporate ethical and/or sustainability considerations in the investment decision making, and shows which categories focus on generating competitive risk-adjusted returns.

Figure 1 Spectrum of Capital²



Note: To see the list of the Church Commissioners’ negative screens, see our [Responsible and Ethical Investment Policy](#)

¹ As laid out in our [Responsible and Ethical Investment Policy](#).

² Adapted from [Bridges’ Spectrum of Capital](#), 2013.

Applying the Spectrum of Capital (Figure 1) to our investment approach, the Church Commissioners focuses on investments within the *Ethical investing*, *Responsible investing* and *Investing in solutions* categories that meet our return criteria.

Our investments in the *Investing in solutions* category include:

- investments in funds across different asset classes with a thematic focus on investing in solutions to global challenges (e.g. the energy transition);
- investing directly in assets that provide solutions (e.g. woodland creation); and
- enabling existing portfolio assets to provide solutions for societal challenges where appropriate (e.g. seeking permission to develop affordable housing, providing permissions to develop renewable energy or transitioning land to wetland).

In addition to the mandates focused on solutions, we invest with external fund managers with broader mandates who may invest in some companies or assets that provide solutions (e.g. waste management).

We use the Church Commissioners' Sustainable Financing Framework (SFF)³ and other widely recognised frameworks, such as the UN Sustainable Development Goals.

Box 1: The Spectrum of Capital categories *Impact first investing* and *Philanthropy* are enabled through distributions from the endowment to the Church of England, which go towards supporting the mission and ministry of the Church. This includes supporting dioceses and the local church, Bishops' and Archbishop's ministry, Cathedrals, and Church-wide programmes on net zero and racial justice. One of the grants was made to enable the Archbishops' Council's Social Impact Investment Programme, which is an *Impact first investment fund*. The Programme aims to respond to the growing need for investment-based models to tackle deep rooted social challenges such as housing for the vulnerable, access to affordable credit, better social care and a just energy transition.

All companies and assets are related to some positive and negative outcomes, whether the product or service is a solution to a global challenge, or not. We therefore continue to improve our assessment of the positive and negative outcomes to people and the planet related to the Church Commissioners' entire investment portfolio where information is or can be available.

We publicly report summaries of the information related to our allocation to investments in solutions and real-world outcomes related to the investment portfolio in our regular reporting, including our annual Stewardship Report.

³ [Church Commissioners' Sustainable Financing Framework](#)