

CHURCH INVESTMENT & ALCOHOL

Some Questions & Answers

Why is it the Church of England's policy to avoid investment in companies whose main business or focus is the manufacturing, marketing and sale of alcoholic beverages?

The prime ethical objection to investing in this area is the social damage caused by alcohol abuse and misuse, such as crime, violence, broken homes and damage to health.

Hasn't this policy changed recently?

No. An in-depth review of the policy in 2004 concluded that this is still a relevant exclusion for the Church of England. The previous review in 1998 recognised, however, that some companies have diversified significantly away from brewing into catering, health, hotels and family focused activities. Investment in some of these companies has been allowed since then.

What does this mean in practice?

In 1998, we relaxed our restriction in a small number of cases where individual companies met our strict criteria. However since this time, no further changes have been made to the policy. The review in 2004 concluded that the current policy to exclude brewers, distillers and operators of pub companies should remain in place.

What criteria were used in 1998 to include a small number of previously excluded cases?

In addition to the diversification of business activity and a move away from brewing as the main activity, these companies have demonstrated a commitment to community involvement and to socially responsible policies relating to alcohol consumption. They also reflect the additional positive criteria we look for in fulfilling our stated ethical investment policy.

Which are?

Responsible employment practices, conscientiousness with regard to corporate governance, environmental performance, human rights and a sensitivity to the communities in which they operate.

Does this send a message that the Church of England now encourages drinking?

No. The Church does not have a temperance doctrine and recognises that many Church members enjoy alcohol in moderation. However, it continues to be aware of the dangers that exist from excessive alcohol consumption on health and for society.

What view does the Church take on investment in retailers of alcohol?

A similar approach applies. We do not invest in companies whose main business is in the retailing of alcoholic products, for instance pub companies. We do however invest in major supermarket groups who have exposure to alcohol retailing that is legally controlled and which forms a small overall part of company turnover.

Does the same approach apply in relation to investment in property?

Yes. The Church refrains from letting its property to parties whose main business is in the manufacture, distribution or sale of alcohol. However, it is not always possible for a landlord to restrict the use of a commercial property if the lease is being assigned.

Why was a decision made at the last review in 2004 to maintain the exclusion?

The UK is currently involved in a considerable debate on the misuse of alcohol, particularly surrounding a rising binge-drinking culture and the increasing number of negative health and social implications arising from the increase in the consumption of alcohol, particularly amongst young and underage drinkers. There is also a lack of confidence in the current self-regulatory environment and an acceptance that the marketing and sale of alcohol is a pressing problem.

Isn't this decision hypocritical for a Church that does not have a temperance doctrine?

No. We do not believe there is a paradox between the Church declining to take income from the manufacture or sale of alcohol, and individual Church members enjoying alcohol moderately as one of God's gifts. There is sometimes a necessary distinction to be drawn between decisions taken by society as a whole, by individual churches, and by individual people, that are not necessarily compatible.

Can the Church use its investment in companies to support initiatives that lead to a reduction in the misuse of alcohol?

Yes. We are in contact with the Portman Group, which is an industry-wide organisation whose purpose is to promote awareness of alcohol issues through health and education programmes. It also acts as the industry's self-regulator. We can, through them, develop an informed understanding of the issues and in turn raise any concerns which the Church may have. As shareholders we can also address these concerns with the companies where we have a direct investment.

Does the Church of England make its research on this topic publicly available?

Yes. Copies of a paper "Alcohol: An inappropriate investment for the Church of England" are available in hard copy from the SRI Unit (detailed below) or on the Church of England's website.



The Church of England Ethical Investment Advisory Group was established in 1994 and includes representation from the Church Commissioners for England, the CBF Church of England Funds, The Church of England Pensions Board, the General Synod, the Archbishops' Council, and the Council for Mission & Public Affairs

CCLA Investment Management Limited, SRI Unit, 80 Cheapside, London EC2V 6DZ
020 7489 6000 ethics@ccla.co.uk

January 2005