

The Salisbury Diocesan Board of Finance (DBF) and its investments in relation to fossil fuels

An answer given by Nigel Salisbury, the Chairman of the Salisbury Diocesan Board of Finance, in response to a question at Diocesan Synod, 15th September 2021.

On 31st July 2021, the portfolio of investments was:

M&G Charifund	£6.8m
CCLA Investment Fund	£11.2m
CCLA Property Fund	£2.4m
Total	£20.4m

The DBF agreed in August 2021, having taken independent advice, to sell all holdings in M&G and to reinvest in Sarasin's Climate Active Investment Fund. The sale was achieved in the last three weeks of August and new investment will be concluded by the end of September 2021. The sale of our holding in M&G had been discussed over the last two years, but following a large fall in value in March 2020, the sale was not practical until now.

M&G Charifund still retained underlying holdings in some oil and gas companies – as of 31st July the following exposures remained:

BP	4.37%
Total	1.43%
Diversified Energy	1.20%
RD Shell	0.64%
Combined exposure =	7.64% of portfolio value

One of the reasons behind the choice of **Sarasin's fund** was that it was more closely aligned to the ethics espoused by the National Church.

Sarasin's Climate Active Investment Fund manager says:

"We are not invested in any the fossil fuel extractive companies, either via their equity or debt. And we are actively engaging with financial institutions re their lending policies."

They did point out that the situation is more nuanced than at first sight, as investments may not be directly in fuel extractive companies but may still be in companies who use fossil fuels indirectly, and that investments in companies such as BP – which they don't have – may be not as bad as it appears, since BP spends a lot of money in resourcing research on alternative energies.

The bulk of our portfolio is with CCLA – the majority being with CCLA's Investment Fund. CCLA says:

"a) Our investments are fully compliant with current CofE policy and

b) We hold no direct investments in companies that focus on the extraction and refining of fossil fuels.

- No exposure in coal and tar sands*
- No exposure in oil and gas valuations*
- All aligned with Paris Agreement except for three electrical utilities requiring review. Each of these had a decarbonisation target to align with the Paris Agreement"*

Conclusion: the DBF is not actively invested in fossil fuels.