
Catholic faith-based investing



St Mary's
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London

CCLA
GOOD INVESTMENT

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Foreword

Will your anchor hold in the storms of life,
When the clouds unfold their wings of strife?
When the strong tides lift, and the cables strain,
Will your anchor drift or firm remain?

Priscilla Jane Owens, 1882

As a child, I was a member of the Boy's Brigade from the ages of 6 to 18, and subsequently served as a leader until I moved to London for work in 2010. For this reason, I've always had a strange affection for the hymn, 'Will your anchor hold in the storms of life' – which served as something of an unofficial anthem for the organisation. Inspired by Hebrews 6:19, the song asks when life gets tough, do you have the ability to stay the course?

This might seem a strange way to start a collection of articles on how to include Catholic values into the management of investment assets, but it gets to the point of what we collectively are trying to achieve through faith consistent investment.

We are living in a time of turmoil, where political consensus around key issues such as climate change is challenged and the 'pro-sustainability zeitgeist' has begun to collapse, the investment industry's commitment to ESG (the incorporation of environmental, social and governance considerations into the investment process) has wavered.

Quite frankly, this was always going to happen. While church groups were instrumental in creating ethical investment, over the past decade, this part of the market has been captured by the investment industry's greatest brains (and marketing departments). This has led to the rise of a regime based on metrics and themes rather than one based on purpose, beliefs and a commitment to driving change.

This is where our hymn comes in.

While many other investors have fallen away for a variety of reasons, the commitment of Catholic investors to ethical investment not only remains but it is intensifying, driven by the purpose and commitment of their faith. Across a range of issues, this series of articles shows the depth and range of current activity and the power of integrating faith into investments. Our industry can only benefit from their work.

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Faith-based investment and *Mensuram Bonam*

PHILIP BOOTH AND PAOLO CAMOLETTO

Introduction

In late 2022, the Pontifical Academy of Social Sciences issued the document *Mensuram Bonam: Faith-Based Measures for Catholic Investors – A Starting Point and Call to Action*.¹ Catholic social teaching has always engaged with economic life and the world of finance because decisions in these domains need to be ethically informed. We can neither rely on a market without ethics to promote the common good nor rely on the regulation of economic life by government to rectify the problems that arise when an ethical culture is absent from markets.

The social teaching of the Catholic Church has said a great deal about these issues. Pope Benedict XVI pointed out, in *Caritas in Veritate*,² that ‘*Without internal forms of solidarity and mutual trust, the market cannot completely fulfil its proper economic function*’ (n.35, emphasis in the original). This is certainly borne out by the economic evidence. Pope Benedict also noted:

Today we hear much talk of ethics in the world of economy, finance and business. Research centres and seminars in business ethics are on the rise; the system of ethical certification is spreading throughout the developed world as part of the movement of ideas associated with the responsibilities of business towards society. Banks are proposing ‘ethical’ accounts and investment funds ... It would be advisable, however, to develop a sound criterion of discernment, since the adjective ‘ethical’ can be abused. When the word is used generically, it can lend itself to any number of interpretations, even to the point where it includes decisions and choices contrary to justice and authentic human welfare. (n.45)

- 1 Pontifical Academy of Social Sciences (2022), *Mensuram Bonam: Faith-Based Measures for Catholic Investors – A Starting Point and Call to Action*, online at www.pass.va/en/publications/other-publications/mensuram_bonam_eng.html
- 2 Pope Benedict XVI (June 2009), *Caritas in Veritate*. *Encyclical letter on Integral Human Development in Charity and Truth*, online at www.vatican.va/holy_father/benedict_xvi/encyclicals/documents/hf_ben_xvi_enc_20090629_caritasinveritate_en.html

Ethics in the world of investment must be informed by a proper Christian understanding of the human person, human dignity and revealed truth.

As Pope Benedict noted, there has been an increase in interest in financial activities that are labelled ‘ethical’, including the development of ethical investment funds. The size of the ethical investment sector worldwide is disputed, and estimates depend on how the sector is defined. However one estimate suggests that around \$30 trillion worth of investments are held in funds which have sustainability and/or environmental, social and governance criteria.³ But, again to quote Pope Benedict, ‘Efforts are needed ... to ensure that the whole economy – the whole of finance – is ethical, not merely by virtue of an external label’ (*Caritas in Veritate*, n.45).

The integration of ethics into investment decision-making is not straightforward in practice. Many ethical funds avoid investment in areas that are not obviously intrinsically unethical (for example, tobacco) and few avoid investment in commercial activities that Catholics would find unacceptable (for example, the sale of contraceptives or the provision of abortion facilities). Addressing the concern that ethical funds might have the wrong focus is, in a sense, straightforward – it is simply necessary to change the investment criteria. More complex is the process of determining what degree of ‘closeness’ to unethical activities is appropriate. It would be impossible to construct investment portfolios that have no engagement, however indirect, with activities that Catholics would regard as unethical. At the same time, when investing, Catholics should avoid evil and attempt to do good so that, as Pope Francis urged, business can be a noble vocation where those engaged in it see a greater meaning in life and seek to promote the common good (*Evangelii Gaudium*, n. 203).⁴

Mensuram Bonam calls Catholics to begin a journey and align our everyday business life with our faith. Catholic institutions should align their missions with Catholic values and ensure that their behaviour reflects their missions.

Using *Mensuram Bonam* as a guide

Mensuram Bonam seeks to assist investors in promoting the common good. As the document suggests, this process, and the tension between faith and fiduciary duties, cannot be reduced to a checklist. It requires thought, discernment and judgement. It is also a journey as we come to better understand how to use our

3 See the Global Sustainable Investment Review, 2022: www.gsi-alliance.org/members-resources/gsir2022/

4 Pope Francis (2023), *Evangelii Gaudium*, online at www.vatican.va/content/francesco/en/apost_exhortations/documents/papa-francesco_esortazione-ap_20131124_evangelii-gaudium.html

knowledge and our understanding of the investment environment to better reflect Catholic principles in our investment policy.

The grace of God and the teaching of the Gospels can help us make judgements so that our investments advance the Kingdom of God. However, the document concedes that these decisions are beset with complexities as it can be difficult to understand the ultimate consequence of our actions in this field. Our decision-making should be aided by prayer and reflection, especially using scripture because ‘no human domain or experience, including investing, is outside of God’s care, or beyond reach of God’s grace’ (n.19).

Mensuram Bonam mentions the importance of not ignoring environmental, social and governance questions when it comes to investment (n.18). However, it asks us to go further and consider whether the interconnections between these things have been explored and whether the social, human and environmental impacts of business activity are clear. It also asks investors to consider the ways in which corporations and mutual funds are influencing governance and whether the lobbying of companies or their influence on regulators align with our purpose and values as a Christian investor.

In doing so, investors should consider carefully the principles of Catholic social teaching, which are enumerated in *Mensuram Bonam* as human dignity, the common good, subsidiarity, solidarity, participation in the universal destination of goods, sustainability, integral ecology, social justice, care for the poor, and care of our common home. These all contribute to promoting integral human development which investors should consider together with the financial return on investment. All those involved in economic and political life – including investors – are called to promote distributive and social justice: these are not simply to be left to philanthropy or to government.

The document moves on to give practical advice, whilst recognising the immense complexities involved and, by implication, the room for judgement and importance of discernment. Investors should not pursue what the document describes as ‘fiduciary absolutism’ whereby short-term gains take precedence over ethical accountability and the just treatment of human persons, social goods and the gift of creation (n.24). Indeed, it suggests that fiduciary duties, properly understood, involve trust and the fulfilment of a duty of care.

Because there are few clearcut decisions when applying the principles of Catholic social teaching to investment decisions, *Mensuram Bonam* raises a series of questions for discernment for investors. For example, under ‘human freedom’ the document asks us to consider whether human freedom is enhanced or degraded by an investment. Under the heading ‘Care for our common home’,

investors are asked to consider how investment strategies manage the trade-off between long-term sustainability and short-term returns (n.25).

It is recognised that the evidence used by investors when taking account of these factors in their decisions will often be qualitative. The principles of Catholic social teaching can complement the tools that are used in a process often called impact investing which involves choosing investments which have a positive social or environmental impact alongside financial returns. Impact investing can be interpreted in a way more consistent with Catholic social teaching.

Mensuram Bonam states:

The combined impact of any investment may be generally assessed by how they avoid harm (upholding life) and enhance humanity (dignity); are of benefit to society (promoting the common good, justice, peace, harmony, growth); and contribute to resolving the pressing issues that societies face (hunger, conflicts, sickness, inequalities, education etc.). (n.28)

If these ideas are to be put into action, the process of discernment must involve ‘a willing openness to new alternatives based on “God’s motives, invitation, and will”’ (n.33). A process is proposed that involves the following steps (n.34):

- Formulating an investment policy statement that identifies the governing principles from faith and sets the horizon for investments.
- The revision of risk parameters to take into account both financial conditions and ethical expectations.
- Identifying the values in addition to the usual norms of prudence and due diligence that will affect investment choices.
- An evaluation of options and results to determine whether to engage, enhance or exclude investments.
- Monitoring progress in order to learn lessons and strengthen the faith-informed investment process.

Mensuram Bonam reminds us that being a fund manager is not simply a job, but a vocation: ‘In the light of faith, the very identity and job-description of the investor are redefined.’ Fund managers are part of a huge network of relationships and the ‘good measure’ of the meaning and happiness of somebody working in this world comes from ‘from contributing one’s life, talents, work and resources to others, and to the world’ (n.15). Through the vocation of investment management one can actively try to do good and avoid harm. Our decisions should be intentional and designed to build the City of God on earth.

A faith-consistent approach to investment is informed by scripture and by the magisterium of the Church.

Our daily lives in investment management

If a career in investment is truly a vocation, this has concrete implications for how those in the sector live and work. The document reminds Catholics working in investment that they must marry faith and reason and prayerfully discern the right path – again we have the image of a journey. The reader is provided with a timely reminder that ‘for investors with faith, the view of the world formed by numbers and analytics is forever incomplete. Even brief moments in the presence of Scripture, or quick references to the Church’s teachings, can fill in by grace or wisdom those ethical gaps in perspective or process’ (n.8). If the working day is especially busy it is important to have a moment – however brief – to pray, whether this be at noon to pray the Angelus, or some other time for prayerful discernment. If we are to do God’s will, it is important to ask for His help and listen to His voice.

Applying the core principles of Catholic social teaching

As has been noted above, the principles of Catholic social teaching must animate all we do in economic life. Not everything with an ethical label will be truly ethical, and not everything that is ethical will have an ethical label. Whatever organisation we work with, we should apply, as far as is in our power, the principles of Catholic social teaching in our investment work – or in our work selecting asset managers, as trustees, and so on.

HUMAN DIGNITY

These principles start with human dignity. ‘Each and every person is an end in themselves, never merely an instrument, valued only for utility’s sake (such as for production or consumption)’ (n.23). And each person also should have the freedom to worship, exercise their conscience and form associations (including for the purpose of conducting business). Our investment decisions should be such that they attempt to promote and do not undermine human dignity. In practice, this may lead to difficult decisions regarding disinvestment or engagement when human dignity is under threat as a result of business practices or the activities of the political authorities in the countries in which a business operates. Nevertheless, these difficult decisions must be taken, informed by our faith. As Pope Francis noted in his social encyclical, *Fratelli Tutti*, ‘If the music of the Gospel ceases to sound in our homes, our public squares, our workplaces, our

political and financial life, then we will no longer hear the strains that challenge us to defend the dignity of every man and woman' (*Fratelli Tutti*, n.277).⁵

THE COMMON GOOD

Investment must also promote the common good. Business activity contributes to the common good by helping to provide services and important material goods. Investors should work to ensure that businesses in which they are engaged promote integral human development which always has a moral aspect. The making of money should not become an end in itself. If the common good is really to be promoted in the business economy, the most vulnerable must have their needs attended to, whether they be workers, suppliers or customers. And business must also protect and promote our common home. The requirement to promote an integral human ecology should link economic and business activity to caring for the natural environment and respect for the Church's teaching on sexuality, marriage and the family. The need for this is continually demonstrated by events in the world of business and in the wider economy.

Addressing this requires, and will lead to the promotion of, the virtue of solidarity. This involves an active commitment to work together in relationship with others to promote the common good. A well-ordered business can help promote solidarity and contribute to the creation of a culture conducive to a thriving of community. Business also depends on solidarity and networks of trust. Solidarity and trust can be fragile, and investors should be aware that business must work actively to promote them.

SUBSIDIARITY

The principles of human dignity and solidarity are complementary to the principle of subsidiarity. 'Subsidiarity is the commitment to enable persons to exercise influence and choice within the social decision-making closest to their own lived reality. This principle fulfils freedom's basic norm of agency' (n.23). Investors must help businesses bring this principle to fulfilment so that all those connected to a business can play their part in innovation and the implementation of a business' plans in such a way that they can exercise real human agency.

All institutions in society have a responsibility to promote social justice – this includes investors. Businesses also have a particular responsibility to promote distributive justice through their remuneration policies, how they treat suppliers,

5 Pope Francis (2020), *Fratelli Tutti*, online at www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20201003_enciclica-fratelli-tutti.html

and so on. Investors should consider these aspects of the behaviour of the companies in which they invest.

Mensuram Bonam asks investors to consider applying these principles in three specific ways. The first is by avoiding prioritising short-term financial gains over ethical concerns and avoiding commodifying human persons and God's gift of creation. This requires considering carefully the composition and training of boards of directors and trustees. Secondly, investing institutions, including religious orders, should work to apply the wisdom of faith to complex questions that confront us in economic life. Thirdly, investors should implement the vision that arises from applying our faith to investment problems rather than simply trying to co-opt the moral norms of the world as we find them (n.24).

The document then makes concrete, practical suggestions (n.25). These include questions for discernment for investors under each principle of Catholic social teaching. There are too many to list here, but they include asking: 'Are human rights fully respected?', 'Are other persons respected or commodified?' and 'Is authentic sustainability being realized (and "greenwashing" avoided)?' *Mensuram Bonam* asks investors to contemplate, discern and propose. Investors should then deploy a strategy of engagement, enhancement or exclusion. This takes us into the second part of the document.

Putting *Mensuram Bonam* into practice

As noted above, the document speaks to all Catholic investors, but it recognises that 'institutional investors will have very different questions, aims, and resources than individuals, each, in their own way, can use MB to bring faith-qualities to existing practices. Each choice contributes to scaling-up faith-based investing' (n.31). As such, *Mensuram Bonam* proposes processes rather than outcomes. It also recognises that 'Any Catholic institution that is entrusted with resources to fulfil its mission faces a dual responsibility'. These responsibilities include: 'A professional duty to manage those resources prudently and to carefully fund programs, projects and tasks through which its mission is realized.' In addition, there is 'A moral duty that, to the best of their ability, they use the tenets of faith and Catholic social teaching to align their investment and management practices with God's great plan (for integral human development)' (n.35).

This leads to the question of how we implement *Mensuram Bonam* in practice. The most important steps are to put in place the processes discussed above that allow proper discernment and ethical decision-making. There are then a range of options that are proposed which follow from those steps.

ENGAGEMENT

Investors can engage with companies in which they are investing in order to discourage them from taking part in or co-operating with practices that are unethical. Engagement can involve voting or discussion with the management and with other investors. We are warned that the process of engagement and the dialogue surrounding it may take time, but, if successful, it will be beneficial in helping business understand the importance of embracing Catholic social teaching in their operations.

Engagement will also help the investor understand challenges better and, if successful, it leads the investor to more effectively promote the common good. The concepts of ‘engagement’ and a ‘journey’ are, of course, mutually compatible. Engagement will help both the company in which the investment takes place and the investor to go on a journey of improvement. Pope Francis has frequently called for a culture of encounter that helps us transcend divisions.⁶ The process of engagement, initiated by an investor in a company whose behaviour may not measure up to the ideal, can be thought of as part of this culture of encounter.

ENHANCE

Catholic investors are also called to ‘enhance’. Through their investment policies, Catholic investors – indeed all investors who share our ethical viewpoint – should encourage companies to do better when it comes to labour relations, promoting the natural environment, and so on. This can be achieved through impact investing but also through the development of policies by a company which promote human dignity more effectively. Encouraging companies to enhance their effectiveness by promoting the common good through their business activities obviously involves engagement: the two approaches are not mutually exclusive.

EXCLUDE

Investors may exclude businesses from their portfolio whose activities are not compatible with the principles of Catholic social teaching. Of course, not every unethical action by a company should lead to it being excluded from investment portfolios. And the document does not try to give definitive answers to what should be excluded and what should not.

6 See *Fratelli Tutti*, pp. 215–217.

A useful distinction is made between two motivations for exclusion: ‘Exclusionary criteria must apply based on the particular line of business of an enterprise, such as involvement in abortion or pornography, or on the basis of business practices regardless of the line of business, such as child labour or slavery’ (n.42).

The document then provides 24 categories of concern that should lead to discernment and possible prohibition. These are divided into upholding the dignity of life (for example, abortion); avoiding destructive behaviours (for example, pornography); global and sustainability impacts (for example, rights violations of indigenous people); and environmental protection (for example, threats to climate change). These categories may relate to the line of business or a business practice. For example, a company might sell abortion drugs, or it might encourage pregnant employees to have abortions to avoid interruptions to their working lives.

These different categories of concern might, in some cases, lead directly to exclusion of a company from an investment portfolio. In other cases, it might lead to a process of engagement first. In still other cases, the harm might be a very small aspect of the operations of the company and the involvement of the company with that harm might be very remote. Prudence must be applied – this will be discussed further below.

Mensuram Bonam explains that, as part of the journey, it is important to innovate, learn from others and share lessons in an active process that leads to better understanding amongst Catholic investors and others who may share our values. But, if we do not start the journey, we will not achieve anything.

Discerning difficult cases – applying *Mensuram Bonam*

Mensuram Bonam asks Catholic asset owners to work together in the promotion of the aims of the document: ‘commitment to greater alignment between the management of assets and the broader mission of the Church should be further enhanced through cooperation between Catholic asset owners at a national and international level – including Vatican and Holy See entities’ (n.50). One of the fruits of this co-operation would be a better understanding of the many issues in relation to which the virtue of prudence should be applied when taking investment decisions. The question of whether to engage, exclude or do nothing is one such decision which requires discernment and the question of how to determine what action to take should be something that is discussed widely amongst Catholic asset owners. Here, we propose one possible approach which is often used in ethical decision-making by Catholics.

When discussing categories to be excluded, the document recognises that ‘the moral imperative sometimes presents clear situations in which exclusion without exception has to be applied, such as involvement in abortion. There are also grey areas that may require discernment before an informed, moral decision can be made. These include the abuse of “speculative products or investment techniques”’ (n.43). Other such grey areas might also involve a mining company which behaves in an exemplary way in general, but which has acquired a reputation for creating pollution in one country in which it operates; or investments in a company (such as a bank) which has a connection to another company which produces, amongst other products, material that is pornographic. Should we engage with or exclude the bank or is the moral harm too indirect?

The first question that we propose should be considered is whether our co-operation, as investors, with the immoral action of the companies in which we invest is formal or material. When co-operation is formal, we intend to share in the evil act. For example, if we vote shares in favour of a resolution which proposes that a company develops a mining scheme which pollutes because we have no concern for the people involved and wish to benefit from the additional financial returns, this is clearly inadmissible. On the other hand, if the mining company is part of our portfolio and we can do nothing to prevent the investment by the mining company, and we do not support it, then our co-operation is ‘material’ rather than ‘formal’. Here, we might continue to invest if investing is the lesser of two evils (for example, if the company does much good work elsewhere and there is a prospect of influencing the company to do better in the country of concern).

Another important question, especially relevant to fossil fuel investments, is whether our co-operation is dispensable. If by selling our shares in a fossil fuel company some other investor would buy them – so that our ownership makes no difference – our co-operation is dispensable and, once again, we may decide to own the shares and engage with the company – something which would become more difficult if we sold the shares. On the other hand, if we are a major investor in a market where capital is very scarce, and the company is raising new funds for further fossil fuel development, our assistance may be indispensable and is much more problematic.

A further issue is whether our co-operation with the evil acts of a company is proximate or remote. Direct investment in a company which sold drugs used for abortion would be proximate. This would be much more problematic than investment in a company which leased lorries to a transport company

which provided road haulage services to a drug company which produced abortion inducing drugs.

Of course, a further question is the extent to which an act is evil. Investment in companies that are producing drugs leading to the direct killing of foetuses through abortion is more problematic than investment in companies the actions of which may reduce the quality of life of residents situated near its factories.

The considerations discussed above are frequently used in Catholic circles to determine how to proceed in a range of areas where difficult ethical issues arise. It is never permissible to intend to do evil, in the hope that some other good will come from that evil. However, we can choose between the lesser of evils in particular circumstances. And we can also invest in such a way that we become associated with actions that are wrong without intending that wrongdoing. There are relatively few clear cases in the area of investment. But *Mensuram Bonam* has given us criteria and categories to guide us in prayerful discernment. The framework discussed in this section is one framework that can help us apply those criteria and categories to particular investment situations.

Fossil fuels – do we jump on the divestment bandwagon?

ANDREW MILLIGAN

Many individual Catholics and Catholic organisations, including dioceses or religious orders, face difficult decisions about their investments in relation to climate change in general and holdings of shares and other investments in fossil fuel companies in particular. This article examines the ethical and practical arguments for and against divestment (for example, by selling shares in any particular sector such as energy). It concludes as follows:

- Any person or organisation which has divested has much more to do on climate matters.
- Anyone who has not yet divested need not follow such a path if their analysis concludes that other routes, such as engagement, could achieve suitable goals.

Both divestment and engagement in relation to climate change are important issues, but they need to be set against a broader biodiversity emergency facing humanity.

Why should a fund change its investment policy in relation to fossil fuels?

According to Operation Noah, seventeen Roman Catholic dioceses in England and Wales had no fossil fuel holdings in their investment portfolios in 2025, whilst five dioceses still held them. Were the former group correct in doing so? Should the latter group follow suit?

Few people doubt that adverse impacts from climate change are becoming more apparent by the day. On some estimates, global temperatures are about 1.75 °C above pre-industrial levels, already above the United Nations COP 1.5 degrees threshold. A rapid shift towards renewable energy sources is taking place, although many experts are critical of the speed with which governments, businesses and households are taking necessary decisions. Pope Francis was not alone when he warned in *Laudate Deum*: ‘The world in which we live is collapsing and may be nearing the breaking point.’⁷

7 Pope Francis (2023), *Laudate Deum*, online at www.vatican.va/content/francesco/en/apost_exhortations/documents/20231004-laudate-deum.html

The role of a trustee

An individual can easily decide how to manage their own investments, say putting 100% of their assets in wind farm infrastructure if they so choose! However, trustees have wider fiduciary and regulatory duties. The investments which they manage usually need to meet long-term financial liabilities, such as the retirement needs of clergy or the expensive refurbishment of historically important buildings.

Should a Catholic organisation hold the shares or bonds of a fossil fuel company in its portfolio? A combination of moral, economic and financial arguments is often put forward for immediate divestment of such assets. For example:

- To some Christians, investing in fossil fuel producing companies, such as the big oil companies, is akin to investing in ‘sin sectors’, which might variously be regarded tobacco, gambling, firearms or pornography producers. The businesses may be legal but are seen as unethical.
- Economic arguments are based on the concept of ‘externalities’, in other words that private profits are often made at the expense of public costs: in this case pollution and global warming. As Andrew Hauser, a Bank of England official, warned: ‘There are increasingly persuasive reasons to believe that financial markets are materially under-pricing the cost of emissions, and hence climate risks.’ And as Pope Benedict XVI wrote: ‘It is likewise incumbent upon the competent authorities to make every effort to ensure that the economic and social costs of using up shared environmental resources are recognised with transparency and fully borne by those who incur them, not by other peoples or future generations’ (*Caritas in Veritate*, n. 50). Of course, if companies themselves do not fully bear such costs, investors have a moral obligation to take this into account.
- Financial arguments include the risk of stranded assets, as regulations or consumer choices change, resulting in falling share prices and portfolio losses. What is the correct price of an oil well, when some studies suggest that about 75% of fossil fuel reserves need to stay in the ground if a 2 °C climate change target by 2050 is to be achieved?

Would it be good news, therefore, if every faith-based investor sold all their shares in coal, gas and oil companies? Not necessarily. There is a dangerous and very important fallacy of composition. It must be remembered that for every seller, there is a buyer. Selling bonds or shares does not destroy them, ownership merely changes hands. As Sarah Breedon, executive director at the Bank of

England, noted: ‘While individual investors can divest, the financial system as a whole cannot.’

She went on to highlight that ‘seemingly rational individual actions’ could make the problem much larger. Put simply, if an ethical investor sells shares, does a less ethical investor buy them? An alternative investor might be a private equity firm or a foreign government (for example, a sovereign wealth fund), far less worried about climate change. At various times hedge funds eagerly snap up oil and gas shares: after all such companies were one of the best performing sectors during 2022 and 2023 following the invasion of Ukraine. Interestingly, a 2024 research report from David Whyte at Queen Mary University of London concluded that large index tracking funds were the net recipients of shares sold by divesting institutions.⁸

Campaigns understandably focus on the big name oil companies, such as Shell and BP. However, it is worth noting that the 13 largest energy companies globally are all owned by governments, for example Saudi Aramco or PetroChina. Indeed, such national oil companies are responsible for over half of worldwide oil supply. For all the attention on the stock-market quoted oil majors, such as ExxonMobil or Chevron, these account for less than 15% of such supply according to the International Energy Agency.

Divestment may well be a sensible way forward, but it is not a panacea – it will not solve the climate change problems facing the world. Hence other options must be on the table.

In some cases, it may be better for investors to engage with company executives to accelerate moves to lower carbon emissions. Most asset managers have established environmental, social and governance (ESG) departments with the aim of encouraging higher standards, not just on climate change but across an array of United Nations Sustainable Development Goals. There have been successes by activist shareholders at annual general meetings demonstrating that shareholders can spur companies to transition. When there is pressure from the likes of the US government to ‘drill, drill, drill’ then shareholders with different views could be an important counterweight. Of course, it may well be the case that the speed is considered too slow, hence the Church of England’s three national investing bodies finally decided in summer 2023 that divestment was necessary.

8 David Whyte (2024), ‘Beyond divestment’, Queen Mary Law Research Paper No. 414/2024, online at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4695134&utm_source=substack&utm_medium=email

Let's be logical!

It is a rather confused logic if a faith-based investor boycotts swathes of companies as a matter of principle, yet, at the same time, continues to rely on their products and services in everyday life. Suppose we sell our shares in an energy company and yet continue to heat our churches using oil or gas. Even under the fastest transition scenario to carbon neutral, the world will continue to use fossil fuels for several decades. Electric cars may soon replace petrol, but heat pumps will only slowly replace gas central heating, while the airline, construction, petrochemical and shipping industries, to give a few examples, are years away from using sustainable fuels. Coal usage must be halted quickly, especially across Asia, but experts agree that natural gas will need to be the transition fuel until renewables reach critical mass in the 2030s and 2040s.

A second issue is that fossil fuels are only part of the climate change threat. Food production generates more than a third of manmade greenhouse gas emissions (GHG), only a minority of which relates to fossil fuels. According to the FAO (Food and Agriculture Organization of the United Nations), ruminant livestock emissions account for 10% of total GHG emissions. Food production is the largest contributor to methane which makes up about 20% of total GHG emissions. Should a portfolio therefore exclude food producers?

To sum up the discussion so far, some Catholic investors will prefer to exclude certain stocks, others will want to see their investments have an impact for the greater good. One option, which is designed to combine these objectives, measures the carbon footprint of the whole portfolio and aims to reduce it over time. Alongside fossil fuel producers stand an array of sectors which materially contribute to global warming. For example, emissions from global shipping are equal to those of a country as large and important as Germany. Major industries – such as aluminium, cement, chemicals and steel production – are big emitters that need to accelerate carbon capture or embrace alternative energy sources. In some cases, the technology is decades away – sustainable aviation fuel would be a classic example.

The technical solution is for the fund to measure its Scope 1, 2 and 3 greenhouse gas (GHG) emissions. The definitions are complex but, in brief:

- Scope 1 – covers the emissions that an organisation makes directly, for example while operating its vehicles.
- Scope 2 – these emissions are made indirectly, such as the electricity bought for heating and cooling buildings.

- Scope 3 – this is more difficult to measure. It includes all the emissions for which the organisation is indirectly responsible, all the way through its value chain. An example would be emissions created by a supplier of stationary products or computers which are bought by another company.

A related issue is whether the carbon footprint of an organisation, or indeed a country, is measured domestically or globally. To give an example: suppose that a portfolio owns shares in a steel or cement factory which operates in the UK and is then closed down. There may appear to be an improvement in the organisation or country's carbon footprint. However, if the steel or cement is still supplied from less energy efficient overseas plants, then the global carbon footprint has not improved. Indeed, it has potentially worsened if overseas regulations are not as strong or as strongly adhered to as those in the UK. Put another way, a fund might decide to divest, and sell a company producing equipment for North Sea oil drilling, which on its own has a small carbon footprint, but invest the proceeds in a shipping company which uses heavy fuel oil to power it. The net result is a worse, not a better, GHG outturn.

In this regard, one option is to use the FTSE Russell Climate Benchmarks for a portfolio, or to choose a similar one from other index providers. Such a benchmark would include companies doing the most to mitigate climate risk, enable monitoring of the pace and scale of portfolio decarbonisation, and tilt holdings towards companies likely to gain from the transition to net zero.

ESG measurement is a complicated issue and the current Scope 1-2-3 metrics are still work in progress. Nevertheless, for those investors who wish to look at the bigger picture and begin to have a real-world impact, then there is value in considering a climate aware benchmark and setting targets for total emissions as the basis for the whole portfolio. To repeat a point made earlier, selling the shares of oil and gas companies (that is, divesting in secondary markets) has a minimal impact on greenhouse gas emissions because someone else will buy the shares which have been sold. An 'impact' investor should be judged by the real-world outcomes of their decisions.

Learning from other churches, and biodiversity matters more

An undue focus on divesting from selected fossil fuel producers risks overlooking necessary actions elsewhere. To quote again from Andrew Hauser at the Bank of England, 'divestment is a powerful tool and should remain squarely in the toolkit. But it should be used as a credible threat to reinforce incentives, not an indiscriminate quick fix'. What other tools would be useful? Examples would include adopting responsible investment policies aimed at reforestation and

restoring biodiversity; encouraging governments to reduce fossil fuel demand through higher domestic energy taxes, a carbon border tax, and lower energy subsidies; or campaigning for better energy conservation – after all in 2020 the residential sector accounted for 20% of the UK’s carbon dioxide emissions.

The Holy See has written some very good philosophical papers on all these matters, but when it comes to practical matters many Catholic organisations and dioceses would find it worthwhile to examine the detailed papers written by investors involved with the Church of England, such as the three National Investing Bodies (NIBs), including the valuable research of its Ethical Investment Advisory Group.⁹ For example, a recent Climate Action Plan included six different aspects: establishing targets, commitments and governance to oversee the strategy; public policy engagement; building the tools, knowledge and data required to direct capital towards the transition to net-zero; using the full range of stewardship levers available as shareholders to engage with companies on climate change matters; ensuring appointed asset managers are investing in line with the required investment beliefs and strategies; and finally, aligning investment portfolios with net zero which will require assessing, reporting on and aligning the entire carbon footprint of our investments by asset class with a transition to net-zero emissions, including stress-testing.

In addition, we should consider other vital environmental questions such as biodiversity. Several excellent reports have been written in recent years. These include Professor Sir Partha Dasgupta on the economics of biodiversity and the work of Professor Dieter Helm on natural capital and the environment, or at government level the UK State of Nature report and the Intergovernmental Science Policy Platform on Biodiversity and Ecosystems, to name just a few. In simple terms, the climate change emergency might be solved but the biodiversity crisis could still engulf humanity. A truly sustainable economy requires a much greater transition than simply divesting a portfolio from certain stocks. The Global Footprint Network calculates that humanity is using up its natural resources 1.8 times faster than our planet’s biocapacity can regenerate.¹⁰ As a consequence, in 2025 Earth Overshoot Day was 24 July. Divestment from and engagement with fossil fuel companies are just a small part of a

9 More detail about the Ethical Investment Advisory Group and the National Investing Bodies can be found at: www.churchofengland.org/about/leadership-and-governance/ethical-investment-advisory-group including more detail on practical and pragmatic steps to take in relation to climate change. In brief, the EIAG provides an ethical and theological advice/framework on a wide range of issues, and the NIBs respond with detailed practical guidance and actions.

10 See www.footprintnetwork.org

much broader, more important, debate about how portfolios address biodiversity and other UN Sustainable Development Goals.

Conclusion

We read *Laudato si'*,¹¹ or the latest UN IPCC report, or the daily news about heat domes and wildfires, and know that humanity has entered a major period of adjustment. Can we respond quickly enough? Symbolic actions are useful, but we must take many difficult practical decisions. To accelerate the switch to energy sources and modes of consumption that pose the smallest risks to the planet, selective divestment from some companies should indeed be part of the armoury. This could stand alongside engaging with many more companies and governments on a range of ethical and biodiversity issues, such as modern slavery or fast fashion, as well as dramatically changing how Catholic individuals and institutions buy and sell, save and invest, trade and travel. Mitigating climate change demands harder work than selling a few shares. Climate change is only one aspect of a wider problem facing the Church and humanity which involves considering how to mitigate the broader and deeper environmental threats facing our standard of living and our ability to help the disadvantaged in a broken world.

11 Pope Francis (2015), *Laudato si'*, online at www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html

Ethical investment for churches

RUSSELL SPARKES

Anyone, religious or lay, who is responsible for Catholic charities and other Church funds will be aware of growing pressure to adopt ‘ethical’ investment policies, particularly in the area of disinvesting from fossil fuels investments. Yet how is a hard-pressed parish priest or religious order to make sense of all this jargon? Is ‘ESG (environmental, social and governance) investing’ the same as ‘ethical investment’? What about ‘socially responsible investment’ (SRI), ‘responsible investment’ or ‘impact investment’?

A personal journey

In the early 1990s, frustrated with researching the field of ethical investment field and not finding any useful books on the subject, I decided to write one. *The Ethical Investor*, which appeared in 1995, was the first UK book on the subject produced by a mainstream publisher. Whilst researching the book in 1993–94 I came across the Central Finance Board of the Methodist Church (CFB), and once the book had been completed, in 1994, I started work there and continued to do so for over 20 years. Two of the things I am proudest about are helping the CFB establish Epworth Investment Management in 1996 to be able to offer its ethical investment services to non-Methodist, normally Christian, clients, and the work in creating a more effective and inclusive Church Investors Group in 2005. I published a second book about the subject, *Socially Responsible Investment – A Global Revolution*, in 2002. This was the first detailed examination of SRI/ESG written specifically for trustees and institutional investors, and it was also the first attempt to explore the subject on a global basis.

The long path from ethical investment to ESG investment

The various terms, noted above, can probably best be disentangled through a brief historical analysis, though it should be noted that, in the popular press, these phrases are often used interchangeably. My own definition of ethical investment in *The Ethical Investor* was as follows: ‘Ethical investment is straightforward, and simply means an investment philosophy that combines ethical or environmental goals with financial ones.’

Seventeen years ago, my research found that the earliest ‘ethical investors’ were the Protestant Christian churches, not just in the UK, but also globally. This was true in the US, in Canada, in Continental Europe and in Australia. These church investors also invented many of the techniques that have subsequently become standard practice, such as the use of exclusion criteria, dialogue or engagement with companies, and shareholder activism. In other words, such investors wanted to get a good return on their investments combined with ethical constraints or activity. They did this by:

- avoiding investing in areas judged incompatible with Christian values, such as shares of companies operating in areas such as defence, alcohol, tobacco and gambling
- engaging with company managements to express concern about certain activities or issues (for example, on whether they are Living Wage employers)
- joining with campaigning bodies to make senior company managements aware of ethical issues, such as the risks of benefiting from modern slavery in supply chains.

It would be natural to wonder why Protestant churches were the leaders in this field but not the Catholic Church. Firstly, as the sociologist Max Weber pointed out in 1905,¹² modern capitalism grew up in Protestant countries so, in a sense, it was only natural that the practice of stock market investing started there. Secondly, Protestant churches have married clergy, and they normally established pension funds to support them and their families in their old age, unlike the Catholic Church.

Ethical funds for the public

As public awareness of ethical investment grew, members of such churches wanted to be able to invest in a similar way personally. Indeed, in 1971, two US Methodist ministers set up the Pax World Fund, a mutual fund (unit trust) designed to enable investors to avoid investing in companies believed to be profiting from the Vietnam War; it also excluded traditional Methodist ‘sin stocks’ such as tobacco or gambling.

In the UK, Friends Provident, an insurance company established on Quaker principles, decided to launch an ethical unit trust in May 1984 called the ‘Friends Provident Stewardship Fund’. This was the first ethical unit trust designed for the UK general public. As it grew very rapidly, its financial success

¹² Weber, M. (1905), *The Protestant Ethic and the Spirit of Capitalism*. Published in installments in the journal *Archiv für Sozialwissenschaft und Sozialpolitik*. First published in English in 1930.

led to a variety of other asset managers launching ‘ethical’ unit trusts. It is worth noting that these retail funds copied the exclusion approach of non-conformist churches such as the Methodists and Quakers, i.e. UK ethical unit trusts were based upon the essentially negative philosophy of avoiding ‘sin stocks’ such as alcohol, defence and tobacco.

In the late 1980s, issues such as animal rights and the environment became a concern amongst wide sections of the public. Indeed, there was such a high level of public interest that numerous new unit trusts were rolled out with environmental criteria added to the ethical concerns inherited from the churches. These funds probably also had a more positive strategy, i.e. they were looking for green investment themes that would also be financially attractive. Because of this wider range, the general term switched from ‘ethical’ to ‘socially responsible investment’ (or SRI) around this time.

Engagement and ‘responsible investment’

The rapid growth of retail SRI during the 1990s led to growing public interest. In July 1999 the new Labour Government announced new pensions regulations which obliged all UK private sector pension funds to consider SRI and voting rights as part of their overall investment policy.

This legal development led to another change in generally used terminology. The word ‘socially’ tended to be dropped so that SRI became ‘responsible investment’ (RI) in the UK. The vast majority of pension funds incorporated RI policies in their statements of investment policy. This name also reflected a substantial change in the methodology used, with the priority shifting from the exclusion criteria used by unit trusts to discussing corporate social responsibility issues with companies themselves – in other words, get involved in a process of ‘engagement’.

Of course, this growth in activity leads to the question of how engagement is carried out. I know from personal experience that church investors have been in dialogue with individual companies for many years. This is normally based upon company-specific issues and follows detailed research on the company. However, investors also often rely on more general campaigns, with detailed, but standardised, questionnaires sent out to companies for their completion, with the focus being on the corporate social responsibility (CSR) process. Indeed, 20 years ago my own research showed corporate executives to be concerned about this trend.

ESG – the new kid on the block

Around 2010, the dominant term for what originated as ethical investment became, for many people, ‘environmental, social and governance investing’. ESG investing rapidly became mainstream with retail ESG funds rising from £45 million in 1984 to £4 billion in 2010 to £39 billion in 2020.

It’s important to stress that this trend of ESG investing has marked a major shift in the objectives of such funds, as it is assertively positive in nature with negative exclusions being downplayed. It is claimed that expertise in identifying ESG factors will enable investment managers to produce above average returns for investors. It can be seen why this looks like a compelling proposition. The implication is that ESG funds make good financial returns and benefit society. We might call its basic marketing appeal ‘making money by saving the planet’.

Unfortunately, if we look deeper, it is hard not to be sceptical about this approach. Firstly, the concept of ESG factors being unknown territory to investors is doubtful, as all investors seek out well-managed (i.e. well-governed) companies. If other investors also seek out such companies, the prospect of higher returns to ESG funds are reduced, if not eliminated. There is also a lack of general agreement about what these magical ESG factors actually are, with a wide variance between what various funds count as ESG holdings. This makes it extremely difficult to see how the fuzzy ESG concept can lead to investment outperformance. Indeed, the European Commission has recently carried out a major inquiry into potential ‘greenwashing’ and will require ESG rating agencies to certify with the EU’s financial regulator.

It would be natural to assume that green investment is a major growth area that will bring great financial returns. However, ever since the 1960s financial economists have known that identifying specific factors, e.g. ‘green companies’ as a means of beating the stock market does not work.¹³ ESG investment can also help change the behaviour of companies. However, it is unlikely to generate higher long-term rates of return.

Of course, there are a lot of good people working in this field who are trying hard to get companies to behave in a more responsible way in relation to, say, climate change or human rights. However, there is a difference between the currently fashionable ESG and the older ethical investment approach carried out by the churches. There is, with ESG investment, a greater focus on policy and process rather than what companies actually do. Similar concerns were recently expressed by Tesla boss Elon Musk who complained that his

13 Malkiel, Burton G. (1973). *A Random Walk Down Wall Street*. W. W. Norton & Company.

electric car company only scored 37/100 in an ESG assessment whereas the oil company Chevron scored 43 and Altria, the parent company of Philip Morris International, the world's largest cigarette company, scored 84. Musk argued that companies like Altria got high scores on standard ESG questionnaires by emphasising their records on diversity and LGBT issues, whereas Tesla does not do so.

The UK church investors today

Unsurprisingly, the largest church investor in the UK is the Church of England which, in fact, has three investment operations. The CBF Church of England Funds managed by CCLA (£3 billion), the Church of England Pensions Board (£3 billion) and the Church Commissioners which manages Church of England central funds (£10 billion). The only other relatively large church investor is the Central Finance Board of the Methodist Church (CFB), which manages £0.9 billion; its subsidiary, Epworth, also manages money for outside charities.

These statistics reflect the fact that the major Protestant churches tend to be fairly centralised, which enabled them to create their own investment operations such as the Anglican Church Commissioners in 1948, or the Methodist Central Finance Board in 1960. In contrast Catholic funds tend to be highly fragmented, with each diocese, religious order and charity doing its own thing. Consequently, it is hard to know how large the investments of the UK Catholic Church are, as there is no central investment body. Looking at the Catholic Church in England and Wales, a very approximate estimate might be that the combined value of diocesan, charity and religious order investment funds might be worth £10 billion. To ordinary people these sums may seem huge, but it is worth noting that, by City of London standards, they are tiny. By way of contrast, Legal & General, just one investment firm, has investment assets of £1,200 billion.

Both CCLA and Epworth manage money for Catholic organisations – in CCLA's case this amounts to around £850 million. I asked CCLA whether they believe there is a fundamental difference between the modern fashion for ESG, and the older ethical investment work of the churches. Their reply was:

Whilst environmental, social and governance factors can make an important contribution to a faith-consistent investment policy it is unlikely to be enough. To go further and properly integrate Catholic social teaching into investment practice, Catholic investors are likely to want to avoid investment in companies whose activities most clearly contradict Catholic principles and the push towards the

Common Good. Second, and most importantly, they seek to ensure that Catholic investors are using their voice as investors to build a better world. On topics from climate change to modern slavery, working with companies through engagement can deliver, and has delivered, real-world change.

Church investors as activists

It's worth noting that church investors were also actively involved as far back as the 1960s in campaigns to pressurise the South African apartheid regime which oppressed the majority black population. This led to shareholder boycotts and ethical fund managers pressurising companies, such as Barclays Bank and Shell, to pull out of South Africa. In 1994 the apartheid regime finally held fully democratic elections. At the time, I wrote:

People sometimes ask what is the point of ethical investment? If you sell your tobacco shares someone else will buy them. You may decide to withdraw your money from a bank with a dubious ethical record, but most people will not. The record of the twenty-year battle of financial sanctions against South Africa shows that there is a point, that sustained campaigns from ethical investors and bank boycotts can exert sufficient pressure to bring even a strong government to its knees despite possessing a large security apparatus and being blessed with abundant natural resources.

Indeed, there seem strong similarities between the old anti-apartheid campaign and the current movement, which started in the churches but has spread to universities, for disinvestment from fossil fuel companies. This is particularly relevant to the UK stock market as it is the home to two huge oil companies, BP and Royal-Dutch Shell. The Society of Friends (Quakers), the United Reformed Church and the Methodist Church had all announced disinvestment from oil companies by 2020. The Church of England initially carried out dialogue with big oil companies on reducing their carbon footprint, but in June 2023 it announced that it was selling its investments in Shell, BP and other big oil and gas companies after concluding none were aligned with efforts to halt global warming.

Catholic institutions in Britain have also actively divested from fossil fuel companies, undoubtedly inspired by Pope Francis' 2015 encyclical on the environment *Laudato si'*. Indeed, various Vatican bodies and documents have called for disinvestment from companies that extract fossil fuels. At the beginning of 2020 the Catholic dioceses of Middlesbrough and Lancaster

announced their commitment to divest from fossil fuels. They were joined by two Catholic religious orders – the English Provinces of the Congregation of Jesus and the Presentation Sisters – alongside 16 other local churches and Christian institutions in the UK. The Jesuits in Britain announced that their £400 million investment fund would be pulling out of companies whose major income was from the extraction of fossil fuels. In April 2023, the Diocese of Northampton announced it was divesting from fossil fuels, meaning that half of the 22 Catholic dioceses in England and Wales had, by then, divested.

It would be easy to be sceptical about the significance of the fossil fuel divestment campaign. Back in the 1960s, when the Apollo missions first sent back photographs of the Earth as a beautiful blue globe in the cold darkness of space, the pioneering Catholic environmentalist Barbara Ward coined the phrase ‘Spaceship Earth’. But now Spaceship Earth is burning up in a climate catastrophe. As the United Nations Secretary-General António Guterres warned us in October 2022: ‘The window to take urgent climate action is closing rapidly. Unless countries dramatically scale up their efforts to counter the climate crisis, the world faces a global catastrophe.’ Clearly Catholic and other Christian investors are taking this concern seriously as they frame investment policies that go beyond the modern trend for ESG.

Reflections on Catholic social teaching and investment

RICHARD TURNBULL

Introduction

Catholic social teaching is a significant aspect of Roman Catholic teaching which represents an articulate and profound exposition of our common Christian tradition. This invites a good deal of appreciation from those of us outside the Catholic community. For an Anglican, from within the evangelical tradition, who is interested in how economics, business, investment and, indeed, public policy, interact, Catholic social teaching is an invaluable resource.

Pope Leo XIII's encyclical *Rerum Novarum*,¹⁴ published in 1891 was a quite remarkable document, reflecting on the relative responsibilities of capital and labour in a context of conflict and strife. Less well-known is that in the same year the Dutch neo-Calvinist,¹⁵ Abraham Kuyper¹⁶ (1837–1920), gave an address to the Christian Social Congress in Amsterdam entitled ‘The Social Question and the Christian Religion’. In his address Kuyper praised Pope Leo and lamented that the Protestant tradition failed to properly address these important questions.

My own engagement with Catholic social teaching has taught me several valuable lessons. I have learnt that my Roman Catholic friends are theologically and scripturally thoughtful. My own tradition does have something to offer to the debate but often lacks coherence. Catholic social teaching seems better equipped to provide a framework that recognises that God not only cares about redemption but also about the created order. I have seen also how Catholic social teaching makes a positive contribution to theology in the public square, not only to public policy, but also to business, economics and investment.

14 Pope Leo XIII (1891), *Rerum Novarum*, online at www.vatican.va/content/leo-xiii/en/encyclicals/documents/hf_l-xiii_enc_15051891_rerum-novarum.html

15 A neo-Calvinist is a later follower of the teachings of John Calvin (1509–1564) and his successors who has been formed in a tradition of Calvinist teaching over several centuries.

16 Kuyper inaugurated the Free University of Amsterdam, established a newspaper and founded a political party, serving as Prime Minister of the Netherlands from 1901–1905.

We tend to consider different aspects of life in separate silos or compartments. Not only investors, but also investment professionals will benefit from an understanding of theology. Catholic social teaching helps us ask how our investment decisions and, indeed, our principles of investment, are formed and shaped by our Christian principles and ethics.

Theology and scripture: the appeal of Catholic social teaching

The appeal of Catholic social teaching is that it takes seriously the teaching of the scriptures and integrates those foundations into a theological whole addressing all Christians in how we engage with the society in which we live. We should make no apology for beginning with scripture.

Pope John Paul II published his encyclical, *Laborem Exercens*,¹⁷ on 14 September 1981 to coincide with the ninetieth anniversary of *Rerum Novarum*. John Paul II sets out the place of the scriptures in Christian teaching. He states, in paragraph 3: ‘the Church’s social teaching finds its source in Sacred Scripture, beginning with the book of Genesis and especially in the Gospel and the writings of the Apostles.’

John Paul II adds, in paragraph 4, that ‘the source of the Church’s conviction is above all the revealed word of God.’ By taking scripture as the starting point, Catholic social teaching illustrates a common Christian adherence to the priority of the Bible.

Catholic social teaching, however, develops the scriptural witness into a coherent biblical theology. This is clearest in the idea of the creation mandate, a theological theme common to Protestantism and Catholicism, but very clearly articulated in the encyclicals and other sources of Catholic social teaching. Creation mandates establish certain basic propositions and principles around the nature of the human person, creativity, dignity and work. They set these fundamental elements of human life within the natural order, in other words, as inalienable aspects of God’s creation. All these aspects are important for us as investors. Pope John Paul II described the creation narrative placed at the beginning of the Bible as never ceasing to be relevant.

One creation mandate which is deeply significant in Catholic social teaching is the dignity of the human person. This principle is set out for us in Genesis 1:27 where we learn that the human person is created in the image of God. Since humanity bears God’s image, the human person is endowed with an

17 Pope John Paul II (1981), *Laborem Exercens*, online at www.vatican.va/content/john-paul-ii/en/encyclicals/documents/hf_jp-ii_enc_14091981_laborem-exercens.html

essential dignity. This is applicable to all people because the principle is part of the creation order. Sin, of course, has marred and disrupted the original intent and purpose (hence the need for ethics) but God's purposes in creation have not been cancelled or withdrawn.

This principle of human dignity has enormous implications for work, wealth, investment, enterprise and entrepreneurship.

Catholic social teaching and investment

We might wonder whether Christian theology in general, or Catholic social teaching in particular, has anything to say to either investors or investment professionals.

What is perhaps surprising to investors is that there is a creation mandate to work and create wealth. This is a principle for all time designed to ensure the flourishing of everyone. What Catholic social teaching then helps us understand is that this command is not unlimited but constrained by the divine principle of human dignity set out above and, indeed, by scripture's ethical injunctions concerning justice and the ethics of business practice.

In Genesis 2 humanity is commanded to work and create wealth as part of the original creation. In Genesis 2:15 we learn that God placed Adam into the garden 'to work it and keep it.' Here, right at the beginning of the Bible, we have a powerful link between wealth and responsibility together with growth and stewardship. Working the garden is part of God's very purpose for humanity. Work transforms nature and provides human fulfilment. Work is a virtue and carries intrinsic value in the eyes of God. There is a purpose to work, and not merely an instrumental one. To express its divine intent, we cannot reduce work to simply putting food on the table. Work and the associated creation of wealth and value, of goods and services, reflects God's own very character. This is important in any discussion of entrepreneurship, ingenuity and creativity and the development of skills and human development. Catholic social teaching reflects these emphases. For example, Pope John Paul II pointed out, in *Laborem Exercens*, that economic growth derives from humanity's application of skill and ingenuity in the production process reflecting the richness of God's creation. Similarly, Pope Paul VI, in his 1967 encyclical, *Populorum Progressio*,¹⁸ referred to humanity, through intelligent thought and hard work, uncovering the hidden laws of nature and leading new initiatives and discoveries; what we might call entrepreneurship.

18 Pope Paul VI (1967), *Populorum Progressio*, online at www.vatican.va/content/paul-vi/en/encyclicals/documents/hf_p-vi_enc_26031967_populorum.html

All of this should encourage us with principles of investment that benefit the common good, provide the maximum opportunity for initiative and contribute, through investment return and entrepreneurship, to mutual flourishing.

However, Catholic social teaching tells us we cannot stop there. Everything we have discussed reminds us of the importance of work, but also the design of work. Human dignity requires us to pay attention to the nature of work, the problems when there is a lack of work, the opportunity for flourishing within work and participation in the economy and in society. This means appreciation of variety rather than merely repetitive work and wages which enable a dignified participation in society. This is also, unsurprisingly, reflected in the injunctions of scripture which include paying fair wages (Leviticus 19:13, Luke 10:7, 1 Tim 5:17–18), and resisting oppressive taxation (Amos 5:11), bribery (Amos 5:12) and other dishonest business practices (Amos 8:5–6).

Catholic social teaching, especially that inspired directly by scripture, reminds us that the investor has a responsibility to invest capital for the creation of wealth but to do so in accordance with the principles of human dignity and biblical ethics, for the benefit of all in society, for the common good, for a better world.

Conclusions

The creation mandates mean that work is a fundamental element of human existence and part of the natural order. They give dignity to both the creation of wealth and to the worker. Looking ahead we face the challenges of Artificial Intelligence and Catholic social teaching may help provide the mechanisms for engaging with those challenges in a responsible and creative way. Perhaps we can summarise from the *Vocation of the Business Leader*, itself a valuable source of Catholic social teaching, first published by the Pontifical Council on Justice and Peace in 2012, and now in its fifth edition, under the auspices of the Dicastery for Promoting Integral Human Development:

The vocation of the businessperson is a genuine human and Christian calling ... Business leaders are called to conceive of and develop goods and services for customers and communities through a form of market economy. For such economies to promote the common good, they need to uphold respect for truth, fidelity to commitments, human dignity, freedom, creativity, and the universal

destination of goods – meaning that God’s creation is a gift to everyone.¹⁹

Catholic social teaching taught me to read the papal encyclicals. I am mostly thankful. There is much richness and depth in the scriptural and theological teaching set out in these documents. We can learn from them as Christians, inhabitants of this world, investors or investment professionals, as we work together for the common good.

19 John A. Ryan Institute for Catholic Social Thought of the Centre for Catholic Studies (2018), *Vocation of the Business Leader: A Reflection*. Vatican City State: Dicastery for Promoting Integral Human Development.

How do purpose-led businesses navigate this changing world?²⁰

CHARLES WOOKEY

We are at a moment of acute unease for business in Europe. Economic and geopolitical turbulence, environmental concerns, the challenges and opportunities of AI, intensifying social and cultural polarisation, spiralling regulation and compliance costs, the rise of populist politics across the western world, the radical changes proposed by the new Trump administration – all these are throwing business strategies into doubt, if not outright disarray.

So far, many large businesses have chosen to carry on much as before but to talk less about such matters as net zero, diversity and inclusion strategies and purpose-led approaches. A newly emboldened chorus is already urging businesses to ditch the changes adopted over the last decade. Boards and executives, some investors declare, have become distracted by having too many different objectives, and call for return to the beguiling simplicity of the Friedmanite view that the business leader's only job is to maximise profits for shareholders – and thereby unleash the animal spirits of capitalism.

So how should purpose-led businesses respond? There is some justification in the criticism that some businesses have been distracted, but in an economic system rife with social injustice and dubious environmental practices, engaging thoughtfully and effectively on their social and environmental impact is essential. There is no neutral hiding place. Businesses are either agents of positive change or apologists for the status quo, and I believe that the principles of the common good and human dignity are more important than ever as beacons to help business navigate the challenges ahead.

What is a 'purpose-led' business?

In September 2010, soon after the financial crisis, a group of London bank chairmen wrote a striking letter in the *Financial Times* in which they said:

If the only question is, 'Is it legal and profitable?', then all that matters is that what is done complies with the regulations in force

20 This paper was first presented to a meeting of the Social Issues Section of the Consilium Conferentiarum Episcoporum Europae, 6–8 March 2025.

and makes a profit for the seller and the institution they represent. At its most extreme this philosophy undermines any concern for the best interests of the customer, and subordinates these entirely to the pure self-interest of the seller in maximising profit as an end in itself. It legitimates exploitation and in the end subverts the very basis of trust in the market on which all profitable activity depends.²¹

The charity A Blueprint for Better Business was founded in 2012 when these and other UK business leaders approached Archbishop Vincent Nichols. They were deeply concerned by the breakdown of trust between business and society and thought that an initiative coming from society would help re-set the relationship. They thought the twin principles of the common good and the dignity of the person as set out in Catholic social teaching offered clear and useful reference points. But, to be effective in the boardroom, the charity could not be about the promotion of religion: it needed to be ‘faith enabled but not faith led’.

The crucial change in thinking advocated by Blueprint was in the understanding of the role of business in society. There are two aspects to this.

Firstly, rather than simply being a vehicle to deliver profits to shareholders, a business should have a reason for being – a purpose beyond profit – which gives direction and is realised through the production and sale of ‘goods that are truly good and services that truly serve’. By doing this well, competing successfully in the market to deliver products and services that genuinely serve the needs of people and are sold at fair prices, a business serves the common good of society.

Secondly, Blueprint and others emphasised that a business is a form of social organisation. This was a strong message of the social teaching of Pope John Paul II. A business is primarily a group of people who come together to achieve something useful for society that they cannot do alone, and where the relational dimension of our humanity becomes a crucial and valued dimension – not just in relation to employees, but all those with whom the business interacts. This mindset puts people before things, relationships before contracts, and requires respecting the human dignity of all those with whom the business deals, and of course the planet on which we all depend. This human dimension – the quality of relationships and the development of people – is a second and in fact more important way a business also contributes to and helps build up the common good of society.

21 Agius, M. (2010), ‘Financial leaders pledge excellence and integrity’, online at www.ft.com/content/eb26484e-cb2d-11d1-95c0-00144feab49a

A clear purpose unifies the business and gives direction, de-centering the business to focus on the ecosystem in which it operates and understanding the needs and pain points not only of customers but other stakeholders too. The first question is no longer ‘how do we make money here?’ but ‘how can we help here?’. Profit then arises from the quality of innovation and the quality of relationships that flow when people believe the business is genuinely serving society rather than exploiting people. The impetus to create value for society comes before capturing some of that value for the business.

Back in 2016–17, I was working with Mark Cutifani, then CEO of Anglo American, a large mining company, who was grappling with the question of what needs to be true for the community and country to say, in 60 years’ time when a mine closes, ‘We are glad they came’. The mindset was about optimising long-term mutual value, not maximising short-term extractive value.

In the 10 years after 2012, in the UK and elsewhere, this view of business – and the emergence of kindred initiatives such as the ‘B’ Corp (or benefit corporation) movement – gradually gathered momentum.

One reason was to regain trust after the financial crisis. Another was the competition for those talented people who, increasingly, wanted to work for companies that were demonstrably doing something positive – to attract and retain them, companies had to have a better story to tell than simply more growth and profit. Thirdly, regulators in the UK and elsewhere began to require companies to set out their purpose, and some large investors – BlackRock’s Larry Fink in 2017 for instance – were encouraging businesses to think and act this way. And finally, there was growing awareness of the overarching problem of system change, with more businesses being challenged about their responsibility to society.

One COP21²² document described this as ‘moving from an economic system optimised for growth and profit to an economic system optimised for human wellbeing and a sustainable ecosystem’. Taking a purpose-led approach motivated a business to think hard about how to address the social and environmental factors it could influence and innovate to integrate them into business strategy. In this way, businesses could become enablers rather than blockers of the system shift the world needs.

22 COP21 refers to the 2015 United Nations Climate Change Conference.

Purpose-led business today

It is important not to overstate the changes since the financial crisis. Some companies have taken great strides, but many more have changed their language more radically than their strategies.

The rush to be seen to be good corporate citizens by embracing so-called ‘ESG’ (environmental, social and governance) objectives and the way some companies have set about this have spawned much confusion.

As noted above, there is a legitimate criticism that some companies have become distracted by having too many different goals, giving too much time to secondary matters tangential to long-term business success. And now the push-back is getting stronger, fueled by social and cultural polarisation, attacks on DEI policies and net zero initiatives, and an economic context where the need for profit and growth is focusing minds on getting back to basics. And we have a cost of living crisis with widespread low wages. Many people do not feel that they have benefited from more enlightened business policies on net zero and diversity.

In response many businesses are powering down the language and more explicitly focusing all activities on driving shareholder return, reducing social and environmental commitments accordingly to where there is an obvious financial benefit. Beyond this, any wider social action is seen as undesirable as it not only distracts from making money but also involves a business deciding what is good for society at large. They argue that is the responsibility of government alone: the legitimacy of business comes only from investors and the pursuit of profits.

But a business is also a social organisation. And while it is accountable to shareholders, it is also more broadly responsible to society for its impact on people and planet. Implicitly or explicitly, every business has a view about what is good for society, at least as regards respecting human dignity and acting fairly, and its impact on the environment. Admittedly, some global businesses, particularly in the USA, use their weight in blatantly political ways that may not appear to serve either human dignity or the common good, but that should not stop purpose-led businesses, provided they are genuinely seeking to create a better business through their actions and not overstepping their role. Blueprint’s framework sets out what a commitment to the common good requires and invites businesses to:

make a fair contribution to society and avoid actions that cause inequality. Opportunities should be sought to serve the broadest

community ... not to emphasise the divide but to bring people together through new job opportunities, innovative goods and services and new markets.

And on the environment, it invites businesses to:

accept responsibility for those impacts. Then take steps to develop people, nurture values, preserve and restore existing resources and create new ones where possible so that others may enjoy their benefits ...

Of course a business is not an NGO. It must focus on relationships and impacts that are most material to long-term business success. Any initiative or policy a business adopts should be clearly justifiable in terms of helping create a better and more successful business, and not all have been. But there are still many choices that can be made. The language of the common good and human dignity gives a different framing to the discussion and grants psychological permission to have a divergent conversation and consider non-financial impacts which otherwise may be downplayed or ignored in searching for how the business could be better in delivering for both society and shareholders.

As most of us know, the best sustainability strategies become fully integrated into the core business, so that they become a new normal. Purpose-led business will naturally ask, alongside questions about the financial return on investment in products and services, whether integrated sustainability strategies will help create a better business that is also better for society and better for people? A business must be successful as a business to even ask this question, so sustainable profits are essential. But they are an enabler of wider impact, not the ultimate goal.

Holding on to this way of thinking about what a business is and what it is for, is not easy just now, particularly for publicly listed companies. BP and Unilever are just two companies that have recently made significant shifts of approach in response to board pressure to increase short-term profits and downgrade environmental commitments.

As Pope Benedict XVI in *Caritas in Veritate* reminds us, the market is always socially and culturally conditioned, and those conditions are now changing fast.

What have we learnt so far from purpose-led businesses over the past few years that is relevant to the challenges ahead?

The first lesson is that while becoming and staying a ‘purpose-led’ business is never about hero leaders, it does need the commitment and personal conviction of the senior management team and the board, the support of investors and the cultivation of a strong culture that both enables innovation and has ‘anti-bodies’ to challenge retrenchment.

The board members become the trustees of the purpose rather than the agents of the shareholders, and it has to *believe* that this way of thinking will create a better business that is also better for society, better for people – and, indeed, better for their shareholders over the long term. And over time, because of the lived connection between the purpose, strategy and culture, the purpose-led approach becomes part of the business’ identity.

One lesson from our work is the importance of focus and clarity in demonstrating and linking positive social and environmental impact with business success. Not enough people have felt that purpose-led businesses have made their lives better. And not enough boards and investors have felt that committing to being purpose-led has made the businesses better.

What I have also seen in our work with large companies is that it is easier with privately held businesses – either family businesses, or foundation owned, or employee owned. For public companies, despite periods of excellent purpose-led activity over time, their major focus seems inexorably to return to demonstrating quarterly financial performance. The paradox is that the very things needed for long-term profitability – clarity of purpose shaping long-term strategy, continued investment in research and development, and a resilient culture – are harder to maintain in public companies. Stories abound about once great companies, such as Boeing, which eventually ran into huge difficulties after a management change, focused the business away from engineering excellence to short-term financial performance.

A further aspect of this relates to small businesses. One of the most exciting developments of the last decade is the number of small successful businesses explicitly founded as purpose-led. The growth of the B Corp movement is strong evidence of this. Their members are mostly small and medium sized businesses where this approach is foundational. But problems often arise when good businesses seek to scale and attract venture capital funding. There are some excellent impact funds willing to help such businesses grow as purpose-led

businesses, but sadly too often for mainstream investors the price of investment is to require an exclusive focus on financial return.

Another lesson we learnt was the importance of cultivating a strong culture that both enables innovation and has anti-bodies to challenge retrenchment. Blueprint's approach has been to invite people in business to consider their assumptions about what motivates people and what it means to be human. There is an amazing potential within a business which operates from the assumption that people have a desire for meaning, to belong and to feel that they and others are valued as people, and that through their work they can achieve more autonomy and mastery – to realise their potential in some way. Creating the conditions where people can connect their personal desire for meaning and purpose with the organisation's purpose brings emotional commitment and energy. People who are this committed drive purpose-led innovation and at the same time resist push-back, willing to challenge retrenchment if the air cover is there.

Sustaining cultures of this kind is fundamental to purpose-led business but it is not easy. I would like to conclude by briefly touching on two developments which are very relevant to this in the post-Covid-19 business world: remote working and the arrival of AI systems. What we learnt from purpose-led businesses has something to say about both.

Firstly, there is increasing evidence of the human consequences of fully remote working. Many businesses are struggling with how to create a better balance between bringing teams physically together for part of the working week and allowing some working from home. The divergent needs of different demographics in the workplace mean that there needs to be a fair balance – which is not easy to manage.

We need to remember that humans are social beings. We all need direct human contact, and in life and at work are enabled to develop and thrive through the quality of relationships we have. A purpose-led business, therefore, will approach this question with a realistic anthropology, seeking to understand what conditions will best enable human flourishing at work, and thereby deliver higher performance over time.

We also stand on the threshold of massive technological change. Over the next five years we will see the rapid deployment of AI in many different contexts, and developments in robotics are also set to radically change the workplace. The human context in which decisions are made will be crucial. For instance, in considering the design principles for an AI agent should we be thinking of it as a colleague or a tool? How does this AI agent contribute to human flourishing

and dignity? Is it desirable or manipulative to anthropomorphise AI agents? Should we be seeking to augment jobs or substitute them?

The ways in which business leaders think about these and many other questions raised by this technology go to the heart of what it is they are seeking to do in the world. A purpose-led business, clear about the dignity of people and value placed on the quality of relationships, will have one lens. A business that is purely profit driven will often have a very different one. We have seen with social media the potential for manipulation and addiction. These are choices being made now, and the social and cultural context for business being shaped today will hugely affect the common good of society.

The role of investors and asset managers

This challenge is just one illustration of the crucial importance of investors – asset owners, asset managers, insurance companies, private equity and venture capital. All have a significant role in determining the extent to which purpose-led businesses can thrive in the long term and how far the economic system is in fact contributing to building up the wider common good.

Some investors have a very clear purpose-led approach themselves and invest in purpose-led or sustainable businesses over the long term, demonstrating in the process that there is no long-term trade-off between purpose and profit. A fine example is Generation Investment Management run by David Blood who is a member of Blueprint's Advisory Council. What he and other investors like him have done is to recognise that by choosing the purpose-led path (and being extremely well run) businesses build trustworthiness, stronger relationships, adaptability and resilience in a fast-changing world. They have demonstrated that investing in them over time delivers both financially and also in terms of their own purpose as responsible investors.

Mainstream asset managers tend to have a narrower and shorter-term focus. Some of their customers – pension funds and insurance companies whose funds they invest – have very long-term liabilities and they are often very clear about their requirements for investing in funds that demonstrably benefit people and the planet over the long term. Catholic investors are, of course, part of this, and the excellent principles in *Mensuram Bonam* are extremely useful. But there is an asymmetry of power in favour of the largest US asset managers, many of the funds of which are now invested in passive or index-linked funds with less spent on stewardship. In the US, there are now legal hurdles in the way of explicitly allocating funds other than on purely financial grounds, and, as a result, we have seen the weakening of investor coalitions on climate change.

It is hard to escape the conclusion here that alongside more enlightened investors such as David Blood we need a profound change in the way the investment ecosystem works. We need to encourage different forms of business ownership if we are to sustain purpose-led businesses on the scale the world needs. We also need better auditable and comparable measures of non-financial impact to both guide decisions and report progress.

Conclusion

When Blueprint was founded in 2012, the problem was in some ways simpler. Many large businesses, especially in the financial sector, had become narrowly obsessed with maximising profit. The financial crisis was the result. The world would be a better place if businesses had a purpose which oriented them not just to being profitable but having a positive social and environmental impact.

Today, we have some good examples to build on of businesses that are doing this. But we have seen the pitfalls of some businesses seeking to do too many things that are secondary to business success, or focusing on brand and reputation rather than real impact. And now the headwinds are strengthening, and the case needs to be re-made that purpose-led businesses are better businesses. In making that case, the common good and human dignity as expounded in Catholic social thought provide a human-centred context for imaging what a business can achieve.

In a world which is long on problems and short on hope, more than ever, we need these principles to be put into practice within businesses fundamentally motivated to serve society. The most powerful agent of change in my experience is social contagion – that is, the lived example of people and organisations who through conviction are seen to act differently and thereby attract and encourage others to do the same. Just now, some of that contagion is going the wrong way, spreading fear of standing for anything other than pursuing profit as an end in itself. That is why it is so important for businesses and their leaders who are convinced to be steadfast in continuing to pursue business success through worthwhile purposes. And it is important for investors to encourage this process. At Blueprint this is what we saw in action. Business can be a force for good. Now more than ever we need it to be precisely that.

About the authors

Philip Booth is professor of Catholic Social Thought and Public Policy at St Mary's University, and Director of Policy and Research at the Catholic Bishops' Conference of England and Wales.

He was previously Director of Catholic Mission and Dean of the Faculty of Education, Humanities and Social Sciences at St Mary's. He is also Senior Research Fellow and Academic Adviser to the Centre for Enterprise, Markets and Ethics. Previously, Philip was academic and research director at the Institute of Economic Affairs.

Philip's books include *Catholic Social Teaching and the Market Economy* (2007) and *Catholic Social Thought the Market and Public Policy* (2004). He curates the website: www.catholicsocialthought.org.uk

He is a fellow of the Royal Statistical Society and a fellow of the Institute of Actuaries. He has a BA in economics from the University of Durham and a PhD in real estate finance from City, University of London.

Paolo Camoletto has been serving as the Chief Operating Officer and Financial Secretary for the Diocese of Westminster since June 2007, where he oversees the administration of the charity.

Paolo was also a contributor to the Pontifical Academy of Social Sciences' publication, *Mensuram Bonam*.

Before taking on his current role, Paolo held various finance administration positions at JP Morgan Chase from September 1999 to May 2007. These roles included Chief Financial Officer of EMEA Cash Equities and Head of Finance for EMEA Banking Coverage and M&A.

Earlier in his career, Paolo worked as a finance manager at NCR Corporation and gained experience as an auditor at Arthur Andersen & Co.

Paolo holds a BA in economics from the University of Chicago, an MSc in economics from Birkbeck, University of London, and an MA in European integration from KU Leuven.

Andrew Milligan is a member of CBFFT, which, as trustees, oversees the Church of England (CoE) investments – made by parishes, dioceses, cathedrals and CoE charities – and managed by CCLA. He is also a trustee of the Roman Catholic Archdiocese of St Andrews and Edinburgh. He is writing in a personal capacity as an independent investment consultant.

Andrew worked for 40 years in the civil service, banking, stockbroking and finally fund management sectors. Before retiring he was Head of Global Strategy at one of the largest UK fund managers, and is now a trustee on one of the largest Independent Governance Committees overseeing a series of defined contribution pension schemes.

Russell Sparkes is a visiting fellow at St Mary's University where he lectures on Catholic social teaching. He is an authority on Cardinal Manning and the Distributists of the 1920s such as G.K.Chesterton.

He is the author of numerous publications including *G.K. Chesterton, Prophet of Orthodoxy* (1996), and *Cardinal Manning and the Birth of Catholic Social Teaching* (2012). Until retirement he worked for many years at the Central Finance Board of the Methodist Church, where he wrote books and articles about ethical/ socially responsible investment.

In 2009 a global survey found that 'The leading author of influential research on responsible investment is Russell Sparkes', with three papers in the top twenty cited.²³

Dr Richard Turnbull sadly passed away in 2025. He was the Director Emeritus of the Centre for Enterprise, Markets & Ethics (CEME). He was ordained into the ministry of the Church of England in 1994. He served on the General Synod and was a member of the Archbishops' Council, the Chairman of the Synod's Business Committee and chaired a number of church working parties including a review of the remuneration of the clergy.

23 Hoepner, A.G.F. and McMillan, D.G. (2009), 'Research on "responsible investment": an influential literature analysis comprising a rating, characterisation, categorisation and investigation', School of Management, University of St Andrews.

Prior to joining CEME, Richard served in the pastoral ministry for over 10 years, was Principal of Wycliffe Hall, a Permanent Private Hall of the University of Oxford from 2005–2012.

Richard held an undergraduate degree in economics and accounting and spent over eight years as a chartered accountant with EY. Richard also held a first class honours degree in theology and PhD in theology from the University of Durham.

He authored several books including an acclaimed biography of the social reformer, Lord Shaftesbury, was an honorary Professor at St Mary's University, Twickenham and a fellow of the Royal Historical Society.

Charles Wookey co-founded A Blueprint for Better Business, an independent charity that acts as a catalyst to help businesses be inspired and guided by a purpose that serves society. Blueprint helps businesses realise their true long term potential: to serve society, respect people, rediscover their purpose and thereby earn a fair and sustainable return for investors.

Prior to Blueprint, Charles worked as a senior research officer at the Institute for Fiscal Studies and as a clerk at the House of Commons where he was clerk to the Trade and Industry Select Committee. He went on to become assistant general secretary of the Catholic Bishops' Conference of England and Wales, where he was principal adviser to the Bishops on domestic public policy issues.

Charles qualified as a chartered accountant at KPMG in London and holds a BA in physics and philosophy and a postgraduate diploma in theology from Merton College, Oxford.

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