

DOCUMENT The Church of Sweden's financial policy for asset management at the national level		REGISTRATION NO KS 2025-1514	
ADOPTED BY The Central Board of the Church of Sweden	APPROVAL DATE 29 September 2025	VALID FROM 29 September 2025	LAST UPDATED
CREATED BY CIO and Treasurer	DEPARTMENT RESPONSIBLE Department of Economy and Finance		DOCUMENT TYPE Policy

# The Church of Sweden's financial policy for asset management at the national level

## About the policy

### **Purpose and context**

According to the Church Ordinance, the Church of Sweden must adopt sound financial management in its activities, while the Church's funds must be managed efficiently and in an ethically defensible manner in accordance with the Church's fundamental values.

The aim of this document is to set out the strategic orientation governing how the national level of the Church of Sweden is to conduct financial management. Asset management comes under the remit of financial management, which for the national level also includes liquidity management concerning the Church account (including issues relating to loans to the Church of Sweden's economic units), non-profit investments and foundation management.

The Central Board of the Church of Sweden, where applicable, decides on the orientation and rules concerning these other types of financial management, which is not covered in this document.

This policy is an extension of the wording of the Church Ordinance, the General Synod's decision on target equity and the Central Board of the Church of Sweden's decision on return targets. This policy also complements the Central Board's instruction for the Central Board of the Church of Sweden's Asset Management Council

---

## The Church of Sweden's financial policy for asset management at the national level

---

**Target group**

The target group is primarily the Asset Management Council and relevant personnel at the Central Church Office. The policy is also used as a model for the asset management practices of other Church units.

Anyone who manages assets on behalf of the Church of Sweden is responsible for reading both this policy and the accompanying investment guidelines, and for ensuring that their internal procedures and skills are sufficient to enable them to comply with the contents of these documents.

**Communication**

The policy and accompanying guidelines for ethical and sustainable investment are published along with the Central Church Office's governing documents on the Church Office intranet. These are also published on the Church of Sweden website. Employees subject to the policy are expected to communicate its contents to asset managers and business partners.

**Follow-up**

The Asset Management Council is responsible for ensuring that the policy is complied with.

**Updates**

If updates are required, the Asset Management Council is responsible for drafting a proposal for a new policy, which is adopted by the Central Board of the Church of Sweden.

**Governing documents that are no longer valid**

This document replaces the Financial Policy for the National Level of the Church of Sweden dated 4/10/2021.

**Authorisation**

The policy is adopted by the Central Board of the Church of Sweden.

## Investment guidelines

The policy shall be accompanied by investment guidelines that describe the policy in more detail. These are the 'Guidelines for ethical and sustainable investment for the Church of Sweden's asset management at the national level' and the 'Financial investment guidelines for the Church of Sweden's asset management at the national level'.

## Target equity and return targets

The 2021 General Synod decided that the target value for the size of the national level's capital should be at least SEK 10 billion, adjusted annually in line with the consumer price index.

The return target, which is approved by the Central Board, is a return of three percent in real terms over a rolling ten-year period (measured as return on an annual basis).

## Acceptance of risk

A prerequisite for reaching the overall return target as detailed above is that investments are made in assets that, combined, have the potential to achieve this long-term target. The various asset types can periodically decrease in market value, for example during stock market dips. The actual size of the assets under management can therefore at times be below the stated target value, while the overall target remains and may be reached during the rolling ten-year period.

## Strategic asset allocation

Asset management should comprise a well-diversified portfolio that makes it possible to achieve the return target, while taking account of the risk aspects. Risk aspects are defined as both the risk that in the short term the portfolio may lose value substantially, and the risk that the long-term return target is not achieved.

### **Approved asset classes**

Investments may be made in individual securities and funds. Approved asset classes include: (i) publicly listed shares; (ii) listed interest-bearing securities (including corporate bonds and cash and cash equivalents); (iii) property, and (iv) alternative investments (all assets not included in the listed assets or property). See 'Financial investment guidelines for the Church of Sweden's asset management at the national level' for detailed information.

## Basic principles and obligations

The Church of Sweden's capital must be managed ethically and in accordance with the Church's basic values. Governance is based on two fundamental principles: the principle of human dignity and the concept of stewardship.

The principle of human dignity is based on the belief that all human beings are created in the image of God and have a unique, inviolable value. This principle entails both a duty to respect

---

## The Church of Sweden's financial policy for asset management at the national level

---

the dignity of every human being and a responsibility to promote justice and equality. It also forms the basis of several international human rights conventions.

Stewardship is about the responsible use of the resources entrusted to humanity. It means balancing the use of nature's resources to meet human needs, while safeguarding creation for future generations. Good stewardship means a long-term approach, accountability and sometimes difficult lifestyle changes for the common good. Stewardship also involves considering the use and conservation of natural resources, and active efforts to combat climate change and biodiversity loss. Climate change and biodiversity loss are two interlinked crises that require integrated solutions.

As an asset owner, the Church of Sweden is committed to reducing the climate impact of investments and contributing to the protection and restoration of ecosystems and species. Via membership of the Paris Aligned Asset Owners (PAAO) group, the Church is committed to achieving net zero greenhouse gas emissions in the portfolio by 2050 or earlier. In addition, the Church of Sweden adheres to the international Principles for Responsible Investment (PRI).

### The Swedish Church as a responsible investor

To operate in line with its basic principles and obligations, the Church of Sweden should:

- integrate environmental, social and governance (ESG) factors into investment decisions;
- comply with international frameworks and conventions such as the UN Global Compact, ILO conventions and the UN Guiding Principles on Business and Human Rights;
- promote sustainable investment that contributes to the UN Sustainable Development Goals (positive screening). The Church of Sweden supports investment in companies that work systematically in areas such as reducing climate impact, preserving biodiversity and promoting social justice. This includes issues relating to corporate governance, such as corruption, remuneration systems and paying taxes.
- exclude investment in sectors that are problematic with regard to the Church's basic values (negative screening);
- select asset managers with the skills to integrate risks and opportunities associated with sustainability in analyses and investment decisions and, where appropriate, vote at shareholder meetings;

---

The Church of Sweden's financial policy for asset management at the national level

---

- make use of our opportunity as an asset owner to influence individual corporations, sectors and the financial market in general. In addition to day-to-day asset management, this influence can be expressed through (i) opinion-forming; (ii) dialogue with companies, industry representatives and other market actors; (iii) new investment products developed alongside asset managers or other actors, and (iv) support for, and involvement in various initiatives, networks and research, both in Sweden and internationally.
- transparently report and monitor sustainability performance and publicise progress and practices in responsible investment.

The Church of Sweden should conduct regular reviews of its investments to ensure they comply with the guidelines of the financial policy. A norm-based screening procedure is carried out covering all company holdings (shares, corporate bonds, etc.). The aim is to verify that the portfolio complies with international standards and conventions. Furthermore, the portfolio is scrutinised to identify potential links to controversial activities such as arms production, fossil fuels and human rights abuses. Thematic screenings are also completed to assess impact on climate impact and biodiversity. This includes measuring the portfolio's carbon emissions.

## Ethical and sustainable investment guidelines

Asset management within the Church of Sweden is based on a combination of negative and positive screening to ensure that investments are consistent with the Church's values and sustainable development goals. This dual approach avoids investments in harmful activities, while actively directing capital towards initiatives that contribute to a long-term, sustainable society. Priority is given to investments in companies that clearly promote sustainable development (positive screening). This includes companies working with science-based emissions targets, reducing emissions and impacts on biodiversity, and developing solutions to global challenges such as climate change and social inequality. At the same time, investments in sectors that are not deemed to be in line with the Church's ethical guidelines (detailed below) and commitment to human rights, environmental and social responsibility, are excluded.

### **Fossil fuels**

Climate change is recognised as one of the most urgent threats to both creation and the basic conditions of human life. In light of this, investments in companies engaged in the extraction of fossil fuels such as coal, oil and natural gas, as well as energy production mainly based on these fuels, are excluded. Companies involved in oil sands or shale gas are also excluded. Managers of the Church of Sweden's capital are instead expected to direct investments towards activities that actively support the transition to renewable energy and reduced carbon emissions.

### **Weapons**

Investments in companies that make or sell weapons, or other weapon-related military equipment, are excluded. This also applies to companies that are actively involved in the development or production of particularly inhumane weapons or their special components. Active involvement here refers to the provision of products or services specifically designed or adapted for such weapons. The exclusion is based on an ethical perspective in which the impact of the arms industry is deemed to conflict with the ambition to support sustainable development.

### **Alcohol, tobacco and gambling for money**

Investments are excluded in companies whose main activity involves gambling for money, or the production of tobacco or alcohol. This also extends to products that resemble tobacco, intended to imitate smoking, taking snus or other tobacco-related activities. These industries are often associated with significant negative impacts on people's health and social wellbeing, including addiction, economic vulnerability and ill-health.

**Production and distribution of pornography**

The Church of Sweden has a zero tolerance policy with regard to investments in companies that produce pornographic material. This also includes companies whose revenue is partly generated through the active promotion and distribution of pornography.