

Paper G2

URC Ethical Investment Guidelines

Finance committee

Basic information

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Action required	To note.
Draft resolution(s)	

Summary of content

Subject and aim(s)	To update Mission Council on the steps taken to comply with the resolution passed at May Mission Council re disinvestment from fossil fuels.
Main points	CCLA's COIF Charities Ethical Investment Fund will have disinvested from all fossil fuel extraction companies by 1 December 2019. The URC Ethical Investment Guidelines have been rewritten to reflect the May Mission Council decision.
Previous relevant documents	Paper X1 for May 2019 Mission Council. The previous version of the Ethical Investment Guidelines – last printed as an Annex to Paper Z1 for May 2019 Mission Council.
Consultation has taken place with...	CCLA The URC investment committee.

Summary of impact

Financial	Minimal.
External (e.g. ecumenical)	The change in CCLA's policy is seen by many investors with concerns about the current climate emergency as a major move towards protecting the environment.

1. In May 2019 Mission Council resolved (among other things):
 - a) not to invest in companies more than 10% of whose turnover derived from the extraction and/or supply of fossil fuels
 - b) to complete the divestment required to fulfill this decision by the time General Assembly meets in 2020
 - c) to update the URC's Ethical Investment Guidelines to reflect the new policy.

2. At a meeting later that same month the Board of CCLA – the investment managers of the COIF Charities Ethical Investment Fund through which the URC Trust had exposure to fossil fuel companies – decided that this fund would cease to invest in fossil fuel companies and would do so by no later than 1 December 2019. Mission Council’s resolution in May had been made known to CCLA and is believed to have influenced their decision.
3. They wished to speak to the companies in which they had held such investments before making their decision generally known, but the change of policy was announced publicly on 15 July 2019.
4. As a result, the URC Trust’s investments will be in compliance with the wishes of Mission Council considerably before the July 2020 deadline for compliance.
5. The URC’s finance and investment committees have updated the Ethical Investment Guidelines as requested. Annex one to this paper shows a marked version of the changes which have been made and Annex two provides a clean copy of the updated version of the guidelines as they now stand.

Annex one

Ethical Investment Policy

Statements 2010-~~17~~19

Mission Council, meeting in March 2010, received a report on ethical investment principles for the use by the United Reformed Church. These principles are based on theological reflection on how to express mission responsibility through investment and developments in ethical investment policy and practice to reflect both positive and negative screening criteria based on social, environmental, governance and ethical concerns. General Assembly 2010 adopted these principles in the following terms: *General Assembly welcomes the statement 'Ethical investment principles for the use of the United Reformed Church' for the guidance of those responsible for making investment decisions and commends the summary statement 'Recommended Mandate for Investors'.*

Additional material was added in 2013 and 2015 as described in Appendices 1 and 2 and ~~an~~ amendments made in 2017 and 2019. A revised Recommended Mandate for Investors taking account of these is attached as Appendix 3.

The oversight and monitoring of these guidelines, given to the Ethical Investment Advisory Group in 2010, is now the responsibility of the Investment Committee under the general oversight of the Mission and Finance Committees.

Ethical Investment Principles for Use by the United Reformed Church:

1. The General Assembly of the United Reformed Church considers investment decisions to be an integral part of the Church's mission and witness and is committed, as far as it is legal and practical, to expressing Christian responsibility through investment decisions. Towards this end, Assembly requests that those responsible for investment decisions on behalf of the URC and its Trust bodies are guided by the principles set out below.
2. Assembly wishes the basic, aspirational ethical principles outlined below to inform all investment decisions:
 - mission integrity - the URC will, in all investment related activities, aim to avoid undermining the credibility, effectiveness and unity of its mission and witness;
 - stewardship - those entrusted with responsibility for investment decisions on behalf of the URC, its Trust bodies and their agents will exercise due diligence and care in the exercise of their duty to ensure that mission and fiduciary responsibilities are creatively and effectively balanced;
 - legality - all investment decisions will comply with the legal requirements for trustees as outlined in the Charity Acts and other legislation;
 - sustainability – investment decisions will be guided by the principle of financial and environmental sustainability, with a view to the long-term maintenance of well-being for the economic, social and natural environments;

- solidarity – investment decisions will be guided by the biblical principle of solidarity with those who are poor and marginalised and seek social justice as expressed in Statement 9 of the URC's Mission Framework¹;
 - accountability - URC trustees, working in liaison with fund managers, will aspire to the highest level of compliance with this policy which can be achieved;
 - transparency - reputational risk will be minimised by ensuring openness and transparency in reporting on URC investment portfolios and compliance with this policy;
 - partnership - the URC recognises the value of collaborative action in terms of effecting change in companies' policies and practices and commits to working with the other members of the Church Investors Group (CIG), the Ecumenical Council for Corporate Responsibility (ECCR) and other ecumenical agencies to engage with companies and, where relevant, to act in support of their initiatives.
3. Expression will be given to these principles through both negative and positive screening of companies as well as through selective direct engagement with companies. Each of these investment strategies is outlined below, and should be considered as part of an integral approach to ethical investment by the URC.
4. The existing URC Ethical Investment policy will be developed to guide our investments in terms of negative screening. This policy states:

General Assembly recommends that trustees and all those with investment responsibilities connected with the United Reformed Church should avoid any investment in:

- a) companies directly engaged in the manufacture or supply of weapons of destruction;
- b) companies a significant part of whose business is in the supply of alcoholic drinks or tobacco products or military equipment (other than weapons of destruction); or the provision of gambling facilities; or the publication or distribution of pornography.

General Assembly notes that the definition of these activities, or of what constitutes a significant part of a company's business, requires judgement and the Ethical Investment Advisory Group (EIAG) of Mission Council [now the Investment Committee] is available to offer advice. In general, EIAG will deem 'significant' to mean where the share of turnover derived from the activity concerned is more than around 10-20% of the company's total turnover.

General Assembly recognises that this policy can only be advisory as the responsibility of specific investment decisions remains with each body of trustees. However, in addition to the criteria listed above, the URC's investment bodies are encouraged to avoid investment in companies whose management practices are deemed to be unacceptable or whose operations are deemed to:

¹ See p.22 of the Vision 2020 – planning for growth in the URC booklet for details - http://www.urch.org.uk/what_we_do/mission/images/vision2020_booklet_colour.pdf

- contribute to the oppressive nature of regimes which are guilty of gross human rights violations;
 - contribute to a harmful impact on the social or natural environment;
 - harm the society in which they operate more than they benefit it;
 - promote injustice.
5. **Positive screening and ‘best in class/sector’ strategy** - URC trustees are encouraged to support companies that seek to develop their businesses successfully and sustainably in the long term interests of shareholders and other stakeholders. The URC will seek to invest in companies which have an active commitment to the following:
- responsible employment practices;
 - equal opportunities policy and practice;
 - good practice in terms of corporate governance;
 - environmental sustainability expressed by comprehensive environmental and climate change policies and audits;
 - positive attitudes to customers and active monitoring of employment practices across the supply chain;
 - openness in reporting to stakeholders;
 - Sensitivity towards communities in which they operate;
 - integrity in all their dealings; and
 - the promotion of human rights, especially in countries with oppressive regimes.
6. **Engagement and dialogue with companies** - the URC endorses the strategy of direct engagement with companies through correspondence, face-to-face meetings and shareholders’ attendance at AGMs as a means of influencing the practices of these companies. This is based on an understanding of the theological and moral duty to monitor the policies and practices of companies in which a URC body is a direct shareholder and to raise concerns with a company if we are not fully satisfied with its business.
7. **Project or socially-directed investment** - in addition to the positive screening, the URC will continue to set aside a proportion of its capital for investment where the return is principally social rather than financial. This echoes the Church’s mission strategy.² The following social investments have considerable overlap with ethical investment portfolios and may sometimes offer market rate investments:
- community land and reinvestment trusts;
 - ecological building projects;
 - organic food and fair trade initiatives; and
 - micro-credit based social development programmes.

In supporting any such initiative, URC Trust bodies should be satisfied that effective governance monitoring is in place.³

² See Vision 2020 – planning for growth in the URC at http://www.urc.org.uk/what_we_do/mission/images/vision2020_booklet_colour.pdf

³ Cited in EIRIS/UKSIF Charity Project, Responsible Investment Approaches to Non-Equity Investments: An Introduction for Charity Trustees, 2006, www.charityysri.org

8. **Disinvestment** - as a last resort, the URC will consider selling its shares in a company on ethical grounds in cases where a company fails to amend its operating policies and practices after engagement and dialogue over an extended period of time. Such action will generally be taken in conjunction with ecumenical partners through the CIG (or similar body) based on advice from the EIAG [now the Investment Committee]. However, such decisions will be subject to periodic review in the light of these principles to maintain the integrity and credibility of the policy.
9. **Monitoring of policy** - The monitoring of these principles on behalf of the URC is principally the task of Mission Council's Ethical Investment Advisory Group, (EIAG) [now the Investment Committee], **which** is required to report on issues of concern and develop policy statements on various issues related to ethical investment as necessary. However, every investment body and officer within the URC family (whether at assembly, synod or local church level) needs to share in this responsibility to ensure the Church retains its mission integrity.

Appendix one

Ethical Investment: Usury

Background

1. The 2010 General Assembly agreed a substantial statement of ethical investment principles for the use of the United Reformed Church (see the first section of this paper).
2. The mandate was always intended to be kept under review and this Appendix gives the background to the 2013 addition relating to usury.

The usury debate

3. In the law of Moses, the charging of interest on loans between Israelites is forbidden (e.g. Deuteronomy 23.19-20) with a suggestion that this principle is especially important when lending to the poor (e.g. Exodus 22.25). How far such teachings should apply to Christians, and to communities where Christians have influence, has been a perennial debate over the centuries. Some contemporary Christian economists argue that when Jesus said “Lend, expecting nothing in return” (Luke 6.35) he was endorsing exactly the same principle; others find it harder to hear any clear guidance in the New Testament.
4. While Christians disagree about the basic concept of charging interest, even those who accept the legitimacy of interest in principle often agree that the charging of very high rates of interest is exploitative and immoral. The recent economic difficulties have heightened widespread concern about the charging of such rates to the poorest members of society. These rates are only possible because such borrowers do not have access to the forms of borrowing available to their richer contemporaries who may, for example, have property to offer as collateral. Many who do not regard interest as wrong in principle have nevertheless argued for some limits on the rates charged.

Proposed revision

5. Against this background, the Mission Council agreed to amend the 2010 guidance to make explicit reference to usury - defined as charging excessive rates of interest. This brought the Church into line with a growing number of other ethical investors. As with other elements of the guidance, it would need assessment on a case by case basis.
6. The Investment Committee, in line with the policies of other members of the ecumenical Church Investors Group, suggested that URC investors should seek to avoid any company one of whose main business activities (defined as exceeding 25% of group turnover) is the usurious provision of home-collected credit ('doorstep lending'), unsecured short-term loans ('payday loans') or pawnbroker loans, directly or through subsidiaries, or hire purchase. In May 2017 the threshold was reduced to 10% of turnover, also in line with ecumenical partners. Investment should be avoided in specialist consumer finance businesses that may exploit, or over-burden with debt, lower income borrowers.

7. Typical indicators of potentially exploitative lending will be:
 - a) triple-digit, or close to triple-digit, Annual Percentage Rates (APRs);
 - b) short loan term durations (less than 18 months); and no requirement for security.

The products may have associated charges and loan rollover facilities that will compound the debt burden. Lenders sometimes provide funds without undertaking credit checks (or sufficient checks) on the borrower. In extreme cases where companies do not operate responsible collection practices there may be undue pressure on the borrower associated with repayment.

8. This advice was accepted in May 2013 in the following terms:

In accordance with the principles for ethical investment agreed by the General Assembly, Mission Council agrees to add to the Recommended Mandate for Investors a new clause 1(c) as follows:

“(c) Companies who benefit by offering credit at usurious rates of interest to those who do not have access to funds through normal lending channels.”

Appendix two

Ethical Investment: Application of the guidelines in relation to climate change

At its meeting in November 2015 Mission Council, acting on behalf of the General Assembly resolved to add a substantial statement as an Appendix to the 2010 statement of principles asking those responsible for investment decisions on behalf of the URC to

- engage with companies making a significant contribution to global greenhouse gas emissions to encourage the shift to a low carbon economy (working with other investors where possible);
- avoid investment in companies significantly engaged in certain extractive activities; disinvest, after appropriate engagement, from companies contributing significantly to greenhouse gas emissions and not judged to be taking seriously their responsibilities to assist the transition to a low carbon economy;
- increase investment in climate change adaptation and entities facilitating a reduction in greenhouse gas emissions or a transition to a low carbon economy;
- encourage their investment managers to build climate change into their investment practices and processes; and
- monitor and report periodically on the policy.

~~The following Resolution was agreed by Mission Council, acting on behalf of the General Assembly, at its meeting in November 2015:~~

~~“Mission Council agrees to add the following text as an Appendix to the 2010 statement of principles for the use of the United Reformed Church in making investment decisions:~~

~~Those responsible for investment decisions on behalf of the URC and its Trust bodies should:~~

- ~~a) engage intensively with those companies in which they are invested that make a significant contribution to global greenhouse gas emissions (such as fossil fuel producers, electricity generation utilities, large energy users, and producers of energy intensive products) to encourage them to assist in the transition to a low carbon economy;~~
- ~~b) conduct corporate and public policy engagement wherever possible in collaboration with other investors, including through the Church Investors Group~~

(CIG), the Institutional Investors Group on Climate Change (IIGCC) and the Carbon Disclosure project (CDP);

- ~~e) not invest in any company where more than 10% of its revenues are derived from the extraction of thermal coal or the production of oil from oil sands;~~
- ~~d) disinvest, after appropriate engagement, from companies that make a significant contribution to emissions of greenhouse gasses and that are considered not to be taking seriously their responsibilities to assist with the transition to a low carbon economy;~~
- ~~e) where practicable increase their investments in climate change adaptation, and in sectors and activities such as sustainable energy, energy efficiency, carbon capture and storage that may make a significant contribution to reducing global greenhouse gas emissions or facilitating the transition to low carbon economy, to the extent that such investments meet their investment risk/return criteria;~~
- ~~f) continue to encourage those organisations that invest money on their behalf to build climate change into their investment practices and processes, in line with the goals and objectives set out in this climate change policy, including through integrating climate change into relevant requests for proposals and due diligence processes, making climate change an explicit part of their asset management appointment processes, integrating climate change into their investment principles, and monitoring their asset managers' approach to climate change;~~
- ~~g) monitor and report periodically on their implementation of this policy."~~

The following Resolution was agreed by Mission Council, acting on behalf of the General Assembly, at its meeting in May 2019.

“Mission Council, acting on behalf of the General Assembly, agrees that the ethical investment guidelines on climate change issues be updated to reflect the following:

In the light of the climate emergency, it is the wish of the United Reformed Church that those responsible for investment decisions on behalf of the Church and its Trust bodies should:

- a) not invest in fossil fuel companies whose total turnover is more than 10% derived from the extraction and/or supply of fossil fuels, including thermal coal, natural gas and oil**
- b) complete the divestment required to fulfil this decision by the time the URC General Assembly meets in 2020**
- c) widen their proactive role as investors, by engaging further with companies whose activities foster significant carbon emissions, for example the electricity and automotive industries, and producers of energy intensive products (e.g. cement)**
- d) refocus the Church's investment portfolio by scaling up investment in renewable energy and clean technologies.**

Mission Council further resolves to:

- e) encourage publicity of these actions and the rationale behind them, so that the URC can use its influence to advocate an end to the exploration for new oil and gas reserves, and the managed decline of fossil fuel production**
- f) advocate to the UK government and others for action to foster the transition to a net zero carbon economy**
- g) encourage URC synods and local URC churches with investments to divest from fossil fuels, and reinvest in clean alternatives**
- h) support and encourage churches and church members to reduce their consumption of fossil fuels, and so participate in a just transition to a zero-carbon future**
- i) request the Resources Centres for Learning to ensure that those being prepared for service and leadership are cognisant of the global and spiritual context of the climate crisis.”**

Accordingly, the 2015 text of Appendix 2 has now been amended to reads as follows:

Those responsible for investment decisions on behalf of the URC and its Trust bodies should:

- a) engage intensively with those companies in which they are invested that make a significant contribution to global greenhouse gas emissions (such as fossil fuel producers, electricity generation utilities, large energy users (e.g., the transport and distribution sectors), and producers of energy intensive products (e.g., cement)) to encourage them to assist in the transition to a low carbon economy;
- b) conduct corporate and public policy engagement wherever possible in collaboration with other investors, including through the Church Investors Group (CIG), the Institutional Investors Group on Climate Change (IIGCC) and the Carbon Disclosure project (CDP);
- c) not invest in any company where more than 10% of its revenues are derived from the extraction of fossil fuels, including thermal coal, natural gas or oil or the production of oil from oil sands;
- d) disinvest, after appropriate engagement, from companies that make a significant contribution to emissions of greenhouse gasses and that are considered not to be taking seriously their responsibilities to assist with the transition to a low carbon economy;
- e) where practicable further increase their investments in climate change adaptation, and in sectors and activities such as sustainable energy, energy efficiency, carbon capture and storage that may make a significant contribution to reducing global greenhouse gas emissions or facilitating the transition to low carbon economy, to the extent that such investments meet their investment risk/return criteria;
- f) continue to encourage those organisations that invest money on their behalf to build climate change into their investment practices and processes, in line with the goals and objectives set out in this climate change policy, including through

integrating climate change into relevant requests for proposals and due diligence processes, making climate change an explicit part of their asset management appointment processes, integrating climate change into their investment principles, and monitoring their asset managers' approach to climate change;

g) monitor and report periodically on their implementation of this policy.”

Appendix three

Summary statement – recommended mandate for investors

1. General Assembly recommends that trustees and all those with investment responsibilities connected with the United Reformed Church should avoid any investment in:
 - a) companies directly engaged in the manufacture or supply of weapons;
 - b) companies a significant part of whose business is in the manufacture or supply of: alcoholic drinks, or tobacco products, or military equipment (other than weapons); or the provision of gambling facilities; or the publication or distribution of pornography; or in the extraction of **fossil fuels including thermal coal, natural gas and oil** or the production of oil from oil sands;
 - c) companies who benefit by offering credit at usurious rates of interest to those who do not have access to funds through normal lending channels.

General Assembly is of the view that in the definition of the activities outlined in b) and c) above, 'significant' means that the share of turnover derived from the activity concerned is more than 10% of the company's total turnover.

2. In addition to the exclusions listed above, the URC's investment bodies should reserve the right to avoid investment in companies whose operations are deemed to:
 - contribute directly to human rights violations or support the maintenance of oppressive regimes who are guilty of gross human rights violations;
 - contribute to a systematic, harmful impact on the social or natural environment;
 - harm the society in which they operate more than they benefit it;
 - promote injustice.
3. Further, it is expected that governance standards of our advisers, our fund managers, their agents, and the companies in which we invest, both directly and indirectly, should meet internationally accepted norms. By focusing on these standards, investors will favour companies which will be seeking to develop their businesses sustainably in the long term interests of their shareholders and other stakeholders.
4. Nestle Clarification: for investment purposes all companies should be treated in accordance with this ethical investment policy. There is no further requirement to exclude holdings in this company.
5. General Assembly recognises that this policy cannot be binding upon those with responsibility for specific investment decisions but when these bodies seek advice on investment matters they should apply due diligence to ensure that the integrity and reputation of the United Reformed Church is, as far as is practical, protected.

May 2017 **November 2019**

Annex two

Ethical Investment Policy statements 2010-19

Mission Council, meeting in March 2010, received a report on ethical investment principles for use by the United Reformed Church. These principles are based on theological reflection on how to express mission responsibility through investment and developments in ethical investment policy and practice to reflect both positive and negative screening criteria based on social, environmental, governance and ethical concerns. General Assembly 2010 adopted these principles in the following terms: *General Assembly welcomes the statement 'Ethical investment principles for the use of the United Reformed Church' for the guidance of those responsible for making investment decisions and commends the summary statement 'Recommended Mandate for Investors'.*

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 - legality - all investment decisions will comply with the legal requirements for trustees as outlined in the Charity Acts and other legislation;
 - sustainability – investment decisions will be guided by the principle of financial and environmental sustainability, with a view to the

long-term maintenance of well-being for the economic, social and natural environments;

- solidarity – investment decisions will be guided by the biblical principle of solidarity with those who are poor and marginalised and seek social justice as expressed in Statement 9 of the URC's Mission Framework⁴;
 - accountability - URC trustees, working in liaison with fund managers, will aspire to the highest level of compliance with this policy which can be achieved;
 - transparency - reputational risk will be minimised by ensuring openness and transparency in reporting on URC investment portfolios and compliance with this policy;
 - partnership - the URC recognises the value of collaborative action in terms of effecting change in companies' policies and practices and commits to working with the other members of the Church Investors Group (CIG), the Ecumenical Council for Corporate Responsibility (ECCR) and other ecumenical agencies to engage with companies and, where relevant, to act in support of their initiatives.
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- contribute to the oppressive nature of regimes which are guilty of gross human rights violations;
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In supporting any such initiative, URC Trust bodies should be satisfied that effective governance monitoring is in place.⁶

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Appendix one

Ethical Investment: Usury

Background

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The products may have associated charges and loan rollover facilities that will compound the debt burden. Lenders sometimes provide funds without undertaking credit checks (or sufficient checks) on the borrower. In extreme cases where companies do not operate responsible collection practices there may be undue pressure on the borrower associated with repayment.

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Appendix two

Ethical Investment: Application of the guidelines in relation to climate change

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- engage with companies making a significant contribution to global greenhouse gas emissions to encourage the shift to a low carbon economy (working with other investors where possible);
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- increase investment in climate change adaptation and entities facilitating a reduction in greenhouse gas emissions or a transition to a low carbon economy;
- encourage their investment managers to build climate change into their investment practices and processes; and
- monitor and report periodically on the policy.

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“Mission Council, acting on behalf of the General Assembly, agrees that the ethical investment guidelines on climate change issues be updated to reflect the following:

In the light of the climate emergency, it is the wish of the United Reformed Church that those responsible for investment decisions on behalf of the Church and its Trust bodies should:

- a) not invest in fossil fuel companies whose total turnover is more than 10% derived from the extraction and/or supply of fossil fuels, including thermal coal, natural gas and oil**
- b) complete the divestment required to fulfil this decision by the time the URC General Assembly meets in 2020**
- c) widen their proactive role as investors, by engaging further with companies whose activities foster significant carbon emissions, for example the electricity and automotive industries, and producers of energy intensive products (e.g. cement)**
- d) refocus the Church’s investment portfolio by scaling up investment in renewable energy and clean technologies.**

Mission Council further resolves to:

- e) encourage publicity of these actions and the rationale behind them, so that the URC can use its influence to advocate an end to the exploration for new oil and gas reserves, and the managed decline of fossil fuel production**
- f) advocate to the UK government and others for action to foster the transition to a net zero carbon economy**
- g) encourage URC synods and local URC churches with investments to divest from fossil fuels, and reinvest in clean alternatives**
- h) support and encourage churches and church members to reduce their consumption of fossil fuels, and so participate in a just transition to a zero-carbon future**
- i) request the Resources Centres for Learning to ensure that those being prepared for service and leadership are cognisant of the global and spiritual context of the climate crisis.”**

Accordingly, the 2015 text of Appendix 2 has now been amended to reads as follows:

Those responsible for investment decisions on behalf of the URC and its Trust bodies should:

- a) engage intensively with those companies in which they are invested that make a significant contribution to global greenhouse gas emissions (such as electricity generation utilities, large energy users (e.g., the transport and distribution sectors), and producers of energy intensive products (e.g., cement)) to encourage them to assist in the transition to a low carbon economy;
- b) conduct corporate and public policy engagement wherever possible in collaboration with other investors, including through the Church Investors Group (CIG), the Institutional Investors Group on Climate Change (IIGCC) and the Carbon Disclosure project (CDP);
- c) not invest in any company where more than 10% of its revenues are derived from the extraction of fossil fuels, including thermal coal, natural gas or oil or the production of oil from oil sands;
- d) disinvest, after appropriate engagement, from companies that make a significant contribution to emissions of greenhouse gasses and that are considered not to be taking seriously their responsibilities to assist with the transition to a low carbon economy;
- e) where practicable further increase their investments in climate change adaptation, and in sectors and activities such as sustainable energy, energy efficiency, carbon capture and storage that may make a significant contribution to reducing global greenhouse gas emissions or facilitating the transition to low carbon economy;
- f) continue to encourage those organisations that invest money on their behalf to build climate change into their investment practices and processes, in line with the goals and objectives set out in this climate change policy, including through integrating climate change into relevant requests for proposals and due diligence processes, making climate change an explicit part of their asset management

appointment processes, integrating climate change into their investment principles, and monitoring their asset managers' approach to climate change;

g) monitor and report periodically on their implementation of this policy.”

Appendix three

Summary statement – recommended mandate for investors

1. General Assembly recommends that trustees and all those with investment responsibilities connected with the United Reformed Church should avoid any investment in:
 - a. companies directly engaged in the manufacture or supply of weapons;
 - b. companies a significant part of whose business is in the manufacture or supply of: alcoholic drinks, or tobacco products, or military equipment (other than weapons); or the provision of gambling facilities; or the publication or distribution of pornography; or in the extraction of fossil fuels including thermal coal, natural gas and oil or the production of oil from oil sands;
 - c. companies who benefit by offering credit at usurious rates of interest to those who do not have access to funds through normal lending channels.

General Assembly is of the view that in the definition of the activities outlined in b) and c) above, 'significant' means that the share of turnover derived from the activity concerned is more than 10% of the company's total turnover.

2. In addition to the exclusions listed above, the URC's investment bodies should reserve the right to avoid investment in companies whose operations are deemed to:
 - contribute directly to human rights violations or support the maintenance of oppressive regimes who are guilty of gross human rights violations;
 - contribute to a systematic, harmful impact on the social or natural environment;
 - harm the society in which they operate more than they benefit it;
 - promote injustice.
3. Further, it is expected that governance standards of our advisers, our fund managers, their agents, and the companies in which we invest, both directly and indirectly, should meet internationally accepted norms. By focusing on these standards, investors will favour companies which will be seeking to develop their businesses sustainably in the long term interests of their shareholders and other stakeholders.
4. Nestle Clarification: for investment purposes all companies should be treated in accordance with this ethical investment policy. There is no further requirement to exclude holdings in this company.
5. General Assembly recognises that this policy cannot be binding upon those with responsibility for specific investment decisions but when these bodies seek advice on investment matters they should apply due diligence to ensure that the integrity and reputation of the United Reformed Church is, as far as is practical, protected.

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