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URC Investment Committee Revised Terms

Purpose

1 This paper invites Mission Council to approve improved means for handling work on ethical investment.

Background

2 The United Reformed Church has a longstanding and ingrained commitment to work on ethical investment. It seeks to ensure financial investments made in the name of the Church or related bodies conform as closely as possible to Gospel values. It seeks to use its influence to improve the ethical dimensions of companies in which it does invest. The General Assembly most recently updated its ethical investment guidelines in 2010.

3 Since 1992 the main forum for denominational discussion of these issues has been the Ethical Investment Advisory Group (EIAG). It was originally created to bring together representatives of the then Church and Society Department with those with responsibility for investing Church and Pension Fund assets.

4 EIAG was reshaped after the 2002 Assembly set new targets for the Church's ethical investment work. It is currently an Advisory Group of Mission Council.

5 Since 2002, the wider ethical investment scene has developed considerably and some of the targets set then by the Assembly have clearly been met. The Church's internal processes have also changed. Two changes are particularly worthy of note.

6 First, Mission Council set up from January 2009 the United Reformed Church Investment Committee (URCIC). This brings together representatives of the main denominational investing bodies and has developed some links with Synod investing bodies. It provides a single specialist forum for addressing the whole range of investment questions for the Church in a way that did not previously exist. Most of the energy for discussing practical ethical investment questions is now found within this body rather than in the EIAG. The ethical aspects of its work form a regular and prominent part of its discussions.

7 Secondly, the fully ecumenical Church Investors Group (CIG) has developed almost beyond recognition over the last decade. The contribution of URC members to this has been more than proportionate. As the 2002 Assembly dreamed, it is now the case that lobbying companies on ethical issues is normally achieved via the much greater weight of the CIG acting on behalf of all the major Christian denominations, not by unilateral URC endeavour. Working through the CIG provides staff and research capacity to strengthen the work well beyond anything the URC could contemplate in isolation, and provides a higher public profile.

Evolving Further

8 In the light of such developments, the current members of the EIAG are unanimous in the view that the Group should now be wound up and available resources and energy focused on other means of achieving the Church's objectives. This would include continuing contributions to the CIG and the Ecumenical Council for Corporate Responsibility (ECCR), which provides a forum for individuals and other organisations which to some extent parallels the work of CIG for denominational investing bodies. Drawing the EIAG's work to an honourable close would however require some amendment to the terms of reference of URCIC and EIAG suggest that the opportunity might also be taken to add to URCIC a representative of the Mission Committee, which now has Church and Society brief within its remit. A possible set of revised terms of Reference for URCIC are offered in the Appendix: the main changes from the current version are in 1(v), 2(b) and 3.

9 These changes have been trailed informally with various interested parties, including the November 2011 Mission Council, and no objections have been raised. Mission Committee also discussed and endorsed this proposal at their meeting in February and asked the Secretary for Church and Society to explore how to take this forward with the URCIC. Particular support was expressed for the principle of expressing mission responsibility through investment and it was suggested that mission enablers and practitioners in Synods engage with those responsible for investment decisions to reinforce this principle.

10 It is possible that at some point an ethical investment issue might arise which had important resonances beyond the remit of the URCIC (or the old EIAG). It is therefore suggested that, to avoid any doubt, Mission Council might be explicit that in such circumstances it would be for the Deputy General Secretary to call together an *ad hoc* group of relevant office-holders to address the question.

Resolution

Mission Council:

- (i) **welcomes the progress made through the Church Investors Group to bring an informed and united Christian voice to bear on issues of ethical investment and company behaviour;**
- (ii) **discharges its Ethical Investment Advisory Group with thanks to all those who have contributed to its work and especially to Frank Kantor, its most recent Secretary;**
- (iii) **revises the Terms of Reference of the United Reformed Church Investment Committee to those shown in the Appendix;**
- (iv) **instructs that if an issue relating to ethical investment should arise which, for reasons of urgency, potential wider implications or otherwise, falls outside the remit of URCIC, the Deputy General Secretary should take responsibility for convening an appropriate process for addressing the issue.**

John Ellis
Treasurer

21 February 2012

Appendix

URC Investment Committee Terms of Reference

1 The terms of reference of the United Reformed Church Investment Committee (URCIC) shall be as follows:

- (i) The Committee shall provide guidance to the URC Trust and the URC Ministers' Pension Trust in relation to all matters relating to the investment of the assets held by these Trusts;
- (ii) The Committee shall secure advice and support from investment specialists to enable clear recommendations to be made to the Boards of these Trusts;
- (iii) The Committee shall take decisions on behalf of the Boards, subject to the authority of the Boards and within guidelines for delegation agreed with the Boards;
- (iv) The Committee shall organise such training for its members as will enable it to carry out its duties in a professional manner;
- (v) The Committee shall work with ethical investment guidelines agreed by the General Assembly and give advice on ethical investment matters to Mission Council.

2 The composition of the URCIC shall be as follows:

- (a) Ex officio members:
 - (i) the Chair of the URC Trust or another Director;
 - (ii) the Chair of the URC Ministers' Pension Trust Board or another Director;
 - (iii) the Treasurer of the United Reformed Church;
 - (iv) the Treasurer of Westminster College;
 - (v) the Convenor of the Pensions Executive.
- (b) A nominee of the Mission Committee
- (c) Five members appointed by the General Assembly for four year terms, renewable once.
- (d) Any additional members co-opted by the Committee
- (e) Staff in attendance:
 - (i) the Chief Finance Officer;
 - (ii) the Clerk of the URC Trust and Secretary to the URC Ministers' Pension Trust, who shall act as Secretary of URCIC.
- (f) A Convenor appointed by the General Assembly from amongst those in groups (a) to (d), with the agreement of both Trust Boards, and who if not already a member, will attend each Board as an adviser.

3 A quorum for Committee decisions shall be a total of five members drawn from groups (a), (b) and (c) above.