

Ethical and Responsible Investing



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That Standing Committee,

a. being cognisant of the request of GSTHW and the Christchurch Diocesan Synod to have Diocesan and parish funds invested in a responsible and ethical manner, and

b. having considered the complexities of such investments, and

c. having reviewed CPT's Statement of Investment Policy & Objectives (SIPO), and

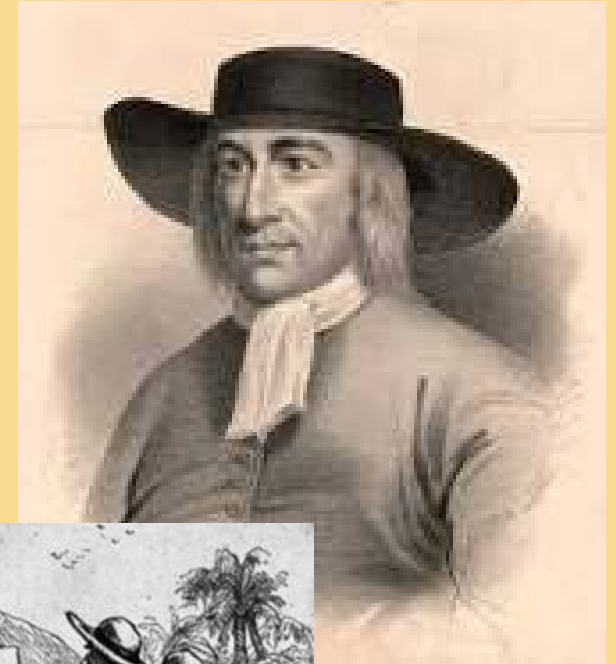
d. having reviewed the investment policies of the other Anglican Dioceses and Anglican Financial Care, **accepts that CPT is investing in a manner that complies with the request of GSTHW and the Christchurch Diocesan Synod and within CPT's fiduciary and legal duties** and directs the Diocesan Manager to report so at the next Diocesan Synod.

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Scope

1. What ethical and responsible investing is and isn't.
2. Provide some examples to demonstrate the complexity of such investing.
3. Look at how CPT does this sort of investing.
4. Conclude with a comparison with Anglican Financial Care and other Dioceses.

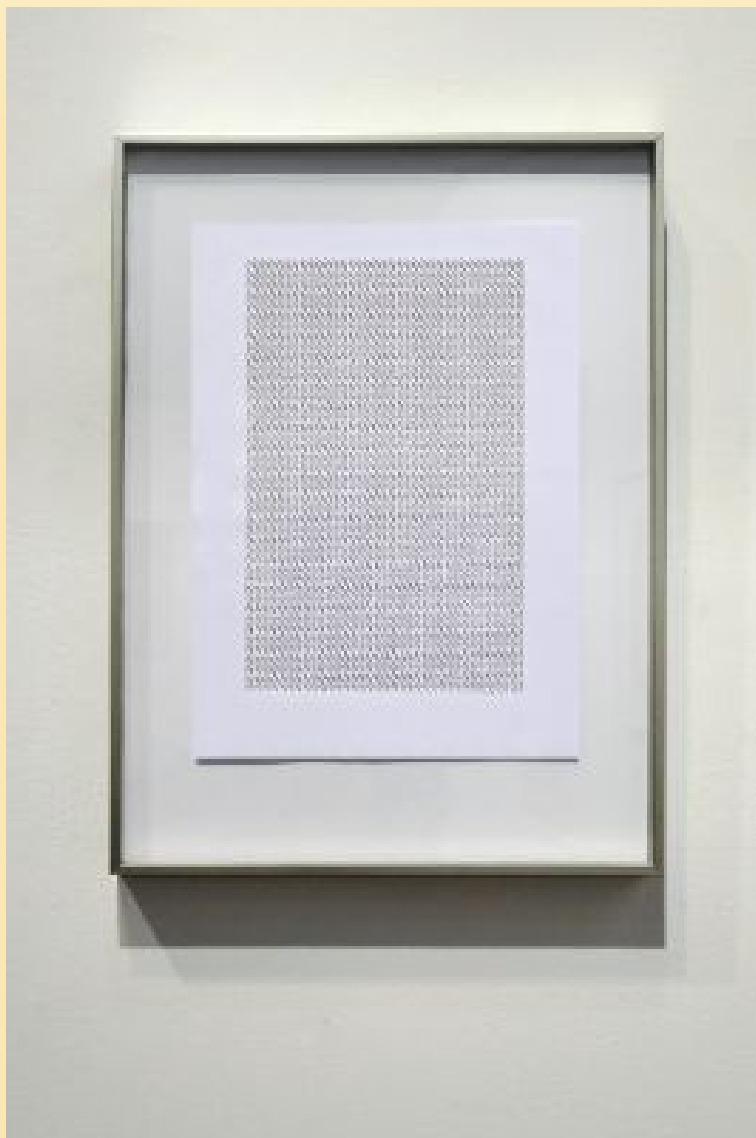
Ethical investing refers to the practice of using one's ethical principles as the primary filter for the selection of securities investing with the attempt to invest, usually through mutual funds or unit trusts, in firms that make a positive contribution to the quality of environment and quality of life.



Avoiding investment in prohibited industries

Islam prohibits industries that it considers harmful to society and a threat to social responsibility. Earlier in the chapter, I mention the prohibitions against alcohol, prostitution, and pornography as well as weapons of mass destruction. Other prohibited products include pork, tobacco, and illegal drugs. Islam also prohibits activities that are based on interest (riba), gambling, or cloning (a prohibition that, obviously, has emerged only recently). Sharia scholars constantly debate new issues that arise as technology changes.

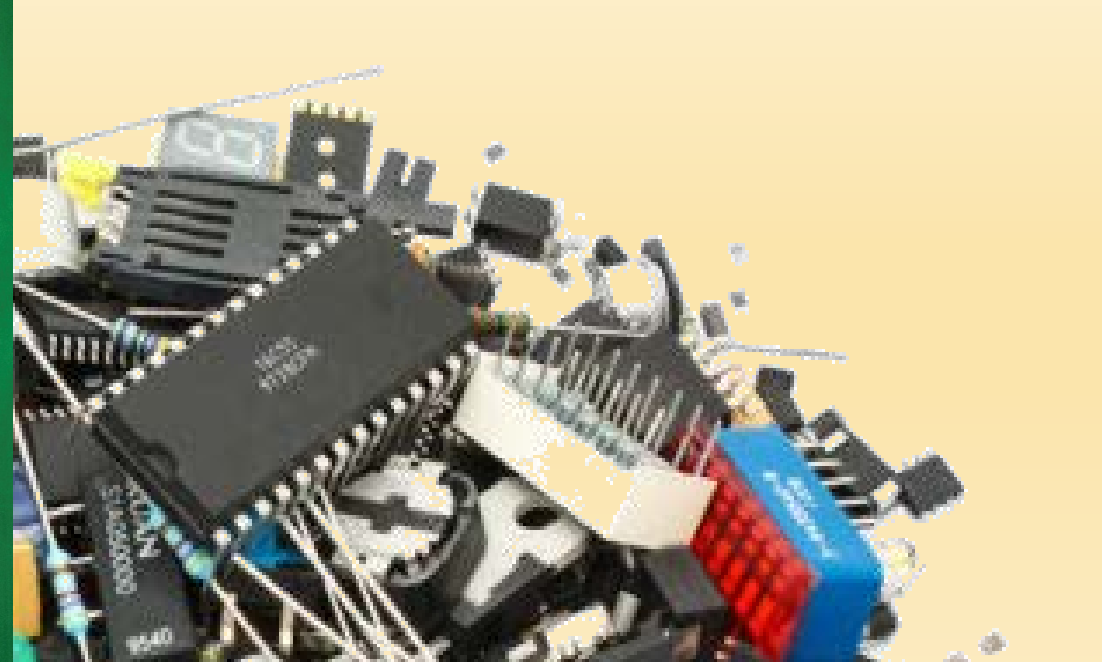
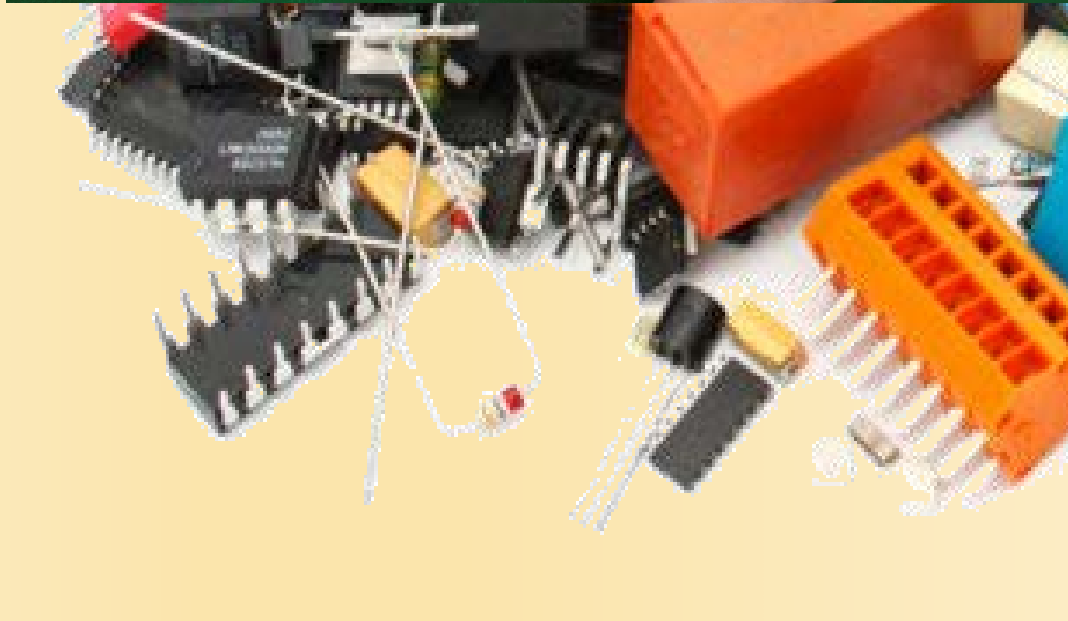
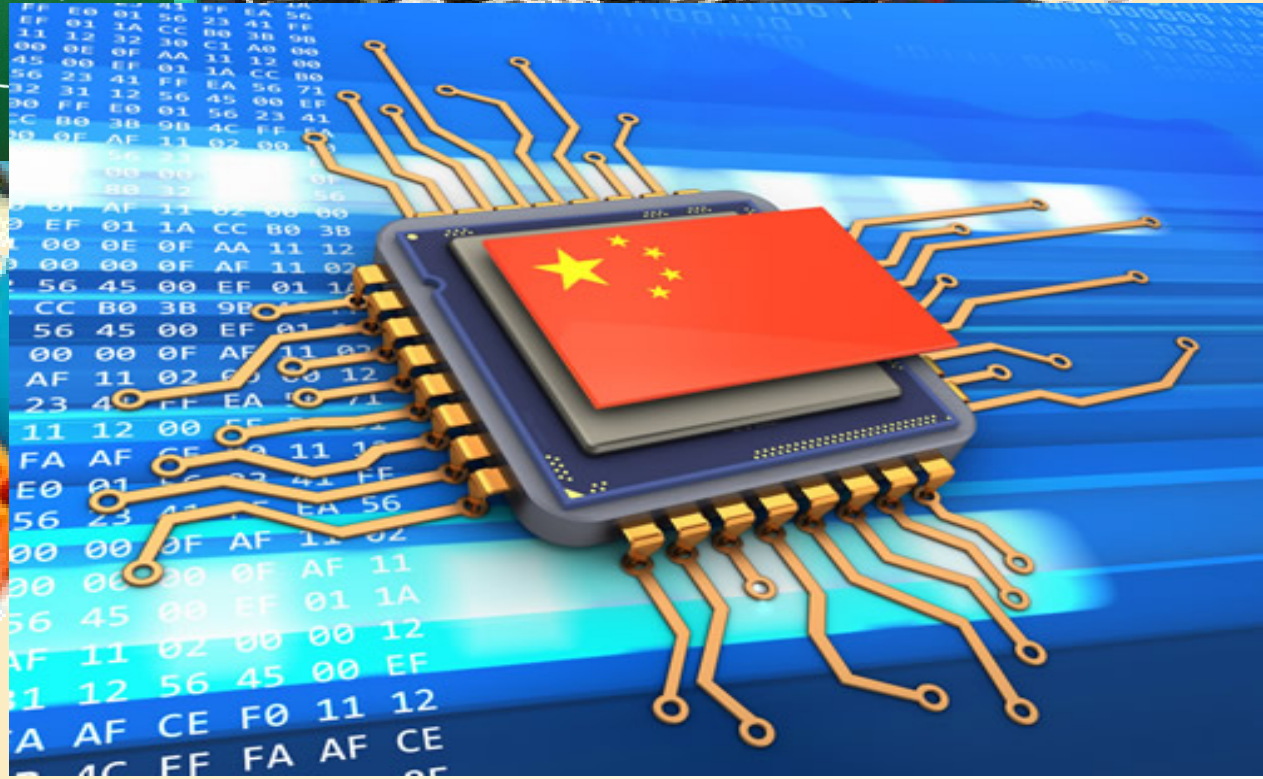




Poppy Lekner's *Forward Slash*.



Leonardo da Vinci's *Mona Lisa*





There is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.

— *Milton Friedman* —

AZ QUOTES



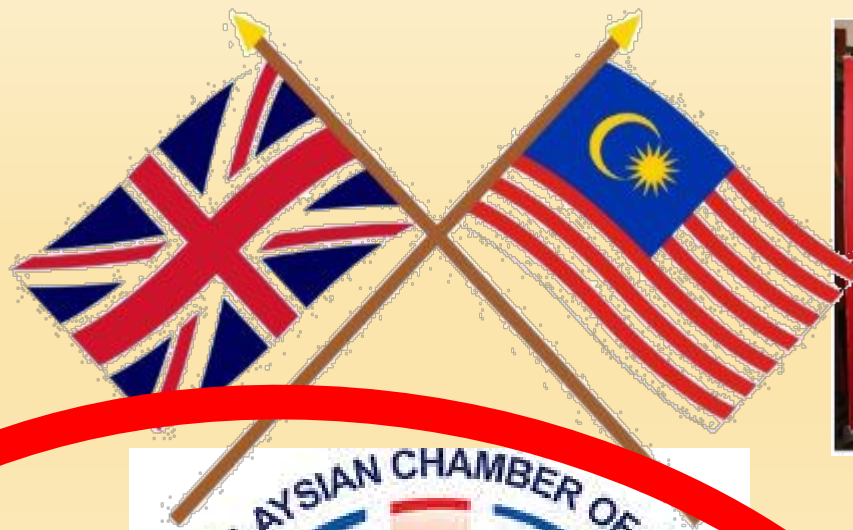
Rebekah Swan

**Environmental, Social,
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investment specialist and
Head of Product at AMP
Capital**

RIAA's Responsible and Ethical Investment Spectrum

CORPORATE ENGAGEMENT & SHAREHOLDER ACTION	TRADITIONAL INVESTMENT	RESPONSIBLE & ETHICAL INVESTMENT							PHILANTHROPY
		ESG INTEGRATION	CORPORATE ENGAGEMENT/ SHAREHOLDER ACTION	NEGATIVE SCREENING	SCREENING NORMS-BASED SCREENING	POSITIVE/ BEST IN CLASS SCREENING	SUSTAINABILITY THEMED INVESTMENT	IMPACT INVESTING (& COMMUNITY INVESTING)	
FOCUS	Limited or no regard for ESG factors	Conisderation of ESG factors as part of investment decision	Using shareholder power to influence corporate behaviour	Industry sectors or companies excluded/ divested to avoid risk and better align with values	Screening out investments that do not meet minimum standards & including investments that meet defined ESG criteria	Investments that target companies or industries with better ESG performance	Investments that specifically target sustainability themes eg: clean energy; green property	Investments that target positive social & environmental impact and provide either a market or below market rate.	Grants that target positive social & environmental impact with no financial return
IMPACT INTENTION	Agnostic	Avoids harm				Benefits stakeholders			
						Contributes to solutions			
FEATURES		Delivers competitive financial returns							
		Manages ESG risks							
		Pursues ESG opportunities							
		Intentionality: delivery of impact is central to underlying asset/investment							
		Impact of investment is measured & reported							

* This spectrum has been adapted from frameworks developed by Bridges Fund Management, Sonen Capital and the Impact Management Project



10,588km





Ethical & Responsible Investing Advisors

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CPT must comply with all Canon and Ecclesiastical laws and regulations that, under the authority of Synod, apply to the administration of the investments (as long as such compliance would not otherwise conflict with CPT's fiduciary and legal duties)

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The fiduciary duties stated in the SIPO are that:

In pursuing the investment objectives set forth in the SIPO, CPT will exercise prudence and appropriate care in accordance with the prudent person principles of the Trustee Act. All investment actions and decisions must be based solely in the overall interest of trusts, beneficiaries and investors.



CPT's SIPO does refer to socially responsible investment, and states:

*There is a desire to ensure that investments are made in **a socially responsible manner** and in particular consideration needs to be given to*

*1. A desire that ethical considerations form an integral part of the investment process **in keeping with Christian values and a commitment in principle to a strategy for ethically investing church funds.***

*2. Many of **the individuals and organisations** that invest with Church Property Trustees **would not approve** of Church Property Trustees **investing in certain industries** and would generally support the concept of ethical investment.*

*3. Church Property Trustees should **not engage in investment activity that might hinder the mission of the Diocese.***



The SIPO's specific policy in relation to socially responsible investments states in part that:

Church Property Trustees will endeavour to:

*1. **Avoid direct investment or management** on a discretionary basis by managers in companies **whose major business activity is in the supply of:***

- a) Armaments & land mines*
- b) Gaming and gambling*
- c) Tobacco*
- d) Prostitution or pornography*
- e) Alcohol*
- f) Extraction and processing of fossil fuels.*



The SIPO process for implementing this policy is that:

- **Companies are to be monitored** on the basis of this ethical investment policy to ensure they meet the criteria over the long-term.
- CPT will, where feasible and desirable, **exercise any voting power** in a manner **consistent with a socially responsible approach to investment**.
- Where appropriate, any **concerns are communicated to companies** and if it is agreed that a company is in clear breach of policy, **sales of the securities involved may be considered**.
- Implementation of these policies is the responsibility of management supported by investment consultants. In cases of doubt the matter will be referred to the Board.

CPT have engaged **Eriksens Global** to manage the funds that they hold in trust.

Eriksens conducts a **Responsible Investment Survey** **twice a year** to see what exposure companies have to:

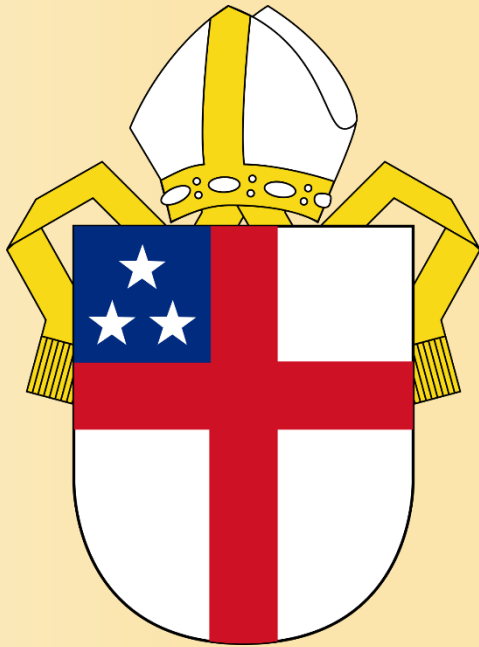
- Alcohol
- Armaments
- Distribution of fossil fuels
- Extraction and processing of fossil fuels
- Gambling and gaming
- Prostitution or pornography
- Renewable energy
- Sustainable forestry, and
- Tobacco

ERIKSENSGLOBAL
Actuaries & Investment Strategists

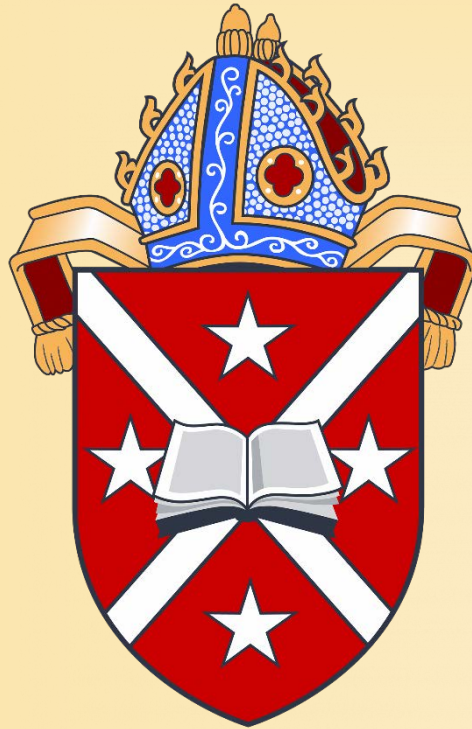
MEMBERS OF

 **riaa** Responsible
Investment
Association
Australasia

**Anglican
Financial Care**
Te Maru Mihinare



Wellington



Dunedin



Waikato



Waiapu

We need business to understand its social responsibility, that the main task and objective for a business is not to generate extra income and to become rich and transfer the money abroad, but to look and evaluate what a businessman has done for the country, for the people, on whose account he or she has become so rich.

