

2018
Annual
Report

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Chair's foreword

I am delighted to submit our Annual Report to Conference on the ethical investment issues we have debated and tackled during the 2017/18 reporting year

You may notice our Report looks slightly different this year. One result of our Strategy Day held in early 2017 was to think creatively how we can make best use of limited time and resources, and we have streamlined the way we work so as to focus our efforts more strategically.

The other reason for change this year has been the concentration of time and resource on one particular issue; climate change. The 2017 Methodist Conference requested JACEI (through Methodist Council) to examine the pace of change in the extractives sector, and actively consider divestment criteria and timescales required to divest from oil and gas companies whose business plans were not aligned with the Paris Agreement on climate change.

JACEI dedicates considerable time at every meeting to climate change; however this has increased considerably in 2017/18 in order to escalate the work so as to respond to the Conference request. To that end, an additional unscheduled meeting was held in February 2018 to review progress to date and to agree the next stage of analysis. I wish to thank my colleagues at the CFB for their enormous efforts at a time when resources were already hard pressed. To reflect this concentration of effort, this Report contains a brief summary of work conducted on climate change, but Conference is directed to the supplementary Report we have published this year ('Climate Change and fossil fuels: Report to Conference') which provides more detail on our work and advice on climate change investment matters.

The intense focus means, necessarily, that there has been less time for other matters. This is disappointing and a consequence of the focused effort needed to respond in detail to the case for climate divestment based on examining a large number of scenarios and then applying them to a portfolio of extractive stocks. This attention to the supply of fossil fuels diverted resources from assessing companies which demand their intense use and which are therefore responsible for significant carbon emissions.

Despite this focus, JACEI is pleased to have concluded some important work during the year in other areas. The CFB became the first faith investor to adopt a policy on farm animal welfare, and I commend both the Position Paper and Policy Statement to readers. A revised and completely updated Corporate Governance Policy was approved, replacing a suite of older policies on voting and governance. For the first time, the process whereby companies are screened for inclusion in CFB

THE CFB BECAME THE FIRST FAITH INVESTOR TO ADOPT A POLICY ON FARM ANIMAL WELFARE

WORK IS
NOW WELL
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A POSITION
PAPER AND
POLICY
STATEMENT ON
TAX

portfolios, and the basis on which engagement may take place, was set down in a high-level Screening and Engagement Policy.

Work is now well advanced on a Position Paper and Policy Statement on Tax, which I know will be of great interest to the wider church as it continues to press for tax justice.

Engagement with business to address concerns and raise standards is at the heart of how the CFB manages money on behalf of the Church. Owing to the concentration of time on climate, some areas of engagement have had to be reduced. Nevertheless, the Report outlines some areas of new or continuing engagement that have taken place, such as water risk (on behalf of the Church Investors Group), human rights in Burma/Myanmar, child labour in the overseas granite industry and on fair-trade.

The CFB joined a new initiative focused on UK workplace practices as society's concerns around vulnerable, low-paid work intensified. Elsewhere, collaboratively, we joined global investors in supporting efforts to reduce the use of antibiotics in the food chain, to engage with supermarkets on modern slavery closer to home and continued our long-term dialogue with infant formula companies.

There is much in this report that we trust will continue to enthuse and encourage Conference. JACEI members are tasked with providing



oversight and input on a range of very complex ethical dilemmas affecting social justice. They continue to do this with intellectual rigour and good humour. I would like to thank all my colleagues on JACEI for their time and commitment to this important work.

During the year we welcomed the Rev Dr Sheryl Anderson, the Chair of the Liverpool District, to the Committee as a nominee of the Methodist Council, ensuring we have a full complement of 11 JACEI members.

I commend this Report to Conference as evidence of the breadth of issues regularly considered by JACEI and as part of the CFB's commitment to invest ethically in accordance with Methodist Church thinking.

We are always delighted to receive comments and feedback on the Report itself, and on the work undertaken.

*The Rev. Dr Stephen
Wigley Chair, JACEI*

Conclusion

The Committee judges that the CFB has managed the funds under its control in support of an ethical stance which is in accordance with the aims of the Methodist Church.

In arriving at this conclusion the Committee scrutinised compliance with CFB ethical policies through the:

- voting record of the CFB;
- ethically excluded lists of UK and European companies;
- monthly ethics meeting minutes of the CFB;
- company engagement record of the CFB;
- Trucost and Vigeo-EIRIS reviews of the CFB UK portfolio carbon footprint;
- participation of the CFB in the Institutional Investors Group on Climate Change (IIGCC); CDP (formerly the Carbon Disclosure Project); the Principles of Responsible Investment (PRI); Access to Medicines Index (ATMI); Access to Nutrition Index (ATNI); Business Benchmark on Farm Animal Welfare (BBFAW), the Workplace Disclosure Initiative (WDI) and the Extractives Industry Transparency Scheme (EITI).
- collaboration with Wespath Benefits and Investments (the United Methodist Church pension, benefits and investment agency) and participation in the Church Investors Group (CIG)

RESOLUTION

THE CONFERENCE RECEIVES THE REPORT OF THE JOINT ADVISORY COMMITTEE ON THE ETHICS OF INVESTMENT FOR THE YEAR TO 31 MARCH 2018

Climate change

JACEI has maintained a concentrated focus on climate change issues

JACEI has maintained a concentrated focus on climate change issues throughout the year, in particular responding to the Methodist Conference 2017 Memorials and amended response. A high-level summary is provided here, but the substantive work undertaken is provided in our supplementary report ('Climate change and fossil fuels: an update'). We provide here in addition, a report of other climate related work JACEI has overseen.

Methodist Conference asked Methodist Council to request JACEI to;

- examine the pace of change in the extractives industries sector;
- in the light of the increasing urgency for more global action, continue actively to consider divestment criteria, timescales, and consultation processes required to divest from oil and gas companies;
- report to Conference 2018 with the expectation that any such company in which

the Church invests has not aligned their business investment plans with the Paris Agreement target of global temperature rise well below 2 degrees, there would be a recommendation that the Church divest from such a company by Conference 2020.

Methodist Conference 2017 received five Memorials about climate change and the response to these Memorials was amended by a Notice of Motion. JACEI continues to share the deep concern the Church has over the impact of global climate change.

CLIMATE POLICY

The CFB was among the first faith investors to publish a Policy on Climate Change (2009). It commits the CFB to manage its portfolios to take account of climate change, reduce carbon intensity, and to engage with companies on the issue.

On JACEI's advice, the CFB has adopted additional climate change policies in two discrete areas:

- climate policy – electricity generation;
- climate policy – implications for different fuels

Companies are assessed against these policies to determine whether they are suitable for investment. As a result, a number of companies have been excluded from investment, with extensive engagement undertaken with other companies to encourage a more far-sighted response.

During the year JACEI has intensified its work on climate change, including holding an extra, fifth, meeting in February 2018. In particular it has reviewed or assessed:

- Conference Memorials 2017 and amended response;
- relevant, published scenario

A NUMBER OF COMPANIES HAVE BEEN EXCLUDED FROM INVESTMENT



literature as a means of adopting an appropriate way forward;

- a climate change methodology paper (February 2018).

At the additional meeting specifically convened to discuss climate change issues, JACEI discussed and agreed with the CFB's proposals on:

- the methodology for assessing companies
- the programme for implementation
- the initial range of companies to be assessed

The methodology for assessing companies will be based on five areas:

- the current asset mix
- capital expenditure on exploration and production
- climate strategy and governance
- positive transition steps
- decreasing absolute emissions

CFB PORTFOLIO CARBON INTENSITY

The CFB is a signatory to the Montréal Pledge, an initiative that encourages investors to measure, disclose and reduce the carbon footprint of their portfolios. The CFB has prepared a carbon footprint measure of its UK portfolio for many years and this remains lower than that of the FTSE All Share Index. The CFB has now achieved nine successive years of overall reduced carbon intensity.

Emissions per unit have reduced from 6.63 kg per unit in 2009 to 4.75kg per unit in 2017, suggesting a fall of 12.4% over one year and 4.1% over nine years. Whilst the Fund has reduced its intensity over time, it should be noted that, commendably, the market as a whole has also reduced in absolute intensity.

	CFB total emissions (tCO ₂ -e)	CFB units in issue	Emissions per unit (kg per unit)
2009	175,960	26,559,227	6.63
2010	142,982	24,976,490	5.72
2011	149,212	22,182,723	6.73
2012	112,914	20,749,796	5.44
2013	115,598	21,066,622	5.48
2014	127,192	19,406,209	6.55
2015	123,819	20,027,588	6.18
2016	114,243	21,096,008	5.42
2017	94,630	19,921,015	4.75

TRANSITION PATHWAY INITIATIVE

The CFB is a founding member of the Transition Pathway Initiative (TPI), a collaborative effort that has grown to represent over £5 trillion in assets. It assesses company performance in transitioning to a low carbon economy. During the year the TPI published results of specialist coal mining companies, which were shown to be falling short of an ability to manage carbon emissions. TPI also published research on the utilities sector, and considered how it could align with the Task Force on Climate Related Financial Disclosures (TCFD), an initiative led by the Bank of England and others.

TPI encompasses an online tool developed by the London School of Economics (LSE) to help asset owners and managers assess individual company performance in high carbon sectors. JACEI has welcomed the increasing influence of TPI and CFB support for it.

CLIMATE RELATED INVESTMENT ACTIVITY

In addition to qualitative work responding to the 2017 Conference Notice of Motion and recommending an approach to the CFB Council, JACEI has reviewed and debated a wide range of additional CFB climate-related work and additional material as follows:

- noted the CFB as a signatory of a collaborative IIGCC letter to the G7 and G20 calling for renewed efforts to support 'smart finance for smart buildings' as a means of promoting energy efficiency;
- reviewed relevant literature on scenario modelling including 'Perspectives for the Energy Transition' published by the International Energy Agency;
- engagement with Carnival plc over its plans to reduce shipping emissions;

- recommended (following due diligence) that there were no reasons for excluding Total from investment whilst noting it represented an interesting transition story from fossil fuels to a mix of lower intensity and renewable options;
- scoping the impact of banks' lending policies on long-term climate change;
- placed Finnish energy company Fortum on watch following its agreement to acquire a 46.7% stake in Uniper a company currently excluded on ethical grounds owing to its coal interests;
- continued working with the Church Investors Group (CIG) to engage with industry laggards based on CDP data on carbon emissions;
- voting against companies that were laggards in reducing carbon emissions;
- participation in several IIGCC initiatives including pioneering work on corporate lobbying to ensure companies do not adopt positions that could slow the transition to a low carbon future; and
- participation in a wide range of industry led seminars, webinars and meetings to keep abreast of current pan-sector thinking.



Policy development

JACEI plays an important role in reviewing draft Position Papers and Policy Statements and recommending these for approval to CFB Council.

During the year the Committee:

- Recommended a new Policy on Farm Animal Welfare;
- Recommended a new Policy on Corporate Governance;
- Recommended a CFB Screening and Engagement Policy;
- Recommended amending the Policy on companies with Military Exposure
- Recommended a Position Paper and Policy Statement on Tax
- Recommended a Fixed Income Policy



POLICY APPROVED: FARM ANIMAL WELFARE

The CFB is a supporting investor of the Business Benchmark on Farm Animal Welfare (BBFAW) believing the use and welfare of farm animals in the food supply chain to be an issue of material interest to many church members.

THE CFB IS A SUPPORTING INVESTOR OF THE BUSINESS BENCHMARK ON FARM ANIMAL WELFARE (BBFAW)

The CFB invests in food producers, processors, hospitality and food retail companies that use animal related goods and therefore animal welfare is an issue that the CFB will seek to respond to, through engagement with companies. The CFB recognises the complex issues surrounding the production of fish, meat and dairy products for consumption and the increased demand placed on farmers. The CFB also recognises animals as sentient beings. In terms of investment, the CFB views Farm Animal Welfare as predominately a matter for engagement.

Higher welfare farming, in which the welfare of the animal is considered, is preferred. This aims to allow animals to live in surroundings similar to their natural habitats, while ensuring they are protected from thirst, hunger, fear and extreme weather. However, this style of farming cannot emulate the production capacity of factory farming and is generally more expensive due to the lower yield.

The CFB will favour companies with exposure to farm animals where there is a formal policy on animal welfare and a clear position on more specific farm animal welfare-related issues such as the use of antibiotics, animal mutilations, slaughter, close confinement, and live transportation.

At a governance level, the CFB will look at:

- Whether the company assigns senior management responsibility and accountability for farm animal welfare;
- Whether it sets farm animal welfare-related objectives and targets, and ensures that these are included in employee bonus/reward schemes;
- The resilience of the company’s management systems and processes in place to audit and monitor animal welfare standards in its supply chain, ensuring transparent reporting to consumers;
- Whether the company has product lines assured to higher farm animal welfare standards;
- The company’s attitude towards engaging with key stakeholders (e.g. animal welfare NGOs such as Compassion in World Farming and World Animal Protection, the Business Benchmark on Farm Animal Welfare) to understand current practice and industry expectations;
- Company investment in projects dedicated to advancing farm animal welfare practices and the promotion of farm animal welfare to consumers through education or awareness raising activities.

The CFB will also look at other

issues such as health and safety and climate change issues as well as farm animal welfare whilst assessing companies. However, in the case where a company persistently resists engagement due to unacceptably poor standards of animal welfare, the CFB may choose ultimately to divest.

This Policy Statement was approved by the CFB Council, and is available, together with an accompanying Position Paper on the website.



POLICY APPROVED: CORPORATE GOVERNANCE

During the year the CFB recommended a revised Policy on Corporate Governance. This replaces a number of older position papers and policies including:

- Voting Policy (2000)
- Position Paper on voting (2000)
- Position Paper on Corporate Governance (1999)
- Position Paper on Political Expenditure (1996)

The CFB exercises its votes at UK and European company meetings as part of the collaborative group facilitated by CIG. The Group develops an agreed voting template each year, which is then

THE CFB EXERCISES ITS VOTES AT UK AND EUROPEAN COMPANY MEETINGS AS PART OF THE COLLABORATIVE GROUP FACILITATED BY CIG

implemented by CIG’s service provider, ISS.

Detailed voting recommendations are set out in the CIG voting template. However, the CFB’s ‘high-level’ principles surrounding good governance have been brought together in a new Policy, approved by CFB Council in December. This sets out:

- The key principles of good corporate governance;
- Key policy areas for attention e.g. election of directors and executive pay;
- Engagement and lobbying.

The Corporate Governance Policy is available on the CFB website, together with the summary voting template.



UNTIL NOW THERE HAS NOT BEEN A PUBLISHED HIGH-LEVEL POLICY ON HOW THE CFB SCREENS COMPANIES AND THEN ENGAGES WITH THEM

POLICY APPROVED: SCREENING & ENGAGEMENT

Over time, JACEI has recommended a number of policies on ethical investment that guide the CFB’s investment approach, e.g. on climate change, the food and beverage industry, military exposure, gambling, caste discrimination, prisons and children.

However, until now there has not been a published high-level policy on how the CFB screens companies and then engages with them

on behalf of the Church. JACEI therefore welcomed a new Policy during the year which sets out in detail how this is undertaken. The CFB Council approved this in February 2018.

Screening

The CFB integrates ethical considerations into its investment process, evaluating environmental, social and governance (ESG) risks in the businesses in which it invests. Screening is applied to both stock exchange and fixed interest securities.

The CFB applies ethical exclusions by way of screening that seek to avoid investment in companies with material or significant exposure to the following areas of business activity:

- Alcohol and tobacco production
- Military products and services (including defensive systems and components, platforms and weapons)
- Gambling and gaming
- Pornographic and violent material
- High-interest ‘door step’ lending

Companies in the extractives sector are excluded from investment until being ‘positively screened’ as acceptable for investment, usually following a period of engagement.

Under our climate change policies, companies are excluded where they have a significant exposure to high-emitting sectors such as thermal coal and oil sands, or where they are ‘wholly or mainly’ committed to fossil fuel exploration and oil services.

Other ad-hoc exclusions may be applied from time to time, for instance where there may be human rights concerns. This would normally follow a period of close

engagement and dialogue.

Engagement

The principal means by which the CFB exercises ethical stewardship is through engagement with investee companies. This is sometimes known as ‘active ownership’. Engagement is applied both to equity and fixed income securities. The way we approach stewardship is set out as part of our annual statement under the UK Stewardship Code, to which the CFB is a Tier I signatory.

The CFB encourages high standards of ethical business practice and will seek to engage where we:

- require information or seek understanding of a company’s approach to specific ethical issues
- identify material risks where disclosure is absent or inadequate
- seek to respond to an ethical controversy that has impacted the company

Engagement is carried out by all members of the CFB investment team, including senior management via written correspondence (letters and email), telephone conference calls, or face to face meetings.

The CFB may choose to engage with investee companies collaboratively. The CFB is involved in a number of collaborative investor initiatives in which effort is pooled. The principal, but not sole, means of exercising such engagement is through our membership of the ecumenical Church Investors Group (CIG), <https://churchinvestorsgroup.org.uk/> where we lead or support various engagement strands (e.g. water risk). One of the core strategic goals of the CIG has been defined as:

- To increase the emphasis on engagement and the scale of the engagement work we [the CIG] undertake

Other collaborative engagements are conducted through CFB memberships of: IIGCC (Institutional Investors Group on Climate Change); PRI (Principles of Responsible Investment); BBFAW (Business Benchmark on Farm Animal Welfare); and FAIRR, (Farm Animal Investment Risk & Return). The CFB uses other investor tools and benchmarks such as Access to Medicines Index, Access to Nutrition Index and Workforce Disclosure Initiative, in order to conduct engagement.

The CFB routinely engages with investee companies itself on a range of material ESG issues, which have recently included:

- Living Wage
- Executive remuneration
- Funeral poverty
- Corporate lobbying
- Modern Slavery and human trafficking
- Health & safety incidents in the extractives sector
- Reported human rights violations
- Conflict minerals (telecommunication companies) Fairtrade
- Farm animal welfare and antibiotic use
- Breast milk substitutes

Responses are evaluated to determine whether further intervention is required, or whether the engagement may be deemed satisfactory and therefore closed. Where a company fails to respond after a reasonable period of time, a follow up approach is made, either to the same recipient or (wherever possible) to an alternative named individual.

Company preparedness in response to climate change and board diversity have been integrated into our corporate governance voting policy, which may result in oppose votes being registered against the re-election of individual directors or against the adoption of the Annual Report & Accounts.

Engagement is normally targeted at senior management, specifically:

- Corporate Governance: Chairman, Senior Independent NED or Company Secretary
- All other ethical and corporate responsibility issues: Chief Executive, Head of Sustainability or Corporate Social Responsibility or Head of Investor Relations

Meetings are typically held with sustainability or corporate responsibility professionals or with the senior leadership team. From time to time the CFB is invited to consult on corporate remuneration proposals, and it is our policy to respond constructively to these consultations.

The CFB may respond to, or participate in, public policy consultations on either corporate governance, corporate reporting or wider stewardship reviews, where these are of material interest. The CFB may also engage with other public bodies such as regulators, government or supra-national organisations such as the OECD or EU on specific matters pertinent to ethical investment stewardship.

Reporting & communication

CFB engagement activity is published quarterly in our Responsible Investment Review for clients and online at www.cfbmethodistchurch.org.uk/ethics/



AMENDED POLICY: MILITARY EXPOSURE

The CFB Policy on Companies with Military Exposure was first approved in 2008. During the year a routine review led to JACEI recommending some changes to ensure it remained consistent with the Methodist Church’s position on nuclear weapons. It was noted that whilst implicit, the Policy section made no explicit reference to nuclear weapons as being distinct from conventional, and that changes were needed to reflect this distinction. The revised part of the Policy was agreed as follows:

CHANGES WERE MADE TO ENSURE THE POLICY REMAINED CONSISTENT WITH THE METHODIST CHURCH’S POSITION ON NUCLEAR WEAPONS

Amended paragraph 3.1

Reflecting the Methodist Church approach, investments which benefit financially from the provision of military and related products and services where this might increase the probability of conflict and human rights abuses should be avoided.

Amended paragraph 3.6

Exposure to biological, chemical or nuclear weapons and associated weapons systems should be avoided. This is likely to include investment in companies that provide:

- construction or maintenance of missiles or other armaments used primarily for chemical, biological or nuclear weapons;

- maintenance of nuclear weapons and essential core weapons systems or research related to this purpose;
- maintenance of stocks of fissile material for use in nuclear weapons;
- engineering expertise, or bespoke products or services that contribute to the construction or equipping of dedicated nuclear weapons platforms (such as submarines built for the purpose of carrying nuclear weapons).

All other parts of the Policy remain unchanged. The full amended Policy is available on the website.



JACEI IS AWARE OF THE IMPORTANCE METHODISTS ATTACH TO TAX JUSTICE

POLICY RECOMMENDED: TAX

JACEI has continued to receive regular reports relating to tax, and welcomed the Joint Public Issues Team (JPIT) facilitating a forum in October on tax that the CFB attended alongside Methodist Tax Justice Network, the Church of England, Quakers, and Christian Aid. JACEI is aware of the importance Methodists attach to tax justice in the light of reports suggesting widespread corporate tax avoidance and minimisation. The Committee also acknowledges tax to be a complex, technical issue and one requiring care in terms of making sure engagement is

effective.

The request for an escalated approach to tax justice was contained in a Memorial submitted to the 2015 Conference, which called upon “the CFB urgently...to develop a Position Paper leading towards a Policy Statement on tax justice.” The response called upon Methodist Council to review progress by January 2018.

JACEI received a scoping note in September 2017 that rehearsed some background, proposed timelines and suggested next steps including creating a policy on tax.

At the December meeting, JACEI reviewed:

- The draft paper to Methodist Council (Ethical Investment and Tax Justice) – prepared by JPIT
- Draft Position Paper (Tax) prepared by the CFB

The paper to Methodist Council summarised progress to date, including the recommendation by JACEI to ask the CFB to develop a Policy Statement on tax.

At its March meeting, JACEI reviewed a further draft of the Position Paper and a first draft Policy Statement. The Position Paper considered:

- Biblical background and Methodist Church position
- Current issues around tax
- Other church and NGO positions on tax
- Engagement strategy on tax, and
- Progress towards a responsible investment policy

Given the complexity of tax as a technical issue, JACEI agreed that engagement should be focused on good practice and tax transparency. CFB engagement will be centred on hallmarks of best practice including:

- A meaningful published tax policy;
- A statement that tax compliance is understood as being more than legal compliance;
- A statement on how tax planning is arranged and managed;
- Disclosure on how much tax is paid and in which jurisdictions, and;
- A view of the progress the company is making towards adoption of the Fair Tax Mark.

It is expected that the final Position Paper and an approved Policy Statement will be published in Spring 2018.



THE CFB ETHICAL INVESTMENT POLICIES ARE APPLIED TO HOLDINGS IN FIXED INCOME SECURITIES AS WELL AS TO EQUITY HOLDINGS

POLICY RECOMMENDED: FIXED INCOME

CFB ethical investment policies are applied to holdings in fixed income securities as well as to equity holdings. The CFB invests significantly on the Church’s behalf in the gilt and sterling corporate bond markets.

No distinction is generally made in terms of the type of security as far as bringing an ethical dimension to bear is concerned. However, it has been recognised that guidelines specific to the fixed income market

would be helpful where some differences occur, particularly as they relate to the sovereign gilt market.

JACEI received a paper in December ‘Towards a Fixed Income Ethical Policy’ that began to scope in broad terms some of the issues relating to the ethics of debt including country (sovereign) assessment.

Equally the market for Green Bonds is vibrant and growing and could be an area of opportunity for the Church to make a positive investment contribution. The CFB includes green bonds in its investments.

JACEI welcomed the thinking to date on developing a fixed income policy, and approved a proposed policy at its March meeting. In addition, it encouraged the CFB to undertake further work on identifying criteria for assessing countries on an ethical basis. It is expected the Policy Statement will be approved and published in Spring 2018.

Other ethical investment issues

Whilst we have concentrated resources on climate change during the year, there has nevertheless been considerable activity in other important areas across a range of environmental, human rights and business ethics issues.

MINING & FAITH REFLECTIONS INITIATIVE (MFRI)

JACEI and the CFB have remained committed to the ecumenical Mining & Faith Reflections Initiative, which brings together mining executives and church leaders to discuss sustainable mining. A mini-day of reflection was held in November at Lambeth Palace, co-hosted by three denominations. Revd Dr Stephen Wigley, JACEI Chair, represented the Methodist Church in Britain. The chief executives of Anglo American and Newmont Gold participated. A full Day of Reflection, originally expected to take place in late 2017, is now being planned for later in 2018.

Earlier in the year a reflections meeting had taken place in Barcelona, which included clergy representatives from across the denominations, who each led a discussion with mining CEOs. The meeting sought to take stock of the Initiative's progress, plan further site visits and increase and encourage participation by a wider number of mining companies.

EXTRACTIVE INDUSTRIES

JACEI reviews engagement with extractives companies as a regular agenda item, and noted during the year that a number of meetings and discussions took place. In particular, the CFB:

- participated in the annual sustainability day at Anglo American;
- participated in the annual sustainability day hosted by BP;

- participated in a sustainability roundtable hosted by Royal Dutch Shell;
- engaged with Rio Tinto over reports it had revised its approach to managing biodiversity at its ecologically sensitive site on Madagascar;
- engaged with Centrica over its 25% minority investment in the Bowland shale license. The company confirmed its commitment to 'the highest standards of health and safety', and gave assurance that the project would be managed so that impacts to the environment and communities are 'effectively managed'.

JACEI noted publication by the Church of England of its new ethical investment policy on the Extractives Industries which included a detailed theological reflection and acknowledged reflections from former JACEI member Professor Dr David Clough.

The CFB is a signatory investor of the Extractives Industries Transparency Initiative (EITI), which supports corporate tax transparency. Over 90 global investors with assets of \$19 trillion have signed the Investor Statement on Transparency in the Extractives Sector, including the CFB. There are now

59 implementing countries, with \$2.3 trillion of revenues disclosed in EITI reports. The initiative continues to attract new candidate countries, including Australia and France in 2017.

NESTLÉ & BREAST MILK SUBSTITUTES (BMS)

Our commitment made to the Methodist Conference to engage with Nestlé continued in 2017.

The CFB was the only investor invited to attend a ground-breaking roundtable facilitated by SustainAbility that brought together the company and child nutrition advocacy groups to discuss 'the first 1,000 days of life'. The meeting proved very constructive and, given long-standing shared suspicions, suggested a willingness to engage constructively in the interests of infant nutrition. The meeting discussed how maternal and infant nutrition needs could be met from conception to two years, and the policy, process and products Nestlé provides. One clear outcome was the view that the company needed to be a stronger public advocate for tough regulation around WHO Code adoption.

Reckitt Benckiser was represented at the meeting following its planned acquisition of Mead Johnson, a US manufacturer of BMS products. Mead Johnson is a global leader in pediatric nutrition and manufactures and markets more than 70 products in over 50 countries. The acquisition completed in June 2017 and Reckitt Benckiser will be required to meet the FTSE4Good BMS standards to remain in the Index. CIG, on behalf of its members, engaged with the company to encourage it to comply with FTSE4Good and leading best practice.

The CFB has an annual meeting with Nestlé UK which will next take place in April 2018. JACEI remains strongly supportive of a process of robust dialogue with Nestlé on BMS and other material sustainability issues.

In addition to the annual meeting with Nestlé, a member of the Connexional Team attends an

annual workshop facilitated by FTSE4Good in which stakeholders such as NGOs and the churches meet together to discuss findings from the verification process. This comprises independent 'in country' visits every 18 months conducted by PwC, which 'tests' the performance requirements for continued inclusion in the Index, which now includes Danone as well as Nestlé. The findings and company responses are published on the FTSE Russell website.

JACEI commends to the Conference this process of challenge and engagement with Nestlé, especially the comprehensive nature of the approach, together with the independent assessments by ATNI and FTSE4Good.

FOOD, NUTRITION & FARM ANIMAL WELFARE

Elsewhere in this Report we note that we recommended a Position Paper and Policy Statement on farm animal welfare, we believe the CFB is the first UK church investor to do so. The CFB is a supporting signatory to the Business Benchmark on Farm Animal Welfare (BBFAW), which ranks companies in the food production, processing and hospitality sectors for their overall approach to managing farm animal related risks in the supply chain. The CFB engaged with three companies, Compass Group, Whitbread and J Sainsbury which had all fallen in the tiered rankings since 2015 (Compass and Whitbread falling from Tier III to IV). Satisfactory responses were received, and this will be monitored against the 2017 Benchmark once it is published.

The CFB also joined a collaborative engagement initiative led by FAIRR (Farm Animal Investment Risk and Return) focused on non-therapeutic use of antibiotics in livestock production.

It is widely recognised that the exponential increase in the use

of antibiotics is posing a serious risk to human health as resistance to antibiotics impacts human resilience to routine infection. The CFB joined other investors in signing an investor statement on antibiotic resistance and engaged with Whitbread to understand its position.

The CFB engaged with HSBC following critical comment by Greenpeace over its lending practices to companies associated with palm oil production. HSBC was able to demonstrate it had tightened its commodity policy generally and on palm oil in particular, and which includes a commitment to 'no deforestation, no peat and no exploitation'. We welcomed HSBC's detailed disclosure on palm oil, in that it will no longer provide financial services to customers involved directly in, or sourcing from suppliers involved in:

- illegal operations
- deforestation; that is the conversion of areas necessary to protect high conservation values, the conversion of high carbon stock forests; the conversion of primary tropical forests; or land clearance by burning;
- new plantation development on peat, regardless of the depth;
- the exploitation of people and communities, such as: harmful or exploitative child labour or forced labour; the violation of the rights of local communities;
- and operations where there is significant social conflict.

JACEI expressed serious concern at the apparent move by J Sainsbury during the year to withdraw from the Fair Trade Foundation for its tea products in preference for its own accredited fair trade model. The Committee also noted a Notice of Motion at Conference 2017 calling on JACEI

to encourage supermarkets to continue to support the Fair Trade Foundation's Fairtrade Mark'. The CFB engaged with both J Sainsbury and Tesco calling on the former to reverse its decision, and to asking for information about Tesco's position. Sainsbury provided some assurance that it remains strongly committed to fair trade, but that its pilot project (focused on tea) was intended to provide enhanced benefits and community support beyond the Fair Trade mark. Tesco provided a full response in which it placed high regard on consultation with NGOs, trades unions, and other 'multi-stakeholder' groups to achieve the best outcomes. The Ethical Trading Initiative ranks Tesco as a leader on ethical trade.

ENVIRONMENT

The year has been dominated by debate around the impact of plastic waste on marine life.

Whilst it is a versatile material, plastic and particularly single-use plastic, such as water bottles, disposable coffee cups and straws, is having an often dramatic impact on the environment. JACEI welcomed the CFB scoping the nature of the challenge and some early suggestions for engagement with companies such as Unilever and Nestlé to understand how they are responding.

EMPLOYMENT & LABOUR

Vulnerable work, the 'gig economy' and zero hours contracts have been much in the news as part of the phenomenon of 'in work poverty'. JACEI welcomed the CFB becoming a founder supporter of the Workplace Disclosure Initiative, facilitated by ShareAction, which calls for improved transparency on how companies manage 'human capital'. A pilot survey was sent to 75 companies with the aim of helping investors gain insights into how companies manage their workforces. The data will also

inform investor engagement with companies to encourage better employment policies and practices, with the ultimate aim of improving the quality of jobs for employees. The initiative is already supported by 79 investors with \$8 trillion of assets under management.

The CFB also supports collective engagement by ShareAction on the Living Wage. A third of the FTSE100 are now accredited Living Wage employers and a target of 50% has been set by the Living Wage Foundation to be achieved by 2020. During the year collaborative investor letters were sent to, among others, Reckitt Benckiser, CRH and Prudential.

The CFB is alive to potential pay discrimination and unfairness, and noted J Sainsbury subsidiary Argos was forced to pay compensation for failing to meet minimum wage requirements. It would be the CFB's normal response to engage with companies where either illegal or unfair practices had been reported and the WDI will provide more scope for understanding where these problems may lie.

The risks and impacts arising from automation and AI (artificial intelligence) have also exercised attention during the year and are recognised by the Committee as a subject that demands significant attention. Given other priorities, this could not commence in 2017; however JACEI was helped by noting a background briefing paper published by Theos. This explored some of the earliest likely applications and some of the ethical implications such as how autonomous systems may operate within an ethical framework and some theological reflections. This is clearly a challenging area for discussion to which JACEI will return.

WATER RISK

Water shortage remains an acute risk for business and communities. Some 2.7bn people, or 40% of the global population, live with water shortage for at least one month a year with water scarcity increasing as a result of climate change. The likelihood of migration and conflict increases as water abundance becomes stretched.

The CFB led a further round of collaborative engagement on water risk commissioned by the Church Investors Group. Based on company scores assessed by CDP, the current target group comprises 19 UK and European companies operating in high water usage sectors such as oil, food retail and house-building with the aim of improving risk management disclosure as it affects water.

Companies targeted include Carrefour, Drax, EoN, Lafage, Arcelor-Mittal, Barratt Developments, Statoil, Repsol and Persimmon.

To date, responses have been encouraging although some companies appear to view water as relatively low risk to operational continuity, and are therefore placing lower emphasis on it. Others have provided comprehensive replies suggesting a detailed risk plan where water stress is affecting operations. For instance, Repsol stated it 'has a long and sustained commitment with regard to water issues...the responsible use of water forms part of the mission, vision and values of the company'.

Responses will be assessed and presented to the June CIG Conference and published on the CIG website.

HUMAN RIGHTS

JACEI has reviewed several engagement initiatives during the year focused on human rights, Modern Slavery and trafficking.

The CFB became a supporting investor at the launch of the Corporate Human Rights Benchmark (CHRB). The Benchmark ranks 98 of the world's largest publicly traded companies, from three sectors on human rights performance; agricultural, apparel and extractives. Perhaps unsurprisingly, the initial rankings were relatively poor, suggesting companies have much more to do in order to provide a robust response to human rights risk within their operations and supply chain. Three companies were ranked within the highest banding: M&S, Rio Tinto and BHP Billiton.

In early 2017 we engaged with M&S following allegations of child labour within its Turkish supply chain. The company provided strong reassurance around its monitoring and due-diligence, and sent an investigative team to Turkey within 24 hours of the allegations being made. Remedial action was agreed with the supplier, but no evidence of child labour was found.

The phenomenon of Modern Slavery is a risk closer to home too, and supermarket car washes were identified by Tesco as a significant area of risk. The CFB engaged with the supermarket following allegations of trafficked labour in one of Tesco's car washes in Congleton, Cheshire. These are operated by a single franchisee, and Tesco was able to identify a rigorous assessment program prioritising mitigation and documentation. This is supplemented by audits and compliance checks. Whilst some irregularities had been found, 'none of our checks... have identified any incidences of trafficking or forced labour'.

Supply chains remain the most challenging and porous areas for potential human rights violations. During the year two supply chain issues exercised attention; cobalt and granite. Following an Amnesty International report we engaged with Vodafone regarding allegations of human rights abuses in the cobalt supply chain.

Cobalt is a key component in rechargeable lithium-ion batteries that power electronic devices such as smartphones. The report found that more than 50% of the world's supply of cobalt comes from the DRC, where up to 20% is mined from artisanal sources, including child labour. The CFB commended Vodafone's conflict minerals policy, but sought more information on how the company is addressing the issues raised by the report. A response is awaited.

The CFB's US portfolio manager, Wespath (United Methodist Church) sought to engage similarly with Apple Inc. Apple had responded to the allegations by ceasing the supply of cobalt from sources where child labour might be a risk. It stated that all suppliers are required to have "appropriate protections" in place safeguarding workers and banning child labour. This work continues.

Similar allegations were made regarding the sourcing of granite from Southern India. India is a major exporter of granite, widely used in the construction industry to provide wall and floor tiles and kitchen worktops etc. The industry is poorly regulated with incidences of child labour and inadequate health & safety oversight. The CFB engaged with house-builder Berkeley Group to understand where it sourced granite and the controls it had in place. The company stated it did not source granite from India and had implemented 'a sustainable specification and procurement strategy', supplemented by supply chain mapping to identify the highest risk materials to the business.

There has been significant engagement with the oil and gas company Total SA at senior management level. The engagement was carried out by staff of the CFB and JPIT, and built on previous work with respect to Burma/Myanmar. The CFB policy on Human Rights and Conflict was used as guidance to assess the approach of Total Oil to human rights including supply chain and strategic 'in country' partnerships. Total Oil has no operations in Rakhine State, in which Muslim Rohingya have suffered persecution and displacement.

JACEI received from the CFB a detailed briefing paper and was impressed with the constructive way the company had engaged, and agreed with the paper's conclusion that outstanding controversies relating to its operations in Burma/Myanmar had been resolved. The company's comprehensive approach to human rights protection has been transformed since the 1990s, and now contributes to good practice in the oil and gas sector. JACEI has therefore advised the CFB that there is no longer an ethical bar to investment with respect to Total SA.

The Methodist Conference commended sanctions and boycott of Burma/Myanmar in 1998. In 2013, the EU and the UK Government lifted sanctions, and in 2015 elections were held that resulted in a largely civilian led Government.

The recent deterioration of the human rights situation for the Muslim Rohingya minority in Rakhine state has been met with anguish and revulsion. The persecution and killings have resulted in over 600,000 refugees being displaced and crossing into Bangladesh. The role of business in ensuring that it is not complicit in human rights violations is clearly set out in the UN Guiding Principles on Business and Human

Rights in which business has a duty to 'protect, respect and remedy' any abuses.

Telenor has the license to operate the country-wide cellular phone network and the CFB engaged regarding the situation in Rakhine. Telenor had provided frequent published updates and told the CFB that it had been unable to operate in the militarised areas owing to security concerns. The company confirmed that regular assessments are made and that it provides no telecommunication services to the military. JACEI welcomed the engagement by the CFB. JACEI will continue to keep the situation of companies operating in Burma/Myanmar under review.

CFB VOTING & EXECUTIVE REMUNERATION

The CFB's quarterly voting summaries are reviewed at each regular JACEI meeting. These summary reports are available on the CFB website, with the full voting report available on request. Voting is carried out at all UK and European company meetings as part of the collaborative CIG voting policy template, which JACEI reviews annually. The voting template is implemented by the CIG's service provider, ISS.

It has long been a CFB aspiration to build a strong Church coalition of like-minded voters, and 2017 represented the third year of operation in which the critical mass of faith investors could be applied to combined proxy voting; Methodist and Church of England ballots, in particular, are now well-aligned.

Last year represented a remuneration policy year in the UK, in which shareholders are given a binding vote on executive pay. JACEI supports the robust attention the CFB gives to excessive executive pay, and the template has a rigorous metric that considers disclosure, the link

to corporate performance and the potential for excess. The 2017 proxy voting season was muted in the UK with few significant pay revolts by shareholders.

The CFB continued to be vigorous in opposing excessive remuneration. During the calendar year 2017, the CFB voted at 118 UK meetings comprising 2,088 resolutions. Out of 166 UK remuneration reports and policies voted, the CFB opposed 104 (66%). 44% of all action taken in the UK was in respect of executive pay.

Of 32 long-term incentive plans put to shareholder vote, the CFB opposed 11, or 34%. The CFB opposed remuneration resolutions at over 50 FTSE100 companies during the 2017 proxy voting season.

The CFB also opposed or voted to abstain the re-election of 123 directors, accounting for 13% of those seeking election (16% in 2016) for Board independence or other reasons.

Overall the CFB opposed or abstained on 14% of UK resolutions (13% in 2016).

The CFB integrates gender diversity at board level and climate change preparedness into the voting policy; where companies have failed to make progress in either (or both) areas, the CFB may vote against the re-election of Nomination Committee directors, or adoption of the Report & Accounts. In 2018 FTSE100 companies that have not achieved a minimum of 25% women on Boards will face automatic opposition.

The CFB is occasionally invited to consult on company remuneration proposals, and in 2017 views were given to NextFifteen Communications regarding its revised remuneration proposals. Whilst remuneration was broadly satisfactory, the CFB made some

suggestions for improvement to the overall structure of pay.

In Europe, where fewer markets empower shareholders to vote on remuneration, the main issues leading to CFB votes against board resolutions were shareholder capital and board balance concerns. In 2016, the CFB voted at 363 European meetings and 3,970 resolutions, 22% of which were opposed or abstained by the CFB (17% in 2015).

THE UK STEWARDSHIP CODE

The CFB has been a signatory to the UK Stewardship Code since its inception in 2012. The CFB continued to be rated a Tier I signatory, which JACEI commended. The CFB Council has approved the 2018 Statement, which is available online.

PRINCIPLES OF RESPONSIBLE INVESTMENT (PRI)

The PRI is the largest global signatory organisation promoting responsible investment, with nearly 1,800 signatories, representing US\$60 trillion of assets under management. PRI facilitates the opportunity to collaborate with like-minded global investors and to participate in expert-led events on material issues, including climate change.

The CFB has been one of 369 'asset owner' members of PRI for many years, and part of the responsibility of membership is to complete a detailed survey on process, management, and performance. JACEI commended the CFB for again achieving the highest A+ ranking for strategy and governance in 2017, which places it in the top 10% of reporting signatories.

THE CHURCH INVESTORS GROUP (CIG)

The CFB closely collaborates with the ecumenical Church Investors Group, whose objectives are:

- to encourage the formulation of investment policies based on Christian ethical principles;
- to assist each other in putting such policies into practice;
- to encourage responsible business practices through engagement with company managements; and
- to share information and views on ethical matters related to investment.

JACEI welcomes and commends the continued strengthening of the ecumenical work through CIG, which now has 59 members with combined assets of £17bn. Its membership is drawn in the main from the UK and Irish churches, but is also increasingly international with a network of supporting international partners. CIG supports its members by hosting two meetings a year (including the international conference in June), and by leading strategic engagements on carbon, water, modern slavery and tax.

In 2017 CIG hosted its fifth two-day international conference which attracted delegates from over 30 denominations. The keynote speaker, in a conference otherwise mostly devoted to climate change, was Sir Andreas Whittam-Smith, who reflected on 15 years as First Church Estates Commissioner. In June CIG published a report of its engagement with 265 companies on the UK Modern Slavery Act. Over 100 responses (39%) were received, with 82% indicating positive action in response to the Act, and over half stating that specific slavery risk assessments had been carried out on direct and supply chain risks.

The CIG Steering Group is drawn from a wide representation of the membership including CFB Chief Investment Officer, Stephen Beer, who was appointed Vice Chair by the membership at the November meeting.

CIG took the decision during the year to register as a company limited by guarantee, and to seek charitable status; this was progressing at the year end. More information on the work of the CIG is at www.churchinvestorsgroup.org.uk

THE CFB ETHICAL REVIEW

As part of its regular oversight JACEI scrutinises:

- the CFB summary voting records (UK and Europe);
- the list of ethically excluded UK and European companies (approximately 6% of the Eurofirst 300ex-UK Index, and 15% of the FTSE All Share Index, respectively as at 31 December 2017); and
- minutes of the monthly CFB Ethics Meetings (11) were all noted and reviewed.

The long-term impact of ethical exclusions on CFB investment returns is considered to be broadly negligible.

The CFB's proprietary ethically adjusted benchmark index to 31 December 2017, relative to the FTSE All Share Index, lagged by 1.2% over 1 year, by 1.1% pa over 3 years, but by only 0.1% pa over 10 years.

The CFB and its wholly-owned subsidiary, Epworth Investment Management, are actively involved in a number of Responsible Investment initiatives. JACEI receives regular reports on these:

- The CFB is a founder member of the Institutional Investors Group on Climate Change (IIGCC), which now

has nearly 150 members representing €21 trillion in assets; is part of its corporate working group; is a signatory to the IIGCC Investor Statement on Climate Change and other signatory-based public policy initiatives; participated in several expert IIGCC briefings; attended the AGM in which Bank of England Governor, Mark Carney was keynote speaker;

- The CFB is a founding signatory to CDP (formerly the Carbon Disclosure Project), and is also part of a wider coalition that encompasses its sister projects on water and forestry. CDP combines its surveys on carbon, water and forestry to present a holistic view of company performance in these areas. CDP is backed by 650 global investors with combined assets of \$87trillion;
- The CFB is signatory to the Access to Nutrition Index (ATNI), which is supported by 60 investors;
- The CFB is a signatory to the Access to Medicines Index (ATMI) which is supported by 64 investors with \$5.5trillion of AUM;
- The CFB is a supporting investor of the Business Benchmark on Farm Animal Welfare (BBFAW) and signatory to the Global Investor Statement on Farm Animal Welfare; works with FAIRR (Farm Animal Investment Risk and Return) and signed its investor statement on antibiotic resistance;
- The CFB is a supporting investor of the new Workplace Disclosure Initiative (WDI), which in its first year attracted support from 70 investors with \$8trillion of AUM;

- The CFB is an investor signatory to the Extractives Industries Transparency Initiative (EITI);
- The CFB is a supporting investor of the Corporate Human Rights Benchmark (CHRB), and a signatory to the UN Guiding Principles Reporting Framework Investor Statement which attracted 87 investor supporters with \$5.3trillion of AUM;
- The CFB is a member of the Ecumenical Council for Corporate Responsibility (ECCR), where a Connexional team member sits on the Board;
- Epworth Investment Management is a member of UK Sustainable Investment & Finance (UKSIF).

The CFB used the specialist support services of:

- Vigeo-EIRIS (ethics company research)
- ISS (UK and European proxy voting)
- Trucost (UK portfolio carbon footprints)

JACEI commends and welcomes the valuable input on a variety of subjects made by the Methodist Connexional Team and the Joint Public Issues Team (JPIT). Team members attend every JACEI meeting. www.jointpublicissues.org.uk

Role and Function of the Committee

TERMS OF REFERENCE

The Joint Advisory Committee on the Ethics of Investment (JACEI) was established in 1983 by a Resolution of the Methodist Conference to provide a mechanism for the Methodist Church to tackle ethical dilemmas associated with investment and to report annually to the Conference. Its Terms of Reference, which were last revised in 2001, are as follows:

The Joint Advisory Committee of the Ethics of Investment shall have a Chair appointed by the Methodist Council. The Committee shall have five members appointed by the Central Finance Board of the Methodist Church (CFB) and five members appointed by the Methodist Council.

The function of the Committee shall be:

- to advise the CFB of ethical considerations relating to investment, it being accepted that the CFB legally has responsibility for making the final decision on the purchase or disposal of any share;
- to make public where appropriate any ethical policy of the CFB and in particular any investment decision taken on ethical grounds and any other advice the Committee may provide on ethical matters relating to investment;
- to report to the Conference on the workings of the Committee and in particular to comment on the performance of the CFB in managing the funds under its control according to an ethical stance which is in accordance with the aims of the Methodist Church.

The Committee expects to review and update its Terms of Reference during 2018.

STANDING ORDER

The Committee agreed a Standing Order relating to JACEI during the year:

- 231A(1) There shall be a Joint Advisory Committee on the Ethics of Investment, appointed annually in accordance with clause (2) below.
- (2) The committee shall consist of eleven persons and shall comprise:-
 - (i) a chair appointed by the Methodist Council, who shall be a Chair of District;
 - (ii) five other persons appointed by the Methodist Council; (iii) five persons appointed by the Central Finance Board;
 - (3) The committee shall meet as frequently as need be, but in any event at least once a year.
 - (4) The committee shall be responsible for advising the Central Finance Board on ethical aspects of its investments and proposed investments and shall report annually to the Conference.

RESPONSIBLE INVESTMENT REPORTING REQUIREMENTS

In July 2000 regulations came into force obliging pension funds to consider their policy, if any, on socially responsible investment (SRI). In April 2005 similar requirements were extended to charities under the SORP guidelines. The UK Stewardship Code, published in July 2010, provides further clarity on reporting by investors. The CFB is investment manager to large pension funds that use the JACEI Conference Report as part of their assessment of CFB compliance with their SRI policies. The report should therefore

enable trustee bodies to assess clearly whether the CFB has operated in a way consistent with the aims of the Methodist Church.

The CFB has been a signatory to the UK Stewardship Code since its inception in 2012, and its latest Statement of disclosure is available at www.cfbmethodistchurch.org.uk.

The CFB is rated a Tier I Signatory to the Code by the Financial Reporting Council (FRC).

JACEI AGENDAS

JACEI receives at each meeting:

- the JACEI/CFB work-plan
- one or two major items for debate, usually Position Papers and Policy Statements either previously agreed by the Committee or requested by the CFB;
- other significant matters for discussion (including climate change and extractives industries as standing items);
- CFB engagement, including company notes and briefings;
- a CFB ethical performance review including the CEO Report, voting summary reports, ethical exclusions and a note of any disinvestment on ethical grounds;
- significant collaborative engagement work

The Committee should:

- hold four meetings a year (in 2017/18 five meetings took place in June, September, December February and March);

- have its own identity with an address located at Methodist Church House;
- advise the CFB in relation to current Methodist Church policy;
- examine all aspects of a company's operations rather than simply focus on one particular issue;
- take responsibility, where appropriate, for making public any ethical policy of the CFB and in particular any investment decision taken on ethical grounds, and;
- seek ways to make the advice provided by the Committee available to the wider Methodist Church.

Committee members are empowered to:

- contact the Secretary between meetings about issues of concern to them and to;
- email their comments on position papers or other matters to the Secretary if unable to attend a particular meeting.

The Committee receives and reviews the CFB Work-plan at every meeting, which sets medium-term policy priorities.

The Committee revised its way of working during 2017/18 following a strategy day held in February 2017. In order to maximise its use of time, routine items of business are now reported via a CFB CEO Report to JACEI, which the Committee receives and reviews.

Committee membership

CHAIR

- The Revd Dr Stephen Wigley

The JACEI Chair is independent, nominated from among the membership of the District Chairs, and appointed by Methodist Council.

METHODIST COUNCIL NOMINATED MEMBERS

- The Revd Dr Sheryl Anderson (from 1 July 2017)
- Prof Brian Gennery
- Alison Jackson
- Rachel Lampard
- Chris Moorhouse

CENTRAL FINANCE BOARD NOMINATED MEMBERS

- Dr Keith Aldred
- Stephen Beer
- Alan Emery
- John Sandford
- Terry Wynn

TRUSTEES OF THE METHODIST CHURCH IN IRELAND REPRESENTATIVE

- The Revd Dr John Stephens (to 12 March 2018)
- David Hopley (from 12 March 2018)

COMMITTEE MINUTES SECRETARY

- Ashma Ponniah

COMMITTEE SECRETARY

- Neville White
neville.white@cfbmethodistchurch.org.uk

JACEI EIAG ARRANGEMENT

The Committee has a reciprocal arrangement with the Church of England Ethical Investment Advisory Group (EIAG) whereby representatives of JACEI and the EIAG attend as observers of each other's meetings and exchange Minutes.

Adam Matthews (Secretary to the EIAG) and Stephen Barrie attended JACEI meetings in this capacity during the year. Stephen Beer attended meetings of the EIAG.

OTHERS IN ATTENDANCE

- David Palmer
- Christophe Borysiewicz
- Miles Askew
- Matthew Jones
- Matthew Richards
- Steve Hucklesby
- Sophie Leake
- Bill Seddon

Richard Nunn, Chair of the United Reformed Church Ministers' Pension Trust Ltd attends JACEI as an observer.

Contact

*Enquiries about the
Committee's work
are encouraged*

BY POST

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CFB ETHICAL INVESTMENT POLICIES AND
POSITION STATEMENTS AVAILABLE AT
CFBMETHODISTCHURCH.ORG.UK/ETHICS