

2022 Annual Report

CONTENTS

- 1 Chair's Foreword
- 3 Conclusion and resolution

Earth and ecosystem

- 4 Climate Emergency
- 6 Climate related engagement
CFB/Epworth Portfolio carbon intensity

Fairness, responsibility and transparency

- 9 Extractive industries
- 10 Tax Justice
HSBC

Conflict

- 12 Russia
Israel/Palestine

Labour

- 14 Modern slavery

Equality

- 15 Voting and corporate governance

Health and wellbeing

- 16 Nutrition

Society

- 16 Education

External accreditation

- 18 The UK Stewardship Code
Principles of Responsible Investment (PRI)

Collaboration

- 19 The Church Investors Group (CIG)
Other

Governance

- 21 Role, Function and Membership of the Committee
- 24 Committee membership
- 25 Contact

Chair's Foreword

The Rev Dr Stephen Wigley Chair, JACEI

It is my privilege to introduce this year's report on the work of JACEI, the Joint Advisory Committee on the Ethics of Investment.

Last year's report focused heavily on investments in the oil and gas sector, and you will be aware that after extensive analysis and following the recommendations contained in the JACEI report, the CFB took the decision to disinvest from its remaining oil and gas holdings because of the sector's inadequate response to the challenges of the climate emergency.

“The CFB took the decision to disinvest from its remaining oil and gas holdings”

This year, the work to address the climate emergency and reduce carbon emissions has continued. We are pleased to report that the CFB was represented at the November COP26 conference in Glasgow. At this Conference the CFB's new Head of Ethics, Rev Dr Andrew Harper, spoke to journalists and companies on behalf of JACEI and the CFB. Alongside a joint announcement of fossil fuel disinvestment with 71 other faith groups, the CFB challenged the banks to stop climate target dilution activity. This challenge was well covered in a November issue of The Times where the CFB questioned HSBC's commitment to science, the planet, and its people – especially the poor.

“Work has also been completed on an extractives policy”

Work has also been completed on an extractives policy which will enable us to better engage with mining companies and help in protecting indigenous communities and workers' rights. This is even more crucial as the world consumes more precious and rare earth metals in pursuit of overall carbon reduction. We know the mining industry touches lives all around the world, many of whom are poor and marginalized. The new extractives policy will focus the CFB's efforts on issues that most impact people and planet.

COVER:
*Children prospecting for gold
in Tanzania*

Following Conference’s request through Council in 2021, JACEI has worked hard to amend and update the CFB’s policy on Israel/ Palestine. We are satisfied that this updated policy now gives the CFB the best tools to address the complexity facing the region and welcome plans to refresh its engagement in some key areas.

“I am encouraged by the role the CFB can play in leading our thinking on ethical issues.”

As Chair of JACEI, I am encouraged by the role the CFB can play in leading our thinking on ethical issues. The CFB’s appointment of a new Head of Ethics

marks a significant step forward in strengthening its commitment to ethical thinking and provides it with the resources necessary to navigate the nuanced issues facing investment. As part of this renewed focus, JACEI is committed to developing policies that will meet the ethical standards of the Church, as well as give us the opportunity to affect the most change for the good of people and planet.

This year has also seen some significant changes in terms of the membership of JACEI, which is a mixture of appointments made by the CFB and the Methodist Council. Over the year we said farewell to Dr Keith Aldred, Mr Alan Emery, Ms Alison Jackson and Mr Terry Wynn. On behalf of JACEI I would like to pay tribute to the many years of service and even more years of experience which they brought to the work of JACEI and for which the Committee remains hugely grateful.

At the same time, we were pleased to welcome new members in Mr Bala Gnanapragasam, Rev Julian Blakemore, Rev Dr Vincent Jambawo and Ms Morwenna Williams, together with Rev Dr Andrew Harper. We look forward to the diverse insights and experience which they will bring to JACEI’s work going forward.

The pages which follow give a fuller picture of the wide range of work which JACEI undertakes on behalf of the Church throughout the year. It is our conviction that this Report evidences to Conference 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.

CONCLUSION

Conclusion

Based on the information available, 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. This includes the holdings in its wholly owned subsidiary, Epworth Investment Management Ltd.

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

- voting record of the CFB;
- ethically excluded lists of UK and global companies;
- ethics meeting minutes of the CFB;
- company engagement record of the CFB;
- independently verified review of the CFB UK portfolio carbon footprint;
- The CFB participation in the Church Investors Group (CIG);
- The CFB participation in the Institutional Investors Group on Climate Change (IIGCC); CDP (formerly the Carbon Disclosure Project); TPI (Transition Pathway Initiative); Climate Action 100+; the Principles of Responsible Investment (PRI); Access to Medicines Index (ATMI); Access to Nutrition Index (ATNI); Business Benchmark on Farm Animal Welfare (BBFAW); Farm Animal Investment Risk & Return (FAIRR); the Powering Past Coal Alliance; the Plastic Solutions Investor Alliance.

RESOLUTION

The Conference receives the report of the Joint Advisory Committee on the Ethics of Investment for the year to 31 March 2022.

Climate Emergency

The climate emergency was on the agenda of every JACEI meeting during the year.

The focus remained on responding to Conference's request to look again at fossil fuel companies in the light of the Paris Agreement to keep the average rise in temperature to "well below 2C".

In addition, JACEI examined other extractives companies with exposure to fossil fuels.

METHODIST CONFERENCE MEMORIAL 32 (2017) AND REPLY

Methodist Conference 2017 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.

The CFB/Epworth developed a methodology for assessing fossil fuel companies, which was received by Conference in 2018. Companies were examined in five different categories:

- current asset mix
- capital expenditure
- climate strategy and governance
- positive transition steps
- decreasing emissions

Further work over the last 12 months looked at the remaining stocks in the oil and gas sector. In April 2021, JACEI concluded that no companies in the oil and gas sector were currently aligned with the climate change targets set out by the 2015 Paris Accord. As a result, the CFB/Epworth sold its remaining company holdings in the oil and gas sector, including Royal Dutch Shell. In addition, JACEI determined that the mining company, BHP, had an intolerable exposure to fossil fuels. As a result, the CFB/Epworth sold its holding in BHP.

Just before COP26, the CFB/Epworth joined 71 other faith institutions in a joint announcement on fossil fuel divestment. JACEI noted that this announcement sent a powerful message company, political, and faith leaders – demonstrating the CFB/Epworth position that until such time the oil and gas companies take the emergency seriously and align with the COP accords, they cannot form part of an ethical portfolio.



Maldivian girl working on an island street. The Maldives will be one of the first casualties of rising sea levels caused by climate change

CLIMATE RELATED
ENGAGEMENT

JACEI reviewed and debated a wide range of additional CFB/Epworth climate-related work and additional material.

Anglo American
outlined an
ambition to
reduce its scope
3 emissions by
50% by 2040

After a strong period of engagement with the mining company Anglo American, we were delighted that the most recent climate report from the company outlined a scope 3 emissions ambition to reduce its scope 3 emissions by 50% by 2040. The CFB/Epworth are now working with Anglo to put this report to a shareholder vote so that it becomes policy that the company can be held to account on.

CFB/EPWORTH
PORTFOLIO CARBON
INTENSITY

The CFB and Epworth are signatories to the Montréal Pledge, an initiative that encourages investors to measure, disclose and reduce the carbon footprint of their portfolios.

The Epworth UK Equity Fund, and the other Epworth funds listed below report on their carbon footprint using independently verified data. As at the 31 December 2021, the Epworth UK fund had a carbon footprint of 37% below its benchmark of the All-Share Index. This marked improvement compared to previous years largely stems from divestment of the remaining oil and gas majors.

The Epworth Climate Stewardship fund (see more below) has a mandate to have a carbon footprint substantially below (at least 15%) that of the FTSE All Share Index. As at the end of December 2021, the footprint of the fund was 78% less intensive than its benchmark.

The Epworth Global Equity fund reports in line with the Montréal Pledge also, and as at the end of December 2021, it was 66% less intensive than its benchmark of the FTSE All-World index.

Two of the highest contributors to absolute

emissions within the portfolio as of a year ago included Shell, the oil and gas major, and BHP Group, the diversified miner with oil and gas interests. Engagement was undertaken with both companies, as part of an ongoing assessment of the compatibility of companies in the oil and gas sector with the Paris Accord.

Analysis from the assessment concluded that the significant investment from both companies in oil and gas assets meant that pace of corporate change was insufficient to meet the urgency of the climate emergency. Engagement also produced minimal results. Therefore, Shell and BHP were excluded from the CFB/Epworth’s investable universe along with other oil and gas majors such as Equinor. The Epworth UK Equity fund, and thus in turn, the CFB UK Equity fund, saw its carbon intensity improve meaningfully.

The methodology for the CFB/Epworth’s emissions intensity as shown in the tables below is aligned with reporting under the Taskforce for Climate Related Financial Disclosures (TCFD). This shows the improvements in emissions intensity in both the Epworth UK Equity and Epworth Global Equity Funds, including when compared to their respective benchmarks.

EPWORTH UK EQUITY FUND
CARBON INTENSITY

	Epworth UK Equity Fund (tCO2e/Mil USD revenue)	FTSE All Share Benchmark (tCO2e/Mil USD revenue)	% below benchmark
2019	127.4	131.0	-2.8%
2020	122.1	139.8	-13.0%
2021	88.9	140.2	-37.0%

EPWORTH GLOBAL EQUITY FUND
CARBON INTENSITY

	Epworth Global Equity Fund (tCO2e/Mil USD revenue)	FTSE All World Benchmark (tCO2e/Mil USD revenue)	% below benchmark
2020	64.8	162.6	-61%
2021	58.3	173.2	-66%

Extractive industries

JACEI discusses issues as they relate to extractives industries regularly and noted several initiatives and meetings that have taken place over the year:

“In February 2022, CFB/Epworth featured in a Sunday Times article”

In February 2022, CFB/Epworth featured in a Sunday Times article as one of the few investors willing to make serious comment after the mining company Rio Tinto published a report detailing systemic workplace toxicity including incidents of criminal harassment, rape and racism with their company. We believe our role is to stand in solidarity with the victims and drive change.

Epworth offered the following statement:

“The nature and prevalence of the discriminatory, racist, and criminal conduct within the Rio Tinto workplace culture is extremely disturbing.

“While we welcome the efforts of the new leadership to uncover and address these issues with robustness and transparency, the findings demonstrate systemic problems that not only present a material risk to shareholder value but, and more importantly, demonstrate that Rio Tinto employees are exposed to wholly unacceptable conduct and unsafe working conditions.

“As a direct consequence of this report, we will be reflecting on our exposure to the mining sector and overhauling how we monitor and engage with our holdings in it.

“We have already been in contact with Rio Tinto’s investor relations team and anticipate being part of a constructive dialogue with the company to address the issue of workplace culture. We will also be watching

Rio Tinto’s progress closely and look forward to the resolute implementation of all of Elizabeth Broderick’s 26 recommendations.

“In the first half of this year, the Joint Advisory Committee on the Ethics of Investment (JACEI) will also produce an updated policy on the mining industry to enable us to more ably and robustly address this and other issues facing the sector. The policy will focus on how we will use engagement as the primary tool to improve company practices. We are confident a policy focused on engagement both recognizes the complex issues facing the sector, as well as giving us the tools to affect meaningful change.

“As always, we remain committed to carrying out the church’s mission through investments. In this case, we feel it is our moral and Christian duty to stand in solidarity with those affected by the discriminatory, racist, and criminal conduct within the Rio Tinto, and to use our investor voice to ensure positive transformation within the company.”

Rev Dr Andrew Harper’

Artisanal miners in North Sudan process rock for precious metals

“CFB/Epworth have been in close dialogue with Anglo American on the topic of workplace culture”

In addition, CFB/Epworth have been in close dialogue with Anglo American on the topic of workplace culture. CFB/Epworth and JACEI are assured of lessons learned from the Rio Tinto experience, but we remain vigilant in ensuring robust procedures are implemented to better protect workers and improve workplace culture.

The CFB continues to represent the Methodist Church on the steering committee of the Mining & Faith Reflections Initiative, which brings together mining executives and church leaders to discuss mining and the common good.

TAX JUSTICE

Tax Justice remains an issue of importance to the CFB/Epworth. During the year, CFB/Epworth has continued its engagement with conviction stocks in the UK portfolio, including extending it to new conviction stocks. CFB/Epworth have heard back from nearly all of the companies, with encouraging responses from them all on the need for transparent reporting.

“CFB/Epworth have seen a number of companies publish their tax strategies online”

Following the engagement, CFB/Epworth have seen a number of companies publish their tax strategies online, and others have committed to looking further at the Fair Tax Mark. CFB/Epworth continue to encourage accreditation through the Fair Tax Foundation, and applaud all instances where companies take steps to be more transparent in this area.

Towards the end of 2021, the Fair Tax Foundation launched the Global

Multinational Business Standard, which means the Fair Tax Mark can be achieved by companies headquartered outside the UK. CFB/Epworth hope to begin an engagement with some of our European listed conviction stocks in the near future.

Epworth renewed its accreditation with the Fair Tax Foundation in the year and is proud to be certified by a scheme that recognises companies which pay the right amount of tax at the right time and in the right place.

HSBC

HSBC is a major provider of banking services to the Methodist Church and the CFB/Epworth. It is also a substantial holding in the Epworth UK Equity & Climate Stewardship Funds.

“JACEI continues to hear the concerns around HSBC, including its investment practices in Israel and its lending to the fossil fuel industry”

JACEI continues to hear the concerns around HSBC, including its investment practices in Israel, its lending to the fossil fuel industry, and allegations of involvement in money laundering. In response to these concerns, JACEI is assisting the CFB/Epworth in increasing engagement efforts with the bank.

In the later part of 2021, JACEI noted the CFB/Epworth undertook significant engagement activity with HSBC. The CFB/Epworth challenged HSBC particularly on the bank's introduction of a charge for charity accounts,

its involvement in areas of occupation and conflict, and its lending practices to companies not aligned with the Paris accords.

After a period of engagement, the CFB/Epworth featured in a November 2021 edition of the Times, calling out HSBC on allegations of climate target dilution, and undermining the principles of the Net Zero Banking Alliance. The CFB/Epworth was quoted saying:

‘Rev Dr Andrew Harper, head of ethics at Epworth Investment Management – which manages £1.3bn of assets and is an HSBC investor and customer – said that if a bank had been involved with this kind of lobbying, it is “incredibly discouraging to those of us attempting to genuinely engage with companies for a more sustainable future. It would raise serious questions around a company’s commitment to science, the planet, and its people – especially the poor.”’

The CFB/Epworth continues to monitor and engage with the bank on this topic.



Salt mining in South America

Russia

“The CFB/Epworth believes that for both ethical and fiduciary reasons, Russian securities should not form any part of our clients”

The JACEI meeting in March took time to discuss the situation in Ukraine and the stance of the CFB on Russia.

The CFB/Epworth believes that for both ethical and fiduciary reasons, Russian securities should not form any part of our clients’ investment portfolios.

“CFB/Epworth do not hold any Russian securities directly”

The CFB/Epworth do not hold any Russian securities directly, but both organisations have small indirect exposure to Russian

companies through holdings of emerging market-focused vehicles.

The CFB/Epworth are now in the process of eliminating this exposure and we will exclude Russia from our investment universe.

In this most urgent time, the CFB/Epworth affirms its support for all proposed and existing measures to sanction Russia and exclude it from the global financial system.

The CFB/Epworth also call upon our colleagues in the financial services industry, especially those from major financial institutions that serve the Russian state, Russian companies, or Russian oligarchs, to immediately withdraw their service provision.

ISRAEL/PALESTINE

Following a resolution at Methodist Conference, JACEI was asked by Methodist Council to review the CFB/Epworth policy statement on Israel/Palestine within a manageable timeframe. Further to the request, JACEI included a proposed schedule for the review process in its Annual Report to the 2021 Methodist Conference.

In accordance with the published schedule, a robust review was undertaken, and it was determined a new policy should be drafted to better represent the challenges facing the region. After consultation with subject matter experts and a detailed examination of data and in-country testimony, a new policy was drafted. At the December 2021 meeting of JACEI, the new policy was approved and subsequently published on the CFB website- fulfilling the request of the Methodist Council.



Ukrainians displaced by war walk with their luggage across train tracks at Lviv train station

Modern slavery

As part of the 'Find it, Fix it, Prevent it' initiative on modern slavery, CFB/Epworth attended a roundtable hosted by CCLA and the Home Office. The event facilitated investment organisation to feed into

the UK Government's review of their 2014 Modern Slavery Strategy. Later in the quarter, CFB/Epworth met with Intercontinental Hotels Group to discuss recent work it has been doing to strengthen its

human rights due diligence in its recruitment practices, including implementing a checklist to help drive responsible recruitment practices.



Voting and corporate governance

In 2021, through the Church Investors Group voting policy, CFB/Epworth introduced new voting on ethnic representation at board level. This year CFB/Epworth will continue to advance our expectations of companies in this area, increasing the number of companies that this applies to. CFB/Epworth also took the decision to further extend our support for female representation at board level across our global voting, with every board outside main developed markets expected to have at least two female directors.

Over the year, we saw an increase in companies in both the UK and globally putting climate related resolutions to a vote as attention to how companies are transitioning to a low carbon economy increases. The most dramatic vote was at Exxon, where investors voted to appoint independent directors proposed by a climate activist hedge fund, against the recommendation of management. Exxon is excluded from investment

owing to climate change, and so CFB/Epworth could not participate in the vote.

In FY2021, the CFB/Epworth voted at 99% of the meetings it was eligible to vote at.

In 2021 the Epworth UK fund voted at 81 meetings, comprising 1,377 resolutions. The CFB/Epworth continues to be rigorous in opposing excessive executive remuneration. During calendar year 2021, out of 65 UK remuneration reports and policies voted, the CFB/Epworth opposed 39, or 60%. Remuneration structures should incentivise the generation of sustainable, long-term, shareholder value.

The CFB/Epworth also opposed or voted to abstain on the re-election of 102 directors, accounting for 17% of votes. Negatives votes may be applied to the nomination committee where the CFB/Epworth do not consider there is enough progress in efforts to increase the diversity of company boards and senior management in terms of both gender and ethnicity.

The Epworth Global Equity Fund for Charities voted at 227 meetings, which amounted to 3,246 resolutions. Remuneration accounted for the greatest quantity of against votes. The CIG voting policy has different rules for different jurisdictions and therefore not all companies globally are voted the same way.

The Epworth Climate Stewardship Fund for Charities voted at 83 meetings, which amounted to 1,400 resolutions. Similarly to the Epworth UK and Global funds, remuneration accounted for the greatest amount of against votes, followed by director nominations.

The CFB/Epworth's quarterly voting summaries are reviewed at JACEI meetings. These summary reports are available on the CFB/Epworth website, with the full voting report available on request. Voting is carried out at all UK and global company meetings, in which the CFB/Epworth invests, in line with a collaborative CIG voting policy which JACEI reviews annually. The voting template is implemented by the CIG's service provider, ISS (Institutional Shareholder Services). The latest policy for voting can be found on the CFB & Epworth websites.

Nutrition

In early 2021, CFB/Epworth co-filed a resolution which asked Tesco to set and report on a target for growing the proportion of its sales from healthier products. The CFB/Epworth are supporting investors of the Access to Nutrition Index and signatories to the Investor Statement on Nutrition and Health. We, along with other institutional investors coordinated by ShareAction, had engaged with Tesco prior

to co-filing on this topic. As a result of the resolution Tesco made commitments to increase the share of healthy products from 58% to 65% of sales by 2025 in its UK and Republic of Ireland Tesco stores. Further engagement from investors led to Tesco strengthening these commitments by setting out further actions to be applied to its Booker Group subsidiary and its Central European operations.

The company's new plans commit Tesco to action on health across its entire retail group. As such, the coalition of investors withdrew its resolution. A two-year process of engagement has been agreed between Tesco, ShareAction and investors in the Healthy Markets Coalition, as Tesco implements the new commitments.

SOCIETY

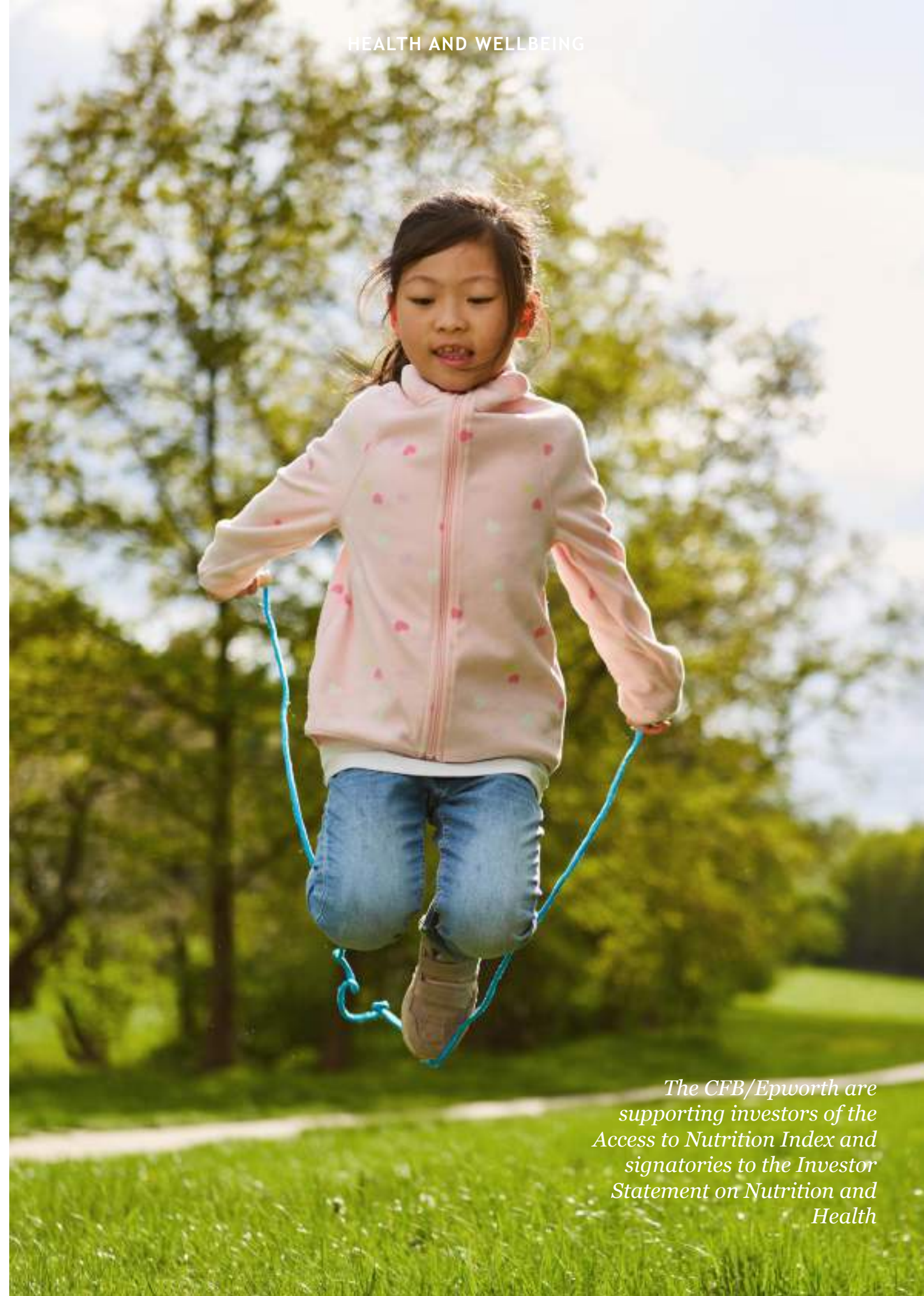
Education

During the year, CFB/Epworth and JACEI continued our engagement with Nestlé, discussing issues as they relate to coffee sourcing. We discussed sustainable sourcing – at the time 75% of Nescafé beans are sustainably sourced.

Sustainable sourcing is defined by Nestlé as knowing where the beans are from, down to a farm, and knowing how they are grown. There is a target to get to 100% sustainably sourced beans by latest 2025. We also discussed the steps Nestlé

is taking to partner with farmers in training them in financial literacy, agricultural best practices, as well as empowering women and youth.

The CFB/Epworth are supporting investors of the Access to Nutrition Index and signatories to the Investor Statement on Nutrition and Health



External accreditation

THE UK STEWARDSHIP CODE

The Financial Reporting Council UK Stewardship Code sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. The Principles of informed engagement with companies set out within the Code lie at the heart of Epworth's investment approach. The Stewardship Code provides a valuable, additional context for enhancing the responsibility of shareholder ownership. CFB/Epworth were awarded signatory status of the UK Stewardship Code 2020 during the year, one of only 125 firms at the time that made the signatory list. Our detailed Statement in response to the Principles contained within the Code are set out on our websites.

PRINCIPLES OF RESPONSIBLE INVESTMENT (PRI)

The PRI is the largest global signatory organisation promoting responsible investment, with over 3,600 asset owner, asset manager, and service provider signatories, in 2020 representing over US\$100 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 the climate emergency.

The 2021 PRI assessment scores have been delayed and will be released in 2022.

Collaboration

THE CHURCH INVESTORS GROUP (CIG)

The CFB closely collaborates with the ecumenical Church Investors Group, which works to promote ethical investment for the public benefit:

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

JACEI welcomes and commends the continued strengthening of the ecumenical work through CIG. CIG represents many mainstream Church denomination and organisations, with 65 members representing combined assets of over £25bn. 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 an international conference), and by leading strategic engagements on carbon, modern slavery and tax.

OTHER

The CFB/Epworth are also signatories to:

- Institutional Investors Group on Climate Change (IIGCC);
- CDP (formerly the Carbon Disclosure Project);
- TPI (Transition Pathway Initiative);
- Climate Action 100+;
- the Principles of Responsible Investment (PRI);
- Access to Medicines Index (ATMI);
- Access to Nutrition Index (ATNI);
- Business Benchmark on Farm Animal Welfare (BBFAW);
- Farm Animal Investment Risk & Return (FAIRR);
- the Powering Past Coal Alliance;
- the Plastic Solutions Investor Alliance.

The CFB/Epworth use the specialist services of:

- Sustainalytics (ESG company research)
- ISS (Proxy voting)

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

Communication

The CFB/Epworth’s Position Papers and Policy Statements are published on each website. The CFB & Epworth’s quarterly responsible investment reports, and summaries of UK and global voting reports are also published online.

Role, Function and Membership of the Committee

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.

TERMS OF REFERENCE

The Joint Advisory Committee of the Ethics of Investment shall have a Chair appointed by the Methodist Council who should be able to represent Methodism at a senior ecumenical level. This position has to date always been filled by a District Chair

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 investment;
- To act as an advocate, where appropriate, in respect of any ethical policy of the CFB, 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 Methodist 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;
- JACEI may comprise both executive and non-executive members, with the expectation that the CFB and Methodist Council may each nominate one executive officer to be a Member of JACEI;
- Each non-executive member appointed by either the CFB or by Methodist Council shall be eligible to stand for membership for up to two successive terms of three years, up to a maximum of six years in total;
- Members, on the completion of each three year term, may stand down, be asked to stand down, or be asked to give their assent to continue to serve up to the normal maximum of six years. Their re-appointment shall be recorded in the Minutes; executive members of JACEI representing the CFB and Methodist Council shall have no upper limit to their terms;
- The Committee, may agree to a non-executive member, including the Chair, serving for an additional period of up to three years at the completion of any six year term, to facilitate continuity of the Committee’s business;

- A Minute shall be taken of any meeting of the Committee, approved by JACEI members, and signed as a true and fair record of proceedings by the Chair;
- The Committee shall appoint a Secretary to act on its behalf.

STANDING ORDER

The following Standing Order relating to JACEI was approved by Methodist Conference (2019).

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;
 - 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 investments, and proposed investments, and shall report annually to Conference.

RESPONSIBLE INVESTMENT REPORTING REQUIREMENTS

The Task Force on Climate related Financial Disclosures was established by the Financial Stability Board to develop recommendations for more effective climate-related disclosures that could enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financials systems exposures to climate-related risks. In November 2020, the UK government announced that it will be mandatory to report in line with TCDF recommendations across the UK economy by 2025, with some sectors required to report as soon as 2021.

The CFB is investment manager, through its subsidiary Epworth Investment Management Ltd., to large pension funds that use the JACEI Conference Report as part of their assessment of compliance with their ethical and responsible investment policies. The report should therefore enable trustee bodies to assess clearly whether the CFB, and its subsidiary, Epworth Investment Management Limited, have operated in a way consistent with the aims of the Methodist Church.

JACEI PROCEDURES

The Committee has agreed it should:

- Hold at least four meetings a year;
- Have its own identity with a postal and electronic address located within the Connexional Team at Methodist Church House;
- Advise the CFB and its subsidiary Epworth Investment Management Ltd. in relation to Methodist Church policy in respect of ethical and responsible investment;
- Examine all aspects of a company's operations rather than focus on one particular issue;
- To act as an advocate, where appropriate, in respect of any ethical policy of the CFB, any investment decision taken on

ethical grounds, and any other advice the Committee may provide on ethical matters relating to investment;

- Seek ways to make the advice provided by the Committee available to the wider Methodist Church.

OBSERVERS

Observers, particularly those representing other church denominations and/or organisations may attend meetings of JACEI at the invitation and agreement of the Chair and Committee.

The Methodist Church in Ireland has permanent observer status to attend meetings of JACEI.

Observers may be invited to speak and participate in discussion, but may not vote.

QUORUM

For the purpose of conducting meetings of JACEI, a quorum shall be deemed as being four members including the Chair. At least three members of any quorum including the chair should be non-executive representatives.

CONDUCT OF BUSINESS

JACEI business may be conducted electronically before, between and following meetings. Any decisions arising from remote and electronic communication shall be noted by the Secretary and made available to all members.

JACEI AGENDAS

JACEI receives at each meeting:

- the 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 the climate emergency and extractives industries as standing items);
- CFB engagement, including company notes and briefings;
- a CFB ethical performance review including voting summary reports, ethical exclusions and a note of any disinvestment on ethical grounds;
- a note of any significant collaborative engagement work.

The Committee confirms it:

- held four meetings; in 2021/22 four meetings took place in June 2021, September 2021, December 2021, and March 2022;
- has its own identity with an address located at Methodist Church House;
- advised the CFB in relation to current Methodist Church policy;
- examined all aspects of a company's operations rather than simply focus on one particular issue;
- took responsibility, where appropriate, for making public any ethical policy of the CFB and in particular any investment decision taken on ethical grounds, and;
- sought ways to make the advice provided by the Committee available to the wider Methodist Church.

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

Committee membership

CHAIR

- The Rev Dr Stephen Wigley
- He assumed the role of Chair on 1 July 2016.
- The JACEI Chair is independent, usually nominated from among the membership of the District Chairs, and appointed by Methodist Council.

METHODIST COUNCIL APPOINTED MEMBERS

- Rev Dr Sheryl Anderson
- Rev Dr Vincent Jambawo
- Ms Rachel Lampard
- Mr Jonathan Cape
- Rev Dr Mike Long

CENTRAL FINANCE BOARD APPOINTED MEMBERS

- Ms Morwenna Williams
- Mr Bala Gnanapragasam
- Rev Anne Ellis
- Rev Julian Blakemore
- Rev Dr Andrew Harper

OTHERS IN ATTENDANCE

- Mr David Palmer (CFB)
- Mr Miles Askew (CFB)
- Ms Roz Amos (CFB)
- Mr Steve Hucklesby (Joint Public Issues Team)
- Mrs Sophie Forrest (JACEI Secretary)
- Mr David Hopley (Trustees of the Methodist Church in Ireland representative*)
- Mr Richard Nunn (board member and past Chair of the United Reformed Church Ministers’ Pension Trust Ltd)
- Mrs Anna McDonald (Church of England**)

* Trustees of the Methodist Church in Ireland has Permanent Observer status.

** 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.

Contact

Enquiries about the Committee’s work are encouraged

CONTACT JACEI

Revd Dr Stephen Wigley
JACEI Committee Chair
c/o 25 Marylebone Road
London
NW1 5JR

jaceichair@methodistchurch.org.uk

CONTACT THE CFB

Rev Dr Andrew Harper
9 Bonhill Street
London
EC2A 4PE

020 7496 3630

andrew.harper@epworthinvestment.co.uk

CFB ETHICAL INVESTMENT POLICIES AND POSITION
STATEMENTS AVAILABLE AT

CFBMETHODISTCHURCH.ORG.UK/ETHICS