



Ethical Investment Policy

Current Policy Approved: 26 September 2024

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1. Gospel Imperative

At its simplest, all Christian discipleship is a response to Christ's 'great commandment' to love God and to love our neighbour as ourselves (Matthew 22: 34-40). Putting this into practice includes the Church using its voice to influence decisions being taken that cause disadvantage to these neighbours or damage to God's creation.

One such area of voice and influence is the Church's investment policies and practices. Applying the Gospel imperative in this context will prohibit investment in companies whose products or practices cause or perpetuate injustice and suffering, infringe fundamental human rights or cause unacceptable damage to the natural environment.

2. ESG principles and the United Nations 17 Sustainable Development Goals (SDG's)

Public company are under increasing scrutiny from their shareholders and community stakeholders relating to their performance in the areas of environmental sustainability, social responsibility and governance (ESG). Society more generally is paying greater attention to the significant harm that can be caused to individuals, communities and societies by the action or inaction of companies. As a result, ESG principles are becoming ever more a significant part of public company reporting to shareholders.

The themes that underly these ESG expectations are encapsulated in the United Nations' 17 SDG's which are listed in Appendix 1. These 17 goals form a critical part of the UN's 2030 Agenda for Sustainable Development which has been ratified by all member states of the United Nations. The goals provide a far broader framework for decisions about the Church's future investment universe than is possible with more general ESG principles and the current ethical investment negative screening filters used by the Church. These SDG's are also being used to inform the investment management processes of other UCA Synods.

3. Policy accountabilities

The approval and oversight of this policy is the accountability of the Synod Standing Committee using the advice it receives from the Ethical Investment Working Group (EIWG), a group comprising members nominated by the Mission and Leadership Development and Resources Board and approved by the SA Synod Standing Committee.

As part of this oversight, the Synod Standing Committee is accountable for approving the mandate and charter of the EIWG to enable it to:

- continually improve the cumulative ESG/SDG ratings of the Uniting Church SA investment universe
- provide the necessary ESG leadership to all Uniting Church SA investing entities including congregations
- ensure regular reporting back on the implementation of this policy.

The Resources Board is accountable for:

- endorsing for approval by Synod Standing Committee, recommendations from the EIWG to remove companies from the Uniting Church SA investment universe.
- approving the procedures which give best effect to the implementation of EIWG's mandate and charter.

4. EIWG's overall vision

The vision of the EIWG, and consequently the aspirational goal for all Uniting Church SA investing entities, is to make the changes required to investment portfolios to continually improve the Church's ESG score.

5. Investment selection discernment processes

a. Application of the policy

This policy requires the application of two investment filtering processes:

i. Continuing the existing UCA SA Synod initiated negative screening

The EIWG can recommend to the Resources Board the deletion of companies from the Uniting Church SA's investment universe where it can be validated that the company:

- *conducts activities that **directly and significantly*** contribute to the production and/or promotion and/or sale of alcohol, gambling services, pornography, tobacco, uranium and armaments as well as thermal coal extraction and/or exploration, or*
- *is responsible for products, services or activities that **directly and significantly*** cause or perpetuate injustice and suffering, infringe human rights or cause unacceptable damage to the natural environment, or*
- *through its products, services or activities **directly and significantly*** obstructs the achievement of any of the SDG's not included above, or*
- *through its internal company governance policy and/or practice is **directly and significantly***:*
 - *impacting on the basic human rights of employees, customers and/or other key stakeholders and other relevant communities of interest*
 - *misusing its company and/or positional power and resources in all its forms.*

(* as defined in the EIWG charter)

Given the multi-dimensional nature of most public company activities, these negative screening decisions are rarely straight-forward and may require the EIWG to:

- request comprehensive reports from independent investment analysts skilled in providing ESG/SDG information assessments as outlined in 5.a.ii below
- seek advice from other relevant communities of interest within the Church where this is expected to lead to better advocacy outcomes
- enter a discernment process particularly centred around the words 'directly' and 'significantly' outlined above.

The EIWG may also choose to recommend to the Resources Board that the Church not invest in countries with a poor record in the matters outlined above.

ii. Use of independent ESG/SDG advice

In addition to the exclusions determined in 5.a.i above, the EIWG will be expected, at least annually, to receive information from independent private sector investment analysts that specialize in assessing the quality of public company products, services or activities when compared to current ESG/SDG standards. These assessments will provide the EIWG with both a commentary and a rating that enables the ESG/SDG efforts of specific companies to be categorized under one of the following:

- Significant negative impact
- Limited negative impact
- No net impact
- Limited positive impact
- Significant Positive impact

when assessed against some or all of the 17 SDG's.

These assessments will look at the following pillars in each company:

- Products and Services
- Operations
- Controversies.

All Uniting Church SA investing entities will be required to:

- immediately divest of companies that are categorized as 'Significant negative impact'
- divest from companies that are categorized as 'Limited negative impact' by December 2027 within a 6-month window
- give priority consideration to including 'Limited positive impact' and 'Significant positive impact' in their investment portfolios
- work with the EIWG to, where appropriate, advocate directly with companies as outlined in 6 below if this advocacy has the potential to improve the ESG/SDG rating of that company.

b. Use of assessment processes for managed funds

Because ESG/SDG investment assessment processes rely primarily on information being gathered about individual companies directly held by any Uniting Church SA investing entity, it is expected that these entities should avoid investing in managed funds where the breakdown of the individual companies within those managed funds cannot be identified.

6. The Church's ethical investment voice

In order to maximise the Church's voice and influence in its investment decisions, the immediate removal of an investment from the Uniting Church SA investment universe will usually be a last resort. Where appropriate, the EIWG, on behalf of the Church, may choose to undertake a process of engagement with the relevant company with a view to having the company commit to more enhanced ethical outcomes in the future. This advocacy may extend to action taken as part of public company shareholder voting processes.

It is stressed again that EIWG recommendations will always be complex involving a balance between positive and negative factors.

In addition to the EIWG's regular review of the ethical health of the Church's investment holdings in accordance with this policy, any Uniting Church SA group or organisation can request the EIWG to seek an ESG/SDG assessment as described in 5.a.ii above on status of any company from the Uniting Church SA investment universe on their behalf and provide this assessment to the requestor for any action required.

In the event that any Uniting Church SA group, organisation or individual has a concern about any ethical investment decisions of the Resources Board, they can avail themselves of the appeal provisions in the EIWG charter.

7. Scope of Policy

This Ethical Investment Policy applies to all Uniting Church SA entities that have investment assets and report directly to the Standing Committee and/or Synod. While congregations are covered by the Ethical Investment Policy, congregational compliance will not be monitored.

8. Financial reporting

Uniting Church SA entities that have investment assets are requested to include a note in their annual audited financial statements acknowledging that to their best of their knowledge that they have complied with this Policy.

9. Approval and Review

This policy version was approved by the SA Synod Standing Committee on 26 September 2024 and will be reviewed on advice from the EIWG at least every three years.



Goal area	Sub goal
1	<i>End poverty in all its forms everywhere</i>
2	<i>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</i>
3	<i>Ensure healthy lives and promote well-being for all at all ages</i>
4	<i>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</i>
5	<i>Achieve gender equality and empower all women and girls</i>
6	<i>Ensure availability and sustainable management of water and sanitation for all</i>
7	<i>Ensure access to affordable, reliable, sustainable and modern energy for all</i>
8	<i>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</i>
9	<i>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</i>
10	<i>Reduce inequality within and among countries</i>
11	<i>Make cities and human settlements inclusive, safe, resilient and sustainable</i>
12	<i>Ensure sustainable consumption and production patterns</i>
13	<i>Take urgent action to combat climate change and its impacts</i>
14	<i>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</i>
15	<i>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</i>
16	<i>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</i>
17	<i>Strengthen the means of implementation and revitalise the global partnership for sustainable development</i>