



## ETHICAL INVESTMENT POLICY

**Version:** 1.0  
**Contact:** Registrar

**Date of Issue:** August 2018  
**Review Date:** Annual

### INTRODUCTION & RATIONALE

The purpose of this Ethical Investment Policy is to preclude the Diocese directly or via their appointed investment managers from making any investment in companies that are nominated as excluded by this policy

### STATEMENT OF INTENTION

This ethical investment policy expressly precludes the Diocese from making any investment in companies that are categorised as having major business activities in the following areas:

- Gambling and related products;
- Tobacco products or other products and practices that damage the health of human beings;
- Alcoholic beverages;
- Armaments;
- The mining of uranium for weapons manufacture;
- The production or distribution of pornography;
- Extraction and/or production of fossil fuels (coal, oil and gas);
- Polluting the environment; or
- Businesses unfairly exploiting employees or disadvantaged people.

The same principle of **major business activities** applies to managed funds.

### POLICY SCOPE & COVERAGE:

This policy applies to all Diocese investments including:

- Balanced Common Fund
- Growth Common Fund
- Bencourt Care Inc
- Parish direct investments

This policy overrides investment performance when choosing underlying funds investment. However, investments of the Diocese are not always large enough to direct the managers to totally exclude all the categories mentioned in the mandate.

The Australian economy is small, with a major part of it controlled by few companies across a number of different business activities. It is therefore all but impossible to achieve absolute clear application of this ethical stance. The Bishop in Council has therefore determined that a principle of materiality should be applied. Thus, the wording proposed simply aligns underlying manager selection, to that applied to investments in individual listed companies.

The Bishop in Council feels that the ethical position of the Diocese can be maintained by applying a test of materiality to enable a defined threshold at which a company is excluded as

an available investment. This is done by defining “major business activity” to be greater than 20% of the revenue of the company.

As part of a balanced risk portfolio the Diocese invests in both ‘actively managed’ and ‘indexed based’ funds. An indexed based fund selects its underlying investments by reference to the composition of the relevant index. As such, it is not possible to apply a further ethical filter over these investments. A strict application of this ethical policy across index based investment may preclude our participation in this important segment of the investment market.

Similarly, the number of Australian based international fund managers is relatively small and a strict application of this ethical policy may preclude our participation in this important asset class.

This policy does not apply to express trusts which specify how the trust is to be invested. For example, in the case of the ‘Ferry Fund’ which has an express condition that the funds be invested equally in each of the four major Australian Banks (ANZ, CBA, NAB & WBC). If this ethical investment policy was applied and it was determined that one or more of the investments was disqualified as unethical then under the terms of the trust there is no legal capacity for the Trustees to exit a nominated investment or to substitute an alternate investment.

**Related documents and forms:**

Diocese of Bendigo Investment Strategy 2017.

General Synod Standing Papers, clauses 24 to 26

Investing Ethically - Synopsis of Synods 2010-2017, Rev’d Cannon Dale Barclay May 2018

**Authorisation**

This Ethical Investment Policy was adopted by Bishop-In-Council and the Board of Directors of Bendigo Anglican Diocesan Corporation at their meetings on 14 August 2018.

It applies to all new investments placed after that date until such time as amended or revoked by a resolution of the Bishop in Council/Board of Directors.

For any existing investments which are subsequently disqualified by the introduction of this policy, or any subsequent amendment, the General Manager/Registrar in conjunction with the Finance Committee shall take timely, but orderly action to exit the disqualified investment and reinvest the funds in accordance with the current Ethical Investment Policy.

This Ethical Investment Policy shall be reviewed annually by the Finance Committee together with the General Manager/Registrar to ensure that it remains appropriate to the operations of the Diocese.

**Adopted by Bishop in Council 14 August 2018**