

CWM Ethical and Socially Responsible Investment Policy

1. With reference to the Investment Policy Statement (IPS) of CWM, the purpose of CWM's investment is two-fold, namely:
 - 1.1 To produce returns adequate to sustain the annual funding of CWM's work indefinitely while maintaining the real value of the capital assets after its annual spending; and
 - 1.2 To avoid short term capital losses that could threaten the long-term objectives.
2. In addition, the IPS also provides guidance on ethical investment which should characterise CWM as a socially responsible investor (IPS, para. 4). This policy elaborates on the how ethical investment is to be implemented for CWM.
3. The IPS ethical investment guidance consists of three parts. First, CWM, wherever possible, *'selects managers who employ ethical screens to exclude investments in industries dealing with alcohol, tobacco, weapons, adult entertainment and gambling, and examines companies for their impact on climate change and the environment and for any exploitation of labour.'* (IPS, para.4.1). Secondly, *'CWM will also seek to pursue its ethical commitments by engaging with those companies in which it holds investments'* (IPS, para. 4.3) and thirdly, CWM should invest *'a share of its capital in investments that are designed to bring a social more than a financial return'* (IPS, para 4.4).
4. In operationalising the ethical screens to allow CWM to invest in companies with socially responsible activities, Table 1 shows the current ethical screens (IPS para. 4.2) and the ultimate threshold. More than just having an ethical screen, our investments should be in compliance with Gospel principles.

Table 1 : Excluded Areas and Thresholds

Excluded Activities	Transition¹	Long-Term Threshold
Alcohol Producers	5% of turnover	5% of turnover
Tobacco Producers	3% of turnover	Excluded
Weapons	3% of turnover	Excluded
Adult Entertainment	3% of turnover	Excluded
Gambling	3% of turnover	Excluded
Climate Change and Environment	Examined ²	Examined ²
Exploitation of labour	Examined ²	Examined ²

¹ The Investment Committee will work towards the long-term threshold through systematic progression so as not to jeopardise the financial returns required from the investment portfolio.

² The last two categories are not based on product lines but on corporate behaviour. Although the judgements involved are inevitably to some extent subjective, CWM will work with investment managers that have the capacity to research and assess company performance in these areas. CWM will then be in a position to challenge, or ultimately exclude, companies that do not hold up to the standards of performance a Gospel-centred investor.

5. CWM is a member of the Church Investors Group (CIG) whose aims are “to encourage the formulation of investment policies based on Christian ethical principles, to encourage responsible business practice through engagement with company managements and to share information and views on ethical matters related to investment.”³
6. CWM will set aside a sum as determined by the Board as an amount where the financial returns are not critical to fund CWM’s operations for the purpose of investing a ‘*share of its capital in investments that are designed to bring a social return*’. The amount to be set aside will be decided by the Board. The IC can either be tasked to source such investments that deal with social returns or entrust the money to an organisation which specialises in investing in such social return enterprises.

Adopted by the Board of Directors

May 2019

³ <https://churchinvestorsgroup.org.uk/> accessed on 20 February 2019.