

The Ethical Investment Advisory Group

("the EIAG")

Terms of Reference

Name	1	The Ethical Investment Advisory Group (EIAG)
Type	2	The EIAG is an Advisory Group convened and funded by the Church Commissioners, the Church of England Pensions Board and the CBF Funds Trustee Limited (CBFFT). These three convening bodies are collectively referred to in this document as "the NIBs".
Purpose	3	<p>The EIAG's purpose is to support the NIBs to invest ethically in a way which is distinctly Christian. This shall be achieved by offering timely and practical Advice and support to the NIBs, who shall formulate policy. Such Advice may relate to:</p> <ul style="list-style-type: none"> • asset classes, industries, sectors or investment markets (including exclusionary screening), • stewardship by the NIBs of their investments (including voting and engagement), • relationships with investment managers and other investors, • public policy issues affecting investments, and • any other aspect of investing requested by the NIBs
Authority	4	Such Advice shall be grounded in Christian theology.
	5	The EIAG shall have no investment powers and may act only in an Advisory capacity in accordance with its purposes as described above. Advice given by the EIAG shall not be binding on the NIBs, and the adoption of any Policies drafted as a result of the EIAG's Advice shall remain the responsibility of each NIB.
	6	Nothing herein shall oblige the EIAG to give advice the nature and circumstances of which would require the EIAG or any member to obtain a Part 4A permission under the Financial Services and Markets Act 2000. The Advice and other activities of the EIAG are not, and are not to be construed as, financial or investment advice. The EIAG shall be entitled to recover its costs from the NIBs as referred to below, but neither the EIAG nor the NIBs intend that the EIAG should carry on a business.

- 7 The EIAG may make arrangements with third parties for such matters as the EIAG thinks necessary or desirable in connection with the fulfilment of its purposes for example, engaging independent, technical or professional expert advisors, commissioning research, theological analysis, and hosting events, seminars, presentations and public meetings.
- Accountability**
- 8 The EIAG:
- may publish its Advice and other reports to help others (such as other Christian investors) to manage their investments with care; and
 - shall publish an Annual Report of its activities and lay it before the General Synod.
- 9 The EIAG shall have regard to (but shall not be bound by) opinion expressed in General Synod and may canvas opinion from other church bodies and institutions where it considers this will assist its work.
- 10 The EIAG shall regularly seek feedback from the NIBs and both shall review the work and working arrangements of the EIAG.
- 11 The EIAG shall be responsible for preparing, for agreement by the NIBs, Annual Work Plans setting out the priority areas for work by the EIAG.
- 12 The EIAG's Members shall be collectively accountable for the advice the group provides to the NIBs.
- Membership**
- 13 The EIAG shall have a total membership of at least seven and no more than ten persons.
- 14 The EIAG may create sub-committees as appropriate.
- 15 Each NIB shall be entitled to appoint one Member, who shall be a Trustee of the appointing body (for example, the Chair of the Investment Committee)
- 16 Each NIB may appoint an alternate to attend the EIAG in the place of their nominated Member
- 17 The EIAG Nominations Committee shall appoint the Chair, Deputy Chair and other Independent Members.
- Nominations Committee**
- 18 An "EIAG Nominations Committee" will be convened to select an independent or episcopal Chair, and non-NIB representatives by open competition.
- 19 The EIAG Nominations Committee shall abide by its own Terms of Reference determined by the Chairs of the NIBs.
- 20 The EIAG Nominations Committee shall be responsible for ensuring that there is an appropriate balance of expertise, independence of thought, and diversity among Members. Relevant skills and experience include, but are not limited to, the fields of investment, finance, business, theology, ethics, missional activity and public policy.

- 21 The Nominations Committee shall be responsible for ensuring that one member (or more) of the EIAG is a Member of General Synod, and one Member (or more) is a Bishop, per paragraph 18.
- 22 The EIAG Nominations Committee shall also be responsible for agreeing a 'Code of Conduct' that shall apply to EIAG and EIAG Nominations Committee Members
- Deputy Chair**
- 23 A Deputy Chair shall be appointed by the Nominations Committee to exercise the functions of the chair if the Chair is absent or otherwise unable to act.
- 24 One or both of the Chair and Deputy Chair must be a member of General Synod and able to represent the EIAG in General Synod when required.
- 25 The Chair and Deputy Chair shall seek the advice and support of the Secretariat in any public communications relating to the EIAG, having also consulted with the NIBs in relation to any such communication. They should also make it clear whether any communication is on behalf of the EIAG or in another capacity.
- Terms of Office**
- 26 Independent Members appointed by the Nominations Committee shall be appointed for a term of three years, and may be re-appointed for two further terms.
- 27 Members appointed by the NIBs shall serve for such term as such body may determine, up to a maximum of nine years.
- Meetings of the EIAG**
- 28 The EIAG will decide on the frequency of its meetings, and will meet not less than two times *per annum*.
- 29 The Chair, in consultation with the NIBs may direct the Secretary to cancel any meeting by a notice to be sent to all members.
- 30 With the consent of the Chair (or in the absence of the Chair, the Deputy Chair), the Secretary may call an additional meeting with not less than fourteen days' notice, or, in an emergency, on 24 hours' notice.
- 31 The EIAG's agenda:
- will primarily comprise matters recommended and requested by the NIBs for discussion.
 - may include additional items determined by the Chair on behalf of the members of the EIAG, or in response to events/current affairs.
 - will, on an ongoing basis, include an element of 'horizon scanning', with a report prepared for the NIBs every two years.

- will periodically (every 3-5 years) engage in a 'stock take' review of ethical investment and the suite of ethical investment policies.
- 32 The agenda for all meetings will be discussed with the NIB Executives in advance and should be sent out not less than five working days prior to the date of the meeting.
- 33 In cases where the Chair considers that business can be properly conducted by correspondence, the Chair may instruct the Secretary to circulate written proposals for approval. Unless any objection to the proposals are received from members of the EIAG within seven calendar days of their posting or transmission, they will be deemed to have been approved by the Group with the same effect as if they had been approved at a duly convened meeting.
- 34 Business approved pursuant to paragraph 33 above will be reported to the next meeting of the Committee in order that approval can be minuted.
- Observers** 35 Each NIB and the Department of Mission and Public Affairs may appoint one observer to the EIAG, who may be invited to speak, but may not vote.
- 36 Other observers may be admitted at the discretion of the Chair. They may be invited to speak but may not vote.
- Minutes** 37 The decisions, resolutions and Advice of the EIAG at any meeting will be minuted; a copy of which will be circulated to all Members. At the next meeting of the EIAG the minutes of the previous meeting will be confirmed as accurate.
- Quorum** 38 A meeting shall be quorate if more than half of the members, including either the Chair or Deputy Chair and one NIB Member, are present.
- Voting** 39 A vote can be taken by a show of hands. In the case of a tied vote, the Chair shall have a deciding or second vote.
- Resources and Budget** 40 The NIBs shall appoint a Secretary and may appoint other staff to support the EIAG.
- 41 The Secretary shall be responsible for timely circulation of papers, ensuring an accurate written record is taken of the proceedings at each meeting and for circulating a copy of the minutes to EIAG members.
- 42 The Secretary shall be responsible for utilising and making best use of available resources within the Church of England.
- 43 Where the correspondence provision in paragraph 33 is not sufficiently timely to meet the needs of the NIBs, the Secretary may, on matters requiring such urgent attention and in consultation with the Chair or Deputy Chair of the EIAG, provide Advice to the NIBs on behalf of the EIAG.

Liability

- 44 Members shall be entitled to receive from the EIAG or the appointing NIB all reasonable travelling and incidental expenses in respect of attending EIAG meetings in fulfilment of their duties.
- 45 Before the start of each financial year, the NIBs shall inform the Secretary and Chairman of the EIAG of the maximum funding that the NIBs may be prepared to provide the EIAG for the financing of its activities, inclusive of all expenses, third party costs and suitable contingency, in the forthcoming year (the 'Funding Limit'). The Secretary and Chairman shall propose an annual budget not exceeding the funding limit, for the approval of the NIBs, and the Secretary shall provide the NIBs with regular financial reports.
- 46 The NIBs shall indemnify and hold harmless all Members in relation to any claims, losses, costs or liabilities suffered or incurred by any of them arising directly or indirectly out of or in connection with their membership of the EIAG including all reasonable legal costs and expenses incurred in defending any claim made by any third party, whether or not successful.
- 47 As between the NIBs, each of the NIBs shall bear a share of any indemnity equal to the proportion of the EIAG's costs paid or payable.
- 48 The indemnity conferred above does not apply to any Member if and to the extent that the claim, loss, cost or liability arises from the fraud, deliberate misconduct (e.g. a breach of the code of conduct) or wilful default of that Member.
- 49 No NIB shall make any claim against any Member of the EIAG in relation to any matter arising directly or indirectly out of or in connection with his or her membership of the EIAG or the fulfilment or purported fulfilment of his or her duties as a Member of the EIAG unless and to the extent that such matter relates to the fraud, deliberate misconduct or wilful default of such member.

Approved by the National Investing Bodies on

Church Commissioners 24th May 2018

Pensions Board of the Church of England 24th May 2018

CBF Funds Trustee Ltd. June 2018