

# **The Church of England Pensions Board**

## **Code of Conduct**

*This code applies to all Board members and those co-opted to serve on Committees*

### **Introduction**

1. The Church of England Pensions Board provides retirement services set by the Church of England to those who work for or serve the Church.
2. Members of the Board and its Committees (“members”) must at all times:
  - i. Observe the highest standards of impartiality, integrity, and objectivity in relation to the business and management of the Church of England Pensions Board; and,
  - ii. Be accountable to its beneficiaries and to the Church of England generally for the activities of the Pensions Board and for the standards of service it provides.
  - iii. Follow the Seven Principles of Public Life set out by the Committee on Standards in Public Life, annexed to this document;
  - iv. Comply with this Code of Conduct, and ensure that they understand their duties, rights and responsibilities, and that they are sufficiently familiar with the functions and role of the Pensions Board and the particular subject areas that at any time fall to the Board to deliberate upon. This also applies to any of the Board committees on which they serve;
  - v. Not misuse information gained in the course of their service to the Church and the beneficiaries in any way that is a breach of confidentiality or data protection or for personal gain, nor seek to use the opportunity of such service to promote their private interests or those of connected persons, bodies or other groups or organisations to which they belong; and keep confidential information obtained in the course of their membership in line with the guidance below.
3. Board members must ensure that they have, as a minimum, the required level of knowledge prescribed by the Pensions Regulator within six months of taking up their appointment and that this knowledge is kept up to date.

### **Collective Responsibility**

4. The Board is drawn from many constituencies. There is a collective responsibility to act in the best interests of all the beneficiaries and across the full range of operations for which the Board is responsible. Under charity, trust and pensions law, people appointed or elected to the Board or committees must act independently of the appointing body or constituency who appointed or elected them.

5. This means that –
  - i. Members are not on the Board to act as an official representative of that constituency and must not try to do so, even if they have received representations or comments from the constituency who elected them to serve; and
  - ii. Board members must act in the best interests of all pension scheme members within the scheme rules as laid down by the employer, and in the interests of the Board's charitable beneficiaries in relation to the management and stewardship of the Board's charitable activities.
6. Where on occasion the interests of the Board and a constituency conflict, the best interests of the Pensions Board and their beneficiaries must be the overriding consideration for all members.
7. Members must not represent themselves as speaking officially for the Board when this is not the case, and should take care to avoid as far as possible being placed in a position where they might be misrepresented as speaking for the Board.
8. Individual Board members also have responsibilities to their fellow members and to members of staff, with and through them, to the beneficiaries by:
  - i. Making attending the Board and the relevant committees a very high priority (such that they attend at least the majority of meetings scheduled in any year)
  - ii. Being clearly and consistently focussed on the business under consideration, speaking appropriately and listening carefully to the contributions of others
  - iii. Accepting collective responsibility for enabling the Board to achieve its objectives and for all decisions taken by the Board and its Committees.
  - iv. Supporting the communication and implementation of decisions of the Board and its Committees.
9. Members should exercise the highest degree of caution when involved in issues arising outside the Board which may have an impact on the work of the Board and its beneficiaries.
10. Members have a duty to lead by example, always demonstrating respect and a dignity for others, conducting themselves in a non-discriminatory manner at all times towards their fellow trustees and towards members of staff.
11. Members have a responsibility to participate fully in the Board appraisal process.

## **Handling Conflicts of Interest**

12. The purpose of the provisions set out at paragraphs 19 to 26 below is to avoid any danger of members being influenced, or appearing to be influenced, by their private interests (or the interests of those persons or bodies they are closely connected with) in the exercise of their duties as a member.
13. Prospective members should consider possible conflicts of interest before they are appointed or stand for election. All members should advise of actual or potential conflicts of interest as soon as they become aware of them.

#### *Registration of Interests*

14. All members should register in the Central Register of Members' Interests any personal interest which might influence their judgement or which could be perceived (by a reasonable member of the public) to do so.
15. In particular, members should register –
  - relevant personal direct or indirect pecuniary interests;
  - relevant direct and indirect pecuniary interests of close family members of which members could reasonably be expected to be aware; and,
  - relevant personal non-pecuniary interests including those which arise from membership of Church, and other bodies, groups or organisations.

In this paragraph –

“relevant” interest whether pecuniary or non-pecuniary, and whether direct or indirect, means any such interest which might influence the judgement of a member, or which could be perceived (by a reasonable member of the public) to influence his or her judgement, in the exercise of his or her duties;

“indirect pecuniary interest” means an interest which arises from connection with bodies which have a direct pecuniary interest;

“close family members” include spouses, personal partners, parents, children (adult and minor), brothers, sisters and the personal partners of any of these.

“pecuniary” interests include stipends and/or pensions entitlements from the Church of England; and shareholdings or other financial interests (including remunerated directorships) in commercial organisations with which the Pensions Board has, or may reasonably be expected to have, a financial relationship.

“non-pecuniary” interests include acting as a trustee or office-holder of any body (such as a diocesan board of finance or theological college) whose affairs are, or may be reasonably expected to be, materially affected by decisions of the Pensions Board; and, acting as a trustee or office-holder of any body which seeks to influence decisions or opinion on matters relating to the Church of England.

16. Where a member is also a beneficiary of the Board's decisions and activity, there is a clear prima facie conflict. A common example of this is that members of the pension schemes administered by the Board stand to benefit from the Board's decisions. It is generally regarded though, that such conflict arises out of proper constitutional and statutory arrangements that require scheme members and employers to be members or represented on the Board; and that a declaration of interest will suffice.
17. The Central Register of Members' Interests should be kept up-to-date and will be open to inspection by members.

#### *Oral declaration of interests*

18. An oral declaration of a relevant interest should be made at any meeting of the Board or of its committees (and notwithstanding its inclusion in the Central Register of Members' Interests) if it relates specifically to a particular issue under consideration and should be recorded in the minutes of the meeting.

#### *Withdrawal from meetings*

19. During a meeting of the Board, or any committee, the Chair will have discretion as to whether it is necessary for the conflicted member to withdraw from the meeting during the discussion on the conflicted issue or withdraw from voting on the conflicted issue. The Chair may consult with other members prior to making a decision. The action taken will be recorded in the minutes of the meeting.

#### *Outside of meetings*

20. Outside of meetings, if it is identified that a potential conflict of interest has arisen for a member, the matter will be reported to the Chair. The Chair will decide on the action taken and advise the Board at its subsequent meeting. The action taken will be recorded in the minutes of the meeting.

#### *Lobbying of other members*

21. A member should not seek to lobby fellow members about a matter in which he or she (or a connected person or body) has a relevant interest.

#### *Stewardship*

22. The Board recognises that conflicts of interest may arise in relation to its stewardship activity. For example:
- a. It may undertake stewardship activity; engage with or vote the shares of a company, with whom we have a commercial relationship, including e.g. as a service provider.
  - b. It may engage or vote shares of a company where staff, trustees or advisors own securities, have some other financial interest in or a personal relationship with executives in the focus company.

23. The Board maintains policies and procedures that mitigate perceived or potential conflicts, has taken steps to reduce the risk and impact of an actual conflict, were such a conflict to occur. These steps include:
- a. Where any staff member or trustee recognises a potential conflict of interest with a company that is the focus of an engagement or other active ownership activity, this is escalated to their line manager (for staff) and committee Chair (for trustees).
  - b. Where there is a potential for a conflict arising over our approach to voting or engagement, this is escalated to our CRIO and onwards to the CEO, and the Chair in the case of Trustees.
  - c. A published voting template that guides our voting on most stewardship related ballots.
  - d. Decisions about voting and engagement activities are agreed within the Board's investment team, taking note of the Advice of the majority-independent Ethical Investment Advisory Group, the commitments given to General Synod, collaborative engagements (e.g. CA100+), industry best practice (for example as identified by UNPRI and similar bodies), and input from the professional advisers to the CEPB funds.
  - e. A register of declarations of actual or potential conflicts of interest is maintained, and raised as an agenda item at each Investment Committee and Board meeting.
24. The Board expects its asset managers to have effective policies in place to address potential conflicts of interest, when it comes to matters of stewardship and investment practice. We also consider conflicts of interest in our appointment and monitoring of service providers.
25. An area of related stewardship interest is potential mis-alignment between our approach to stewardship, and the stewardship policies of our asset managers. In order to address the potential agency problem, we incorporate stewardship in our selection and appointment process, seek segregated mandates where possible, conduct all proxy voting in-house and have incorporated stewardship into our regular asset manager monitoring and assessment.
26. The Board's code of conduct and conflict of interest policy is reviewed periodically, and any material changes are approved by the Board of Trustees.
27. Each year the Board will explain how it has identified and managed any instances of actual or potential conflicts of interest related to its stewardship activities, and disclose examples of how it has addressed them, in accordance with the annual reporting requirements of the FRC stewardship code.

### **Gifts and Hospitality**

28. Members must treat with great care any offer or gift, favour or hospitality that is made personally or in connection with their service as a member. Members should accept

only gifts of nominal value and declare them to the Secretariat who will keep a record of such gifts and hospitality.

29. Members should seek the advice of the Chief Executive prior to accepting hospitality in connection with their service as a member. All hospitality accepted should be commensurate with the style, presentation and value which it would be appropriate for a charitable or public body to provide on a reciprocal basis when acting as host. For the avoidance of any doubt, hospitality for which prior advice is required includes any form of entertainment, dinners (either formal or informal), sporting or cultural events but excludes working meals with business, diocesan or other church contacts and receptions.

### **Non-compliance with the Code of Conduct**

30. Alleged breaches of the Code should be brought to the attention of the Chair. If the Chair feels that an investigation is appropriate, he will report to the Board specifying the way in which the matter will be investigated.

## **The Seven Principles of Public Life**

- **Selflessness**

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

- **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

- **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

- **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

- **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

- **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

- **Leadership**

Holders of public office should promote and support these principles by leadership and example