

ETHICAL OVERSIGHT COMMITTEE MAY 2024

Proposed Deliverance

The General Assembly:

1. Receive the Report.
2. Approve the Faith values aspirations or “Front Door Language” as set out in the Appendix and encourage the Church of Scotland Investors Trust to engage with these aspirations.

Report

1.1 How the church uses its money is a significant factor in how we live out the gospel of Jesus Christ. The work done to set up the Ethical Oversight Committee (EOC) highlighted that the Bible speaks more about how we use our money than just about anything else. How we acquire wealth, and what we do with it, says a significant amount about our characters, principle and priorities. The EOC was set up last year by the General Assembly to support the Church, most specifically The Church of Scotland Investors Trust (COSIT), to be able to engage with the myriad of ethical dilemmas that are faced in the world of investment.

1.2 The first year of this committee has very much been spent working with FaithInvest (an international non-profit network of religious groups and faith-based institutional investors which sees faith communities as natural powerhouses for ethical, faith-based, and impact investing that can contribute to environmental, social, and governance (ESG) or socially responsible investing (SRI)) to articulate the faith values of the Church of Scotland. This is important, as without this articulation of our faith values, it becomes harder to build a detailed brief for investment managers. This document is referred to as our ‘front door’ policy, as it should be the first thing people see when they go looking for a statement on the values that guide our investment practices.

1.3 Over the last year we have looked at what other churches and faith groups have produced and have chosen to frame our own values around the Five Marks of Mission (appendix 1). The crafting of this document has been challenging. It has to be robust enough to make it clear what the Church believes about using its assets, but avoid being so specific that investment guidelines cannot respond dynamically to new information and situations between General Assemblies.

1.4 Once again, we acknowledged that what COSIT is doing at the moment is good, and the task of EOC is to work with COSIT in support of a trajectory which will make it better. In this way the document in the appendix is aspirational. It is not envisaged that all of the things will be achieved quickly, some will be a work in progress for many years. However, it does signal a commitment from the Church that ethical approaches to investments are a key part of the Church’s witness, and provides a context in which the General Assembly can ask for issues to be considered.

1.5 This year has very much been a year of formation and so no specific thematic issues have been discussed to report on. The next steps for this committee are to ensure the practical outworking of its work on a daily basis. Without rehearsing all of the points that were made in last year’s report of the Special Committee on the Ethics of Investment Practice, it is important to remember that COSIT is responsible for the relationship with the investment managers, and also for the oversight of the money invested with them.

1.6 The purpose of the EOC is to give investment related issues that arise on the floor of the Assembly a locus where they can be researched and discussed more fully, and work done to ascertain if there are practical and workable ways of reflecting the concerns of the Assembly in the investment space. Too often conversations that were had during the General Assembly were left with committees that had limited, if any, ability to do much about them. The hope is that the General Assembly will still have robust and challenging conversations about a host of issues which can then be referred to the EOC to take forward and report back to a future General Assembly. In this way the issues can be worked on alongside COSIT to support positive change where possible.

1.7 We are pleased to report that, as per the recommendation last year, COSIT has reduced from 15% to 10% the proportion permitted of a company’s total revenues in the excluded sectors (which include armaments, tobacco, alcohol, and gambling). As welcomed by the General Assembly 2021, COSIT will also not reinvest in any fossil fuel companies without agreement with the successor body of the Faith Impact Forum that there was good evidence of alignment with the stringent targets set within the Paris Agreement. Not only is this a positive step forward, it is indicative of the willingness of COSIT to engage fully with this process.

1.8 The EOC is currently made up of eight members, one person having had to withdraw due to work commitments. There are currently three representatives of COSIT, one General Trustee, two ministers, one young person and the chair. I’m delighted to report that the group has worked well together, and there has been a real willingness from all parties to make the EOC effective. It is clear that there are a variety of opinions in the group and the robust, intelligent, yet respectful, conversations that we have had thus far set us up well to be able to take forward our remit as a forum for engaging with the issues of interest to the Church and their intersection with the investments that the Church holds.

1.9 The next stage for the committee is to understand better the investments that the church holds and the work that investment managers are doing in the engagement space. This will be done over the coming months, and from there the EOC can begin to ascertain if there are issues that it would like to address and subsequently raise with COSIT.

In the name of the Ethical Oversight Committee

VAL BROWN, *Convener*
IAN ALEXANDER, *Secretary*

Appendix

Ethical Oversight Committee

Faith values aspirations or “Front Door Language”

The mission of the Church is the mission of Christ.

The priority of the Church of Scotland is participating in Christ’s mission.^[i]

The mission of the Church of Scotland is carried out by multiple registered charities, which express that priority in the overarching charitable purpose of the Parent Charity, the Church of Scotland (SC011353): “the advancement of religion.”

The objects of the Church of Scotland (SC011353) are:

- 1) to offer Christian worship, fellowship, instruction, mission and service;
- 2) to labour for the advancement of the Kingdom of God throughout the world;
- 3) to bring the ordinances of religion to the people in every parish of Scotland through a territorial ministry.^[ii]

In order to enable the mission of the church through these objects, financial resources are needed. These resources are administered and invested through local congregations and other charities of which the Church of Scotland is Parent Charity. This document outlines aspirations for the investments of The Church of Scotland Investors Trust (SC022884), which offers “the councils, committees and congregations of the Church a simple and economical medium for the investment of their funds”, sharing the charitable purpose of its parent charity.^[iii]

The Church of Scotland chooses to use the “Five Marks of Mission” as a helpful definition of the breadth and shape of Christ’s mission, and therefore of the mission of the whole Church of Scotland.^[iv]

The “Five Marks of Mission” shall mean:

The mission of the Church is the mission of Christ:

1. *To proclaim the Good News of the Kingdom;*
2. *To teach, baptise and nurture new believers;*
3. *To respond to human need by loving service;*
4. *To seek to transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation;*
5. *To strive to safeguard the integrity of creation and sustain and renew the life of the earth.*

The priority of Christ’s mission encompasses the charitable objects of the church, and applies to all aspects of church life, including the financial activity that supports that mission. Therefore, the Five Marks of Mission can offer a framework for investment by the whole Church of Scotland and The Church of Scotland Investors Trust (COSIT) in particular.

With others

The mission of Christ is not just the mission of the Church of Scotland, but of the whole Church universal. Therefore, in financial and investment matters the Church of Scotland and COSIT will work with other Christian denominations, and other sympathetic bodies, in encouraging the formulation of investment policies based on ethical principles and assisting each other in putting such policies into practice.

1. To proclaim the Good News of the Kingdom

COSIT aspires to its financial and investment activity being an active part of the mission of the church. This could include positive screening, engagement, and impact investing in organisations in order to lead to positive impacts (in terms of the Five Marks of Mission), in addition to negative screening and divestment from activities that harm society and are contrary to the church’s mission.

This will also lead to wider communication of policies and their implementation, in partnership with other Christian denominations, principally through the Church Investors Group, and interfaith bodies.

2. To teach, baptise and nurture new believers

The values that shape the investments of COSIT will be communicated within the church, including the General Assembly. Teaching and learning in national and local contexts will support the wider membership to reflect on how they can express Christ’s mission in personal and congregational finance, potentially leading to greater impact. Such engagement will also enable the wider church membership to influence the ongoing development of these investment values.

3. To respond to human need by loving service

In every local expression of church and nationally through CrossReach, the Church of Scotland works to love others in practical ways. This can also be done through investment in services and activities that meet practical needs, that build social capital, and that support those who need assistance in accessing employment. This also leads to negative obligations, avoiding investing funds in activities that lead to harmful addictions and in companies that do not offer fair pay or recognise workers' rights.

4. To seek to transform unjust structures of society, to challenge violence of every kind and pursue peace and reconciliation

The Church of Scotland recognises the Gospel bias to the poor and God's concern for peace, justice and reconciliation.^[v] This leads to negative obligations, avoiding investing funds in weapons and equipment used for oppression, and in activities involving the exploitation of human beings or nations, including social, gender or racial injustice. This also leads to positive obligations to invest and engage in ways that actively promote the full breadth of human rights and equitable distribution of resources.

5. To strive to safeguard the integrity of creation and sustain and renew the life of the earth

Humanity is one part of the integrated web of life that God has created on the Earth. Humanity is also learning more of its role in threatening the integrity of creation. Therefore, there are obligations to reduce and stop activities now known to damage life on Earth, through climate change, pollution, biodiversity loss, and extraction or consumption of resources. There are also opportunities to invest and engage in research, development, and distribution of alternative technologies and potential solutions that may renew the life of the Earth.

References

- [i] Presbytery Mission Plan Act 2021 Introduction https://www.churchofscotland.org.uk/_data/assets/pdf_file/0011/95987/2021-Act-8-Presbytery-Mission-Plan-Act.pdf
- [ii] <https://www.oscr.org.uk/about-charities/search-the-register/charity-details?number=SC011353>
- [iii] <https://www.oscr.org.uk/about-charities/search-the-register/charity-details?number=SC022884>
- [iv] Presbytery Mission Plan Act 2021 Introduction and section 1.1 https://www.churchofscotland.org.uk/_data/assets/pdf_file/0011/95987/2021-Act-8-Presbytery-Mission-Plan-Act.pdf
- [v] e.g. Report of the Faith Impact Forum to the General Assembly 2023