

Ethical Investment Charter

	Date Actual or Expected	Responsible
Last Reviewed	25 February 2020	Ethics Committee
Last Approved	6 March 2020	Trustee Board
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1. Introduction

1.1. Purpose

This *Ethical Investment Charter* governs the way in which the Trustee reflects Biblical values, as outlined in the Statement of Faith, and acknowledged by its members, in the way it invests. It should be read in conjunction with the Biblical Investing Rationale, which outlines the Trustee's understanding of what it means to invest in ways that are consistent with the Biblical values held by the members.

The Trustee's social, environmental and ethical investment approach is to attempt to orient the Fund's investments toward companies and industries that contribute positively to society and the environment. Where possible and practical, the Trustee will exclude investment in companies or industries whose main activities are inconsistent with Christian values. The Trustee will, therefore, seek to allocate Fund assets toward investments consistent with this Ethical Investment Charter, and the Fund's *Negative Screening Policy*, *ESG Integration Policy*, *Engagement and Ownership Policy* and *Impact Investing Policy*. The specific social, environmental and ethical screens applicable to the Fund's investments will, from time to time, be communicated to members.

1.2. Review of Charter

This policy will be reviewed annually by the Ethics Committee.ⁱ All amendments must be approved by the Board.

1.3. Interaction with Other Investment Policies

It is the role of the Ethics Committee to implement the requirements of this Charter.

It is recognised that there may be investment limits on the ability to comprehensively implement this Charter. The Fund believes that it is better to attempt to achieve this goal, and sees the overall Ethical Investment approach as being evolutionary – constantly striving for a better implementation of the Fund's values throughout the investment process. This Policy should accordingly be read in light of the broader *Investment Framework*, implemented under the oversight of the Investment Committee. Where the application of this Charter conflicts with the application of the *Investment Framework*, the Trustee Board will examine the issues involved and reach a decision.

2. Ethical Investment Charter

2.1. Our Aim

Christian Super aims to invest in accordance with Biblical values, consistent with our *Statement of Faith*, to ensure that member funds are managed responsibly while growing for their future needs.

2.2. Our Principles

Our general approach to investing in accordance with Biblical values is contained in our Biblical Investment Rationale, which can be summarised in the following principles. The Christian Investor will:

1. Christian Worldview. Begin with a Christian worldview whereby scriptural wisdom influences the way they invest.

2. Stewardship. View their assets as entrusted to them, recognising a responsibility to act as God's steward.
3. Creation Care. Recognise the value of creation.
4. Human Flourishing. Invest so as to promote human flourishing.
5. Duty of Care. Acknowledge their duty of care and responsibility to prevent harm.
6. Relational Holiness. Demonstrate Christian distinctiveness while operating in the world.
7. Unjust Reward. Reject unjust accumulation of wealth.
8. Excellence. Pursue excellence in investment.

3. Responsible Investment Strategy

This *Ethical Investment Charter* is then implemented throughout the investment portfolio in four key ways. The Fund considers these to be the four key pillars of its Responsible Investment Strategy that aligns the Fund's investment portfolio with Biblical values, in accordance with the values of the Fund's members.

3.1. Negative Screening

Negative Screening refers to the approach of seeking to exclude from the Fund's investible universe companies, instruments and investments that bring exposure to significant negative effects – particularly those investments that violate our principles. The deliberate or indiscriminate destruction of human life, the abuse of human dignity and freedoms, the damaging of health and well-being, the destruction of creation in pursuit of short-term profit, and reaping reward from unjust behaviour, are all activities that we consider to be inconsistent with the Christian Investor's approach to investing, summarised above.

Accordingly, the Fund:

- Maintains well-considered positions, with clear and practical applications to the investment portfolio, on a wide range of ethical issues.
- Maintains a framework for identifying and avoiding investments that are unacceptable in light of the principles.
- Maintains a framework for identifying and avoiding investments that are undesirable in light of the principles.
- Applies those frameworks through a combination of internal and external research to identify companies and investments that should be excluded from the portfolio.
- Monitors the portfolio to ensure its ongoing appropriateness.

The Fund will maintain a *Negative Screening Policy*, which covers these issues and steps taken to ensure that this approach does not unduly affect the performance of the portfolio. Oversight of the policy and strategy is delegated to the Ethics Committee.

3.2. ESG Integration

ESG Integration refers to the approach of seeking to direct the Fund's assets more heavily to companies, instruments and investments that operate in accordance with the positive principles outlined above. This orients the portfolio more towards those companies that are successfully promoting human flourishing and creation care by demonstrating sound ethical practices, and strong environmental, social and financial stewardship.

Accordingly, the Fund:

- Seeks to appoint and monitor managers that take Environmental, Social and Governance (ESG) factors into account in the management of their portfolio.
- Ensures that any internally-managed portfolios appropriately consider ESG factors.
- Identifies, in considering negative screening as outlined above, areas of company behaviour and impact that are considered positively.

Oversight of manager appointments and internal portfolios is delegated to the Investment Committee. Responsibility for developing and implementing the Fund's approach to ESG integration by fund managers across the portfolio is delegated to management.

The Fund will maintain an *ESG Integration Policy* outlining how ESG issues are considered in manager appointment and monitoring, as well as in internal portfolios. Oversight of the policy and strategy is delegated to the Ethics Committee.

3.3. Active Ownership & Influence

As a Christian investor, we consider not just what we invest in, but also how we act as owners in exercising our decision-making authority on assets. Active Ownership refers to the approach of acting as an owner to influence the direction of our investments towards more positive character and outcomes. This can involve exercising proxy voting rights, undertaking corporate engagement and collaborating with other investors.

Accordingly, the Fund:

- Understands its investments sufficiently to make informed decisions on the exercise of governance rights.
- Participates in the responsible investment community, collaborating with other investors to gain influence and seek behavioural change within companies and industries.
- Publicly commits to invest in line with best practice responsible investment standards, which reflect our Biblical Values
- Oversees the exercise of its voting rights and maintains Proxy Voting Procedures to govern decisions in this area.
- Is transparent to members disclosing information about the portfolio's holdings.

The Fund will maintain an *Engagement & Ownership Policy*, governing the way in which this strategy is employed. Oversight of both the policy and the strategy is delegated to the Ethics Committee.

3.4. Impact Investing

For the Fund, *Impact Investing* refers to the approach of actively and intentionally making investments that seek to achieve both a commercial risk-adjusted financial return and positive spiritual, social or environmental impacts.

Accordingly, the Fund:

- Allocates an appropriate part of the investment portfolio to impact investment.
- Ensures that it has the skills and resources to be a world leader in impact investing.
- Seeks to measure and disclose both financial and non-financial outcomes of its impact investment portfolio.

Oversight of the impact investment strategy is delegated to the Investment Committee. Target impact investment allocations for each option are included in the Strategic Asset Allocation contained within the *Investment Policy Statement*.

Responsibility for oversight of the investment aspects of the impact portfolio is delegated to the Investment Committee in accordance with its overall investment strategy responsibilities.

The Fund will maintain an *Impact Investing Policy* to articulate the way in which impact is monitored, measured and overseen. Oversight of the Policy, and of measurement, management & classification of impact investments and outcomes, is delegated to the Ethics Committee.

The Fund may engage a specialist asset consultant or manager to provide advice on the design and implementation of the impact investment portfolio.

4. Public Commitments

As the responsible investment community grows and becomes more mainstream, the opportunity arises to participate in and support a wide range of initiatives, commitments and principles designed to encourage best practice by companies and investors.

The Fund will consider each of these initiatives to determine whether supporting them is consistent with the interests of members in the context of the Fund's overall responsible investment objectives. Consideration will include:

- Whether the goals and objectives of the initiative, commitment or principles are consistent with this *Ethical Investment Charter*.
- Any cost associated with involvement.
- The public profile of the initiative and whether the Fund's public profile is consistent with the initiative.
- Any commitments that the Fund will be required to fulfil.

Responsibility for reviewing participation in principles and initiatives is delegated to management. A report will be provided to the Ethics Committee on such initiatives where the Fund is publicly named or is making specific commitments.

5. Implementation and Monitoring

Management will maintain *Biblical Values Processes* to detail the implementation and monitoring of this charter.ⁱⁱ The Fund's Responsible Investment Strategy will also be monitored by:

- Annual participation inⁱⁱⁱ and reporting on the Fund's adherence with the Principles for Responsible Investment (PRI).^{iv}
- A biennial review of the responsible investment industry and the Fund's engagement with relevant industry organisations.^v

6. Disclosure

In accordance with the requirements of the *AIST Governance Framework*, a summary of this charter is to be publicly available on the Fund's website at all times.^{vi}

Document History

10 August 2007	Adopted by Trustee Board
28 October 2011	Renamed from “Ethically Directed Investments Charter”

Compliance Tasks

- i Annual Ethical Investment Charter Review
- ii Annual Biblical Values Processes Attestation
- iii Annual UNPRI Assessment Participation
- iv Annual UNPRI Assessment Reporting
- v Biennial Responsible Investment Industry Review
- vi Annual Ethical Investment Charter Disclosure Attestation