

Quakers and Ethical Investment

*Towards an ethical investment policy for Meetings
and Funds of Ireland Yearly Meeting*

2020



INTRODUCTION

IYM 2016, extract from minute 40.2

“We agree to the following action:

To follow in the steps of FWCC by developing an investment strategy, by January 2017, to ethically invest all the funds within the Yearly Meeting in sustainable and peaceful companies, and divest from destructive industries, including fossil fuels.”

In 2016, Quakers in Ireland committed to develop an investment strategy that included divesting from fossil fuels. By doing so, we have joined a global movement of individuals and organisations that have committed, as investors, to divest from fossil fuels and invest in climate solutions in order to accelerate the transition to a zero-carbon economy.

In this way, the movement supports the international Paris Agreement on Climate Change, signed by parties of the United Nations in 2015. The movement launched in 2012, and as of the start of 2019, organisations and individuals representing US\$ 8 trillion have committed to divesting, including Queens University Belfast, the Church of

Ireland, Norway's sovereign wealth fund, the Rockefeller Brothers Fund, the cities of San Francisco and Berlin, and Stanford University.

As part of our commitment to 'let our lives speak', Quakers have long strived for integrity in their business affairs, and this has been reflected in the way in which we invest our funds. This has traditionally included policies of not investing in companies trading in alcohol, tobacco, gambling or armaments. As the Quaker testimonies of equality and peace increasingly embrace issues around sustainability and Earth Care, we recognise that it is wrong to profit from the destruction of the planet. Alongside many other Quaker Meetings around the world, IYM has therefore committed to divest from fossil fuels.

Following the decision by IYM to adopt a policy of investing in sustainable and peaceful companies and divesting from fossil fuels, a small working group was set up to consider how this approach might be broadened to provide some guidance to other Meetings and Funds within IYM. The working group included members of IYM Investment Committee and Eco Quakers.

The following pages set out a model investment policy for Meetings, as well as a list of ethical investment funds. These are not fixed in stone, but rather promptings to help you create an ethical investment policy appropriate to your Meeting.

PRACTICAL STEPS

Step 1: Draw up a list of the investments that your Meeting or Fund currently holds

For many Meetings, these investments may be held in the name of Friends Trust Eire or Ulster Friends Trustees as nominee holder which is in line with the good practice recommended in our book of Organisation & Christian Discipline, Chapter 18 'Trusteeship of Property & Securities'. If you do not already have it, FTE or UFT should be able to provide you with the latest valuation of your investments. You should also note any restrictions on your investments that may have been requested in the past by those who have made donations or left legacies. For example, the income on some investments may be restricted by the donor to those in the Meeting who are in difficult financial circumstances.

Step 2: Consider the key elements of your investment policy

Your Meeting or Fund should discuss the key elements of your investment policy. These key elements should include:

1. Investment objectives – do you wish to generate income from the investment, or do you want capital growth, or a mix?
2. Risk – what level of risk do you wish to take on your investments? For most of us, the level of risk will be low to medium.

3. Liquidity – how easily do you need to access your investment if you want to withdraw some cash?
4. Time horizon – is your investment for the long term or are you investing for a fixed short-term period?
5. Ethical investment – what constraints do you wish to place on where you make your investments? This is where you should list the types of company in which you do not wish to invest, such as those trading in armaments, alcohol, gambling or fossil fuels.
6. Management and reporting – who in the Meeting or your Fund Committee is responsible for managing your investments and how do they report?
7. Review – how often do you wish to review your policy? Annually? Every five years?

Step 3: Draft and agree your investment policy

Write up your investment policy and minute the agreement of your Meeting or Fund. You can find an outline policy for a Preparative Meeting on page 7, for your guidance.

Step 4: Review your existing investments in the light of your new investment policy

If any of your investments do not fit with your investment policy, you should arrange for them to be closed and re-invested in funds that are consistent. In particular if you wish to divest of any funds invested in companies trading in fossil fuels, you should move your funds into more ethically sound investments. Ways of moving to ethical funds are set out on Page 6.

ETHICAL INVESTMENT FUNDS

In order to execute your new investment policy, you can either work through an investment adviser or invest directly. Monies can either be invested directly in companies which satisfy ethical requirements or via ethical investment funds which themselves invest in such companies.

If you are working through an adviser such as Goodbody or Cunningham Coates, you should discuss the constraints you want carried out and provide them with a copy of your agreed investment policy. You should decide with the adviser whether it is better to invest directly or via investment funds. Most Quaker funds are too small to invest directly and retain a good spread of companies. So, for most Meetings or Quaker Funds, the best option is to invest in funds which provide a spread of investments and are ethically constrained in the manner we would wish. There are many funds which describe themselves as ethical; not all of these, however, are restricted as we might wish. In particular, we are only now seeing a growth in funds which either do not invest in fossil fuels or at least seek to change companies in that field. Examples of funds which you might consider are:

- BMO Global Asset Management Responsible Investment Funds
- Friends First Stewardship Ethical Fund
- Royal London Asset Management Sustainable Investment Fund

BALLYGREEN QUAKER MEETING

*Charity registration no: 11223344
Investment Policy, April 2020*

1. Introduction

This section should set out the background to the Meeting and the value of the investments that they currently hold. It should also say who is responsible for developing the policy on behalf of the Meeting.

Ballygreen is a Preparative Meeting of Goodtown Monthly Meeting within the bounds of Ulster Quarterly Meeting. The Meeting holds financial investments which at the end of March 2018 were valued at approximately £85,000. These investments are mostly a result of legacies and donations which have been left to the Meeting in the past. A number of the legacy investments, currently valued at £25,000, are restricted in how the income from the investment is used which must be used to support the less well-off families in the Meeting. The Meeting also currently holds £10,000 in a bank deposit account.

The Trustees of the Meeting are responsible for the investment policy and ensuring that it is developed in line with the needs of the Meeting and with the principles of the Religious Society of Friends.

2. Investment Objectives

This section should set out what the Meeting wishes to get from its investments – capital growth, income or a mixture. It should also indicate if the capital can be drawn down for expenditure if required.

Trustees of the Meeting seek to produce the best financial return within an acceptable level of risk. The investment objective is a balance between income and capital growth. If required, it should be possible to draw down capital for expenditure on agreed projects.

The investments should reflect the principles of the Religious Society of Friends, including integrity, simplicity, peace and sustainability.

3. Risk

This section should set out the Meeting's attitude to risk. This will be partly determined by how important it is for the Meeting to have a regular, low income from investments compared with a higher overall return but with some volatility. Most Meetings will probably opt for a medium to low level of risk. If the Meeting has a large number of investments it may wish to consider spreading its investments over a number of different products.

Trustees of the Meeting are willing to accept a medium to low level of risk and recognise that income and capital values will fluctuate over time. No more than £100,000 will be invested in one product.

4. Liquidity requirements

This section should set out any regular amount of income that is required from the investments and if easy access is required to the capital.

Trustees of the Meeting do not have a specific annual requirement from the investments but require access to the capital at reasonable notice to fund any future capital requirements.

5. Time Horizon

This section should set out any relevant time periods associated with the investments.

The investments are expected to exist for the long term and will be managed to meet the investment objective and to be sustainable over the long term.

6. Ethical Investment Policy

This section should set out any policy in relation to ethical investment that the Meeting wishes to adopt. This might include areas of economic activity in which the Meeting wishes to avoid investing and/or specifying types of positive ethical or responsible investment which the Meeting wishes to pursue.

The Trustees have adopted an ethical investment policy which aims to exclude investment in the following areas of economic activity:

- alcohol
- tobacco
- gambling
- prostitution
- pornography
- armaments & related products
- fossil fuel extraction
- biocide manufacture

The Trustees also wish to seek opportunities to invest

in ethical and responsible investment products, and to avoid investment in companies that adopt unethical practices such as the use of slave labour.

7. Management and Reporting

This section should set out investment management and reporting arrangements within the Meeting.

The Trustees have delegated to the Finance Committee of the Meeting the management of the investments. The Finance Committee will report annually to the Meeting on the performance of the investments and the income received. Any recommendations to make a new investment or change an existing investment or any other significant change in the investments of the Meeting will be made by the Committee to the Trustees.

8. Approval and Review

This section should set out how the policy was agreed and how it will be reviewed.

This policy has been prepared by the Trustees of Ballygreen Preparative Meeting to provide a framework for the management of its investments. It has been agreed at Preparative Meeting on nth April 2020. It will be reviewed on an annual basis to ensure its continued appropriateness.

“Let our worship and daily lives
enrich each other. Growing in
the spirit is a consequence of
taking action, and action flows
from our spiritual growth; here
is the connectedness we seek.”

This booklet was compiled by the Investment Committee and the
EcoQuakers Committee of Ireland Yearly Meeting, 2020

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more info on the divestment movement:

www.divestinvest.org

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