

APPENDIX F

SOCIALLY RESPONSIBLE INVESTMENT

**ANNUAL REVIEW AND REPORT OF THE INVESTMENT COMMITTEE
TO THE REPRESENTATIVE CHURCH BODY (SEPTEMBER 2002)**

The Representative Body has restricted investment from time to time in consultation with its professional advisers in Dublin and London and will continue to do so in the context of its ongoing ethical responsibilities and awareness. For example, only in exceptional circumstances would there be any involvement in options, currency hedging or other derivatives and then only with express permission.

Given the complex structures of many companies and their diversified subsidiary interests, some will have business interests in areas the RCB might otherwise wish to avoid. Disinvestment will be considered if these interests become a major proportion of the focus or business activity of the company; the RCB does not set out to invest in unethical enterprises nor does it support illegal business activities or practices. It seeks to invest in companies which will develop their business and generate reasonable investment returns to the shareholders, while having proper concern for the interests of customers, employees and suppliers.

The Investment Committee monitors and reviews the RCB's investments including an ethical assessment at least once each year. Ethical awareness based on fair and informed judgements is an integral part of the investment process in keeping with our Christian ethos and witness.

The Committee is of the view that most people in the Church would agree that it is right for nations to defend themselves and to engage in peace-keeping activities and, while there are concerns from time to time about any involvement in the defence industry, it feels that it is inappropriate to reject all companies which manufacture components for the defence industry, given the extreme subjectivity of such an approach. However, in terms of the monitoring process, a review of those companies engaged in the manufacture of defence hardware is undertaken and, having particular regard to the research findings of the Ethical Investment Advisory Group of the Church of England, the RCB may, from time to time, dispose of holdings where the defence element becomes the major proportion of the focus or business activity of a particular company. Contact is also maintained with the Church Investors' Group (an informal group representative of the various Churches in the UK).

Following this year's annual review, the Investment Committee is satisfied that the investments held for all funds are consistent with the RCB's statement of investment policy and that the investment managers continue to be sensitive to the Church's expectations on socially responsible investment issues.