

14. The Joint Advisory Committee on the Ethics of Investment

Contact Name and Details	The Revd Rachel Parkinson (Chair) - chair@wsmethodist.org.uk The Revd Dr Andrew Harper a.harper@epworthim.com
Action Required	To be received.
Resolution	14/1. The Conference received the report of the Joint Advisory Committee on the Ethics of Investment for the year to 31 March 2025.

Summary of Content and Impact

Subject and Aims	This report updates the Conference on the work of the Joint Advisory Committee on the Ethics of Investment (JACEI).
Main Points	JACEI has engaged with the ethical work of the Central Finance Board under its pillars of • Earth and Ecosystem • Fairness, Responsibility and Transparency • Conflict • Labour • Equality • Health and Wellbeing • Society and has judged that the CFB has managed the funds under its control in support of an ethical stance which is in accordance with the aims of the Methodist Church
Background Context and Relevant Documents (with function)	For more detail on the issues contained within this Summary Report, and other matters considered by JACEI, we recommend referring to the full 2025 Report to Conference which can be found on the CFB website. www.cfbmethodistchurch.org.uk
Consultations	CFB/Epworth engages with a wide range of stakeholders including Methodists, companies and shareholder groups and reports on these to JACEI.
Impact	JACEI will continue its advisory role on the ethics of investment in accordance with the aims of the Methodist Church.

Chair's Foreword

When JACEI met in the spring of this year, I had a real sense of the world shifting beneath our feet. Just days earlier, more than 100 Labour MPs and peers had written an open letter urging banks and investment firms to relax their rules on investing in weapons companies. They wrote, 'We urge financial institutions immediately to sweep away ill-considered anti-defence rules which are acting as a barrier to "doing what is right".' Meanwhile, our agenda led us to reflect on new and intense pressures, particularly on US-based companies, to scale back programmes designed to enhance diversity, equity and inclusion following strong statements by President Trump.

JACEI's whole purpose is to help the CFB to discern "what is right" in terms of how Methodist money is invested. At a basic level, investing in a business actively helps it pursue its goals by making finance available to it. A successful investment is one that profits the investor. Therefore the stakes are high. To invest in a company is to risk being complicit in unethical behaviour, which may be outside the Church's control though crucially not always beyond its influence. In a complex, globalised world, where ethical purity is an objective which simply cannot be pursued, it is in this area of ethical influence that I continue to be deeply impressed by the work of CFB. We can be proud to be part of a

Church where our Christian witness extends to boardrooms through the work that the CFB does on our behalf.

However, sometimes disinvestment remains a necessity for the Church. To work through the example on investments in the arms trade, church leaders, including from the Methodist Church, recently agreed that 'there is a case to be made for increasing defence spending to support Ukraine in resisting Russian aggression.' This was in the context of lamenting further cuts to international aid in order to increase the defence budget. Whilst there is a strong tradition of pacifism within the Methodist Church, many Methodists will hold the view that the manufacture of weapons and their acquisition by governments are necessary things to hold the balance of power in the world. However, to invest in this sector is to provide funding for weapons manufacture and to reap a profit on the back of it. Despite the fact that this sector is commonly referred to as the Defence Industry, a weapon once manufactured and traded may become a tool of defence or of aggression. We are not short of opportunity to witness the devastation that weaponised aggression wreaks upon the people and planet God loves. In the light of this, JACEI reconfirmed our advice to the CFB that Methodist money should not be invested in the arms trade.

I remain grateful for previous work done to develop a framework of ethical pillars which aim to ensure that all investment decisions are viewed through a theological lens and rooted in the ground of God's love for all of creation. This proves even more valuable in times of rapid change, such as the ones we are living through.

You will see that the pillars provide the structure for the annual report. This year, JACEI gave careful thought as to how a greater focus could be brought to the safeguarding of children in investment decisions. The pillars aim to safeguard the interests of both people and planet, but children are a particularly vulnerable constituency. JACEI considered this, for instance, when reviewing our policy on investment in the media earlier this year. Concerns raised then have been echoed by recent societal focus on the effects exposure to harmful social media content is having, on young boys as well as young girls. We intend to continue to support the CFB as they plan to strengthen corporate accountability for the effects of companies' activities upon young people.

This concludes my final year as Chair of JACEI before I move to pastures new. It has been a short tenure but I have learned a huge amount. I feel that my Christian discipleship is the richer for the deeper exposure I have had to the work of this committee, which is itself such a vital part of the Church's stated aim to be a Justice-Seeking Church. I commend the report to you.

The Revd Rachel Parkinson,
Chair of JACEI

Executive Summary

The Joint Advisory Committee on the Ethics of Investment (JACEI) continued to focus on the CFB's engagement efforts throughout the year in review. It found the CFB's seven ethical "pillars", as listed below, an effective structure to examine the breadth of its ethical investment activities.

Earth and Ecosystem

JACEI welcomed the advancing of the CFB's environmental commitment by investing in EU carbon permits through the EU Emissions Trading System (EU ETS) which covers 40% of EU greenhouse gas emissions. This system has reduced emissions from power plants and heavy industry by 43% since its inception, with proceeds funding green initiatives like renewable energy. Additionally, the CFB has taken action in response to the high environmental and ethical costs of gold mining—which typically emits 20 tonnes of CO₂ per kilogram, while also endangering the local environment—by investing in responsibly sourced gold via the UK's Royal Mint. Using recycled gold offcuts, this approach cuts the carbon footprint to 10% of virgin-mined gold. As of writing, 55% of the gold in the scheme is recycled, with plans to further increase this share.

Year	Epworth UK Carbon Intensity % Below Benchmark	Epworth Global Carbon Intensity % Below Benchmark
2019	2.8	n/a
2020	13.0	61.0
2021	37.0	66.0
2022	19.0	70.0
2023	27.0	72.5
2024	44.4	78.4

Fairness, Responsibility, and Transparency

The CFB exercised its voting rights in 99.21% of opportunities in 2024. JACEI noted that the CFB focused its efforts on curbing excessive executive pay in the context of a 16% rise in remuneration in FTSE 100 companies in 2023, far outpacing average wage growth. The CFB quarterly voting summaries, reviewed by JACEI, underscore their ethical stance, particularly as inclusive practises across global governance are increasingly under threat.

Conflict

JACEI diligently reviewed the CFB's holdings in relation to the Israel-Hamas conflict. As the rapid progress of Large Language Models and AI capability in conflict were becoming apparent, a focus was placed on technology companies, and four came under particular scrutiny: Microsoft; Accenture; IBM; and Cisco. JACEI observed evidence that Microsoft's Azure platform was used to support the Israeli military's AI-driven operations, raising concerns about civilian harm and autonomous warfare ethics. Accenture's potential role in surveillance infrastructure, IBM's contributions to biometric and cybersecurity systems, and Cisco's networking apparatus for border monitoring compelled JACEI to support the CFB's demand for greater transparency and on-going engagement with these companies.

Labour

The Methodist Church has committed to pay the real Living Wage, which is calculated to ensure workers can afford basic necessities, but 3.5 million UK workers still earn below this level. JACEI welcomed the commitment of the CFB/ Epworth to continue to advocate for fair wages. In one case of such engagement, JACEI was kept abreast of Epworth's contact with Next Plc to push for the company to adopt the real Living Wage . A meeting is set for later in 2025 with Next's CEO and senior management to directly address wage transparency, including for third-party contractors. All of this will serve as a solid foundation for future engagement.

Equality

The CFB is working with other investor groups to focus on Anglo American regarding its mining operations. The mining industry has been linked to both environmental harm and inadequate consultation with Indigenous communities. Poor mining practices are particularly acute in Brazil and Indonesia, with threats to Indigenous lands and cultures. Collaborating with Nature Action 100, the CFB is pushing for adherence to international standards, including free, prior, and informed consent, to promote equitable, sustainable, and mutually beneficial practices.

Health and Wellbeing

The CFB has reported to JACEI on its investment in BioGaia. BioGaia is a probiotics leader, supporting the growth of the preventative healthcare industry, with the company reporting a 12% sales increase in 2023. What made BioGaia stand out was its own efforts to improve public health—with the company actively engaging in crucial initiatives to fight against antibiotic resistance whilst helping to address healthcare inequality in underprivileged nations. The company is also targeting 100% recycled or biodegradable packaging by 2030.

Society

JACEI was pleased to see the CFB commencing an initiative that will add a greater focus on safeguarding children by centring them in the engagement processes. JACEI noted that 160 million children are engaged in child labour globally, and that digital risks affect one in three internet users under the age of eighteen. An in-depth analysis was conducted by CFB using data from the Global Child Forum and other sources was presented to JACEI. Revealing that while 70% of portfolio companies have child rights policies, a much lower percentage showed evidence of effective implementation. Key concerns include child labour in supply chains, environmental impacts on children's health, and digital safety. The CFB plans targeted engagements and collaborations to strengthen corporate accountability in these areas.

*****RESOLUTION**

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Committee membership

The Revd Rachel Parkinson is the Chair of the Committee. She assumed this position in October 2023.

The JACEI Chair is independent, usually nominated from among the membership of the District Chairs and appointed by Methodist Council.

Members appointed by the Methodist Council are:

- The Revd Dr Sheryl Anderson (ex-officio)
- The Revd Dr Vincent Jambawo
- Ms Rachel Lampard
- Mr Jonathan Cape
- The Revd Dr Mike Long

Members appointed by the Central Finance Board (CFB) are:

- Mr Bala Gnanapragasam
- The Revd Julian Blakemore
- The Revd Dr Andrew Harper

Mr David Hopley attends as a representative of the Trustees of the Methodist Church in Ireland, which has Permanent Observer status on JACEI.

In attendance from time to time to facilitate the workings of the Committee were: Mr David Palmer, Mr Miles Askew, Mr Steve Hucklesby, Ms Roz Amos and Mr Callum Hughes.

Mrs Sophie Forrest, the JACEI Secretary, was on maternity leave for some of the year. The Secretariat position was covered by the CFB.

Enquiries about the Committee's work are encouraged, with letters to be addressed to the Committee's Chair c/o Methodist Church House, 25 Tavistock Place, London, WC1H 9SF, or by email to: jaceichair@methodistchurch.org.uk.

The CFB may be contacted through the Revd Dr Andrew Harper at Methodist Church House, 25 Tavistock Place, London, WC1H 9SF. Telephone: 020 7496 3636 or email a.harper@epworthim.com.