

# **ASSEMBLY INVESTMENT ADVISORY COMMITTEE CHARTER**

## **Assembly Investment Advisory Committee Charter UCA Assembly Limited ABN 14 000 007 447 and all related entities within the Uniting Church in Australia Assembly (“Assembly”)**

*Consistent with our charitable purpose, Christian Values and Mission, each year the Committee strives to facilitate a reliable stream of investment income available to each Agency and entity of the Assembly within their respective parameters of risk and investment goals, whilst also at the same time building a capital base that will ensure a sustainable endowment for the future.*

### **1. Authority**

#### **1.1 Authority**

The Assembly Investment Advisory Committee (hereafter referred to as the Committee) is a Committee of the Assembly Finance, Audit and Risk Committee (AFARC), itself accountable to the Assembly and its Assembly Standing Committee (ASC).

In carrying out its role, the Committee provides an investment advisory service for the Assembly, for UCA Assembly Limited and all related agencies and entities within the responsibility of Assembly.

#### **1.2 Limits on Authority**

The Committee is to implement its investment decisions within two parameters:

- The Committee must operate according to the ASC Investment Policy and/or other limitations established by the ASC (including, but not only, in regard to Ethical Investment); and
- The Committee must also be bound by each Agency's requirements of risk and reward and other relevant policies when managing that Agency's funds, including the Agency's assessment of its periodic need for access to funds for the activities of the Agency. In the event of any conflict between ASC Investment Policy and an Agency's requirements or policies, the former shall prevail.

#### **1.3 Delegated Authority**

The Committee has the authority to act on any delegations or instructions, in relation to Assembly investments, given to it from any ASC mandated Committee or governance body of an Assembly Agency or entity.

#### **1.4 Mandate**

The Committee is to provide an investment advisory service to each Assembly Agency or entity to which this Charter applies by overseeing the investment activities of such Assembly bodies. This may include but not be limited to:

- (a) Developing Investment strategy, including:
  - (i) Allocations to asset classes in the light of economic and investment market conditions;
  - (ii) Selection and appointment of external investment advisors and asset managers; and
  - (iii) Selection of performance benchmarks (net of fees and taxation) and investment mandates.
- (b) The power to recommend or advise on buying and selling investments in accordance with this Charter and subject to Limits on Authority as set out above;
- (c) Monitoring investment performance and outlook;
- (d) Ensuring Compliance with the investment policy of the Assembly and its Agencies or entities including their Capital Management Plan (or equivalent thereof), and to the

- extent relevant, the investment requirements of Specific (restricted) or Designated funds held by an individual Agency or entity;
- (e) Undertaking any special projects delegated by the Assembly, ASC, AFARC, or as deemed necessary by the Committee; and
- (f) Reporting to Agencies or entities (as per Reporting Obligations set out below).

## **2. Committee Responsibilities**

### **2.1 Responsibilities**

The Committee exists to provide investment leadership and thereby to support the Uniting Church in Australia Assembly mandate, mission and activities by:

- Advising on the assets of Assembly Agencies or entities within the agreed framework of Risk versus Reward and any Assembly policies and Agency requirements for access to funds;
- Identifying and developing investment solutions that respond to the changing sophistication and differing needs of Assembly Agencies or entities; and
- Recommending changes to the investment policy of ASC or the investment strategy of Agencies and entities where market circumstances have changed significantly since their Mandate was provided to the Committee.

### **2.2 Reporting and Meeting Obligations**

- The Committee will report in writing, or through its delegated representative, to each Assembly Agency or entity with a frequency of not less than quarterly showing investments, asset allocation, performance, any activity (including purchases and sales) general outlook and other relevant matters.
- The Committee will meet regularly with each Agency or entity to consult on changes to their Risk versus Reward appetite (including, but not limited to, meeting at short notice in response to unfavourable developments in financial markets).
- The Committee will provide its minutes to AFARC.
- The Committee will provide a report annually to AFARC; AFARC will advise ASC of the outcomes of such reports. The report will address compliance with investment policy, risk issues, asset classes, investment returns and recommendations.

### **2.3 Dispute Clause**

Where Agencies or entities are unable to resolve a difference of opinion or practice with the Committee then the matter shall be referred to AFARC by either party for resolution. AFARC reserves the right to seek ASC guidance.

## **3. Investment Criteria**

### **3.1 Investment Policy**

In establishing an Investment Policy for the Assembly, its Agencies and entities, the following criteria will be considered (but not necessarily limited to):

- Investor, or Agency, weighting between income and capital appreciation;
- The level of return investors seek (Risk versus Reward within respective Agency parameters);
- Investor, or Agency, risk appetite (the trade-off between reward versus capital risk);
- The current market environment;
- Liquidity needs;
- Tax considerations;
- The appropriateness of using external managers or managed funds;
- The extent and impact of additional costs incurred by separately investing funds of each agency and not pooling funds together to gain economies of scale;
- Ethical Investment Principles approved by the ASC<sup>1</sup>;

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<sup>1</sup> From the Assembly Investment Policy:

The Committee and delegated officers will always consider the ethical implications of all investments. The Committee has adopted the published UCA NSW.ACT Synod Ethical Guidelines as its benchmark. The Policy examines investments in relation to issuers, which are engaged in, but not limited to the following areas of activity:

- Gambling
- Armaments

- Concentration risk;
- Credit risk;
- Maturity periods;
- The nature of funds available to invest such as general funds, retained earnings, specific funds, designated funds, endowment funds or reserves; and
- External stakeholder requirements e.g. AusAid

### **3.2 Investment Strategy**

In establishing an Investment Strategy, the Committee will:

- Comply with the investment policy established by the ASC;
- Be bound by the investors' policies and needs, including their Risk versus Reward objectives.

## **4. Membership**

### **4.1 Composition and Size**

The Committee will consist of at least seven members, five of whom are independent from executive management of Assembly, its Agencies or entities (and their Boards). Included in the seven are two ex officio members of the Committee, which are the Assembly General Secretary (or nominee) and the senior financial officer of the Assembly (or nominee).

Members of AFARC are ineligible for membership of the Committee (excluding the ex officio members of the Committee). Criteria for the five non ex officio members-will be determined by the Committee (subject to any restrictions noted above) and where changes in membership are required, the appointment of new members shall take into account the current competency and experience of the remaining members of the Committee.

### **4.2 Appointment**

The Committee shall be appointed by the ASC. Appointments shall be for three years and shall be made at the first meeting of the ASC after each triennial meeting of the Assembly.

When appointing members to the Committee, the ASC shall be cognisant of Regulation 3.8.1, especially having regard to the Basis of Union paragraph 15. Diversity of Committee membership shall be sought, including in relation to geographic representation.

The Committee has the power to fill a casual vacancy between meetings of the ASC. Such casual appointments shall be made with the concurrence of AFARC and formally nominated to the next meeting of ASC.

### **4.3 Chairperson**

The Chairperson of the Committee is appointed by the ASC and must be an independent non-executive member (refer Committee Composition and Size above). Where the Chairperson is not present at a meeting, the Committee may elect an acting Chairperson for the meeting, who may be any member of the Committee.

### **4.4 Technical expertise**

The majority of appointed Committee members must:

- (a) be financially literate, that is, are able to read and understand financial statements;
- (b) have relevant professional qualifications and / or experience, that is, have qualifications and / or experience in the management or oversight of investment funds; and
- (c) have an understanding of the context and culture within which the Uniting Church Assembly operates.

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- Questionable work-place practices
  - Poor mining practices; and
  - Questionable corporate governance activities

#### **4.5 Skills development**

If the Committee Chairperson approves, a non-executive Committee member may attend seminars or training related to the functions and responsibilities of the Committee at Assembly's expense, subject to the agreement of the Assembly General Secretary.

#### **4.6 Commitment of Committee members**

Committee members must devote the necessary time and attention for the Committee to carry out its responsibilities. Each Committee member must confirm that they are able to devote sufficient time and attention to the Committee for the coming year.

#### **4.7 Minute Secretary**

The Assembly's senior financial officer shall be the Secretary of the Committee.

#### **4.8 Remuneration**

Committee members shall be remunerated, if applicable, in accordance with the Assembly Remuneration Policy.

### **5. Committee meetings and processes**

#### **5.1 Meetings**

Meetings and proceedings of the Committee are governed by this Charter and the Regulations of the Uniting Church in Australia.

#### **5.2 Form of meetings**

Meetings may be held in person and also by any electronic means including circular e-mails, phone conferences, video conferences or a paper based signed resolution.

#### **5.3 Frequency and calling of meetings**

The Committee will meet at least quarterly. The Chairperson must call a meeting of the Committee if requested by any two members of the Committee, the external auditor, a National Director of an Agency for which funds are administered, the Chairperson of AFARC, or the ASC.

#### **5.4 Quorum**

Five members constitute a quorum for meetings of the Committee, provided three of those members are not ex officio members.

#### **5.5 Conflict of Interest**

The Assembly has within its policy framework, a Conflict of Interest Policy 6.13 which sets out the approach and steps to be taken in assessing any real or perceived conflicts of interest. This policy should be referred to in the first instance, in considering the following clauses.

When a member or other members of the Committee recognises a real or perceived conflict of interest it shall be declared by that member to the rest of the Committee and the person with a conflict of interest shall not participate in any discussions or decisions in which they have such a conflict of interest.

If any conflicts of interest are ongoing or continuous, then the conflicted member must convince the Committee Chair as to his/her ongoing suitability for membership of the Committee. In the event that the Chair cannot be convinced, then the conflicted member will be required to resign from the Committee. The Chair shall take into consideration both the positives (benefits) and negatives that the member brings to the Committee. The Chair shall also consider whether the conflict can be managed effectively.

If the perceived conflict relates to the Committee Chair, then the Committee Chair must convince AFARC as to his/her ongoing suitability for membership of the Committee. In the

event that AFARC cannot be convinced, then he/she will be required to resign from the Committee.

The Committee will maintain a register of all member interests external to the Committee and shall record any declarations of conflict in relevant meeting Minutes.

If a situation arises where the number of Committee members declaring a conflict of interest means that the Committee lacks a quorum, the Committee shall seek guidance from the AFARC, ASC or other body appropriate for the resolution of the issue.

#### **5.6 Attendance by management and advisors**

The Committee Chairperson may request National Directors, other senior Assembly or Agency executives who are not members of the Committee, and external advisors to attend meetings of the Committee. The Committee may request management and/or others to provide such input and advice as is required.

#### **5.7 Access to information and advisors**

The Committee has the authority to:

- (a) require National Directors, other senior Assembly or Agency executives who are not members of the Committee or others to provide any reasonably relevant information or advice that the Committee requires;
- (b) access relevant Assembly documents and records;
- (c) subject to prior approval by the Assembly General Secretary of expenditure, obtain the advice of special or independent counsel, accountants or other experts; and
- (d) access management and fund managers, custodians, asset managers and any other service providers engaged to support the investment strategy and decisions of the Committee.

#### **5.8 Minutes**

The Secretary shall keep a minute book to record the proceedings and resolutions of its meetings.

### **6. Committee's performance evaluation**

The Committee will formally review its performance to AFARC in detail at least once every year, but will also meet with AFARC annually to discuss the Committee workings for the previous 12 months and whenever there are major changes to the Agency or entity structure of the Assembly. The performance evaluation will have regard to the extent to which the Committee has met its responsibilities in terms of this Charter, and will include feedback from Agencies and Assembly entities whose funds it manages. AFARC will advise ASC of the conclusions of any performance evaluation.

### **7. Review and publication of Charter**

The Committee will review this Charter to ensure it remains relevant to the current needs of the Assembly, at least once in each triennium.

This Charter may be amended by the ASC after it has received advice from AFARC.

The Charter will be available upon request to the ASC, Agencies or entities of Assembly or their governance bodies.

*Approved by Assembly Standing Committee 14 March 2020*