
Policy on Managing Reserves and Ethical Investments

Introduction

Conciliation Resources is a company limited by guarantee (registration number 3196482) and a charity registered with the Charity Commission of England and Wales (registration number 1055436) which raises funds to support its objects, as specified in its Memorandum and Articles of Association, which are:

- To promote for the public benefit the provision of services and carrying out of activities directed towards conciliation, mediation, arbitration, conflict resolution, reconciliation, peacebuilding or reparation in disputes and conflicts between institutions, groups, persons or entities of any kind, in the United Kingdom or overseas in particular where such conflicts may lead to social unrest, violence or public disorder, so as to resolve such conflicts and prevent their recurrence.
- To advance public education and training in the subjects of conflict resolution, prevention and peace processes by carrying out research and disseminating the useful results of such research and by such other charitable means as the Charity through its Trustees may determine.

Objectives for Managing Funds Available for Investment

Conciliation Resources seeks to produce the best financial return within an acceptable level of risk ensuring any investments are ethical. As the funds raised are expected to be spent across the lifetime of the underlying funding contract, capital preservation is of importance. In addition where funding contracts permit investment of surplus funds they generally limit the scope of returns that can be earned, and the use to which the returns may be put. In some instances if returns are above a certain predetermined level they contractually need to be returned to the donor.

To the extent that Conciliation Resources may have free core reserves available to invest in Conciliation Resources which are not linked to any funding contract or commitment, the investment objective is to generate a return in excess of inflation (as measured by the official UK Consumer Prices Index) with any funds earned being reinvested. The minimum time horizon is 12 months.

To the extent that Conciliation Resources may have reserves which are linked to a funding contract or commitment, the investment objective is to preserve capital value with a minimum level of risk. Investments should be readily available to meet unanticipated cash flow requirements. The maximum time horizon is 12 months.

Financial Service Providers Managing Conciliation Resources Funds

Conciliation Resources currently has three main service providers¹ holding funds for and supporting Conciliation Resources to meet its operating requirements. These are –

- Royal Bank of Scotland – main banker
- CCLA² (www.ccla.co.uk) – main deposit account
- Triodos – alternative deposit account – long term deposit account

There is currently no service provider that provides an ethically based full service option that would provide and meet all our requirements. Our service providers are reviewed periodically to ensure they provide an appropriate service, at a fair and reasonable cost supporting Conciliation Resources staff and partners in our work. In addition having a number of providers helps spread organisational risk.

Conciliation Resources holds assets to fund planned activities which a single donor or group of donors may have agreed to support for an agreed period of time. The term of the funding contracts Conciliation Resources has in place at any one time has, in the past ranged up to 5 years.

Conciliation Resources' assets should be held in cash or near cash investments denominated in sterling or euro, its key operating currencies, with a number of financial institutions to mitigate the risk but not so many as the cost of management outweighs the benefits.

Conciliation Resources' cash balances should be deposited with regulated financial institutions with a minimum credit rating from an agency such as Moody's or Standard and Poor's of A- (or equivalent) or invested in a diversified money market fund.

Statements by Conciliation Resources' Service Providers

The position of each of our providers on issues of sustainability, the environment and human rights can be found in varying degrees of detail at –

- Royal Bank of Scotland – www.rbc.com/fags/sustainability.html
- CCLA – www.ccla.co.uk – Home>Charities>Ethically Responsible Investment>E&RI Policy
- Triodos – www.triodos.co.uk/en/about-triodos/who-we-are/mission-principles/we-stand-for/

Liquidity Requirements

Conciliation Resources maintains an operating current account at a balance of £5,000 with excess funds above this being swept to a higher interest deposit account. When the balance falls below this trigger level, funds are automatically transferred from the higher interest deposit account to the current account to maintain the balance at £5,000.

¹ A full list of financial service providers to Conciliation Resources can be found in the Finance Handbook at <http://crintranet.gn.apc.org/content/finance-handbook>

² CCLA is the specialist investment firm for charities, faith based organisations and local councils.

When total funds in the sterling accounts are in excess of £300,000, the balance above this is transferred to a CCLA Deposit Fund whose objective is “to provide an attractive level of interest linked to money market rates”. Funds are withdrawn from CCLA to meet known cash flow requirements.

All foreign currency funds are retained in interest earning accounts at our main bank. Accounts other than sterling which are currently held are US Dollar, Euro and Australian Dollar. We are working to develop better profiling of our expenditure so that we will be able to place deposits which mature to meet the known expenditure profile.

Time Horizon

Conciliation Resources continues to plan its activities over one, three and five year time horizons and will continue to seek income on this basis to meet these future requirements.

Ethical Investment Policy

Conciliation Resources currently has no direct or indirect holdings in equities or bonds issued by governmental or non-governmental issuers. If Conciliation Resources makes such investments they will be made so they do not conflict with the aims of the charity..

Sectors ³ in which Conciliation Resources will not directly or knowingly invest its funds as cash or in equities or bonds are as detailed below –

- Defence equipment manufacturers, or those companies that manufacture or distribute landmines, cluster bombs or nuclear weapons.
- Companies engaged in natural resources extraction or where natural resources extraction forms a key part of their overall business model where their work can be seen to create or sustain conflict in a region or country.
- Companies that support repressive regimes ⁴.
- Companies with significant involvement in
 - all aspects of the tobacco industry;
 - the production of pornography;
 - on-line gambling.

Management, Reporting and Monitoring

Conciliation Resources manages its own cash deposits.

A request to withdraw funds from the CCLA requires two authorised signatories to sign the letter and funds can only be transferred to Conciliation Resources nominated main operating bank account.

All balances are reported weekly to the Director of Operations as part of the regular payment authorisation cycle.

³ The fact we may not invest in an organisation because they fall outside of Conciliation Resources Ethical Investment Policy does not preclude engagement and dialogue with this company, should this be both relevant and appropriate.

⁴ Repressive regimes are defined as exerting pervasive state control over daily life, banning of free speech, independent organisations, and political opposition, and practicing severe human rights violations. Source: *Freedom in the World, 2007, published by Freedom House.*
<http://www.freedomhouse.org/template.cfm?page=15>

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Funds are automatically transferred between Conciliation Resources main operating current and higher interest deposit accounts as stated above. Information is available via paper statement and also through the bank's web based portal on all the accounts held at that bank.

Review

This Investment Policy Statement will be reviewed periodically, or as events determine or suppliers change, to ensure its continuing appropriateness.

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