

Responsible investment policy detail

Below are the relevant extracts from the Society's Investment Policy (as of 23 April 2023):

5.1.1 Investments should be consistent with the Society's values and ethos and neither conflict with its aims nor have the potential to cause the Society to lose supporters or beneficiaries. The Society seeks to be a responsible investor, having regard for environmental, social and corporate governance (ESG) considerations in the prioritisation of suitable investments.

5.1.2 In respect of extractive industry companies, the Society's investments should be made into well governed, responsible companies operating at or beyond industry norms for governance, social responsibility, and environmental management. Investment in fossil fuel companies should prioritise those leading companies with meaningful commitments to reduce their carbon footprint and in the vanguard of strategic and operational change towards meeting the Paris Climate Accord goals.

5.1.3 The Trustees have adopted an exclusionary policy as detailed below:

Theme	Exclusion
High emissions fossil fuels extraction and utilisation	Companies deriving material revenue from coal and/or high emissions oil, as detailed below, except where CCS and/or operating practices reduce emissions to global norms: A. Coal: thermal (but not metallurgical) coal production and/or utilisation in power generation; B. High emissions oil extraction: for example production of tar sands/steam assisted crude production/crude from upgraded bitumen. Mitigating factors: the above exclusions can be overruled where relevant mitigating factors are recognized. Examples might be a company converting coal-fired power plant to lower emissions fuels, or when high emissions assets are in a divestment process (and exceptionally if the divestment is likely to lead to a significant deterioration in ESG performance).
Egregious environmental, social or governance (ESG) performance	Relative to accepted international standards, clear/persistent breaches of environmental and social norms of behaviour, unethical business practices, persistent illegality and/or a failed governance structure.
Other exclusions	A. Companies that are involved in the production of illegal/indiscriminate weaponry or the production and/or manufacture of tobacco. B. Companies that derive material (greater than 10%) revenue from socially harmful activities e.g. tobacco, gambling, the manufacture of arms and pornography.

5.1.4 The appointment and ongoing monitoring of investment managers will include an assessment of the investment manager's adherence to the principles of the Financial Reporting Council's UK Stewardship Code and the Principles for Responsible Investment (PRI). The Society will require its investment manager to be a recognised Tier One signatory to the UK Stewardship Code and a formal signatory to the PRI.

5.1.5 The Society's investment manager will be expected to follow 'best practice' in the environmental, social and corporate governance (ESG) stewardship of investments held on the Society's behalf, as exemplified by continued conformance with 5.1.3 above. The Investment Committee will monitor the investment manager's continued compliance with these requirements.