

Responsible investment policy detail

Below are the relevant extracts from the Society's Investment Policy (as of September 2020):

6.1.1 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 considerable regard for environmental, social and corporate governance (ESG) considerations in the prioritisation of suitable 'best-in-class' investments.

6.1.2 In respect of extractive industry companies, the Society's investments should be made into well-managed, responsible companies undertaking, or demonstrably working towards, sustainable extraction. Investment in fossil fuel companies should prioritise those leading companies seeking to reduce their carbon footprint and in the vanguard of strategic and operational change towards meeting Paris Accord goals.

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

Theme	Exclusion
High emissions fossil fuels extraction and utilisation	<p>Companies deriving material revenue from coal and/or high emissions oil, as detailed below, except where CCS and/or operating practices reduce emissions in line with global norms:</p> <p>A. Coal: thermal (but not metallurgical) coal production and/or utilisation in power generation; B. High emissions oil extraction: production of tar sands/steam assisted crude production/crude from upgraded bitumen</p> <p>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).</p>
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	<p>A. Companies that are involved in the production of illegal/indiscriminate weaponry or the production and/or manufacture of tobacco.</p> <p>B. Companies that derive material revenue from socially harmful activities e.g. gambling, adult entertainment or the manufacture of arms or alcohol.</p>

6.1.4 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.

6.1.5 The Society's investment manager will be expected to display '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 the codes and principles listed in item 6.1.4. The Investment Committee will monitor the investment manager's continued compliance with these requirements.