

## Consideration of environmental, social, governance (ESG) or ethical factors in investment decision-making

The purpose of the Foundation's investments is to provide a reserves fund sufficient to cover at least three years of projected grant commitments and other expenditure. The trustees wish to ensure that the Foundation could fulfil its grant-making commitments and other expenditure to spend down in an orderly manner, if required.

The Foundation recognises that ethics are not clear-cut and that difficult judgements need to be made, especially in relation to collective investment schemes. That said, the Foundation is committed to ensuring that their investments do not conflict with their objects and expect their investment manager to invest responsibly at all times.

Wherever feasible, the Foundation expects the investment manager(s) to avoid the following areas:

### **Environmental:**

- Thermal coal
- Arctic oil & gas
- Unconventional oil & gas

### **Social**

- UN Global Compact violations
- ILO Labour Standards violations

### **Ethical**

- Tobacco
- Gambling
- Weapons & firearms
- Adult entertainment
- Predatory lending

This includes a complete exclusionary policy on any direct investment in these areas as well as exclusion wherever possible on indirect (collective) investments. A summary of indirect exposures to the above and any other potentially contentious areas is provided by the investment manager(s) regularly.

In addition to the above negative screens, the investment manager(s) factors ESG (environmental, social and governance) considerations into the selection and monitoring of securities generally and tilts toward those with better credentials.

The investment manager is committed to reducing the carbon intensity of the portfolio by 50% by the end of this decade (from 2019 levels) and provides regular updates on this to ensure compliance.

The Foundation does not place restrictions on the use of Exchange Traded Funds (ETF) or other collective investment schemes as these vehicles meet our objective to have a widely diversified portfolio. However, we reserve the right to ask our investment manager(s) to dispose of any collective investment where we feel the fund represents a conflict with our ethical position.

The Foundation will consider engaging with investee companies. This may involve voting through investment manager(s) or working with networks of other investors.

The Foundation will also be open to using a proportion of the reserves to invest in funds or businesses that proactively seek social and/or environmental returns as well as a financial return, where this aligns with the Foundation's mission. In some cases, the Foundation recognises that such investments may not produce market levels of financial return.