



## Socially Responsible Investment Policy

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<b>Amendments</b>	Previously a single paragraph in main Investment Policy; v1.2 reflects minor changes based on Finance & Development Committee feedback
<b>Related Policies &amp; Procedures</b>	<a href="#">Investment Policy</a>

### 1. SCOPE

- 1.1 This Socially Responsible Investment policy (the “SRI Policy”) applies to endowment funds originating from grants or donations and the long-term investment of retained surpluses (School endowments).
- 1.2 The Investments Working Group will review and recommend to the Finance and Development Committee the reallocation of funds to conform with the provisions of the SRI policy if they are found to be invested in funds or activities which are inconsistent with the SRI policy.

### 2. PURPOSE AND OVERVIEW

- 2.1 Socially Responsible Investment is an approach that aims to balance an investor’s ethical beliefs with financial performance considerations, and typically seeks to achieve a trade-off between social and financial objectives.
- 2.2 The School has a legal obligation and fiduciary responsibility to maximise our charitable income and returns in order to further the School’s objectives consistent with our agreed risk appetite established by Council.
- 2.3 A key aspect of the School’s approach to responsible investing is for the Finance and Development Committee, on the advice of the Investments Working Group, to make investment decisions which take into account environmental, social and corporate governance (ESG) issues in managing the endowment funds in line with LSHTM’s mission and ethical standards.



2.4 Examples of ESG factors are numerous and ever-shifting. They include:

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Resource depletion</li> <li>• Waste Pollution</li> <li>• Deforestation</li> </ul>	<ul style="list-style-type: none"> <li>• Human rights</li> <li>• Modern slavery</li> <li>• Child labour</li> <li>• Working conditions</li> <li>• Employee relations</li> </ul>	<ul style="list-style-type: none"> <li>• Bribery and corruption</li> <li>• Executive pay</li> <li>• Board diversity and structure</li> <li>• Political lobbying and donations</li> <li>• Tax strategy</li> </ul>

### 3. POLICY

3.1 The School will approach investment decisions, as far as possible, in line with the UN Principals for Responsible Investing (see Appendix A), recognising that doing so better aligns LSHTM as an investor with broader societal objectives.

3.2 The School will not make direct or, as far as possible, indirect investments in equities or bonds issued by companies, the major part of whose business activities are:

3.2.1 tobacco manufacture;

3.2.2 arms manufacture;

3.2.3 gambling services;

3.2.4 extraction and refinement of all fossil fuels.

3.3 For clarity, direct investments are defined as those held by the School, rather than via its fund managers, or held by fund managers as shareholdings in individual companies.

3.4 Indirect investments are defined as those held via fund managers within a wider named investment fund containing a mix of multiple individual investments. For indirect investments, the School will not invest in funds with more than 10% invested in companies of concern, either because they fall under the listing in 3.2 above or because the School has broader ESG concerns.

3.5 The School will, where possible, aim to switch its passively managed equity investments into funds which track indices which more closely meet its SRI objectives, such as the FTSE4Good UK or Global Indices.

3.6 The School will seek to progressively reduce its investment in funds which indirectly place its endowment in companies significantly engaged in the extraction of thermal coal and tar sands.

3.7 The School will take a pro-active approach in collaborating with other like-minded investors to encourage asset managers to develop new socially responsible investment products.

3.8 The Investments Working Group, Finance and Development Committee and Council will continue to monitor on-going opportunities to improve socially responsible investing as new opportunities become available.



3.9 The School will not invest in “black box” investment vehicles where it is not possible to identify the nature of underlying assets.

#### **4. PROCESS and APPLICATION**

4.1 The School maintains an Investments Working Group with expert members to oversee the investment of endowment funds. The Investments Working Group reports to the Finance and Development Committee.

4.2 The School appoints independent professional investment advisors by competitive tender to advise its Investments Working Group and Finance Department.

4.3 The Investments Working Group will recommend that the School’s endowment funds are invested only in pooled investment vehicles managed by external fund managers.

4.4 The Investments Working Group will endeavour, as far as possible, to identify those managers who apply environmental, social and governance (ESG) criteria to their investment decisions, have a policy to engage with companies where ESG issues are a concern to financial sustainability, and seek to report to their investors on their engagement activities.

4.5 In the event of any investment of the School being found to be invested in funds or activities that are inconsistent with the School’s mission and values and this policy, the Investments Working Group will review the investment and reallocate funds as appropriate.

#### **5. APPENDIX A: UN Principals of Responsible Investing**

5.1 We will incorporate ESG issues into investment analysis and decision-making processes.

5.2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

5.3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

5.4 We will promote acceptance and implementation of the Principles within the investment industry.

5.5 We will work together to enhance our effectiveness in implementing the Principles.

5.6 We will each report on our activities and progress towards implementing the Principles.