

## **BARROW CADBURY TRUST AND BARROW CADBURY FUND INVESTMENT POLICY**

### **1. Introduction**

- 1.1 The mission of the Barrow Cadbury Trust and the Barrow Cadbury Fund is to use all of their assets, especially their money, to work with others to bring about structural change for a more just and equal society.
- 1.2 Both the Trust and the Fund have the powers, expressed in their governing documents, to invest any money in any investments, securities or properties. The assets are in the form of expendable endowment and are unrestricted.
- 1.3 Where this policy refers to the Trust, it includes both the Trust and Fund.

### **2. Investment objectives**

The objectives are:

- To contribute to the mission of the Trust through providing a financial return to fund its activities, taking into account environmental, social and governance factors, balanced with the need to protect and enhance the value of the Trust.
- To promote social justice through the use of social investments as an additional source of finance for social organisations and to develop the social investment market.

### **3. Time horizon and risk**

- 3.1 The Trust currently aims to exist in the long term and so takes a long term view of its investments.
- 3.2 The Trust recognises that different levels of risk are attached to different types of investment, and that those investments which have higher long term financial returns may also have higher levels of volatility. The Trust accepts the level of risk attached to equities and will have a predominately equity based portfolio. It will avoid speculative and non-transparent investments.
- 3.3 When considering the risks of social investments the Trust will also consider the potential social value of the investment, including the wider social impact on the sector or social investment market.
- 3.4 As the Trust spends both income and capital it may mitigate some of the volatility risks by holding sufficient levels of cash in short to medium term deposits.

### **4. Responsible Investment**

- 4.1 The Trust aims to invest in a way that contributes to its mission. As such it will avoid investing in companies whose activities are inconsistent with the mission and will seek to engage with other companies on environmental, social and governance issues to improve business practices.
- 4.2 The Trust recognises that it can have more of an impact through working with its investment manager and investor networks and coalitions.
- 4.3 The Trust will continue to develop its understanding of how its investments can contribute to the mission and will develop its approach and activities accordingly, sharing its learning

with its networks and other organisations and promoting responsible investment to a wider audience.

- 4.4 The Trust will avoid knowingly investing in companies which are associated with human rights violations or engage in activities that cause social harm. Specifically:
- The Trust will avoid investments in companies which derive more than 5% of their revenue from the production of, or 10% of their revenue from the sales of, armaments, tobacco, alcohol, gambling or pornography.
  - The Trust will not hold any government bonds in countries with high military expenditure or which support the arms trade.
  - The Trust should be aware of its investments and will not hold more than 10% of its investments in pooled funds (excluding investments in property funds, corporate bond funds, social investment funds and other alternative investment funds).

- 4.5 The Trust is aware of the significant negative impacts of climate change and the need for businesses to align their activities with the Paris Climate Agreement, with targets of net zero carbon emissions by 2050. The Trust will pursue a policy of engagement in the first instance rather than divestment.

The Trust will:

- Not invest in companies that derive more than 5% of their income from the extraction of thermal coal or the production of oil from tar sands.
- Engage more intensively with companies that make a significant contribution to greenhouse gas emissions, whether producers or users, to encourage them to align their activities with the Paris Climate Agreement and move to a low carbon economy. If companies do not respond to the engagement then the Trust will divest.
- Engage more intensively with public policy makers with the aim of creating a structural and regulatory environment that supports the transition to a low carbon economy.
- Seek to make investments which have a positive environmental impact, subject to the availability and suitability of such investments.

## **5. Social investment**

- 5.1 The Trust will allocate up to £6 million to provide social investment as an additional source of funding for social organisations.
- 5.2 The Trust will support the development of the social investment market which better meets the needs of its users.
- 5.3 The Trust will take an active part in networks and groups to share learning and make more effective use of social investment.

## **6. Investment managers**

- 6.1 The Trust will delegate the management of the investment portfolio to an external investment manager. The appointment of the investment manager will be fully reviewed at least every ten years, with a mid term review at least every five years.
- 6.2 The Investment Managers will be given authority to allocate the investments in line with the agreed investment strategy, subject to the ethical considerations and any particular instructions.

**7. Governance**

- 7.1 The Board has overall responsibility for the investments and agrees the investment strategy and the appointment of the investment manager.
- 7.2 The Investment Management Committee (IMC) has delegated authority to carry out a range of duties and responsibilities, as detailed in its Terms of Reference.
- 7.3 The Chief Executive and Director of Finance have authority to sign letters to companies, regulatory bodies and the media on behalf of the Trust in line with the strategic framework or in areas of work agreed by the IMC.

**8. Review**

The policy should be reviewed annually by the Investment Management Committee, with any changes recommended to the Trustees for approval.

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