

Britain Yearly Meeting of the Religious Society of Friends (Quakers) in Britain. Registered Charity No. 1127633

Investment Policy

Introduction

Britain Yearly Meeting (BYM) is an unincorporated, faith based association whose object is the furtherance of the general religious and charitable purposes of the Religious Society of Friends in Britain and beyond.

BYM has an annual income of some £12m and, subject to maintaining the purchasing power of its invested assets, seeks to achieve, over a five year circle, a balance between income and expenditure. As at December 2013, BYM had some £9.8m invested in property which is currently considered not available for sale, £0.3m invested in property which is available for sale and some £22.5m in financial assets listed on a recognised stock exchange.

The Trustees of BYM have delegated investment decisions, through their Finance and Property Committee, to their Investment Sub-committee. Investment management is delegated, on a discretionary basis, to an investment manager authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Policy

It is BYM's policy to apply those of its assets, for the time being designated by Trustees as available for medium to long term investment, in ways that are congruent with Quaker leadings as discerned by the Society in Yearly Meeting.

Subject to the paragraph above, it is BYM's policy to invest first to preserve the long-term real purchasing power of its invested assets and secondly to achieve a total return, adjusted for risk, which permits a real annualised increase (measured over a five year cycle) in the funds generated for Quaker work.

Guiding Principles

BYM will invest ethically, consistent with its Quaker witness and true to its Quaker testimonies.

The following five principles, which are the product of Quaker spiritual leadings, inform BYM's investment policy.

1. Truth and integrity

BYM expects the enterprises in which it invests to maintain high public standards of honesty and fairness in all their dealings and to demonstrate levels of corporate governance that are among the best in their sector.

2. Justice, equality and community

Based on respect for each human being, BYM seeks to invest in enterprises which avoid the exploitation of employees, suppliers, customers or communities. BYM will not invest in enterprises whose offerings are predominantly concerned with the bringing to market of goods and services that do harm, such as tobacco, gambling, pornography or alcohol.

3. Simplicity

BYM believes that a simple lifestyle, freely chosen, is a source of strength and that no person's place in the world should be defined by his or her material possessions. BYM therefore wishes to support enterprises that address authentic human needs.

4. Peace

Peace is a process that calls for practical work as well as for the expressed opposition to wars, armed hostilities or the use of violence in order to resolve conflict. Therefore, BYM will not invest in those enterprises which engage in the arms trade, the production of weapons or the promotion of violence.

5. The earth and the environment

BYM believes that a proper concern for creation requires environmental stewardship on behalf of all life on earth. Acknowledging that the integrated and complex nature of the modern world requires some accommodation with it while at the same time upholding Quaker principles, BYM seeks to foster responsibility both to present life on earth and to future generations. As an investor, BYM seeks to engage with enterprises in order to effect an improvement in their environmental practices but will avoid investing in those enterprises that it considers harmful to the natural world. BYM will not invest in enterprises which engage in, or have a significant stake in servicing or supporting, the extraction of fossil fuels.

Ethical Investing

BYM is an ethical investor.

Trustees are aware that individual Friends may hold views, on financial or ethical aspects of investment, which may not be congruent with actions taken by BYM's appointed discretionary investment managers. As noted in *Quaker faith & practice* (14.20) in relation to investment matters, Trustees have obligations which may constrain them more, as trustees, than as individuals. So, while Trustees, through the Investment Sub-committee, will be sensitive to honestly expressed dissenting opinion, they will put their collective responsibility before their own or others' personal preferences.

Trustees are aware of the Investment Manager's methodology in rating the ethical and social credentials of those enterprises which are deemed suitable as investments for BYM. In addition, Trustees have given notice that the following areas of economic activity are considered unsuitable for investment by BYM:

- tobacco
- alcohol
- gambling
- prostitution
- pornography
- munitions and related products
- fossil fuel extraction

There is an absolute prohibition on investment in the last four categories. However, where an enterprise engages peripherally in one or more of the first three categories and its main business purpose is held to be generally in the public interest, investment is permitted.

Where the Investment Manager has doubt concerning the acceptability of any potential investment, he is encouraged to raise this doubt with the Investment Sub-committee through its clerk and its secretary.

Risk

The principal risks faced by BYM are short-term price volatility at a time of disinvestment, a permanent reduction in the capital value of investments, liquidity, inflation, deflation, interest rate volatility and exchange rate movements. Other risks include counterparty risk and environmental, social and governance risk.

Trustees regard BYM as a medium-risk, long-term investor.

Time horizon

BYM expects that all invested assets will remain invested for the foreseeable future, with no medium-term requirement for disinvestment.

Currency

The base currency of the investment portfolio is Sterling. Some direct investment in assets denominated in currencies other than Sterling or in assets listed on a non-UK stock exchange, subject to an acceptable level of exchange rate risk, is permitted.

Credit

BYM will deposit cash balances with institutions having a rating of the equivalent of A- or better as rated by Moody's, Standard & Poor's or Fitch or in a diversified money market fund.

Liquidity requirements

The income, and where deemed appropriate the realised capital gains, from the financial investments will be applied towards BYM's charitable purposes. Sufficient funds to cover up to six months of operating costs will be held in liquid form. Other degrees of liquidity will be determined by the specific additional operating or capital expenditures identified in the rolling three year plan.

Approval and review

This investment policy was approved by the Investment Sub-committee on May 16, 2014 and adopted by Trustees on May 31, 2014. It will be reviewed annually by the Investment Sub-committee.

May 31, 2014