

RESPONSIBLE INVESTMENT POLICY

PREAMBLE

The Blaggrave Charter developed in 2018 states that our core mission is:

“To seek to bring lasting change to the lives of the most disadvantaged young people aged 14-25 to enable a positive transition to adulthood”

Within our Charter we also state a core ambition ‘to achieve social impact beyond our immediate partners in pursuit of a fair and just society’ and as a way of working ‘to use all of our resources and knowledge in pursuit of our mission’

The Blaggrave Trust is also a Living Wage Funder and part of the Living Wage Friendly Funder Scheme. We are also a signatory to the Funder Commitment on Climate on Change along with 41 other Trust and Foundations at the time of writing. As a signatory we are committed to reporting annually on our progress.

This investment policy sets out our aspirations to fulfil our ambitions through our investment strategy ensuring consistency of values across our work. Our ultimate goal is that this policy applies to all our investments including our commercial and residential property portfolio. The Board will review this policy annually and expand its scope, where necessary over time. This may require bringing in additional expert support to inform Board decisions at any given point.

This policy builds on conversations at Board level over a number of years, but aims to now move us forwards in a more intentional and decisive manner.

What is responsible investment?

Responsible investment primarily recognizes that short-term profit cannot be the only definition of value in our investment portfolio. But that as a charity with principles and values about the world we want to live in, the choices we make in our investment strategy should align with these and be morally justifiable. A responsible investment strategy should complement our grant-making and other activities to contribute to our impact.

The UN Principles on Responsible Investment defines it as ‘a strategy and practice to incorporate environmental, social and corporate governance (ESG) factors in investment decisions and active ownership’

Blaggrave Background

In 2015, the Trust altered its existing investment strategy to avoid investing in activities which conflict with the Trusts aims. It therefore divested of sin stocks harmful to young people, that is tobacco, alcohol, armaments, gambling and pornography. These exclusions remain.

The Blaggrave Trust has a charitable spend of c. £3million p.a. on grants and associated charitable work (excluding our operating costs). The Trust stated in 2017 that it was willing to accept a reduction in our endowment if total return fell short of what we need to maintain our spend level, though up to end 2019 this has not been necessary. The Trust also agreed that it was agnostic about existing in perpetuity – that it would consider spending down if the justification was clear, but in the absence of such a justification would continue to balance its investment strategy and returns, alongside its grant-making commitments.

Young People

As the demographic our charitable mission is concerned with, our analysis of responsible investment should be informed by young people’s attitudes where possible. There is some evidence that millennial investors are nearly twice as likely to invest in companies or funds that target specific social or environmental outcomes and more likely to exit an investment position

due to objectionable company activity compared to other age groups¹. It is known that today's young people tend to have a stronger sense of global responsibility identifying global inequalities such as poverty and access to health care as important. Climate change and young people's response to it, is clearly a pressing concern for many. Furthermore, young people are at the frontline of austerity, with higher rates of youth unemployment and/or uncertain employment through zero hours contracts and the lack of affordable housing, critical issues for many.

OUR POLICY

A. Key principles

1. We believe that investing responsibly will ultimately maximise our long term returns and best aligns with our purpose. We are prepared to forego some short-term return to invest responsibly and maximise our positive impact if necessary.
2. We wish to favour investments in areas that are particularly consistent with our mission and the issues we know to be of most importance and relevance to young people today. For example:
 - a. companies that offer solutions to problems such as climate change, loss of biodiversity and limiting CO2 emissions, sustainable housing or playing our part in providing capital to green economy projects and renewables.
3. Conversely, we do not want to invest in areas that we judge to be profoundly inconsistent with our mission. For example:
 - a. industries with poor human rights and child rights records e.g. companies that use inappropriate marketing and digital campaigns that expose children to unsafe content or those that don't promote fair pay and decent working conditions or tax evasion.
 - b. industries and companies that derive more than 10% of their revenue from fossil fuel extraction or intensive farming methods that degrade the environment.

¹ Ernst Young, Sustainable investing: the millennial investor

4. We will only work with investment managers that have clear responsible investment policies in place and can provide sufficient reassurance that they have a consistent and comprehensive approach to ESG investing in all relevant asset classes.
5. We recognize that responsible investment choices are not always clear cut and we seek to work with fund managers that are supportive of our objectives and engage in learning and dialogue with us, who are also helping to raise market standards through shareholder engagement and active stewardship and engagement in relevant public policy initiatives.
6. We wish to join the growing number of Trusts and Foundations that are working and learning together on responsible investment management, and where we can will share approaches and learn from their thinking and work to set norms on ESG in our sector.

B. Performance

1. We will judge our performance over the long term. We seek to deliver sufficient return to support our charitable giving and shall set target returns for each of our portfolios as necessary.
2. We will pursue with our investment managers an appropriate ESG ratings methodology for each of our investment portfolios to help us assess the responsible investment performance of our portfolios.
3. We are committed to working towards having an overall investment portfolio that is carbon [net positive] by [2030]. In the shorter term we are committed to understanding the current carbon footprint of our existing portfolios.
4. Should any portfolio holdings be found to be in breach of this responsible investment policy, we will work with our investment managers to try and resolve or mitigate the breach. If effective resolution or mitigation of the breach is not possible, we will look to

divest from the underperforming holding in due course, subject to our investment manager's advice on the appropriate timing for any divestment.

C. Risk

1. We split our investment portfolio across two investment managers and review these relationships regularly with annual face to face meetings and quarterly investment reports.
2. We will use available ESG ratings as part of our approach to assessing the financial and impact risk of our portfolios.

D. Transparency and Reporting

1. We will publish this policy on our website, along with summary information on our holdings and our response to the Funder Commitment on Climate Change.
2. We will report on our responsible investment performance annually.

E. Exclusions

1. Armaments, fossil fuels (oil and gas majors and mining companies not developed enough in their transition) and sin stocks - tobacco, alcohol, gambling and pornography

2. Roles and Responsibilities

1. Overall responsibility for our responsible investment policy sits with The Blaggrave Trust's Chair, with the terms of the responsible investment policy signed off annually by the Board.
2. Regular oversight of our performance against our responsible investment policy sits with The Blaggrave Trust's Director, supported by our Board or any delegated committees of the Board.

3. Day-to-day management of our assets in accordance with our responsible investment policy sits with The Blaggrave Trust's appointed investment managers, as relevant.

3. Scope

Our responsible investment policy applies to our investments in all asset classes. Over time we will develop specific policy provisions for our non-financial assets (principally property).