



BREWIN DOLPHIN

INVESTMENT MANAGEMENT FOR CHARITIES



Embedding sustainability in your investments

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Agenda

1. Rationale
2. Terminology
3. Charity Commission Guidance & Consultation
4. Does investing Sustainably hamper investment returns?
5. Practical steps

Why?



92%

of consumers will be more likely to trust a company that supports social or environmental issues

Source: CONE Communications CSR Study 2017

64%

of investors have increased their allocation to sustainable investments over last 5 years

Source: Schroder Global Investor Study 2018

2nd

most important factor in determining what makes a Charity trusted is 'True to their Values'

Source: Trust in Charities, Charity Commission

Risk of bad PR?



Justin Welby

+ Add to myFT

Church of England invests in Wonga backer



National Trust has £30m fossil fuel fund

Exclusive
Simon Murphy

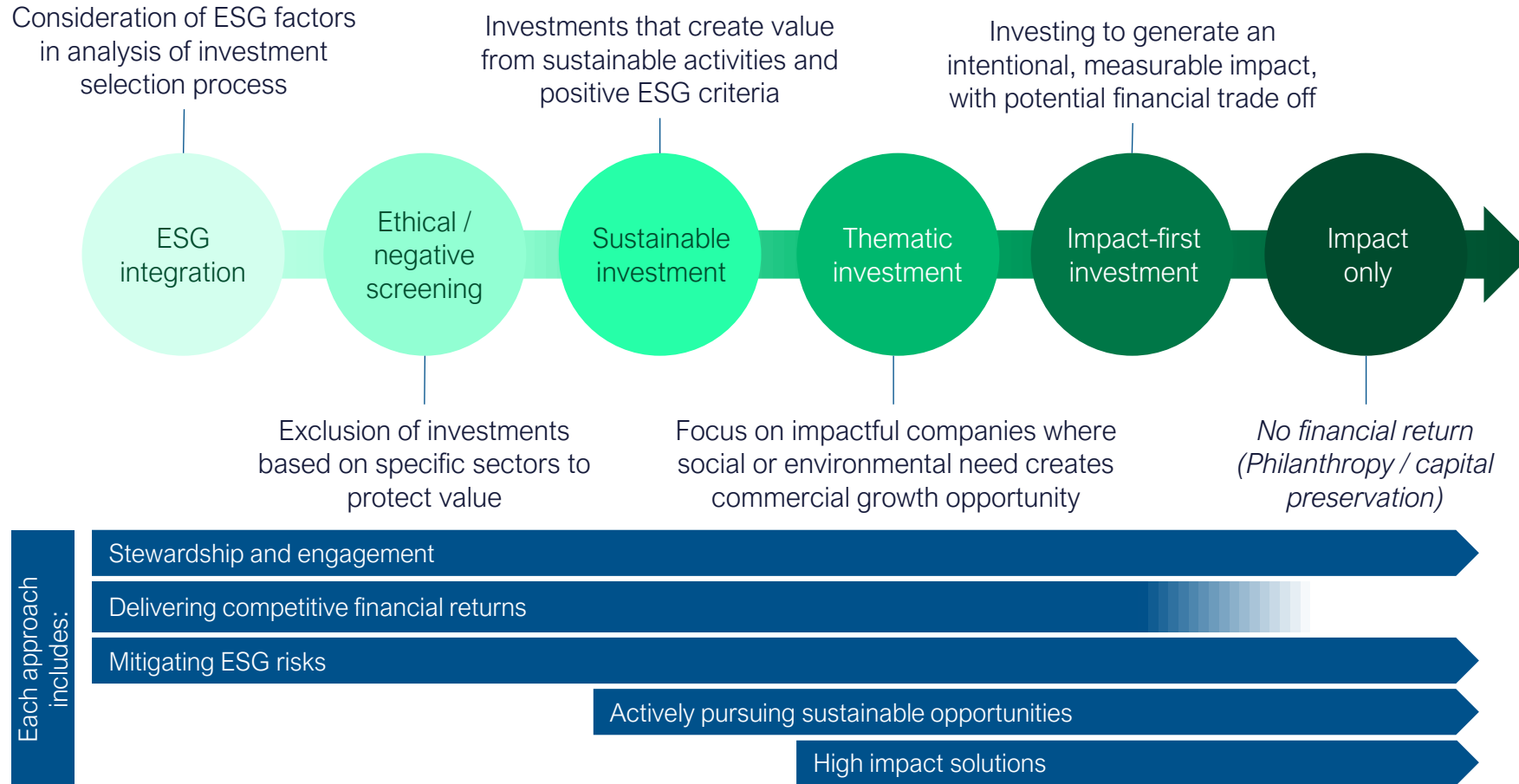
The National Trust has invested tens of millions of pounds in oil, gas and mining firms - despite the conservation charity pledging to cut down its own use of fossil fuels and warning about the impact of climate change. An investigation by the Guardian has found that the trust - which aims to "nurse the environment back to health" - has more than £30m of

You say Sustainable, I say Responsible...



It is all about doing well, by doing good

The spectrum of responsible investing - terminology



Source: Brewin Dolphin, 2021

Charity Commission Consultation

Began in Jan 2020 to understand the barriers that prevented some Charities from investing responsibly

Identified that the existing guidance contained insufficient assurance that trustees could take a responsible investment approach

| Current Guidance | Draft new Guidance |
|---|---|
| <p>Trustees can decide to invest ethically, even if the investment might provide a lower rate of return than an alternative investment. However, a charity's trustees must be able to justify why it is in the charity's best interests to invest in this way. The law permits the following reasons:</p> <ul style="list-style-type: none">• a particular investment conflicts with the aims of the charity• the charity might lose supporters or beneficiaries if it does not invest ethically• there is no significant financial detriment | <p>You can take a responsible investment approach even if there is no apparent direct conflict with your charity's charitable purposes, if you can show this is in the best interests of your charity*</p> <p>*Special rules apply for Permanent Endowments</p> |

The proposed new guidance is now on hold pending a High Court case brought by two Charities.

The guidance can be found here <https://www.gov.uk/government/consultations/charity-responsible-investment-guidance>

Will investing Sustainably hamper returns?



ESG Matters Research found:

3%

outperformance p.a.
from those companies in the
top decile of ESG ranks over
the last 5 years

90%

of bankruptcies could have been
avoided by excluding companies
with poor Environmental and
Social scores

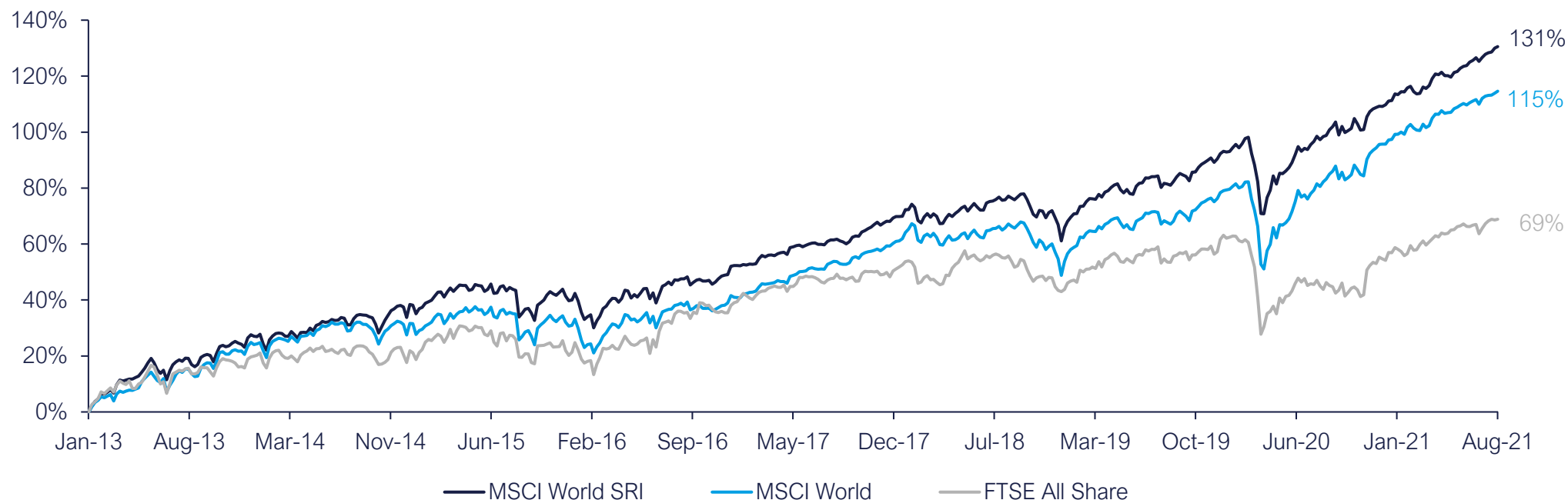
Source: Bank of America Merrill Lynch, September 2019

Past performance is not a guide to future performance. The value of investments can fall and you may get back less than you invested.

Will investing Sustainably hamper returns? (2)

Example of ESG performance

MSCI World SRI Index vs FTSE All Share and MSCI World – performance since 1 January 2013



Source: Refinitiv Datastream Total Return Price Data as of 31-08-2021, data retrieved 06-09-2021.

The value of investments can fall and you may get back less than you invested. We will only be bound by specific investment restrictions which have been requested by you and agreed by us. Neither simulated nor actual past performance are reliable indicators of future performance. Performance is quoted before charges which will reduce illustrated performance. Investment values may increase or decrease as a result of currency fluctuations.

Practical options

1. Review your existing Ethical Investment Policy
2. Consider what is suitable for your Charity
3. Specifically, you might wish to:
 - i. Broaden negative exclusions?
 - ii. Add Positive screening?
 - iii. Add ESG criteria?
 - iv. Add Stewardship criteria?

Q&A

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