

# Quakers in Yorkshire

## Investment Policy

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### 1. Introduction

In matters of investment the trustees of Quakers in Yorkshire (QiY) must act collectively as a body having regard to the guidance of the Charity Commission in England & Wales and to paragraphs 14.18 to 14.22 of Quaker Faith & Practice (5th Edition).

A substantial proportion of Quakers in Yorkshire (QiY) income is derived from its investments which are identified with five funds, each with its own purposes. These are:

- General Charity, primarily to assist individual Quakers in need and otherwise for general purposes of QiY;
- Linton Taylor bequest which mainly supports charitable activity at Glenthorne Quaker Guest House, Grasmere;
- Forrest's Meeting House Fund for major repairs, developments or construction of Meeting Houses in Yorkshire;
- Rawdon Friends School Trust which contributes to bursary support for Quakers living in Yorkshire whose children attend a Quaker secondary school in Britain;
- Buildings Fund which is only for building repairs, improvements, purchases or construction in Brighouse West Yorkshire, Leeds and Craven & Keighley Area Meetings.

Although each fund is distinct, the investments are managed as a whole.

### 2. Aims and objectives

The investment policy needs to strike a balance between following Quaker principles about the right use of money and providing sufficient funds to meet the responsibilities of QiY's Governing Document (see Appendix 1).

To this end, in order of priority, we:

- i. Need to fund QiY grant making activities over the long term;
- ii. Invest in enterprises which comply with the interests and concerns of the Religious Society of Friends in Britain, such as upholding a low carbon sustainable society, avoiding fossil fuel companies and seeking companies which promote economic justice;
- iii. Avoid investment in corporations whose activities conflict with our wider Quaker principles;
- iv. Encourage businesses which are ethical, socially responsible and protect the environment. In some cases, such an investment may be riskier and produce a lower return but meet desired social benefits.

The background to this investment criteria is set out more fully in Appendix 2.

### 3. Degree of compliance

Investment decisions, like the making of most choices, are a matter of judgement, having weighed all the available evidence. The investment managers will apply the four criteria

listed above to offer ethically based advice about a range of securities sufficiently diverse as to neutralise (so far as possible) systemic risk. Where necessary, they will take a balanced decision based on their interpretation of the evidence and not simply apply mechanistically a set of rules. Their advice will make this clear to the trustees.

The investment managers are encouraged to engage, on matters of corporate governance and controversial aspects of business practice, with enterprises with which QiY has, or may have, a relationship as investor. The investment managers are encouraged to work closely with others on promoting socially responsible business practices and improving corporate behaviour. Because many corporations also have a spread of activity to minimise long-term risks, we ask our investment managers to adopt an approximate benchmark of no more than 10% of a company's activities which conflict with the aims and objectives (and as expanded in Appendix 2).

The trustee body, recognising that it does not itself have the resources of time and experience to engage with companies, is particularly keen that the investment managers should be informed about the extent to which an enterprise's activities meets the socially responsible criteria, particularly the larger international companies or funds which may be recommended.

The investment managers are encouraged to work closely with others on promoting socially responsible business practices and improving corporate behaviour including co-operation with the Ecumenical Council on Corporate Responsibility and other faith-based investors.

#### **4. Implementation**

The investment managers will invest ethically in a range of securities which will maximise the total return, having regard to:

- Income                      Grant income levels in real terms, calculated over a rolling five year period against the consumer price index.
- Capital growth            Maintaining capital growth to raise income in line with inflation.
- Risk                            Diversified risk

The contract with the investment manager will be on a management basis, steered by the Investment Group which includes the Clerk, the Treasurer and up to three trustees. Members of the Investment Group may be required to be verified in accordance with the Money Laundering Regulations.

The investment manager will execute the sale and purchase of individual securities according to their reading of the markets in order to meet the investment objectives over the long run.

All transactions with reasons will be reported to the Treasurer and Investment Group as they occur. Any significant changes to the spread of investments and their character (such as a divestment of all government bonds), for instance, shall be referred to the investment panel who may consult the trustees as a whole by e-mail.

#### **5. Acceptable level of risk**

Trustees accept that all investments carry a level of risk. Having regard to the need to both protect the value of the funds and to receive income to fund expenditure, trustees agree that a medium level of risk is appropriate. The aim of our investment should be to generate a return over a long term of about 3% above the rate of inflation. This approach will mean that funds are invested with a substantial exposure to equities with the consequent fluctuations in their value.

**This policy and its Appendices have been adopted by the trustees on 19 September 2020 and should be reviewed in 2025**

**Revised September 2020. Updated September 2021. Updated February 2022.**

## **Appendix 1. Extracts from Governing Document**

### **Responsibilities**

*Quakers in Yorkshire exercises its responsibilities including the application of income and property to enable its object by work such as:*

- i) furthering the religious and other charitable work of Quakers in Yorkshire as a regional meeting of the Religious Society, especially outreach and the care & nurturing of children and young people;*
- ii) providing for relief in need either generally or individually of those who are Friends or Attenders of participant meetings;*
- iii) promoting the education of children of Friends and Attenders in good standing of local Quaker meetings in Yorkshire who attend a secondary school officially connected to Britain Yearly Meeting and who reside or have a parent residing in the area of benefit;*
- iv) assisting in the erecting, maintaining or repairing or improving Quaker meeting houses in the area formerly comprising the County of Yorkshire as places for public worship and from which to carry our witness into the world;*
- v) supporting the charitable objects of Glenthorne Quaker Centre (232575);*
- vi) administering and maintaining the organisation of Quakers in Yorkshire;*
- vii) such other responsibilities as may from time to time be added which fall within the object of the charity subject to the approval of the Charity Commission of England & Wales*

### **Powers of Trustees**

*The trustees have the powers, in exercise of which they shall at all times be guided by the Book of Christian Discipline: which include the following*

- i) to raise funds from contributions; from legacies; from grants and other sources outside the area meetings; from investments and the use of assets; and from the sale of goods or services provided in furtherance of the object of Quakers in Yorkshire;*
- ii) to buy, lease or acquire property, and to sell, grant a lease or dispose of property, subject to the terms of Clause 17 (vii) below;*
- iii) to borrow money and to give security for loans (but only in accordance with the restrictions imposed by the Charities Act 1993 - as amended from time to time);*
- iv) to set aside income as a reserve;*
- v) to make investments in accordance with legal constraints and the ethical testimonies of the Religious Society;*
- vi) to co-operate with other charities or to enter into partnerships;*
- vii) to establish or support trusts or institutions formed for charitable purposes within the object of Quakers in Yorkshire.*

## **Appendix 2. Investment Criteria**

### **1. Socially Responsible Investing: Friends Testimony of Values and Actions**

Quakers in Yorkshire have been entrusted with the investment of funds grounded in the beliefs of the Religious Society of Friends, among them the testimonies of peace, simplicity, integrity and justice, and concern for the natural environment. Trustees acknowledge this responsibility and recognise, by its nature, that investment activity is not passive. Working among real world constraints, our intentions are not only to “be” but also to “do” and, thus, make the world a better place.

Our values and actions determine the focus of our investments, as follows.

## **2. Peace Testimony**

A unifying and consistent belief of Friends over the years has been the importance and value of a peace testimony which leads trustees to make no investment in weapons contractors or sub-contractors. (However, off – the -shelf civilian products sold to ministries of defence in the UK or abroad are not considered weapons components).

## **3. Simplicity, Integrity and Justice**

Friends embrace the widely held desire that investments should be made in businesses that serve a beneficial purpose to society. As in all our experiences, the judgment of what is beneficial changes over time in both degree of certainty and importance. Trustees recognise this challenge and currently agree the following limitations:

- Companies that obtain their business from the production of alcohol, tobacco and firearms, or the operation of gambling casinos and lotteries will be excluded from investment;
- We also do not favour companies where the more than 10% of their business is derived from:
  - The manufacture of gaming equipment, software or other products that exclusively serve the gambling industry;
  - Owning, operating or managing prisons;
  - Entertainment companies that do not reflect Quaker values, such as those that manufacture violent video games or pornography.

There will be other occasions where we will not invest in certain companies whose products or services, in our view, do not serve constructive purposes.

Investments in companies which offer particular social benefit but with greater risk and probable lower returns should not exceed 5% of the portfolio value.

## **4. World Citizenship**

While we strive to invest in most sectors of the economy, we especially seek companies that are good corporate citizens and that perform well in terms of environmental, social and governance (ESG) criteria.

In the construction of our portfolios, we instruct our investment managers to take account of the environmental performance of companies in high exposure/high impact industries with the goal of investing in the leaders in social responsibility:

- We exclude companies whose primary business is the mining and/or production of or the destruction of tropical forests;
- For companies engaged in electricity production, we exclude those that rely on coal fired plants and/or nuclear for a significant proportion of their fuel mix;
- For companies engaged in the exploration, production, refining and/or transportation of oil and gas products, we select companies that perform well against their industry and peers when evaluated on ESG criteria.

International companies face complex issues arising from the diverse cultures and political and economic settings in which they operate. These include: human rights, just wages and safe working conditions, child and forced labour, freedom of association, and the environment. In our investments we favour companies that have adopted and actively implement and monitor codes of conduct to guide their policies, programs and operations.

### Appendix 3. Investment Guidance

The following chart provides illustrative guidance for companies in different market segments.

Positive		Negative	
Animal welfare	Interested	Alcohol	Concerned
Corporate giving	Neutral	Animal welfare	Concerned
Employment	Interested	Armaments	Very concerned
Environment	Interested	Employment	Very concerned
Environment technology	Interested	Environment	Very concerned
Healthcare	Interested	Extractive industry	Very concerned
Healthy food	Interested	GM crops or foodstuffs	Very concerned
Human rights	Interested	Non-sustainable woods	Very concerned
Overseas development	Interested	Gambling	Very concerned
Property - house building	Interested	Healthcare	Very concerned
Public transport	Interested	Human rights	Very concerned
Recycling and waste	Interested	Marketing	Very concerned
Renewable energy	Interested	Nuclear power	Concerned
Safety & protection	Interested	Pornography	Very concerned
Social change	Interested	Tobacco	Concerned
Training & education	Interested	Gilts	Neutral

When assessing an investment some factors require a judgement by our advisers. For example, a company's employment practices may be transparent and positive whilst another may conceal its production overseas where standards are not acceptable, whilst apparently the purposes of both companies are acceptable. Generally, 'interested' indicates acceptable, 'concerned' suggests possible with extra care and 'very concerned' suggests unacceptable.

### Appendix 4. Other sources of guidance

Guidance from other sources which may assist in the selection of an ethically based portfolio.

Britain Yearly Meeting Investment Policy.

<https://www.quaker.org.uk/documents/bym-investment-policy-2021>

Church of England Ethical Investment Advisory Group.

<https://www.churchofengland.org/about/leadership-and-governance/ethical-investment-advisory-group>

Ethical Council for Corporate Responsibility. <https://www.eccr.org.uk/>