

Royal Botanic Garden Edinburgh

Ethical Investment Policy

The Royal Botanic Garden Edinburgh is committed to making investment decisions which support the core principles of the charity. RBGE is committed to sustainable and ethical investments. An ethical policy has been agreed by the Board of Trustees which reflects the charity's standpoint through the avoidance of certain types of investment.

Specifically, the areas that RBGE will refrain from direct investment in are companies primarily involved in the following:

- Tobacco production and sales
- Turnover from mining
- Companies whose operations directly impact on biodiversity in a negative way
- Companies which have limited or no evidence of commitment to improving climate change
- Companies which have any exposure to use of palm oil

The RBGE investment managers utilise the EPM (ethical portfolio manager) database through Vigeo EIRIS (a global responsible investment research specialist) to screen the portfolios, ensuring that all stocks held are compliant with the specific policy criteria. The system does not currently screen for use of palm oil however a process is currently being put in place and will be implemented once finalised. From a market capitalisation point of view, the stated ethical criteria exclude investment in:

- ~43% of the FTSE All Share
- ~22% of the S&P 500
- ~36% of the S&P Europe 350

As such, performance may from time-to-time differ from the benchmark due to the restricted investable universe, however the ethical restraints are important to RBGE.

The Trustees have agreed that investment in collective or pooled funds is acceptable in some situations. For example, for investment in the fixed income, alternatives and commercial property sectors. In addition, in areas within the equity exposure, such as Emerging Markets and the Far East, collectives are also acceptable. The Investment Committee has proposed a risk tolerance of medium.

However RBGE will not invest in companies restricted by the above criteria within collective or pooled funds. The list of companies which have been restricted and those currently permitted will be reviewed regularly and thus the impact on the stock universe available will change through time. It is noted that other areas may arise, from time to time, that the Trustees may wish to avoid investing. The Investment Committee will monitor investments and instruct the investment managers as required to sustain the ethical investment approach.

It is the policy of RBGE to keep capital balances intact and use only the income generated for expenditure related to the charity. In exceptional circumstances Trustees may, at their discretion, consider the use of capital for specific projects.

The Ethical Investment Policy will be reviewed annually by the Investment Committee at which time an evaluation of the effectiveness of the investment approach will be carried out.

Approved by RBGE Board of Trustees 03.10.18