Blue Cross Investment Policy (Revised April 2022)

1. The investments of the Blue Cross are held to:
    - maintain safe levels of reserves,
    - support funding for major capital expenditure projects,
    - produce target annualised capital growth of CPI + 3% over a five year period, with a balanced level of income.

2. The trustees have assessed their attitude to risk to be in the medium to medium-high risk category. Investors in this category aim to generate returns, over time, above the rate of inflation. They accept fluctuations in the value of their investments and expect these to reflect most of the performance of major equity markets. The portfolio may therefore include a substantial exposure to equities.

3. The investments are managed on a discretionary basis by professional Investment Managers who operate under their Terms of Business Agreement and in conjunction with the Blue Cross Investment Policy.

4. The activities of the Investment Managers and the investments made on the Charity's behalf are regularly and closely monitored by the Investment Committee of the Board which meets with the Investment Managers on a quarterly basis. In addition, the Investment Managers are required to report formally to the Board annually.

5. No single investment, direct or indirect, should represent more than 5% of the portfolio.

6. The Objects of the Blue Cross as defined in its Articles of Association are *"to encourage and promote kindness to and the protection of animals and to educate the public in responsible animal ownership".* The Charity expects its investment managers to avoid direct investment in organisations whose activities are considered to be incompatible with these Objects or to conflict with the values of Blue Cross' stakeholders.

    Specifically, Blue Cross wishes to avoid direct investment in organisations which:

    - produce or sell products containing fur
    - conduct animal testing for non-legally required purposes;
    - are involved in intensive livestock farming or animal testing for legally required purposes, without evidence of appropriate animal welfare controls;
    - manufacture or sell armaments, including weapons systems and combat platforms;
    - produce pornography or tobacco products;
    - are involved in the irresponsible marketing and promotion of alcohol, gambling or high-interest rate lending;
    - seriously or repeatedly contravene international human rights standards;
    - have convictions for serious or persistent pollution offences.
    - commit deliberate acts which directly lead to large scale, persistent environmental damage

    In the event of a company having minimal exposure to the above excluded activities, then an investment can be made, but the Blue Cross Investment Committee should be made aware of this investment at the next Investment Committee meeting and should discuss whether they are comfortable with the investment in question. Minimal exposure is determined by looking at the total and specific revenue streams within the company. Revenue from excluded activities should not be greater than 5% of total company revenues.

    Blue Cross will consider positively investing in organisations aligned with its own Objects and values and also organisations that have strong "Net Zero" commitments and / or are producing solutions to global climate crisis and contributing positively to limiting global temperature rises to a 1.5 degree increase. For example, organisations which:

    - seek to improve animal / pet welfare and /or educate people regarding these topics
    - have comprehensive policies on human rights, anti-bribery/corruption, and ethical supply chains;

- demonstrate ‘best in class’ environmental policies and practices within their industry;
- produce environmentally beneficial goods and services.

The Board through its investments wishes to support the transition to a low carbon economy and the UKs target for achieving net zero. This will be measured by referencing the Net Zero Investments Framework (NZIF) and using 2020 as a base line.

7. Investment Funds that clearly contain excluded investments should be avoided. As with direct investments in the event of a company only have minimal exposure and deriving 5% or less of its total company revenues from excluded activities then an investment can be made. All fund based investments are to be reviewed annually by the Investment Committee and any investments in companies that carry out excluded activities should be discussed as part of this review.

8. Investment Managers should be mindful of changes in public opinion and are expected to be responsive to investment that may bring the Charity into conflict with its stakeholders.

9. The Investment Managers are fully aware of this position and are sensitive to the need to avoid such investments when managing our portfolio or purchasing new investments.

10. It is recognised that there is a high level of complexity and a multitude of factors to consider when making investment decisions and at points the investment managers may determine that a certain investment is appropriate, even though there are seemingly factors that would exclude it. Investments of this nature should be highlighted to the Investment Committee at the next committee meeting for them to discuss and consider whether they are comfortable with the investment. The Investment Committee does have full authority to approve specific investments based on their evaluation of all relevant factors.

11. This policy should be reviewed, updated (when relevant) and reapproved by the Investment Committee and the Board on an annual basis