

Socially Responsible Investment Policy

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Amendments	Revisions agreed by the Investment Working Group in relation to: border industry companies; companies in violation of international law; and divestment and reinvestment of fossil fuel investments
Related Policies & Procedures	Investment Policy

1. SCOPE

- 1.1 This Socially Responsible Investment policy (the “SRI Policy”) applies to endowment funds originating from grants or donations and the long-term investment of retained surpluses (School endowments).
- 1.2 The Investments Working Group will review and recommend to the Finance and Development Committee the reallocation of funds to conform with the provisions of the SRI policy if they are found to be invested in funds or activities which are inconsistent with the SRI policy.

2. PURPOSE AND OVERVIEW

- 2.1 Socially Responsible Investment is an approach that aims to balance an investor’s ethical beliefs with financial performance considerations, and typically seeks to achieve a trade-off between social and financial objectives.
- 2.2 LSHTM has a legal obligation and fiduciary responsibility to maximise our charitable income and returns in order to further LSHTM’s objectives consistent with our agreed risk appetite established by Council.
- 2.3 A key aspect of LSHTM’s approach to responsible investing is for the Finance and Development Committee, on the advice of the Investments Working Group, to make investment decisions which take into account environmental, social and corporate governance (ESG) issues in managing the endowment funds in line with LSHTM’s mission and ethical standards.

2.4 Examples of ESG factors are numerous and ever-shifting. They include:

Environmental	Social	Governance
<ul style="list-style-type: none"> • Climate change • Resource depletion • Waste • Pollution • Deforestation • Land Degradation 	<ul style="list-style-type: none"> • Human rights • Modern slavery • Child labour • Working conditions • Employee relations 	<ul style="list-style-type: none"> • Bribery and corruption • Executive pay • Board diversity and structure • Political lobbying and donations • Tax strategy

3. POLICY

3.1 LSHTM will approach investment decisions, as far as possible, in line with the UN Principals for Responsible Investing (see Appendix A), recognising that doing so better aligns LSHTM as an investor with broader societal objectives.

3.2 LSHTM will not make direct or, as far as possible, indirect investments in equities or bonds issued by companies, the major part of whose business activities are:

3.2.1 tobacco manufacture;

3.2.2 arms manufacture;

3.2.3 gambling services;

3.2.4 extraction and refinement of all fossil fuels;

3.2.5 Border Industry operations, including border security and control; deportation; and detention.

3.3 For clarity, direct investments are defined as those held by LSHTM, rather than via its fund managers, or held by fund managers as shareholdings in individual companies.

3.4 Indirect investments are defined as those held via fund managers within a wider named investment fund containing a mix of multiple individual investments. For indirect investments, LSHTM will not invest in funds with more than 10% invested in companies of concern, either because they fall under the listing in 3.2 above or because LSHTM has broader ESG concerns.

3.5 LSHTM will, where possible, aim to switch its passively managed equity investments into funds which track indices which more closely meet its SRI objectives, such as the FTSE4Good UK or Global Indices.

3.6 LSHTM has divested of direct holdings in fossil fuel companies and has reinvested these funds into specific funds and corporates which are focused on low and zero carbon based energy.



3.7 LSHTM, via the Investments Working Group, will require our nominated investment managers to alert us to any holdings in the investment portfolio of corporations who have been taken to court or are listed by the United Nations as violating international law or UN resolutions in the past 5 years. These violations may include, but are not limited to:

- 3.7.1 complicity in international human rights violations such as child labour and torture
- 3.7.2 undertaking business in settlements declared illegal or undetermined by the United Nations
- 3.7.3 undertaking business in territories where peoples are being denied their inalienable right to self-determination
- 3.7.4 violations of international environmental law.

3.8 The Investments Working Group will determine the need to divest of any corporations who have been identified under section 3.7 above. The Investments Working Group will consider in its decision-making: the impact of the violation; the longevity of the impact; any published correction or reparation statements.

3.9 LSHTM will take a pro-active approach in collaborating with other like-minded investors to encourage asset managers to develop new socially responsible investment products.

3.10 The Investments Working Group, Finance and Development Committee and Council will continue to monitor on-going opportunities to improve socially responsible investing as new opportunities become available.

3.11 LSHTM will not invest in “black box” investment vehicles where it is not possible to identify the nature of underlying assets.

4. PROCESS and APPLICATION

4.1 LSHTM maintains an Investments Working Group with expert members to oversee the investment of endowment funds. The Investments Working Group reports to the Finance and Development Committee.

4.2 LSHTM appoints independent professional investment advisors by competitive tender to advise its Investments Working Group and Finance Department.

4.3 The Investments Working Group will recommend that LSHTM’s endowment funds are invested only in pooled investment vehicles managed by external fund managers.

4.4 The Investments Working Group will endeavour, as far as possible, to identify those managers who apply environmental, social and governance (ESG) criteria to their investment decisions, have a policy to engage with companies where ESG issues are a concern to financial sustainability, and seek to report to their investors on their engagement activities.

4.5 In the event of any investment of LSHTM being found to be invested in funds or activities that are inconsistent with LSHTM’s mission and values and this policy, the Investments Working Group will review the investment and reallocate funds as appropriate.

5. APPENDIX A: UN Principals of Responsible Investing

- 5.1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 5.2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 5.3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 5.4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5.5 We will work together to enhance our effectiveness in implementing the Principles.
- 5.6 We will each report on our activities and progress towards implementing the Principles.