



Investments Policy

British Educational Research Association

Company Limited by Guarantee

Company Number 08284220, Registered Charity Number 1150237

Updated November 2018

Context and Guidance

1. As Trustees of BERA, Council members should consider the following from the Charity Commission:
2. *“The trustees may find it helpful to review the charity's overall financial position and how they are using the charity's assets to achieve its aims when setting the investment objectives. This will mean considering short and long term financial commitments, as well as the charity's anticipated income. For example, they may want to consider:*
 - *immediate financial needs - for example, cash required for use in the near future that needs to be sufficient and easily accessible*
 - *future spending commitments - they should be satisfied that there is sufficient cash available to meet these needs*
 - *whether the charity has restricted funds - this means that there are limitations on how the funds can be used*
 - *longer term organisational objectives - for example, projects, initiatives, changes in strategy or other spending that the charity is planning and how they will be resourced*
 - *past patterns of expenditure and anticipated demand for the charity's support as an indication of future trends*
 - *unplanned changes in activity or events that may impact on the charity. This includes the wider economic and financial outlook - for example, the likelihood of inflation or deflation, or changes in interest rates.*
3. *The trustees should then be able to identify funds that:*
 - *need to be available on instant access*
 - *can be used for short term investment*
 - *they can afford to tie up for longer periods of time*
 - *will be used to react to unplanned events.”*
4. *“Trustees must ensure that any decision that they take about adopting an ethical investment approach can be justified within the criteria above. They must be clear about the reasons why certain companies or sectors are excluded or included. Trustees should also evaluate the effect of any proposed policy on potential investment returns and balance any risk of lower returns against the risk of alienating support or damage to reputation. This cannot be an exact calculation but trustees will have to assess the risk to their charity.*
5. *An ethical investment approach may involve one or a combination of the following approaches:*
 - *Negative screening: this means avoiding investment in companies or sectors or companies undertaking a particular activity or operating in a way which may be harmful to the charity's interests;*

- *Positive screening: this means investing all or part of an investment portfolio in companies or sectors which reflect a charity's values in areas like environmental protection, health, employment or human rights, or in a wider range of companies that demonstrate good corporate social responsibility and governance. For example, positive screening might involve only investing in companies that have targets/proven records for reducing their carbon footprint;*
 - *Stakeholder activism: this is where a charity, as a shareholder, exercises its voting rights in order to influence a company's policies in a way that reflects its values and ethos. This could mean that a charity might invest in companies whose environmental policies it does not approve of in order to encourage more responsible business practices within those companies. It is also possible to engage in stakeholder activism as a programme related or mixed motive investment. “*
6. For more information go to the Charity Commission website (Charities and Investment Matters: A guide for trustees - <http://www.charitycommission.gov.uk/publications/cc14.aspx#d2>)

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7. Given this background, it is recommended that BERA adopts a fairly standard approach to investments and draw on Charity Commission guidance. The policy is as below.

Investment objectives and Guidelines

8. BERA wishes to make investments to achieve capital growth within a moderate level of risk and asset allocation. Currently, there is no need to generate annual income although this might be desirable in the medium-term and would be looked at in the short-term if advice suggested it was appropriate.
9. BERA also wishes to spread the range of its investments into short, medium and long-term. It is important to retain a suitable level of reserves for immediate access to cover short-term crises and maintain smooth running of the organisation.
10. Sufficient reserves for short-term crisis management and to cover cashflow issues should be maintained in an instantly accessible place. At a minimum this should be sufficient funds to cover the expenditure commitments of BERA for a three month period.
11. Within this framework, BERA also wishes any investments to be made with appropriate social, environmental or ethical considerations. BERA aims to be an active and responsible long-term investor in the assets and markets in which it invests, and it takes seriously its fiduciary obligations. BERA pursues this policy in order to protect and enhance the value of its investments by encouraging responsible corporate behaviour.

12. BERA will not knowingly invest in companies whose activities include practices which directly pose an risk of serious harm to individuals or groups, or whose activities are inconsistent with our mission and charitable objective.
13. BERA requires its fund managers to pay appropriate regard to relevant extra-financial factors, including corporate governance, social, ethical and environmental considerations in the selection, retention and realisation of all BERA's investments. This should be done in a manner which is consistent with BERA's investment objectives and legal duties. BERA expects the fund managers to subscribe to the UN Principles for Responsible Investment.

Authority, Delegation and Reporting

14. It is recommended that the implementation of this policy is delegated to the BERA Finance & Operations Committee in consultation with the Executive Director.
15. The Chair (and where appropriate) members of Finance & Operations and RAAC should be consulted before any final decisions are made.
16. Officers will seek the appropriate financial advice before making any investments and will present an annual report to Council on the performance of any funds.
17. The Treasurer will keep Council and other appropriate committees informed at regular intervals of any significant changes in the value or performance of BERA's investments. A review of the Investments is also contained in the Treasurer's Annual Report.
18. The appointment and review of fund managers will be delegated to Finance & Operations and will be reviewed on a regular basis, alongside this policy.