

## **European Society of Endocrinology Investment Policy**

### **1. Introduction**

The European Society of Endocrinology, 'the Charity', is governed via the Memorandum and Articles of Association of European Society of Endocrinology, registered as company number 5540866 incorporated on 18 August 2005 and registered as a charity, number 1123492, on 7 April 2008.

The objects are to promote for the public benefit research, education and clinical practice in endocrinology by the organisation of conferences, training courses and publications, by raising public awareness, liaison with national and international legislators, and by any other appropriate means.

The Charity Investment Portfolio are Unrestricted Funds as per the Charities SORP 2019.

The full members of the ESE Executive Committee are the charity trustees and are governed by the Trustee Act 2000 which sets out the general power of investment. The full members of the ESE Executive Committee are also the Directors of the company.

ESE has a Finance Committee which is chaired by the ESE Treasurer. The Finance Committee advises the ESE Executive Committee on investment matters.

### **2. Investment Objectives**

The European Society of Endocrinology's portfolio is invested to produce the best financial return within an acceptable level of risk.

The overall investment objective is a balance of income and growth, and the assets should be managed to at least maintain their real capital value. As such the overall annual investment objective can be quantified as a total return of inflation as measured by the UK Consumer Price Index plus 2%.

It is agreed that the capacity for loss on the portfolio capital value is 20%, allowing for some volatility while still safeguarding the charity's ability to fulfill its objectives.

### **3. Risk**

The European Society of Endocrinology has a medium-low risk approach to its investments.

The key risk to the long-term sustainability of the Charity is inflation, and the assets should be invested to mitigate this risk over the long term. The Trustees understand that this is likely to mean that investment will be concentrated in real assets and that the capital value will fluctuate.

The trustees are able to tolerate limited short-term volatility of the capital value of the investments.

**Assets** - The Charity's assets can be invested widely according to the general power of investment and should be diversified by asset class, and by security. Asset classes could include cash, bonds, equities, property, commodities and any other assets that are deemed suitable for the Charity.

The ESE Finance Committee is responsible for identifying suitable investment managers for the investments and providing recommendations to the ESE Executive Committee. Formal rebalancing of the portfolio asset allocation occurs on an annual basis, unless the ESE Finance Committee believe it is prudent not to do so.

Currency – the base currency of the Investment Portfolio are Euros. Investment may be made in non-Euro assets and hedging is not permitted.

Credit - The Charity's cash balances should be deposited with institutions with a minimum rating of A- or invested in a diversified money market fund. Bond exposure should be focused on investment grade issuers.

#### **4. Liquidity Requirements**

The European Society of Endocrinology aims to balance the needs of current and future beneficiaries and as such aims to achieve a sustainable and growing income, whilst ensuring the capital is expected to grow in line with inflation over the long term.

Trustees of the Charity are able to draw down capital and as such there is a requirement for short-term capital liquidity within the investment portfolio. If there are likely to be any specific liquidity constraints on a potential investment the Trustees wish to be informed prior to the investment being made.

#### **5. Time Horizon**

The European Society of Endocrinology is expected to exist in perpetuity and should be managed to meet the investment objective and ensure its sustainability. Other funds may be set up to meet specific objectives.

The Charity currently adopts a long-term investment time horizon of >10 years, before significant capital withdrawal.

The Trustees review the time horizon on an annual basis and can choose to reduce this to a medium-term time horizon of 2-5 years.

#### **6. Ethical Investment Policy**

The Trustees of European Society of Endocrinology require that, amongst other factors, Environmental, Social and Governance (ESG) factors are taken into account in the choice of investments. The Investment Manager should utilise an appropriate provider to screen and monitor the ESG scores, where available, for the investments that are held within the portfolios, in particular avoiding investments that could potentially damage the Charity's reputation and ensuring that the portfolio complies with the Trustees Investment Policy. A summary of the investments to be avoided are listed in Appendix 1.

Where investments are made 'indirectly' through Collective Funds the Trustees request its managers to exercise care and discretion in any company which clearly does not have a policy to mitigate such risks. The Trustees are required to consider the congruence of potential investments with the aims of the Charity.

#### **7. Management, Reporting and Monitoring**

The ESE Finance Committee has selected Charles Stanley & Co Ltd to implement the agreed asset allocation strategy. Managers are required to produce a valuation and performance report four times each year.

The ESE Finance Committee has responsibility for recommending strategy and monitoring the investment assets and making recommendations to the ESE Executive Committee. The committee meets annually to review the portfolio, including an analysis of return, risk and asset allocation. Performance will be monitored against the relevant MSCI (Personal Investment Management and Financial Advice) PIMFA Indices.



## 8. Approval and Review

This Investment Policy Statement was prepared by the ESE Finance Committee of the Charity to provide a framework for the management of its investment assets. It will be reviewed on an annual basis to ensure continuing appropriateness.

Approved by: Finance Committee and Executive Committee

Date of Investment Policy Statement: 4 March 2025

European Society of Endocrinology

Company Limited by Guarantee. Registered in England and Wales No. 5540866.

Charity Registration Number: 1123492

## Appendix 1: Areas of investment avoidance

Alcohol	Irresponsible Marketing
Armaments	Weapons and Weapon Systems, Strategic components and Services, Non-Strategic Components and Services
Gambling	Irresponsible Marketing, Casinos and Betting, Gaming Machines
Nuclear	Military
Pornography	Production, Distribution, Retail
Tobacco	Manufacture, Retail, Products
<b>Human Rights, Labour and Communities</b>	
Human Rights - Direct	Where Ethical Screening has evidence that company operations, knowingly or unintentionally, cause or contribute to the abuse of human rights.  Operations represent a high risk to human rights, and policies and management systems are inadequate; or minor wrongdoing is mitigated by adequate policies and management systems.
Supply Chain (Indirect)	Violations of standards, codes of conduct or conventions on labour or community rights, within a company supply chain.  Policies and management systems to control human rights risks in complex supply chains are inadequate; or more minor violations within supply chains are mitigated by strong policies, management systems and remedies.
Infant Nutrition	Violation of the World Health Organisation guidelines on the marketing of breastmilk substitutes.
Privacy and Surveillance	Complicity in human rights abuses through provision of access to personal information to authoritarian regimes; significant fines for breaches of consumer privacy or data protection laws; or failure adequately to govern hate
<b>Environmental Impacts and Climate Change</b>	
Environment – Category 1	Exclude companies in the highest impact sectors with poor environmental management, mitigation and reporting Example sectors: Oil and Gas, Mining

<b>Fossil Fuels</b>	
Coal	Mining of coal or operation of coal-fired power stations
Oil and Gas – Unconventional	Deposits such as oil/tar sands, oil and gas shales; techniques such as hydraulic fracturing; or locations such as deep water or Arctic
<b>Animal Welfare</b>	
Animal Testing	For non-medical products
Fur	Breeding, rearing and retailing
<b>Other issues</b>	
Recreational Cannabis	Major involvement
Palm Oil	Producers and Users