

### **Annex 3 – SRA Approach to investments (*summary for publication alongside policies*)**

The work of the SRA is funded primarily from the annual collection of practicing fees. This income is received at the start of the financial year and we will seek to manage that working capital effectively throughout the year to deliver an appropriate return and manage risks. In addition to this we maintain reserves to provide a contingency for potential reductions in income, unexpected liabilities or to allow for planned increases in expenditure without making significant increases in practicing fees.

In line with good corporate governance, we seek to ensure that we maintain the capital value of reserves within an acceptable level of risk. This is to ensure that the real value of these reserves is not eroded over time. We hold a proportion of our reserves in cash deposits with the larger proportion invested in a balanced portfolio and managed by an external investment manager.

We proactively look to ensure that we take account of environmental, social and governance (ESG) considerations in respect of our approach to investments. We work with our investment managers to ensure that we invest in responsible and sustainable investments wherever possible and look to exclude investments in fossil fuels, alcohol, pornography, armaments, tobacco, gambling and high interest rate lending.

The detailed approach to our investments and reserves is set out in our SRA investment and reserves policies. These are approved by the Board and reviewed on an annual basis to ensure that the approach towards both remains appropriate.