

Responsible Investment Procedure	
Enabling Policy Statement:	Our Partners and Reputation - VP External Engagement - Partnerships and Reputation Committee
Executive Owner:	Vice-President, External Engagement
Approval Route:	Partnerships and Reputation Committee
Associated Policy Statements:	N/A
Authorised Owner:	Chief Financial Officer
Authorised Co-ordinator:	Executive Assistant to Chief Financial Officer
Effective date:	1 June 2022
Due date for full review:	1 June 2025
Sub documentation:	N/A

Approval History

Version	Reason for review	Approval Route	Date
1	Scheduled Review of previous Ethical Investment Policy	Partnerships and Reputation Committee	05 April 2022
1	PRC draft shared as part of update on private placements sinking fund	Finance Committee	04 May 2022
1	Minor amendments	Partnerships and Reputation Committee (Chair's action)	11 May 2022
1	Noting	Executive Board	18 May 2022

1. Purpose

This procedure supports the University in ensuring that the companies in which it invests, either directly or through an intermediary, adopt high ethical standards and demonstrate a positive approach to the environmental, social and governance (ESG) factors outlined in appendix 1.

2. Scope and Exceptions to the Procedure

2.1 This procedure is binding on the following:

- a) The University Council which has powers under its Ordinances to invest moneys belonging to or held by the University
- b) any Committee to which the University Council delegates these powers in accordance with the University's approved Scheme of Delegation
- c) Staff involved in the investment management process
- d) The University's investment managers who manage the University's endowment and non-endowment investment portfolios on a discretionary basis.

2.2 Any exceptions to this procedure require approval of the Partnerships and Reputation Committee.

3. Definitions and Terminology

3.1 Responsible Investment – Investing in businesses that demonstrate a positive approach to environmental, social and governance (ESG) factors (see appendix 1).

3.2 Collective Investment Vehicle – a fund that invests in a range of equities, bonds or other assets. Includes unit trusts, investment trusts, ETFs (Exchanged Traded Funds - An exchange-traded fund (ETF) is a basket of securities that trades on an exchange just like a stock does. They may contain all types of investments, including stocks, commodities, or bonds) and OEICs (Open Ended Investment Companies).

3.3 Exempt Charity – a charity which, inter alia, is not registered with, or directly regulated by, the Charity Commission, but which is required to comply with charity law.

4. Procedural Principles

4.1 The University will seek to invest in companies and Collective Investment Vehicles which demonstrate a positive approach to Responsible Investment.

4.2 The University expects its investment managers, as part of their normal investment research and analysis, to take account of ESG factors in the selection, retention and realisation of investments. This is insofar as these matters are regarded as materially impacting on current and future valuations of individual investments, as ESG factors play a significant role in determining risk and return. The University considers that companies' effective management of the risks associated with ESG matters can lead to long term financial benefits. Taking account of such considerations

is seen as forming part of the investment managers' normal fiduciary duty.

- 4.3 The University expects its investment managers to have adopted the [UN Principles for Responsible Investment](#) and encourages them to engage with the companies they invest in on ESG matters, using shareholder voting rights to influence company behaviours, or by withdrawing or reducing investment holdings when appropriate. The University believes that this will raise standards in a way that is consistent with University values and with improvements in long term shareholder value.
- 4.4 Factors that the University would expect its investment managers to take into account when making investment decisions and engaging with companies are shown at **Appendix 1**.
- 4.5 Collective investment vehicles will be periodically reviewed on a 'case by case' basis as to whether the criteria governing the fund and its underlying assets are broadly consistent with the principles of Responsible Investment.
- 4.6 The investment managers have discretion to choose individual stocks whilst operating within the criteria set out above.
- 4.7 Staff, students and other stakeholders may address any questions, suggestions or concerns regarding this procedure to the Chief Financial Officer at any time. Students may, additionally, channel any comments through the President of the Students' Union, who is a member of the University Council.

5. Governance Requirements

5.1 Implementation: Communication Plan

This updated procedure will be uploaded to the University's website and copied directly to those engaged in the investment process and to the University's investment managers.

5.2 Implementation: Training Plan

N/A

5.3 Review

This procedure has a review period of every three years.

5.4 Legislative Context and Higher Education Sector Guidance or Requirements

The University is an Exempt Charity. The legal framework, duties and discretions that charities have when investing their charity's funds are set out in [Charities and investment matters: a guide for Trustees \(CC14\)](#) (October 2011, updated August 2016). This guidance states that any charity can decide to invest ethically, even if the investment might provide a lower rate of return than an alternative investment. However, a charity's trustees must be able to justify why it is in the

charity’s best interests to invest in this way, with the law permitting the following reasons:

- a) a particular investment conflicts with the aims of the charity
- b) the charity might lose supporters or beneficiaries if it does not invest ethically
- c) there is no significant financial detriment.

The Charity Commission is currently consulting on proposed changes to CC14 that are intended to provide greater clarity for charity trustees adopting a responsible approach to investing charity funds.

5.5 Sustainability

This procedure supports environmental sustainability by embedding ESG principles into investment decisions.

6. Stakeholder Engagement and Equality Impact

6.1 An Equality Impact Assessment was completed on 29/3/2022 and is held by the Authorised Co-ordinator.

The University is strongly committed to equality of opportunity and the promotion of diversity for the benefit of all members of the University community. The University’s approach is to promote equality across the full range of its activities, in employment, teaching and learning and as a partner working with and within local, national and international communities. Equality Analysis is a process which examines how the impact of the procedure has been considered on the diverse characteristics and needs of everyone it affects. This procedure has been reviewed and no negative impact on equality has been identified.

The University expects its fund managers to adopt a positive approach to equality, diversity and inclusion when acting on its behalf.

6.2 Stakeholder Consultation was completed, as follows:

Stakeholder	Nature of Engagement	Date	Name of Contact
Governance	Consultation	28/03/2022	Andrea Langley
Health & Safety	Consultation	23/02/2022	Paul Daniell
Equality, Diversity & Inclusion	Consultation	23/03/2022	Michael Hassell

Appendix 1

The University would expect investment decisions and company engagement to take into account the following:

<p>Environmental</p>	<ul style="list-style-type: none"> • The quality of environmental management, policies and reporting. • Efficient use of natural resources. • Pollution, waste and deforestation. • Resilience to climate change in line with the Paris Climate Accord. • Impact on the global environment, its climate and biodiversity. • Focus on recycling and impact of single-use plastics. • Commitment to a transition to sustainable energy production and utilisation, and / or a clear commitment to renewable energy transition and research.
<p>Social</p>	<ul style="list-style-type: none"> • Approach to equal opportunities, training, health and safety, working conditions (including slavery and child labour), employee and board diversity, gender pay, senior executive remuneration and employee welfare. • The effect of the manufacture and sale of products, services and materials on society and on public health and safety. • Involvement and impact on local communities both in the UK and overseas. • The extent and nature of charitable donations. • The significance of any complaints regarding advertising or other public messages.
<p>Governance</p>	<ul style="list-style-type: none"> • Policies towards human rights, the nature of any operations in the third world, impact on indigenous communities and observance of labour standards. • Consideration of fraud, bribery and corruption risks. • Marketing techniques, supply chain management and the quality of internal controls. • Tax strategies and specifically the use of any aggressive tax avoidance schemes. • Transparency. • Compliance with the highest standards of corporate governance.