

## RESPONSIBLE INVESTMENT FRAMEWORK

### 1. Why does the University need a Responsible Investment Framework?

The University does not hold any direct investments, but instead invests in money market and long term investment funds. Whilst it reviews and challenges the fund managers for their approach to responsible investment, it does currently place the onus on those fund managers to adopt an acceptable approach to responsible investment with which the University, through its Investment Committee, is comfortable. However, the issue of responsible investment continues to attract attention from stakeholders and other interested parties, and the Investment Committee felt it would be better supported by the University confirming a guiding responsible investment framework to which it could operate.

### 2. What is the Responsible Investment Framework?

Responsible Investment, as a concept and as is proposed for the University, means an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns. Rather than targeting specific themes, such as socially responsible impact (SRI), sustainable, ethical, or green investment, responsible investment is an holistic approach to managing the investment process.

Examples of ESG factors for the University's fund managers include, but are not limited to:

#### Environmental

- Climate change – including physical risk and transition risk
- Resource depletion, including water
- Waste and pollution
- Deforestation

#### Social

- Working conditions, including slavery and child labour
- Local communities, including indigenous communities
- Conflict
- Health and safety
- Employee relations and diversity

#### Governance

- Executive pay
- Bribery and corruption
- Political lobbying and donations
- Board diversity and structure
- Tax strategy

**3. Actions that the University expects its fund managers to take will include but are not limited to:**

Integrating ESG information into quantitative and qualitative analysis (such as fundamental analysis of company value in equity investing or assessment of creditworthiness in fixed income investing), which could result in making adjustments to areas such as selection, weighting or asset allocation;

Engaging – either individually or alongside other investors – with investee companies/entities on the ESG factors identified as relevant to them;

Using shareholder voting rights to influence company behaviour;

Encouraging investee companies/entities to disclose information on the ESG factors that do or could affect them;

Monitoring overall ESG risk within the portfolio, for instance by measuring the portfolio's carbon footprint;

Contributing to the shaping of investor-relevant public policy;

Promoting wider acceptance and use of responsible investment within the investment industry.

**4. Does the University screen its investment choices?**

Responsible investment does not require the University's fund managers to rule out investment in any sector or company. It prioritises using ESG information in investment decision-making, to ensure that all relevant factors are accounted for when assessing risk and return.

**5. Does the University invest in themed funds and green bonds?**

Responsible investment does not require the University to limit its investments to specialised products, although these can form part of its responsible investment strategy.

**6. How does the University measure and report on Responsible Investment**

As now, Investment Committee will review and challenge the fund managers, who will present to Investment Committee at least annually on ESG. The presentation should cover:

- ESG Factors considered by the fund managers in evaluating the investments held indirectly by the university
- Any excluded or targeted investments held
- Actions taken by the fund managers in engaging with investee companies or other organisations on ESG matters

Investment Committee will then report to Finance Committee and Council on compliance with this commitment and any exceptional information which is of importance.