

RESPONSIBLE INVESTMENT FRAMEWORK

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

The University does not hold any direct investments, it instead invests in money market and long term investment funds to provide it with liquidity, capital protection and growth. It is therefore also exposed to the ethical and reputational activity of those fund managers.

The Responsible Investment Framework is our statement of intent for all investment management and sets out the guiding principles that will be used, by the Investment Committee, as the benchmark for ensuring that fund managers are aligned to the beliefs of the University on environmental, social and governance (ESG) topics.

The Responsible Investment Framework is also our statement of intent to all stakeholders regarding how it will engage with the different ESG issues.

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 factors into every investment decision, to better manage risk and generate sustainable, long-term returns.

Examples of ESG factors considered by 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

In general, the University favours fund managers working with investee companies to make them tackle their ESG issues rather than simple exclusion for thematic reasons, because this can leave whole economic sectors open to unethical investors focusing on short term profit.

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

- a) 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;
- b) Engaging – either individually or alongside other investors – with investee companies/entities on the ESG factors identified as relevant to them;
- c) Using shareholder voting rights to positively influence corporate behaviour;
- d) Encouraging investee companies/entities to disclose information on the ESG factors that do or could affect them;
- e) Monitoring overall ESG risk within the portfolio, for instance by measuring the portfolio's carbon footprint;
- f) Contributing to the shaping of investor-relevant public policy; and
- g) Promoting wider acceptance and use of responsible investment within the investment industry.

4. Does the University screen its investment choices?

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

In respect of fossil fuels the University believes the extraction and processing of fossil fuels in all its forms is so strongly opposed to its objectives that it cannot invest in it. To this end the University has committed to divest from all investments that contain exposure to fossil fuels by the end of December 2023.

5. Divestment of Fossil Fuel Holdings

The University has committed to divest all current funds that have fossil fuels before the end of December 2023.

6. 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.

7. How does the University measure and report on Responsible Investment?

Investment Committee will review and challenge the fund managers based on the ideas laid out in this document. The fund managers will present to Investment Committee at least annually on ESG. The presentation should cover but is not limited to:

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

Investment Committee will then report to Finance Committee on compliance with the Responsible Investment Framework, any exceptions, and any other information which Investment Committee considers is important to the University regarding the effective operation of the Responsible Investment Framework.

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