

# University of York Statement on Responsible Investment

## 1. Purpose of the Statement

This Statement sets out the policy approach to responsible investment taken by the University of York. It highlights the progress which has already been made, along with ongoing actions and future plans. The Statement is in response to policy decisions, strategic objectives and stakeholder views and incorporates environmental, social and governance considerations.

We see great value in engaging our key stakeholders in our investment strategy. We have consulted with the student body and sought input from donors, in order that decisions can be made about this Statement that take into consideration the views of these interested parties.

## 2. Values of the University of York

Responsible investment of funds is central to the theme of the University of York existing for Public Good. As an institution with both local roots and global reach, and at the leading edge of research and knowledge, sustainability is a key element of our responsibilities and values.

We are committed to making our activities more sustainable in support of achieving the UN Sustainable Development Goals (SDG's), and have prioritised five of these goals: UN SDG 3 (Health), 4 (Education), 11 (Sustainable Communities), 12 (Responsible Consumption) and 13 (Climate Action). Our intention is that the investment portfolio seeks to align with these goals, and will demonstrate, where possible, delivery against these goals.

## 3. Goals and Objectives

The University's endowment fund is invested in a diversified portfolio of financial instruments including, but not limited to, equities, bonds and property. The objective is to grow the value of the fund in real terms over the long term. The portfolio operates on a total return basis.

## 4. Environmental, Social and Governance factors (ESG)

The University takes the wider view that effective environmental, social and governance considerations can have a positive effect on the long term performance of investment portfolios.

The University has chosen to work with an investment management firm who are committed to the UN Sustainable Development Goals and the UN Principles for Responsible Investment. They are part of the world's largest corporate sustainability initiative (the UN Global Compact), and are a member of Climate Action 100+. This aligns them with international best practices.

We wish to make investments in ways that positively support the values of the University as expressed in the University's Charter and its Strategy, reflecting the University's core principle of environmental sustainability. The University is committed through its sustainability plan to proactively

utilise its size and influence for good, driving the sustainability agenda forward. The University's Statement on Responsible Investment is based around the five prioritised UN SDGs, which focus on key environmental and social considerations.

We support the concept of a "just transition", which the International Labour Organization (ILO) defines as: "Greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind."

## 5. Investment Screening

The University will not knowingly invest in companies whose activities include practices which directly pose a risk of serious harm to individuals, society, or the planet, or whose activities are inconsistent with the mission and values of the University. In order to give effect to our commitment in this Policy Statement we will:

- Review on a regular basis whether any investment is contrary to the values of the University of York
- Provide guidance on this policy for investment managers responsible for our investments
- Monitor the operation and effectiveness of our policy on an annual basis

We require our investment managers to apply ESG analysis to their investment selection. Potential investments are only considered if high quality management and a sustainable growth path can be demonstrated.

The University does not wish to be associated with companies which breach international law. We expect our investment managers to monitor the companies in the portfolio, and not to invest in companies which breach international law. If a company is found to have breached this requirement, we expect our investment manager to flag this with us at the earliest opportunity, for discussion around potential divestment.

We are proud to say that we have never held direct or indirect equity investment in companies where their primary activity is:

- oil/gas
- tar sands
- thermal coal
- shale oil/gas
- mining
- cluster bombs and landmines
- tobacco

We have also now divested from direct and indirect equity investment in companies where their primary activity is:

- armaments and defence
- gambling
- adult entertainment
- predatory lending

We do not hold direct equity investment in any of the banks identified in the "Banking on Climate Chaos" report 2023 (which lists banks identified as financing fossil fuels globally).

We will not knowingly invest in investment vehicles where it is not possible to identify the nature of the underlying assets and will seek appropriate disclosure on responsible investment from the entities in which we invest via our investment managers.

We will make all reasonable endeavours to ensure that we operate our investment policy in a way that is consistent with the above commitments, but which also has regard for the charitable fiduciary duties of the 'trustees' of the University, who are the members of Council as the University's governing body. A responsible approach to investment does not amount to a sole focus on maximising investment returns at any cost. In considering their fiduciary role, factors which may be taken into account by trustees include assessing any risk to the reputation of the University, and whether any potential investment is contrary to our values and strategy. We note the Charity Commission guidance CC14 which makes reference to balancing these considerations.

In the event of any investment we have made being found to be invested in funds or activities that are inconsistent with our sustainability commitments and values, the Finance Committee will review the investment and we will raise this with our investment managers to investigate and report back.

## **6. Carbon Footprinting**

In view of our support for UN SDG 13 (Climate Action), the University has committed to implement carbon footprint measuring of its investment portfolio. An initial baseline measurement will be established in the course of 2024 to track against on an ongoing basis. We understand that our investment manager's process means the portfolio will usually have a below average carbon intensity.

Beginning to monitor and report the carbon footprint will clearly signal our intent of reducing carbon, but we must be aware of the limitations and potential for fluctuations in the calculation.

## **7. Reporting**

The University finance team report annually to the Finance Committee on the performance of the portfolio.

Our investment managers are required to engage regularly with the Finance Director to review and discuss performance of the portfolio. Going forwards this will include carbon footprint reporting and UN SDG reporting.

We receive quarterly performance reports from our investment managers including valuation, cash and trading statements.

The portfolio is published annually following each financial year end on the University website, and we will commit to student updates twice per year.

## **8. Governance**

Council, as our governing body and trustee board, is responsible for the formal approval of this Policy Statement following its recommendation by the University's Executive Board and Finance Committee.

Council delegates responsibility to its Finance Committee to oversee the University's treasury management framework and investment policy. The Finance Committee is responsible for reviewing the implementation and continued fitness for purpose of the aims set out in this policy.

Accountability on behalf of the University Executive Board for compliance with the policy rests with the Finance Director, in consultation with the University Executive Board.

The Council and the Finance Committee of the University includes representation from the student voice through the membership of Student Unions' sabbatical officers. We see great value in engaging these key stakeholders in the governance of our investment strategy. As part of the induction process for incoming Student Union representatives, we will offer an online briefing session with our

investment managers, covering familiarisation with the investment policy and portfolio. The session would also be available to staff from the Office of Philanthropic Partnerships and Alumni (OPPA), to enable them to discuss the latest updates on the portfolio with donors.

This Statement on Responsible Investment will be reviewed next year, and then will revert back to every three years (if there are no major changes) as part of the Treasury Policy.

## 9. Exclusions

The University’s cash holdings with banks and investment companies are not covered by this Statement. The University will monitor the financial institutions that it deals with. It will consider on a case by case basis whether the University should stop doing business with institutions if their actions were (likely) to have an adverse reputational impact on the University in the event of an incident happening and/or it comes to light that these institutions had been acting unlawfully, or improperly (ie. outside of any codes of conduct) or were co-operating in/aware of unlawful activities.

The various pension schemes in operation at the University of York are outside the scope of this policy as the funds do not belong to the University. This applies to the Universities Superannuation Scheme (USS), the NHS Pension Scheme for qualifying employees at Hull York Medical School (HYMS), the University of York Pension Fund and the People’s Pension. The funds invested via these schemes are managed by the trustees of each scheme.

This Statement does not preclude us from entering into partnerships with organisations who might include, for example, defence systems or vessels in their portfolio, where the University’s research could help advance the environmental sustainability, healthcare outcomes or other social goods of the wider portfolio of those companies.

This Statement does not cover responsible and ethical partnerships, relationships and engagement with entities for research, teaching, learning, consultancy and enterprise purposes. The University’s commitments and criteria in this regard are set out in the University Code of Practice on Ethics and other key documents, including the Vision, University Strategy, Sustainability Plan.

Approved by Council:	8th April 2024
Re-approval window:	To be reviewed next year, and then revert back to every three years (if no major changes), as part of the Treasury policy
Policy Owner:	Finance Director
Policy Contact:	The Treasury Manager, Finance Department and for wider ethical matters, the University Secretary