**ETHICAL INVESTMENT SUB-COMMITTEE SUMMARY REPORT TO FINANCE COMMITTEE, EXECUTIVE BOARD AND COUNCIL**

**INTRODUCTION**

The Ethical Investment Sub-Committee (EISC) was established in Autumn 2024, in response to the increasing demand from students for greater transparency and social responsibility in investment practices within the University, ensuring that the University’s investments align with its core values, particularly those related to environmental sustainability, social equity, and responsible governance.

The primary objective of the EISC was to consider the University’s endowment investments and to ensure that investments are made in a way that reflects the University's ethical stance, particularly around issues like fossil fuel extraction, armaments manufacturing, and other sectors deemed to have negative social or environmental impacts.

While recognising the ethical obligation to align investments and responsible investment practices with the values of the University community, the EISC also acknowledged the need to balance these considerations with the imperative of achieving strong financial performance.

The University has a fiduciary responsibility to manage its investments with the objective of achieving strong financial returns. This stewardship ensures the institution's long-term viability and supports its educational mission.

Having successfully concluded its work, the EISC has produced this report to summarise its activities, achievements, and the next steps in the University’s commitment to ethical investing.

**REMIT, MEMBERSHIP AND SCOPE**

The remit of the EISC was clearly defined from the outset. The committee’s primary focus was on the endowment investment portfolio, which represents the University’s long-term financial assets. The EISC did not extend its review to the University’s pension schemes or the Development Trust, which are separate entities, managed and governed by their own Boards. As mentioned in the introduction, EISC remained mindful of the need to balance ethical responsibility with financial performance.

The committee membership included representatives from Finance Committee, Finance, Risk and Governance and the University Executive. The EISC actively engaged with the student community via nominated Sabbatical Officers who were also EISC members.

Under this remit, the EISC identified **three main areas of focus**, these were:

* **Transparency**: The University already had a lot of great information available regarding its investment managers and investment portfolio however the accessibility and transparency of the information, particularly regarding the ethical and social aspects of the investment portfolio and local and regional investments, needed greater visibility with clear navigation routes to find it.
* **Engagement with Stakeholders:** The EISC considered ways to actively involve students, colleagues, and other stakeholders in discussions regarding ethical investment practices, ensuring that their concerns were addressed in the decision-making process, including giving these groups the opportunity to engage directly with the University’s fund managers and have queries and concerns raised via the fossil fuel complicity report addressed.
* **Exclusion Criteria and Indirect Investments:** The University’s ethical investment policy was debated and considered in detail to ensure it is as clear as possible and reflects the University’s commitment to investing in a socially and environmentally responsible manner that align with its ethos and purpose.

**KEY ACHIEVEMENTS OF THE EISC**

 The key outputs arising from the work of the EISC are summarised as follows:

1. **Transparency**

* **Public Reporting**: The University already published detailed reports on its investments, including a breakdown of its portfolio by sector and the ESG characteristics of the funds it holds. Transparency of where to find this information however was problematic. All information has now been co-located under the University’s sustainability pages which can be navigated to from the publication scheme pages. The information is available to the public, ensuring that all stakeholders can easily access information on the University’s investment decisions.
* **Local and Regional Investments:** At student request, the investment pages were updated to include information on spin out activity and investment in the local area and now link to the Company Creation pages which details this information.

1. **Engagement with Stakeholders**

Student concerns played a central role in shaping the work of the EISC. The committee was committed to maintaining an open and transparent dialogue with students regarding the ethical implications of the University’s investments. This engagement took several forms.

* **Student Consultation**: The Student Union President and Activities Officer were members of the EISC and represented the student voice, raising issues and representing the key concerns of the wider student body.
* **Investment Manager Presentations**: The committee facilitated presentations by our investment managers to the student body and our colleagues. These sessions allowed students and colleagues to directly engage with the individuals responsible for managing the University’s endowment funds and to ask questions regarding the ethical criteria used in investment decisions. These presentations fostered a deeper understanding of the complexities involved in ethical investing and ensured that concerns were addressed in a transparent manner​​. The presentations were well received and will be repeated so that each manager presents to the campus on a tri-annual basis. The presentations are available publicly via the sustainability pages referenced above.
* **Fossil Fuel Complicity Report Responses**: The report submitted to the University in 2024, prepared by a recognised student society, identified companies of concern due to their potential links to controversial sectors like fossil fuels and armaments. The committee sought responses to these queries and concerns from the fund managers which were shared with the authors of the report.

1. **Exclusion Criteria and Indirect Investments**

**Ethical Investment Policy:** Development and refinement of the Ethical Investment Policy was a key piece of work undertaken by the EISC. The key changes to the policy include:

* Screening out companies breaching international law.
* Updating the definitions around existing active screening to provide greater clarity.
* Including a materiality rate of 10% of group revenues and confirming the University’s commitment to work with investment managers over time to reduce this.
* Clarifying that avoiding indirect connections to our exclusion criteria is impractical for pooled funds.
* Specifying that the University encourages managers to contribution towards the UN Sustainable Development Goals through their process and portfolios and to report on progress. Investments are also expected to meet Financial Conduct Authority (FCA) Sustainability Disclosure Requirements (SDR) and have a Sustainability label.

**CONCLUSION AND NEXT STEPS**

The work of the EISC has concluded successfully, and the committee’s key objectives have been achieved.

The University will continue to ensure ongoing transparency via publishing detailed reports on its investments and will remain committed to ensuring that its investment decisions align with its ethical standards.

Student and colleague engagement will continue via tri-annual investment managers presentations with any concerns between session flagged to the University via the Sabbatical Officers.

The Ethical Investment Policy has been updated, refined, and was presented for consideration to the June 2025 meeting of Finance Committee for recommendation to Council before being fully integrated into the University’s investment practices. The policy is available publicly.

The committee has helped ensure that the University’s investments align with its values, and it has laid the groundwork for transparent ongoing monitoring and review of these investments. Finance Committee will continue to oversee its implementation.

**Ethical Investment Sub-Committee**

**May 2025**