ETHICAL INVESTMENT POLICY

The University operates two types of exclusions.

The first are mandatory exclusions and these apply to all investments in all circumstances. The purpose of the mandatory exclusions is to screen out activities that are fundamentally unacceptable to the University. These are listed in the Mandatory Exclusions section of this policy.

In addition, the University has preferable exclusions. These are activities that the University considers undesirable. The University will take reasonable steps to attempt to exclude these activities but there might be circumstances where it might not be able to do so without either a disproportionately high cost or taking excessive risk.

MANDATORY EXCLUSIONS

FOSSIL FUELS

The University has long taught about the impact of global warming and how burning fossil fuels is a major contributor to the problem. For that reason, it will not invest in companies that are involved in the production or sale of fossil fuels.

Screening criteria:

• Production or sale of fossil fuels

Revenue limits:

• Above 10% of gross revenue

TOBACCO

The University will not invest in companies that are involved in the manufacture of tobacco or nicotine products including Vapes.

There is no safe level for the consumption of tobacco and nicotine products and, in addition, smoking can cause direct harm to other people through its passive effects.

Exceptions:

Companies that make products containing nicotine that have the purpose of assisting people to stop smoking (i.e. patches, gum).

Screening criteria:

• Produces or sells tobacco or nicotine products

Revenue limits:

• Above 10% of gross revenue

CONTROVERSIAL WEAPONS

The University will not invest in companies that are involved in the manufacture of Controversial Weapons.

There is not a single global definition of Controversial Weapons as different weapons are banned in different countries with some countries not recognising the banning of any weapon. Therefore, the University's list of Controversial Weapons will come from the treaties and conventions to which the UK government is a signatory.

Screening criteria:

• Manufactures controversial weapons

Revenue limits:

• Any identifiable revenue

PREFERABLE EXCLUSIONS

ADULT ENTERTAINMENT

The University would rather not invest in companies that are involved in pornography or adult entertainment.

Screening criteria:

• Involved in pornography or adult entertainment

Revenue limits:

• Above 10% of gross revenue

HIGH INTEREST LOANS

The University would rather not invest in companies that charge punitively high interest rates on the loans that it extends to customers. The University has defined this as loans with an Annual Percentage Rate (APR) greater than 100%.

Screening criteria:

• Charges interest (APR) in excess of 100%

Revenue limits:

• Above 10% of gross revenue

UN GLOBAL COMPACT

The University would rather not invest in companies that are UN Global Compact Violators.

Screening criteria:

• Named in sanctions list

Revenue limits:

• None

EXCLUSION SETTING CRITERIA

The purpose of the University's ethical exclusions is to filter out organisations whose activities are too far from the University's mission to be acceptable investments. The University has agreed that each exclusion should meet the "SMART" definition. Doing this removes subjectivity and gives the University's investment managers a set of criteria that they can measure individual investments against. It also gives the members of the Investment Committee definitions on which they can monitor the Investment Managers in performing their fiduciary responsibility.

- Specific
- Measurable
- Achievable
- Relevant
- Timely

Specific

A clear definition of an activity, business line or process that the University desires to exclude.

Measurable

The information used to determine exclusion is reliable, verified and free from subjectivity.

Achievable

Due to limitations in reporting standards and the availability of reliable information, it is not possible to know everything a company is doing. Setting a de minimis limit ensures that the exclusion is achievable because the information will be available to measure it and protects the University from small fluctuations in the investment's business activities.

Relevant

The exclusion is measuring the activity that the University wants to exclude and is aligned with the University's goals.

Timely

Only recent valid information is used to measure investments for exclusion.

THE UNIVERSITY'S RESPONSE TO CHANGE

The ethical criteria in the investment policy will evolve over time driven by internal and external factors.

As the University does not select and hold its own investments, a two year period will be given from the date that a change to the policy takes effect for it to be implemented.

REPORTING

The University will publish a full list of its holdings annually. This will be published on the University's Freedom of Information site.

WHY A MINIMUM REVENUE LIMIT?

There are several reasons for imposing a de minimis revenue limit on the screening criteria, including:

1. International reporting standards mean that companies don't have to separately report small lines of business. This makes identification below a certain level unlikely or subjective.
2. Reporting standards vary by jurisdiction; setting a standard limit means all investments are measured against the same standard.
3. Engagement is a powerful tool for change, excluding all undesirable activity reduces the opportunity to affect positive change.
4. Some organisations started in undesirable industries and are using the expertise of that industry to transition to another necessary industry. Without support from ethical investors and continued ownership, undesirable activity may continue.
5. Some organisations, like supermarkets, sell a small number of undesirable products alongside a much greater range of necessary products.
6. Most organisations are comprised of a diverse range of businesses or products. Some of these businesses are important to meeting future global needs. Having a limit allows the University to invest in that potential.
7. Pragmatism; no organisation is perfect. There is not a unified definition of perfection in ethical behaviour. Operating zero tolerance for all ethical screens is not practical or achievable.

MONITORING AND REVIEW

The Ethical Investment Policy is owned by the Finance Committee. The policy will be reviewed every three years. Any review will be performed in conjunction with the Investment Committee who advise the Finance Committee on best practice.

Signed By

Paul Traynor, CFO

Version Number	Date of change	Originator of change (title)	Description of change	Approved by/date
1.0	19/11/24	Senior Accountant	New Ethical Investment Policy	Council – 19th November 2024