

## Report to Sustainability Committee

Purpose: To update the Sustainability Committee on the Ethical Investments

Author: Rob Bonham – Director of Finance and Resources

Status: For Information

---

### Executive Summary

As part of the Ethical Investment Policy that has previously been adopted by the University there is a requirement for an annual update. The policy itself is attached as an Appendix and there is no requirement to alter this but highlighted below is the current investment position for the financial year ended 31<sup>st</sup> July 2017.

As at 31<sup>st</sup> July 2017 the University held a bank balance of £30m, and an outstanding balance on its fully drawn down loan facility with Barclays Bank of £72m. Full details are included in the University's Annual Report and Financial Statements.

The loan facility with Barclays has now been fully drawn down and there is now no opportunity to temporarily repay Tranche C in order to save on interest costs. As a result, on a short term basis some funds have been placed on term deposits with our current banking provider, Lloyds, to gain a slightly higher interest rate. An overnight banking facility also exists with Handelsbanken to take advantage of the fractionally higher overnight sweep bank facility.

There were no share investments made in the year and hence there was no need to consider any ethical dimension to any investment decision. It is not anticipated that in the coming year the policy will change with any cash either being invested in future capital developments or used to minimise the interest burden.

## Ethical Investment Policy

---

The University of Worcester promotes active engagement with the community and fully accepts its broad responsibilities towards society. It promotes environmentally sustainable ways of working and living. The University welcomes donations from alumni, corporate benefactors and other supporters. To enable the educational purposes of donations to be achieved, the University will, from time to time, invest surplus funds and endowments with third party organisations.

Wherever possible and in accordance with Charity Commission guidelines, the University wishes to make such investments in ways that are consistent with the mission and values of the University.

The University expects its investment managers, as part of their normal investment research and analysis process, to take account of social, environmental and ethical considerations in the selection, retention and realisation of investments. The University will strive to invest in companies where the activities of the company are, on ethical grounds, consistent with the educational and/or research objectives of the University. The University will also take into account the published guidance of the Charity Commission on ethical and socially responsible investment of charitable funds.

The University will not knowingly invest in companies whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the University.

In order to give effect to its commitment to this policy the University will:

- monitor and review the University's investments annually to ensure that ethical standards are maintained;
- seek investment opportunities with companies which have demonstrated a positive record of ethical performance;
- not engage in any investment with companies which have demonstrated a negative record of ethical performance and/or withdraw from engagement with companies should their ethical performance decline;
- engage with companies in which it considers investing, and where appropriate use its influence to encourage ethical standards, practices and lines of business acceptable to the University;

- issue guidance for fund managers responsible for the University's investments

Where appropriate, the University would expect the issues raised with fund managers to include the following:

<b>Environment</b>	The quality of their environmental management, policies and reporting, their efficient use of resources and any pollution convictions that they may have.
<b>Overseas Operations</b>	Their policies towards human rights, the nature of any operations in the third world and their observance of labour standards. Also their marketing techniques, supply chain management and the quality of internal controls.
<b>Workplace</b>	Their approaches to equal opportunities, training, health and safety and employee welfare.
<b>Product/Service</b>	The effect of the manufacture and sale of their products and services on public health and safety. The significance and benefits of any positive products and services.
<b>Community</b>	Their involvement and impact in local communities both in the UK and overseas, the extent and nature of charitable donations and the significance of any advertising complaints.
<b>Political Activity</b>	The extent to which they donate money and/or services to local, national and international political bodies. The extent of any lobbying activity and membership of lobby groups.

This Ethical Investment Policy is intended to be entirely consistent with the duty to secure maximum returns from the investment of charitable funds.

This policy is consistent with the University's general Environmental Policy and its Carbon Management Strategy and shall apply to everyone who specifies and buys goods and services on behalf of the University.