

# Responsible Investment Policy

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University of Northampton

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## **1) Introduction**

- 1.1 The University of Northampton is a Higher Education Corporation charity and follows an Investment Policy which seeks to provide income for current purposes and to enhance income and capital growth over the longer term, thereby enabling the University's Board of Governors to meet its current and future objectives in respect of Advancement and investment.
- 1.2 Responsibility for the management of the performance of the University Endowment assets is held by the Board of Governors. Day to day transactions and operational management of the assets will be undertaken by the authorised Finance Department staff.

## **2) Investment Objectives**

The investment objectives are as follows;

- 2.1 To maximise total return on investments (capital and income) whilst containing risk to an acceptable level and maintaining a suitable profile of investments with regard to the future needs and developments of the University.
- 2.2 To increase in real terms the value of the endowment funds, after taking account of inflation (as a minimum) over the long term and disbursements of funds.
- 2.3 To provide an income stream from the investment returns to the University and to the endowment funds.
- 2.4 To comply with the Socially Responsible Investment principles outlined below.

## **3) Risk**

- 3.1 The University's attitude to investment risk is that it recognises that it will be exposed to market risks in line with the risk level inherent in the investment strategy agreed with its investment advisers. It expects University staff and appointed investment managers to minimise market and other risks to investment income and capital within those constraints.
- 3.2 The portfolios base currency is sterling. Investment in foreign currency assets is permitted providing it can be demonstrated that the potential likely foreign exchange risk has been calculated by the broker and is managed appropriately.

#### **4) Liquidity Requirements and Time Horizon**

- 4.1 The University will maintain a separate cash reserve of its endowment assets outside of the investment portfolio. The amount of this will be based on a rolling 12 month cashflow forecast for payment of expendable endowments and payments in respect of small permanent endowments.
- 4.2 Investment funds not currently anticipated to be required for payment will be invested with investment managers for the longer term. It is anticipated that at least 50% of the investments will be able to be realised to cash without penalty within a 3 month period.
- 4.3 The University Endowment Funds are expected to exist in perpetuity and the investment management policy is in accordance with a long-term investment horizon to maximize long term returns.

#### **5) Responsible Investment Management Policy**

- 5.1 Socially Responsible Investing - the University believes that in investing its funds, regard must be made to Environmental Social and Governance issues (ESG principles). In line with its general strategic direction, the University believes that its investments should mirror its own desire to be sustainable and promote sustainability and that a preference will be given to investing to proactively bring about sustainable positive change in the world in accordance with its Changemaker strategy and adherence to the UN Sustainable Development Goals (UN SDGs).
- 5.2 In making investment decisions the University expects its appointed investment managers to consider the following areas (this list should not be considered as exhaustive);
- Promotion of human rights, including but not limited to the equality of gender, race and sexuality;
  - Promotion of good business ethics and good employment practices;
  - Demonstration of good Corporate Governance in line with current standards;
  - Protection of the global environment, its climate and its biodiversity including, but not limited to, the reduction and future elimination of fossil fuel exploration and production;
  - Promotion of community investment;
  - Promotion of international co-operation and an end to international conflict;
  - Sustainable provision and procurement of essential resources and services (such as utilities)

- 5.3 The University expects our power as a shareholder to be used to promote good Environmental Social and Governance ('ESG') standards by our appointed investment managers. They are expected to encourage good behaviour or discourage poor behaviour through screening of University investments, either positively or negatively or through direct engagement with firms. They must demonstrate rigorous implementation of the UN Principles of Responsible Investment ('UNPRI') and preferably be signatories and must demonstrate their active commitment to the principles through their engagement with invested companies on ESG matters in accordance with the UNPRI and this policy.
- 5.4 In recognition of accordance with these objectives, the University will not invest in fossil fuel extraction or exploitation, tobacco, gambling, pornography and arms sale or manufacture.
- 5.5 Whilst operating within these criteria, appointed investment managers are left at their discretion to select individual stocks and to operate within their own published Socially Responsible Investment (SRI) principles. The appointed investment manager will be accountable to the University in terms of financial performance and adherence to commitments made on issues of social responsibility and sustainability. A report will be required each year from the investment manager demonstrating performance against investment returns and SRI criteria.
- 5.6 The University will seek to be open and transparent about its policy and practice and will actively consider what information can usefully be made available publicly on a periodic basis.

## **6) Management, Reporting and Monitoring**

- 6.1 The Responsible Investment Policy will be reviewed on a regular basis by the University's Board of Governors.
- 6.2 The performance of appointed discretionary Investment Managers will be reviewed on an ongoing basis with an annual formal performance review and confirmation of ongoing appointment.
- 6.3 The University shall assess investment performance on the basis of agreed peer group market benchmarks and report performance formally to the Board of Governors on at least an annual basis.
- 6.4 Investment managers will be expected to attend a meeting at least once a year for a formal performance review and be available for further consultation and discussion upon request.