



**BIRMINGHAM CITY**  
University

**Birmingham City University**  
**Ethical Investment Policy**

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<b>Sponsor Department:</b>	<b>Finance</b>
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<b>Approval Process:</b>	<b>Approved by Finance Committee Agreed by UET Agreed by Executive Director of Finance</b>
<b>Purpose of this Document:</b> The purpose of this policy is to demonstrate an approach to the investment of its funds that minimises the risk of funds being invested in areas that conflict with the University's core values, taking account of ethical, environmental, corporate governance and social issues. It seeks to ensure that the University will not knowingly invest in companies whose activities are in direct conflict with the values it publicly espouses.	

## Version History

<b>Version</b>	<b>Author</b>	<b>Revisions Made to Sections</b>	<b>Date</b>
<b>1.0</b>			<b>May 2024</b>

## Approval History

<b>Version</b>	<b>Committee Name</b>	<b>Date of Final Approval</b>
<b>1.0</b>	<b>Finance Committee</b>	<b>June 2024</b>

# Ethical Investment Policy

## 1. Purpose

1.1 Ethical investment is the investing in businesses that demonstrate a morally positive and sustainable approach to the environment, governance and society. Sustainability is a key priority

for the University within the University's strategy and environmental plan, and this extends to the sustainable and ethical investment of funds.

- 1.2 This Ethical Investment Policy ensures that investments match the priorities and values of the University. This Policy supports our aims to invest in a better global future, by delivering strong returns through involvement in companies which demonstrate policies and practices which accord with the University's core values.
- 1.3 The University's Ethical Investment Policy demonstrates an approach to the investment of its funds that minimises the risk of funds being invested in areas that conflict with the University's core values, taking account of ethical, environmental, corporate governance and social issues. It seeks to ensure that the University will not knowingly invest in companies whose activities are in direct conflict with the values it publicly espouses.
- 1.4 It documents the internal governance mechanisms adopted by the University to ensure that its investments are consistent with its commitment to ethical considerations.

## **2. Scope**

- 2.1 This policy applies to the University, BCU Enterprise Services and all other subsidiaries of the University (hereafter referred to collectively as "the University").
- 2.2 This policy applies staff, students and stakeholders of the University. It supports a systematic, measured and continuous improvement approach to ethical investment.
- 2.3 This policy applies to the investment of University cash and Endowment cash and can include all short and long term cash investments.
- 2.4 It includes investment of cash that is surplus to the short-term operational needs of the University. However, where the University invests by depositing cash with banks or 3rd party institutions through deposits or similar cash investments, then it is not possible to extend this policy to how those banks and other institutions will make use of that cash.
- 2.5 The scope of this policy also includes direct investment in subsidiaries and associated companies. Aswell as cash investment in other external organisations. It can take the form of cash investment as a deposit or the purchase of shares, capital or debt.
- 2.6 It includes the investment of endowment funds as managed by a third party fund manager. The Endowment Investment Policy sets out investment and governance objectives for all donations and endowments received and invested by the University.
- 2.7 In respect of its pension's investment, the University is a member of various multi-employer pension funds, constituted as separate corporate bodies with their own boards of trustees and governance procedures. Consequently, the schemes' funds are invested entirely separately from those of the University and do not currently form part of the scope of this policy. The University will work with other employers to seek to influence the trustees to invest the funds in accordance with the University vision, taking account of ethical, environmental, corporate governance and social issues.

- 2.8 The ethical procurement of goods or services is captured within The Procurement Policy. This includes having regard to the risks of suppliers not complying with the Modern Slavery requirements.
- 2.9 This policy does not apply to the University's research activities as they are governed by their own ethics review.

### **3. Oversight and review**

- 3.1 The policy sets out the internal governance to ensure the University's investments are consistent with its commitment to ethical considerations.
- 3.2 On behalf of the University's Board of Governors, the Finance Committee oversees all investments, donations and endowments. This Committee is responsible for ensuring compliance with the objectives of the policy through the policy review process.
- 3.3 Finance will undertake an evaluation and monitoring process to review and report on the adherence to the requirements of the policy at each Finance Committee meeting. It will report any non-compliance and any changes in the procedures to ensure compliance with the policy.
- 3.4 The Ethical Investment Policy will be subject to a full review and update every 2 years. If applicable, Finance will make recommendations to the Finance Committee if there should be any changes or amendments to the policy.
- 3.5 This policy is incorporated within the University's Financial Regulations.

### **4. Ethical investment Principles**

- 4.1 The University will always consider the ethical implications of investments alongside the commercial opportunities. All investments must be consistent with the mission and values of the University, subject to the restrictions imposed by an independent investment manager.
- 4.2 Decisions on counterparties and companies in which to invest need to be aligned to the University's ethical values and vision. In order to achieve these aims, the University will not directly invest in companies and other organisations whose corporate social responsibility values do not reflect those of the University.
- 4.3 The University will seek to ensure ethical restrictions are applied and will not knowingly invest in individual organisations where the following applies.

#### **Tobacco**

Any companies involved in producing tobacco products where revenues exceed 10% of global earnings and any companies involved in the manufacture of cigarettes and other tobacco products.

#### **Armaments**

Any companies producing weapons and weapon systems, including cluster munitions and anti-personnel landmines. Companies whose main business includes the supply of strategic components (such as weapons guidance systems), military vehicles and services.

### **Fossil fuels**

Any companies involved in the extraction and/or distribution of fossil fuel reserves or the provision of fossil fuel related energy equipment and services. This includes all companies with the following Global Industry Classification Standards:

- Oil, Gas and Consumable Fuels Industry
- Energy Equipment and Services Industry
- Diversified Metals and Mining Sub-Industry

4.4 The University will not knowingly invest directly or indirectly in organisations, whose activities are potentially injurious to health, destabilise community cohesion, threaten international stability, or contribute to the violation of international law, conventions and norms in respect of human rights, employment practices and conditions, and including:-

- institutional violations of human rights, including the exploitation of the workforce;
- modern slavery in the form of slavery, servitude, forced compulsory labour and human trafficking;
- discrimination of the individual;
- the manufacture of cosmetic products that are tested on animals;
- gambling; and
- pornography.

4.5 The University is committed to helping protect and preserve the global environment and will therefore avoid investing directly or indirectly in organisations that do not have policies to control explicit environmental damage or climate change as set out in the Environmental Plan 2020-25, which is aligned with the United Nations Sustainable Development Goals.

4.6 The University will take steps towards a more sustainable and ethical future by making a commitment to not invest in Border Industry companies.

4.7 Where the University invests in collective funds through third party investment managers who select the individual investments without reference to the University, it will ensure, as far as possible, that these third party fund managers comply with socially and ethically responsible objectives consistent with this policy.

4.8 The University's investment managers will be expected to subscribe to an ethical investment policy and new investments should be made in line with that policy. Existing investments should be held within an ethical portfolio as defined by that policy. Where necessary, appropriate action should be taken to divest an existing holding or to inform the University of the reasons for not doing so. Any divestment will be actioned within a timescale that aligns with the University's contractual obligations.

## **5. Representation process**

- 5.1 The Ethical Investment Policy is available on the University's web pages, enabling external stakeholders of the University to have access to the Policy.
- 5.2 Staff and students are given an opportunity to engage with this policy via their staff and student representatives at appropriate University Committees and this includes a clear opportunity for representation at the Finance committee by staff community and the University's student body, when ethical investment decisions are made.
- 5.3 The University will publish a list of its investments annually and any minutes relating to changes in this policy including changes in its divestment/investment status.