1. INTRODUCTION AND SCOPE
   1. Purpose

* To state the policy and objectives for the University’s Ethical Investment activities
* To define the processes to be used to manage activities to achieve these objectives
  1. Sustainability is a key priority for the University, and this extends to the sustainable investment of funds. To ensure that investments match the priorities and values of the University, an Ethical Investment Policy has been developed. This Policy is intended to support our aims to influence sustainable practices by delivering returns through involvement in companies which demonstrate policies and practices which accord with the University’s missions and values as expressed in its strategy document “Shaping our Future”.
  2. Contents:-

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1. RESPONSIBILITIES

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| Finance and Property Committee | * Approve and amend ethical investment policy * Approve new organisations with whom the University engages to hold cash and investments * Approve key policies, procedures and delegation of authority * Approve the criteria for the selection of external service providers and agreeing terms of appointment |
| Director of Finance and Operations | * Recommend clauses, ethical investment policy/practices for approval, review the same regularly, and monitor compliance * Invest as set out in this statement * Approve the opening of new bank accounts * Receive and review management information reports * Submit treasury management reports to Finance & Property Committee * Reviewing the performance of the treasury management function and promoting best value reviews * Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function * Negotiate the terms of new bank loan facilities and/or bond issuance * Recommend the appointment of external service providers. |
| Finance Team | * Execute transactions * Maintain treasury management records * Adhere to agreed policies and practices on a day-to-day basis * Maintain relationships with third parties and external service providers * Monitor performance on a day-to-day basis * Submit management information reports to the Director of Finance and Operations * Identify and recommend opportunities for improved practices. |

1. ETHICAL INVESTMENT POLICY AND OBJECTIVES
   1. The University will not knowingly invest in companies whose activities are in direct conflict with the values it publicly espouses. The University believes that to accord with its values when investing its funds, regard must be made to social, environmental, sustainability and governance issues.
   2. Endowment funds are managed by a third-party Fund Manager and invested in accordance with the Ethical Investment Policy.

3.3 The primary purpose of the investment of endowment funds is to optimize returns in order to support the generation of sufficient revenue to meet the specific purposes for which the funding was given to the University.

1. ETHICAL INVESTMENT
   1. This Section provides guidance as to how the management of the Endowment Funds, which is delegated to a third-party Fund Manager, should be exercised.
   2. The University has committed to sustainable and ethical investments in the management of the Endowment Funds. In pursuing responsible investment the University endeavours to ensure that any third party Fund Manager follows the United Nations Principles of Responsible Investment and meets the Public Sector Equality Duty under the Equality Act 2010.
   3. In addition, the University seeks to ensure the following ethical restrictions will be applied to exclude holdings in:
      1. Tobacco

Any companies involved in producing and distributing tobacco products where revenues exceed 5% of global earnings and any companies involved in the manufacture of cigarettes and other tobacco products.

* + 1. Pornography

Any companies involved in producing and distributing pornographic content where revenues exceed 5% of global earnings and any companies involved in the manufacture of pornographic content.

* + 1. Gambling

Any companies involved in producing and distributing gambling products and services where revenues exceed 5% of global earnings.

* + 1. Armaments

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.

* + 1. Fossil fuels

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 Standard classifications:

* Oil, Gas and Consumable Fuels Industry
* Energy Equipment and Services Industry
* Diversified Metals and Mining Sub-Industry
  1. All investments must also be made in line with the University’s Treasury Management Procedure and aligned to the University’s Environmental Sustainability Strategy.
  2. The pension schemes used by the University to provide superannuation benefits to its employees are multi-employer funds constituted as separate corporate bodies with their own boards of trustees. Consequently, the schemes’ funds are invested entirely separately from those of the University. The pension schemes are making efforts to divest from fossil fuels and, in general, have a more ethical approach to investment. The University will support and encourage these aims in line with our policy.

1. ETHICAL OFFSETTING INVESTMENT
   1. The University recognises that ethical offsetting may be required to deal with fossil fuel emissions that, in the short term, we cannot eliminate. Ethical offsetting means a firm commitment to three actions, in order of priority

* Reduce operational emissions through the embedment of best practice and further development of projects within our operational boundary.
* Use our influence and position as a thought leader to work with our community, partners, stakeholders and wider society to reduce their emissions.
* Offset emissions that we cannot avoid or legacy emissions that we have already produced through projects that are verifiable, fair and bring benefits in addition to carbon reduction

1. TRAINING AND QUALIFICATIONS
   1. The Director of Finance and Operations shall recommend and implement the necessary arrangements to ensure that staff involved in the investment of funds are fully equipped to undertake the duties and responsibilities allocated to them.
   2. The Director of Finance and Operations will ensure that Finance & Property Committee members and other non-Treasury staff tasked with ethical investment responsibilities, including those responsible for scrutiny, receive training relevant to their needs and those responsibilities.
2. USE OF EXTERNAL FUND MANAGERS AND SERVICE PROVIDERS
   1. The University recognises that whilst at all times responsibility for ethical investment decisions remains with the University there is the potential value of employing external providers of ethical investment services in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. The University currently uses Brewin Dolphin for these services.
   2. Third party fund managers are appointed following a tender process which takes into account the social, environmental and ethical policies of the University. Fund managers are required to ensure that investments are made in line with the University’s Ethical Policy and report on how compliance has been demonstrated.in this document.
   3. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed.
   4. The terms of engagement will formally require the external managers to be bound by the requirements of this document.
   5. Details of the legislative and regulatory framework within which the University operates and copies of its constitutive documents will be provided to potential and/or existing counterparties, where these may be reasonably requested for the purposes of entering into treasury management arrangements with this organisation.
   6. External managers may be appointed with responsibility for day to day ethical investment matters, but the University will retain full responsibility for the safeguarding of its funds and for setting the treasury strategy.
   7. The Director of Finance and Operations shall monitor such arrangements.
3. CORPORATE GOVERNANCE
   1. The University will account for its ethical investment activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements during the applicable period.
   2. The Director of Finance and Operations will ensure that all of its ethical investment activities comply with its statutory powers and regulatory requirements.
   3. The principal regulator to which the University is accountable is the Scottish Funding Council. SFC has a regulatory duty to ensure that Universities in receipt of public funds provide value for money and are responsible in their use of these funds. The main requirements are set out in the SFC Financial Memorandum. The University will ensure that its Ethical Investment Policy is consistent with the Memorandum.
   4. Prior to entering into any agreement with a counterparty, all reasonable steps will be taken to verify the powers of that counterparty to enter into such agreements, and such evidence as may be required to do this will be sought from the counterparty.
4. DOCUMENTATION
   1. No specific forms.