

The University of Edinburgh

Responsible investment overview

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THE UNIVERSITY of EDINBURGH
Social Responsibility & Sustainability



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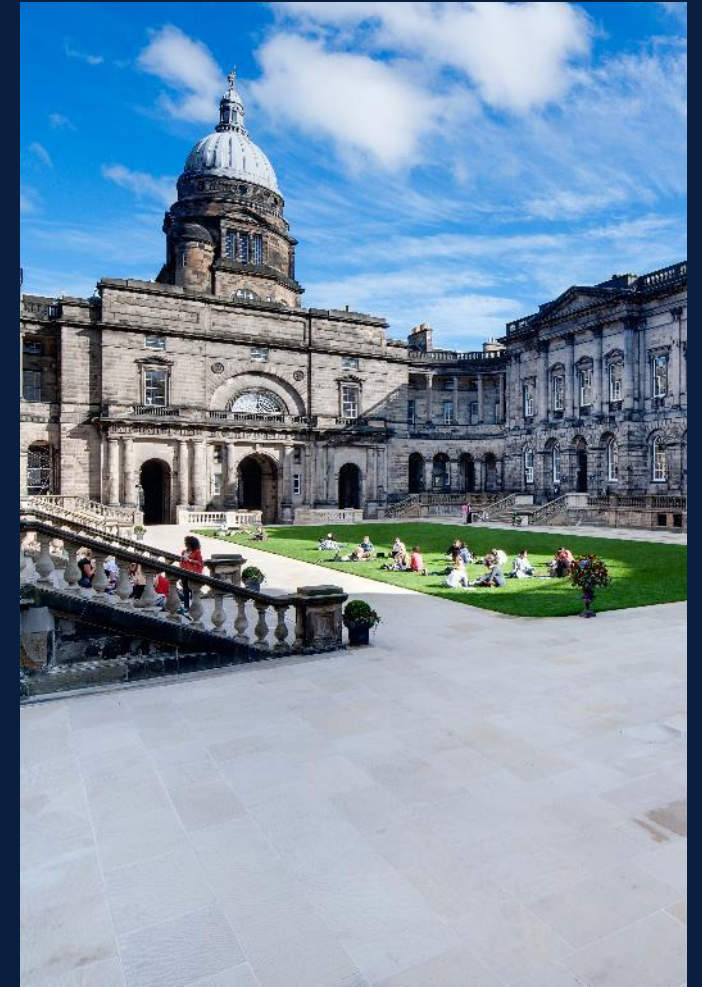
"Our vision is to make the world a better place, so we will ensure that our actions and activities deliver positive change locally, regionally and globally."

Strategy 2030



Introduction

- The third largest university endowment in the UK ~ £500m
 - £500-700m treasury with AUM c£1.2bn
- Operationalising social responsibility across the whole institution in support of our values
- First university in Europe to sign the Principles for Responsible Investment
- Regarded as a sector-leader by the Responsible Investment Network for Universities and other HEIs



Endowment fund objectives

- To grow value in the long-term whilst providing an annual return to support the activities of endowments.
- Target return that exceeds CPI + 4%, over the medium term (3-5 years)
- Implement restrictions that reflects University policies (e.g. tobacco, arms, fossil fuels, anti-slavery, conflict minerals)
- Make a positive contribution to environmental and social impact
- Ensure an appropriate proportion of the funds invested can be realised quickly if required.



Structure



University Court & Policy and Resources Committee

- Agrees objectives and strategy with Investment Committee
- Offers guidance to implement policy objectives/observe restrictions

Investment Committee

- 9 members + CSG Director, Director of Finance
- Corporate governance, reputational and risk management
- Appoint and instruct asset managers
- Monitor performance of funds, inform PRC of projected returns



Asset managers

- 12 managers across:
 - o Global Equity, Multi-Asset, Private Debt, Private Markets, Property



Our current policy and progress

Commitments

- Alignment to Principles for Responsible Investment since 2013
- Exclusion of controversial armaments (Sustainalytics definition) and tobacco
- To explore a social investment approach
- To explore reducing carbon intensity of investments
- To engage with community on investment issues

Progress

- Completed fossil fuel divestment in 2021
- Reduction of carbon footprint in equities portfolio by 70%
- Creation and full commitment of the Social Investment Fund
- High scores in annual PRI reporting



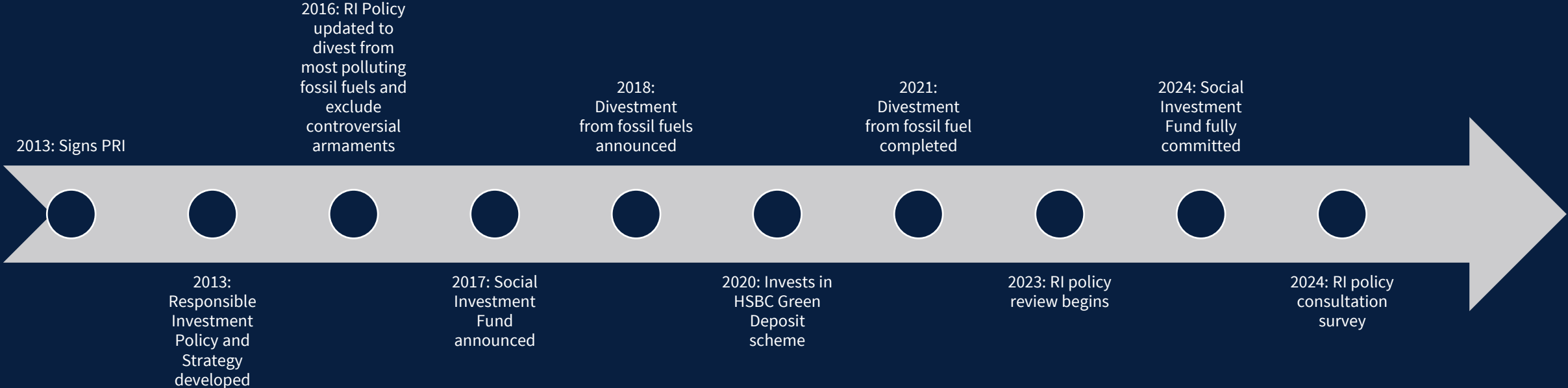
Reviewing our Responsible Investment policy

Our current policy is under review, with our communities consulted on the proposed changes below:

- Align investment portfolios to a 1.5°C decarbonisation pathway
- Explore adopting nature positive approaches, eg. TNFD
- Explore an active ownership approach to investments;
- Incorporate commitments to socially positive investment;
- Review our definition of ‘controversial weapons’ in the context of our Responsible Investment Policy
- To ensure that our investment activities are appropriate in an international context.



Our actions to date



Social Investment Fund

This Fund is managed separately from the Endowment.

- £8 million was drawn from University Treasury funds
- A target return of 3-4% was agreed (CPI+1.5%)
- A dedicated ESG committee manages the fund
- Success criteria includes:
 - Capital preservation
 - Value for the University
 - Opportunities for engagement
 - Environmental and social impact.



Social Investment Fund rules

- **Diversification: (Generally)** Limiting to one investment at a time for individual investees
- **Investment mix:** Neutral on investment in equity or debt
- **Geographical spread:** A focus on allocation of funds to Edinburgh and City Region Deal for Scotland; some UK investments
- **Capital preservation:** Capital protection was prioritised
- **Opportunities for impact:** Investments that deliver to broader University objectives



Scottish Growth Fund 2 (Social Investment Scotland) has supported a new youth centre in Perth



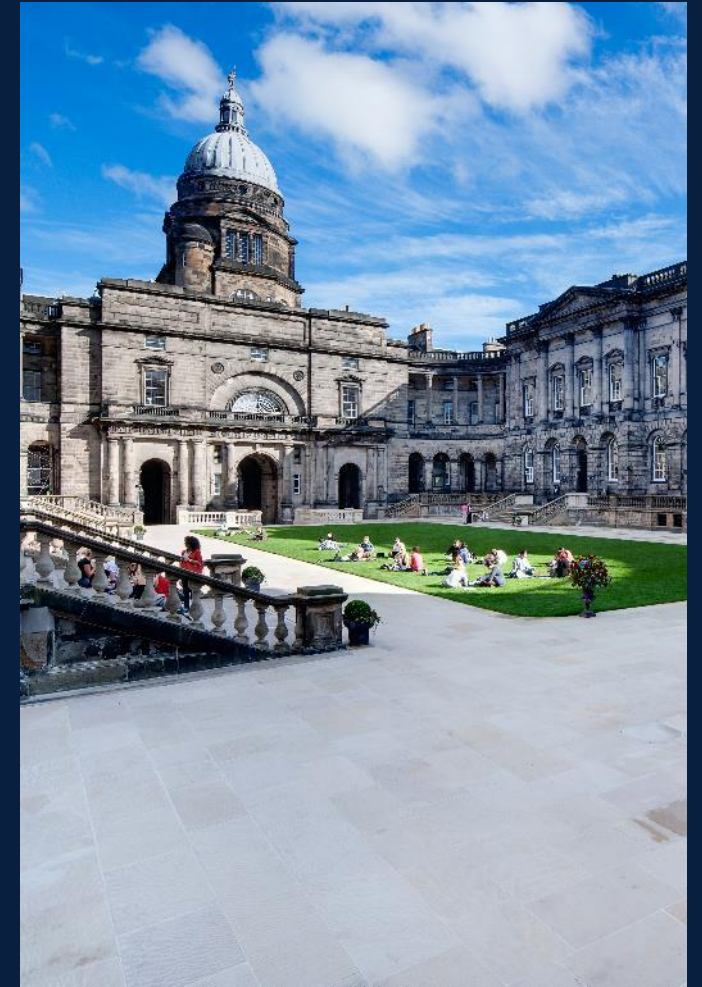
Stories of impact from the Social Investment Fund



Conclusion and next steps

The approach the University takes to responsible investment fully supports its values and mission.

- The new responsible investment policy is expected to be approved by the University Court in early 2025
- A report on the Social Investment Fund will be published in 2025



Questions?

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