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Responsible Investment Policy

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identifying specific actions that can be undertaken over the next five years to ensure that these targets are realisable.

Financial investments

The College has already exited any directly-held fossil fuel investments that it previously held. It commits to not holding such investments in the future, as well as in relation to tobacco companies, pornography, child labour, arms companies trading with terrorists or countries with which the UK does not permit trading

The College invests primarily through funds, and therefore the subsequent actions relate to indirect investments.

The College will utilise ESG screening to identify exposure of its investments, including emissions intensity and absolute emissions.

In relation to public equities, it will invest in funds that exclude fossil-fuel companies (defined as those companies where more than 10% of the turnover relates to fossil-fuel activities).

In acknowledging the need to exclude fossil-fuel investments, the College will continue to maintain suitable diversification across sectors and geographic areas to meet its long-term return targets.

In relation to fixed income and alternatives, it will, where possible, invest in funds which exclude fossil-fuel companies.

In relation to cash holdings, it will work with its managers to ensure that cash and cash-equivalents are deposited in funds and institutions that are actively working towards reducing their fossil-fuel exposure in line with the Paris Agreement.

In relation to private equity, it will only invest in new private equity funds that commit to not having any meaningful exposure to fossil-fuel companies.

It will engage with private equity managers to develop the reporting of the carbon impact of their investments in funds and companies.

It will allocate at least £2 million to invest in funds that focus on environmental improvements and climate change ('impact investing'), acknowledging that each investment should be judged for its individual impact.

The College will, subject to regular reviews by the FIC on management and performance, engage and work with the Cambridge University Endowment Fund to ensure that it meets or exceeds its ambitions set out in the announcement made by the University Council in October 2020[4].

It will undertake regular engagement with its investment managers to ensure that they are proactively supporting investments that are working towards decarbonisation and effectively engaging with companies and other fund managers. Managers' environmental activities should include

[4] https://www.cam.ac.uk/notices/news/council-statement-1-october-2020

ambitious, science-based outcomes and not just disclosure, reporting and policy adoption. The College expects investment managers and fund managers to vote in favour of environmental resolutions (or to have a clear rational for not supporting them), and to vote against the re-election of directors whose companies do not have strategies that are aligned with the values se

Rural: The College has a number of rural properties, both buildings and land. It will assess the biodiversity of its landholdings and identify strategies for improving biodiversity. It will work with tenants to reduce carbon emissions, improve biodiversity and water quality. It will make changes to leases where possible to improve the environmental performance of its rural assets. When assessing the suitability of prospective new tenants, the College will take account of environmental credentials and the environmental sensitivity of management proposals.

Manager review and investment selection

The College will require its managers to follow the Policy. The College will expect its managers to report regularly on their performance and compliance with the Policy. The selection criteria for a manager will include requirements in line with this Policy, and performance in relation to the Policy will be a key factor in reviewing a manager. Managers who do not comply with the Policy should expect not to be appointed or re-appointed by the College. The College will reserve the right to publicise the reasons for its decision not to renew a manager's mandate. It may also communicate publicly when it has disposed of an interest in an investment or a fund, where that disposal has been triggered by factors relating to the Policy.

Cash deposits, loans and banking

The College may have significant sums of cash that it wishes to deposit in both the short and medium-term, separate from any sums invested in its endowment. In deciding where to deposit cash, the College will have due regard to the Policy, particularly as regards the lending and underwriting policies of institutions. The College will also engage with its bankers, including in partnership with other organisations, to lobby for a reduction in lending and underwriting to fossil-fuel companies and to encourage them to adopt targets in line with values expressed in this Policy. A failure by financial institutions to engage actively with this Policy will have an impact on the College's willingness to do business with them in the future.

Reporting and stakeholder engagement

The College will establish metrics and science-based targets to be reported alongside the financial performance of the endowment by the end of 2022. It will commission a study of the endowment's existing carbon footprint by the end of 2021, and by the end of 2022 it will build a roadmap to net zero.

Reporting on the Policy will take place annually through the Financial Investment Committee, via the Bursarial Committee, to the College Council. In relation to property matters, there will be an annual report to the Property Investment Committee. The Bursar will engage with the Society through an annual report forming part of the report of the financial performance of the College. Separate engagement activities with students and staff will be developed in conjunction with reporting under the Sustainability Strategy.

As a relatively small investor, the College appreciates the benefits of collaborative engagement through investor groups and with other parts of the Collegiate University. These forums enable the College to achieve a greater impact than it would from acting alone. It also allows the College to share expertise, while at the same time providing an opportunity to learn from, and to support, other similar institutions. When engaging collaboratively, the College may be willing to join initiatives that involve companies in which it is not invested in, provided that they are not excluded from its investment guidelines.

This policy will be subject to review after two years (May 2023) and at a minimum at five yearly intervals thereafter.