



University of Essex



University of Essex Statement of Investment and Banking Principles

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Table of Contents

University of Essex Statement of Investment and Banking Principles	3
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General Background	3
General Investment Policy	3
General Banking Policy	3
Specific Investment Objectives	4
Managing Investments	4
Exclusions	5
Required Periodic Reviews	5
Oversight and Responsibility	5

University of Essex Statement of Investment and Banking Principles

This document is a statement of the principles governing the decisions about the charitable investments and banking arrangements of University of Essex. It sets out the basis on which the University of Essex Portfolio will be managed and monitored.

General Background

Its objectives are:

1. to maintain capital in real terms and produce sufficient income for the purposes set out by the members of the Investment Committee
2. to fund the annual payment of scholarships and bursaries

General Investment Policy

University of Essex wishes to maximise the returns on all its investments, commensurate with the appropriate level of risk (see risk profile), whilst adhering to the general principles of trust law for Charitable Investment Portfolios.

1. The day-to-day management of investments is undertaken by professional investment managers on a discretionary basis.
2. Regular reporting to the Investment Committee will cover performance, asset allocation and risk to ensure an appropriate balance in the overall investment approach.
3. The investments made on behalf of the University of Essex will take Environmental, Social and Governance considerations into account as well as the ethical restrictions specified below.

General Banking Policy

University of Essex wishes to ensure that its selection of providers of banking services will take Environmental, Social and Governance considerations into account as well as the ethical restrictions specified below. The University will commit to reviewing banking services annually and report to Investment Committee on this basis.

Specific Investment Objectives

The following specific objectives have been set for the University of Essex Endowments Fund:

1. Investments are held to create real returns over the investment horizon of a rolling 5-year period whilst maintaining the ability to draw income and capital where necessary.
2. Primary Benchmark of CPI+ 4% on a rolling 5-year basis (net of fees). Note: specific industry benchmarks will also be agreed for comparison purposes with the relevant investment manager.
3. A balanced mix of assets, as detailed in the Investment Management Agreement, may be used by the Manager to achieve the investment objective.
4. The members of the Investment Committee are willing to accept a medium/high investment risk approach in the achievement of their objectives. This is suitable where a return above inflation is sought over the long term and the members understand that reasonable shorter-term movements in portfolio value may be experienced in the pursuit of such objectives.

Managing Investments

The members of the Investment Committee have appointed Navera Investment Management Ltd to manage the University of Essex Endowment Fund.

1. We actively seek to invest in companies where the management teams understand the environmental opportunities and risks the companies face and are taking steps to address these risks by setting appropriate long-term targets and putting in place strategies and processes to enable these targets to be met.
2. Our investment managers have the skills and relationships with the relevant companies they invest in to provide us with the relevant assurance this can be achieved.
3. The investments are to be held in the nominee company of custodians agreed as detailed in the Investment Management Agreement.
4. Since Implementing the Statement of Investment and Banking Principles we have never held investments in fossil fuel companies. As part of our commitment to responsible investment, and in line with our net zero by 2035 target, we are investing in the development of our on-site renewable energy generation, as well as low carbon energy efficiency projects.

Exclusions

Through its research and education programmes, and its own policies, the University contributes to the fight against climate change, improving health and inequality and promotes conflict resolution by peaceful means.

As a result, **no** investment shall be made in, or borrowing taken from, any company:

1. Involved in the production or supply of indiscriminate weaponry (defined as nuclear weapons, anti-personnel mines, cluster munitions, chemical weapons or biological weapons), with no turnover threshold to be applied
2. Involved in the production, processing, supply or storage of weapons grade nuclear fissile materials, with no turnover threshold to be applied
3. Involved in the provision of strategic parts or services for anti-personnel mines, cluster munitions, chemical weapons or biological weapons, with no turnover threshold to be applied
4. Whose primary activity is armaments for military purposes (defined as any company deriving more than 10% of its turnover directly from armaments for military purposes)
5. That generates any of its turnover directly from fossil fuel extraction
6. That generates more than 10% of turnover directly from tobacco production

If by reason of acquisition, disposal, growth of a business or currency or inventory fluctuations, the limits specified above are exceeded on two consecutive quarterly review dates, the Investment Managers shall be required to dispose of the relevant holding within the succeeding six-month period.

Required Periodic Reviews

The Investment Policy Statement will be subject to reviews annually and as otherwise required by the members of the Investment Committee and amendments will be advised in writing to the managers when applicable.

An overview of the University's Investment Sector Weights will be published [annually on the website](#).

Oversight and Responsibility

1. The Statement of Investment and Banking Principles is reviewed by members of the Investment Committee.
2. To ensure opportunity for student representation in the ongoing review of the

document, Investment Committee submits the Statement of Investment and Banking Principles to Council for approval - the Students' Union President is a member of Council and has opportunity to comment on the Statement.

3. The Environmental Sustainability Action Group (ESAG)
<https://www.essex.ac.uk/sustainability/environmental-sustainability-action-group>, which represents staff and students from across the University, feeds into reviews of the Statement of Investment and Banking Principles, allowing feedback to be highlighted.
4. This document is published on the University website in order to ensure transparency and visibility to all members of our student and staff communities. Should a student or member of staff wish to raise a comment or suggestion about the University's investment approach, they should approach the nominated contact (detailed on the final page) to discuss further. Where appropriate, feedback will be raised with the Investment Committee.
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6. The University reports on performance against Environmental Sustainability Goals (ESGs) and targets to Santander PLC as part of its bank covenant reporting.

Document Control Panel

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