



THE UNIVERSITY *of* EDINBURGH

Taking forward the United Nations Principles for Responsible Investment

Summary paper

10 January 2014

www.edin.ac/1dWzhf8

This consultation outlines and seeks views from the University community of staff and students on options for how the University of Edinburgh might fulfil its commitments under the United Nations Principles for Responsible Investment (UNPRI).

INTRODUCTION

The University of Edinburgh aims to make a significant, sustainable and socially responsible contribution to Scotland, the UK and the world, promoting health, economic growth and cultural wellbeing.

In July 2013 the University held endowment investments valued at over £280m, and in January 2013 took a significant step forward in linking its sustainability and investment strategies through its adoption of United Nations Principles of Responsible Investment (UNPRI).

WHAT ARE THE UN PRINCIPLES OF RESPONSIBLE INVESTMENT?

The UNPRI is an international initiative that recognises the changing nature of investment. The initiative seeks to advise and support those institutions, investors or fund managers that wish to demonstrate leadership in investing responsibly, recognising that environmental, social and governance issues are increasingly important to the reputation, success and returns from investment.

Responsible investment is an investment approach that explicitly acknowledges the relevance of environmental, social and governance (ESG) factors to the long-term health and stability of the market.

It recognises that the generation of long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems.

It is driven by a growing recognition in the financial community that effective research, analysis and evaluation of ESG factors is fundamental in assessing the medium and long term value as well as performance of an investment, and that this analysis should inform asset allocation, stock selection, portfolio construction, shareholder engagement and voting at company general meetings.

Responsible investment requires investors and companies to take a broader view - acknowledging the full spectrum of risks and opportunities facing them, in order to allocate capital in a manner that is aligned with the short and long-term interests of their clients and beneficiaries

- [Find out more about the Principles](#)

WHAT THE UNIVERSITY HAS COMMITTED TO DO

As part of implementing the UNPRI it is proposed that the University uses recognised UNPRI methodology to review its responsible investment policy. Key tasks identified in the UNPRI guide are to:

1. **Undertake a Peer Review** to investigate how other HEIs (both UK and international) as well as other investors have formulated their policies, identifying key themes and strands.
2. **Develop a statement of Investment Beliefs** to identify the core high-level beliefs that will inform the amendments to the existing policy and outline how the University manages the Fund's exposures to investment risk.
3. **Create a plan to amend and review the responsible investment policy.** This consultation is the next stage in turning the University's commitment into reality.

OPTIONS FOR THE UNIVERSITY

The consultation sets out 12 questions for consideration, in the following areas:

Principles to inform investment	The UNPRI commitment is all about trying to show both what investment decisions an organisation has made, and just as importantly, why and how those decisions are made. The University feels that its commitment to responsible investment would be strengthened if stakeholders were clearer about the principles underpinning the investment decisions that it makes.
Strategic approach to investment	It is important to recognise that in seeking to be a responsible investor, the University has a range of strategic options that it can consider, each of which would appear to have a range of advantages and disadvantages. <ol style="list-style-type: none">1. Investment in companies and funds which contribute to a wealthier and fairer, smarter and healthier, greener and safer and stronger global society2. Direct investment in university activities and objectives e.g. renewable energy generation- on –site or off-site, climate emissions reduction, energy efficiency etc.3. Direct investment in a range of 'start-up' innovative companies or social investments linked to identified social responsibility themes, perhaps using concepts such as social impact bonds4. Avoid investment in sectors or companies failing to reach recognised standards
Avoidance of Investment 'In-Principle'	Circumstances may arise where it is felt that investment activities are simply incompatible with the ethos and values of the university. For example, the University has taken the decision to divest from tobacco. By what process or methodology do you consider that the University should consider these questions?
Organisational and policy changes	The range of practical matters that the University will need to address in order to fully discharge its responsibilities under the UNPRI – in published principles, guidance to investment managers, and reporting.

HOW TO GIVE YOUR VIEWS

The University is keen to hear a range of views during the consultation period in order to allow it to take an informed decision as to the best means to operationalize the UNPRI commitments.

1. Visit the [consultation webpage](#)
2. Follow the instructions on that page – you can submit your answers using an online form or by email.

ALTERNATIVE FORMATS

If you require this document in an alternative format, such as large print or a coloured background, or if you are unable to complete the consultation online please email Sustainability.Department@ed.ac.uk or phone **0131 651 5588** (during office hours).