Responsible Treasury and Investment Statement

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1. Introduction

As part of the University's commitment to Sustainability and in line with the Sustainability Strategy the University is fully committed to fulfil its responsibilities with regard to the Environmental, Social and Governance aspects of its investment portfolio and treasury management activities.

The University appoints a specialist ethical and sustainable fund manager, Greenbank, to help achieve responsible investment ambitions. Greenbank are a signatory to the UN Principles of Responsible Investment.

2. Policy exclusions and engagement

In 2023 the University's Statement of Investment Policy was updated in recognition of the commitment to addressing the climate emergency within our endowment investments.

The University seeks to avoid harm and has explicit exclusions in place that cover oil, coal and gas, armaments, gambling, adult entertainment, and tobacco.

The University's Investment managers regularly engage with individual companies and with broader industry initiatives that meet eight sustainable development themes.

3. Target setting

The Statement of Investment Policy requires the University to set targets in two areas: reducing exposure to carbon intensive companies; and making investments in sustainability-themed investments.

The detailed targets are set out below:

NB. The **absolute potential emissions** of the portfolio are now **ZERO** therefore no target is set for this.

Target (1): Reducing "exposure to carbon intensive companies", *as measured by Weighted Average Carbon Intensity (WACI). This is an indicator of current climate-related risks facilitating comparison across asset classes and across industry sectors.*

A weighted average carbon intensity of 85 by the end of 2025.

Target (2): Make initial investments in sustainability-themed investments*. For example, in climate change mitigation, low carbon technology, social housing, sustainable infrastructure, energy efficiency and other opportunities. These initial investments are expected to be made by the appointed equities manager, within its fund.*
1) Excluding cash, at least 99% of holdings will be in categories A-C+
2) The portfolio will achieve at least 15% of holdings in category C ("contributes to solutions") within 4-5 years (from August 2021)

Targets introduced in June 2024:

Target (3): Scope 3 emissions
A reduction in the weighted average carbon intensity of Scope 3 of 35% between 2024 and 2030 (this amounts to a 53% reduction since 2019).

Target (4): Implied temperature rise
60% of the portfolio is below 1.5 degrees Implied Temperature Rise (ITR) by 2026 and less than 15% is above 2 degrees.

4. Investment of cash funds

The University invests funds in deposits with approved financial institutions and money market funds, as well as UK Government gilts. Deposits and Green Deposits are held with Banks and Building Societies that meet the ratings criteria set out by the Treasury Management Policy. Money Market funds are placed with counterparties that meet SFDR Article 8 categorisation, a fund that promotes environmental and social characteristics. The University will not knowingly directly invest in funds that have negative environmental or social qualities.

5. Collaboration for change

Royal Holloway University is collaborating with 64 leading institutions and trusts in UK Higher Education calling on finance companies to offer more sustainable products. This is a new initiative to create a market cash products that do not contribute to the financing of fossil fuel expansion.

The institutions are especially keen to avoid financing companies that are constructing new coal- and gas-fired power plants in OECD countries. New fossil fuel infrastructure can lock in decades of fossil fuel demand and subsequent greenhouse gas (GHG) emissions that are the main cause of climate change.

The institutions have issued a Request for Proposals (RfP) to financial institutions for cash products such as deposits and money market funds.

For further information https://www.governance.cam.ac.uk/committees/bef/Documents/RfP-Feb-24%20v.2.pdf

Document control

Statement Owner	Rachel Burgess, Deputy Director of Finance
Approving Body	Executive Board, Investment Sub Committee
Approved on	4 June 2024 (EB) 10 June 2024 (ISC) (To NOTE at Finance Committee 20 June 2024)
To be reviewed before	June 2026