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## **Newnham College Cambridge**

### **Statement of Investment Principles**

#### **Environmental, social and governance issues**

The College believes that its endowment portfolio should be invested in a responsible manner reflecting the broad objectives set out in the College's Charter and will only appoint investment managers who have integrated considerations of environmental, social and governance (ESG) issues into their investment process and actively engage with company management to improve their ESG practices and policies.

The College's aim to maximise returns from the portfolio may, at times, not be congruent with the responsible investment policy. The College believes, however, that there is sufficient evidence to suggest that well run companies with responsible and sustainable ESG policies will ultimately deliver above average returns to investors. Therefore taking a responsible approach to investment, recognising "social licence to operate" factors, may not be inconsistent with maximising long term investment performance.

No direct investment is permitted in companies generating a significant amount of their revenue (more than 10%) from tobacco manufacturing, gambling, pornography, high interest rate lending and controversial weapons (i.e. weapons banned by international treaties and indiscriminate weapons, such as landmines and cluster bombs).

The College will additionally avoid investment in companies abusing human or labour rights, and companies with policies based on racial or sexual discrimination.

Specifically, with regards to fossil fuels, the College recognises the threat posed by global warming. The College does not hold any direct investment in companies involved with the production of fossil fuels and no direct investment in such companies will be permitted.

In addition to excluding certain areas and companies, the College believes a positive approach should be taken and is committed to investing part of the portfolio in companies having a positive impact on society and the environment and companies providing specific solutions to society's current problems (such as global warming, poverty and inequality, the ageing population, healthcare issues, etc.). However, this needs to be done in the context of the College's fiduciary duty to maximise long-term returns to support the education of future generations of women. This commitment will be expressed through pooled vehicles to ensure sufficient diversification.

In principle, the College's policy applies to passive investment vehicles as well as actively managed funds, although at present it is not possible to match the policy in passive vehicles and some exposure to the precluded areas is unavoidable. The Investment Committee evaluates the active engagement of the passive investment managers with company managements to improve their ESG policies. The universe of passive investments vehicles is reviewed regularly and passive investments switched into more appropriate vehicles as they become available.

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