

## UNIVERSITY OF SHEFFIELD ENDOWMENT INVESTMENT POLICY

### INVESTING FUNDS ON A SOCIALLY RESPONSIBLE BASIS

The primary purpose of the investment of endowment funds is to optimise returns in order to generate sufficient revenue to meet the specific purposes for which the funding was given to the University.

The University is committed to investing its funds on a socially responsible basis. The University believes that to accord with its values when investing its funds, regard must be made to social, environmental, sustainability and governance issues. In making investment decisions, the University expects its Investment Managers to actively consider these factors.

The University's Investment Managers, Sarasin & Partners, are responsible stewards of client capital and their investment approach is aligned with the values of the University. They aim to invest in a way that supports sustainable economic progress and protects the interests of future generations.

Below is an overview of Sarasin & Partners' approach:

#### RESPONSIBLE STEWARDSHIP

Sarasin & Partners seek to solve the problems of people and planet profitably (positive impact), while also ensuring that we do not profit from causing problems (adverse impacts). By identifying responsible companies, which demonstrate these behaviours, they aim to create more durable economic value for the University.

Their stewardship philosophy is built on three pillars:

- A thematic investment process with environmental, social and governance (ESG) factors at its core
- Active engagement with companies and thoughtful voting, to drive positive change
- Policy outreach where they can play a positive role in shaping markets and regulation

#### HOW ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS ARE INCORPORATED

Sarasin & Partners have a proprietary ESG matrix that is central to their research process. Through this lens, they identify material ESG risks:



This process includes the assessment of extensive (c.150) data points, these guide ongoing voting and engagement efforts with the companies held by the University.



## ACTIVELY ENGAGING WITH COMPANIES

When investing in a company for the University, Sarasin & Partners continuously engage with senior management of investee companies and other stakeholders to ensure that our investments are used appropriately. Alongside engaging on specific issues, they have associated voting policies.

Details of Sarasin & Partners engagement principles are set out across multiple documents:

- [Principles for Engaged Ownership](#) – Principles that govern how company engagements are managed.
- [Ownership discipline](#) – How Sarasin act on a day-to-day basis as an asset manager on the University's behalf. This includes early ownership actions, ongoing monitoring, how problems are addressed, escalation procedures, circumstances when they would cease engagement, and their sell discipline.
- [Corporate governance and voting guidelines](#) – Sarasin vote on shareholder resolutions in accordance with the principles and guidelines outlined in this document. They have also published a [2020 policy update](#) to specifically address diversity, executive remuneration, and climate change.

## INVESTMENTS THAT HAVE A POSITIVE IMPACT

There are a number of holdings in Sheffield University's portfolio that are having a positive impact on society.

Through the University's investment in the Sarasin Responsible Corporate Bond Fund the University provides financing for:

- charities
- education (universities) and student housing
- housing associations
- renewable energy infrastructure
- green bonds

In addition to the above there are specific investments made in Investment Trusts that own businesses operating in the following areas:

- digital infrastructure
- renewable energy
- energy storage
- healthcare innovation

Taken together, these assets account for 5.9% (£2.8m) of the University's Endowment portfolio as at 31.07.21.

## EXAMPLES OF SARASIN & PARTNER'S WORK ACROSS ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

### • ENVIRONMENT & SUSTAINABILITY

- Sarasin [Climate Pledge](#) : committed to aligning the business with the Paris Climate Accord and engaging with investee companies to also align
- Pathway to 100% Net Zero Alignment by 2025
- Support the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#)
- Support the [Carbon Disclosure Project \(CDP\)](#)
- Member of the [Institutional Investors Group on Climate Change \(IIGCC\)](#)
- Signatory of the [Paris Pledge for Action](#)
- Member of Climate Action 100+, Portfolio Decarbonisation Coalition, and Transition Pathway Initiative
- Challenge the UK's audit regulator on inadequate climate risk reporting
- Integrate climate risks in investment analysis and invest in clean energy
- Member of the [Farm Animal Investment Risk and Return \(FAIRR\)](#) which promotes sustainable protein supply chains
- Member of [Plastic Solutions Investor Alliance \(PSIA\)](#)
- Endorse the [Ellen MacArthur Foundation New Plastics Economy Global Commitment](#)
- A founding signatory of the [Net Zero Asset Managers Initiative](#).

### • SOCIAL

- Member of the [30% Group Investor Initiative](#) – encouraging gender diversity
- [Interfaith Center on Corporate Responsibility \(ICCR\)](#) – signatory to ICCR's investor statement on Covid-19 response to companies, calling for fair and responsible behaviour
- Founding signatories of the Workforce Disclosure Initiative – seeking to improve health & safety standards, policies and practices related to employee wellbeing
- Sarasin [Modern Slavery Statement](#)
- Sarasin [Anti-Bribery and Corruption Statement](#)
- Monitor companies and their supply chains for labour issues, including child labour and slavery, poor health and safety, poor levels of pay and benefits

### • GOVERNANCE

- Signatory of UN Principles for Responsible Investment (UNPRI) – 2020 score of A+
- Signatory to the UK and Japanese Stewardship Codes
- Passed the FRC's UK Stewardship Code Test 2021
- Advisory Group for International Audit & Assurance Board
- Member of the [Investors coalition on International Financial Reporting Standards \(IFRS\)](#)
- Member of the [Investor Advisory Group of the Financial Reporting Council \(FRC\)](#)
- Member of various corporate governance networks, initiatives and investor coalitions, which are detailed on [our website](#)
- Utilise the Oxford Martin School Investment and Engagement Principles

Further details are available at: [www.sarasinandpartners.com/stewardship/](http://www.sarasinandpartners.com/stewardship/)

## IMPORTANT INFORMATION

This document has been approved by Sarasin & Partners LLP of Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, a limited liability partnership registered in England & Wales with registered number 0C329859 which is authorised and regulated by the Financial Conduct Authority with firm reference number 475111.

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