

Compliance with the Endowment Investment Policy as at 31 July 2016

University of Sheffield Endowment Pool held with Sarasin & Partners

- Explicit environmental damage – the portfolio has followed the EIAG (Ethical Investment Advisory Group) guidelines and excluded companies that derive more than 10% turnover from thermal coal or production of oil from tar sands.

No exceptions reported.

- **Manufacture or sale of armaments** – the portfolio has excluded investments where the turnover exceeds 10% for the manufacture of armaments and the sale of firearms.

As at 31 July 2016 there was an investment value of £328k (c.0.8% of the total Pool) in General Electric Co (GE), therefore this company required further review. GE is involved in the defence industry but does not breach the 10% threshold. GE manufactures aircraft and marine engines and provides engine maintenance. GE also manufactures navigation systems for unmanned aerial vehicles and land-based combat vehicles, such as battle tanks and fighting vehicles. Sarasin does not consider this to breach the “manufacture of armaments and sale of firearms” criteria.

No exceptions reported.

- **Institutional violations of human rights, including the exploitation of the work force discrimination against the individual** – a subjective approach is required, as this cannot currently be directly screened for. Sarasin’s approach to stewardship incorporates these factors when assessing the suitability of investment. Sarasin challenges companies on a regular basis and works with companies to improve what they do and considers company actions taken in response to ‘disasters’.

No exceptions reported.

- **Manufacture of tobacco products** – the portfolio did not invest in any companies that manufacture tobacco.

No exceptions reported.

- **Sale of tobacco products (where the investment is in companies that derive more than 10% of their revenue from selling tobacco products)** - the portfolio did not invest in any companies that derive more than 10% of their revenue from selling tobacco.

No exceptions reported.

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- **Manufacture of cosmetic products that are tested on animals** – the portfolio implementation is wider than “cosmetic” and covers any non-pharmaceutical testing. This encompasses household cleaning products, cosmetics and personal care and consequently this broader category requires a case by case basis review.

As at 31 July 2016 there was total investment value of £1.7m (c.4.2% of the total University endowment value) in four companies that required further review. Ecolab Inc, 3M Co and Air Products & Chemicals Inc do not manufacture any products that would require further investigation. Reckitt Benckiser Group Plc manufacture Clearasil, a treatment for acne, which Sarasin consider to be a health product and not a cosmetic product.

No exceptions reported.

Conclusion

The University of Sheffield Endowment Pool held with the University’s investment managers Sarasin & Partners was compliant with the Endowment Investment Policy as at 31 July 2016.

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Twikker Income and Student Funds

The new University Endowment Investment Policy was provided during the year, allowing a transition period for the student teams and donor investment managers to comply.

As at 31 July 2016 the two funds were compliant except for the following investments, which would have required further individual screening:

- £4k investment in Boeing Co
- £3k investment in Imperial Brands Group
- £2k investment in Safran S.A.
- £2k investment in BAE Systems plc

Therefore in total, £11k of the investments managed by the original donor and the Sheffield Investment Society could not be confirmed to be compliant as at 31 July 2016. This value represents c.0.3% of the total University endowment value.

The £11k of investments listed above was sold subsequent to the year end, ensuring compliance with the Endowment Investment Policy.