Newnham College, Cambridge

Statement of Investment Principles

Environmental, social and governance issues

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

The College's aim to achieve a target return of CPI+4.5% is compatible with a responsible investment policy. It is thought that well-run companies with responsible and sustainable ESG polices will ultimately deliver above average returns to investors. Therefore taking a responsible approach to investment, recognising 'social licence to operate' factors, is absolutely consistent with the College's long-term investment objectives.

The College recognises the threat posed by climate change, not only to global society, but also to the long-term sustainability of financial returns. Companies and managers that do not adequately consider – and look to address the risks associated with – climate change do not merit a place in the College's investment portfolio over the long run. The College recognises that addressing climate change requires changes in the consumption as well as the production of fossil fuels. 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. The College also seeks to avoid indirect investment in such companies through the funds it invests in, and by 2030 will have divested from all meaningful exposure to fossil fuels[1]. In this regard the College has adopted the same target as that set by the Cambridge University Endowment Fund, in which the College invests.

In addition to this policy on fossil fuels, no direct investment is permitted in companies in the following industries: arms, tobacco, gambling, and pornography. The College additionally avoids investment in companies abusing human or labour rights, and companies with policies based on racial or sexual discrimination.

In principle, these exclusions apply to passive investment vehicles as well as to actively managed funds, although at present it is not possible to match the policy exactly in passive vehicles and some, albeit relatively low, exposure to the excluded areas may be unavoidable. The College must also be conscious of the costs associated with pursuing its investment strategy, and should ensure that appropriate value is achieved.

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[1] Exposure to fossil fuels is defined as investment in the following industries: oil/gas drilling; oil/gas equipment and services; integrated oil/gas; oil/gas exploration and production; oil/gas refining and marketing; oil/gas storage and transportation; coal and consumable fuels.