DARWIN COLLEGE CAMBRIDGE

INVESTMENT POLICY

STATEMENT OF PRINCIPLES

A  Introduction

In accordance with the terms of Statute XV, the control of the financial affairs of the College is vested in the Finance Committee, subject to the legal responsibilities of Trustees on College Council, and oversight by the Governing Body. The Committee comprises the Master, Vice-Master, and Bursar ex-officio, and three other Fellows; the DCSA Treasurer is invited as an observer for unreserved business. At least biannually, the Finance Committee, reinforced by 3-4 external members with relevant investment expertise, meets as the Finance (Investments) Committee.

The College’s financial investments are comprised of its invested endowment and the proceeds of private placings (unsecured long term debt obligations), which have been invested pending their deployment on projected capital projects. The investments are managed in separate portfolios.

The College, on the advice of the Finance Committee, may decide at its discretion to appoint one or more fund managers. The Finance (Investments) Committee meets to receive and consider the investment managers’ reports, and reports to the Trustees on College Council, and to the Governing Body. The Finance (Investments) Committee is responsible for decisions on asset allocation and may, on occasion, direct the selection of specific individual stocks and other investments.

The College is a permanently endowed charity and adopts a long-term time horizon when making investments, save in connection with the two private placement portfolios, where it is expected that the funds will be needed in the short to medium term for investment in income generating student accommodation.

B  Investment Objective

The College’s principal investment objective for all its portfolios is to grow the investment portfolios over time, observing the progressive stance of the College to risk while maintaining diversification so as to limit the risks from any particular market investment.

C  Environmental Social and Governance (ESG) considerations

The College Trustees have, as a matter of principle, and endorsed by the Governing Body, decided that the College will not invest in entities where:

- The investment may conflict, or be inconsistent, with primary aims, objectives and activities of the College;
- The investment might alienate the College’s supporters or potential supporters;
- The investment may be reputationally damaging;
- The investment is considered by the Trustees to be unethical; or
- The investment might otherwise hamper the work of the College.

The College will undertake the following particular ESG actions:

ESG Ratings Monitoring
The College will continue to require its investment managers to provide regular updates and a comprehensive annual report on the ESG ratings (using robust and objective metrics) of the College’s direct equity holdings, and will expect its investment managers to maintain or improve the overall average ranking of the College’s portfolios.

Climate change and sustainable development

The College recognises that climate change is a real and present danger, and encourages debate on the appropriate response by the College to the risks climate change represents. The College seeks to support sustainability, carbon reduction, the development of renewable energy sources, and action to mitigate the effects of adverse climate change.

The College Trustees have a legal duty to ensure that the College’s investment risks and returns are kept in balance, and that any risks that are financially material are taken into account. The Trustees therefore expect the Finance (Investments) Committee to ascertain where climate change presents a financially material risk in the College’s investments and to take appropriate investment/divestment decisions to address this risk.

The College’s policy incorporates a three tiered approach to tackling climate change through its investments:

*Divestment*

The College will maintain its existing position in not investing in the most carbon intensive fossil fuels - thermal coal and tar sands. It will progressively divest from its holdings in other fossil fuel companies, on a timescale which is based on a robust evaluation of the companies’ financial prospects, transition risk, and progress in shifting to renewables and work to enable carbon reduction, and which seeks to manage any diminution in income to the College.

*Monitoring and engagement*

The College will, through the ESG ratings monitoring referred to above, continue to monitor its investments for their environmental and climate impact.

The College will seek to use its influence, both as an academic institution and (through its investment managers) as an investor in companies which may be significant carbon emitters, to encourage and facilitate positive change.

*Positive Investment*

The College will give serious consideration to investing in dedicated ESG funds as these become more established and in other opportunities to invest in low carbon, sustainable, or renewable solutions to global energy needs.

*Ethical screening*

The College adheres to Charity Commission guidance on ethical investments, and the Trustees may from time to time when it is consistent with that advice, direct the Finance (Investments) Committee and the College’s investment managers not to make direct investments in specific companies. Such directions are in place prohibiting investment in tobacco companies, companies dealing in armaments with countries in which the UK government does not permit them to trade, and companies dependent upon pornography or child labour.
Pooled investments

The College will seek to extend the above ESG principles to its indirect holdings through pooled investment funds.

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