



# Ethical Investment Strategy 2021-2026

*Marjon Money Matters*

## Vision

Plymouth Marjon University will invest its funds ethically within its Values in order to demonstrate a positive approach to the environment and society whilst securing economic benefit and financial sustainability.

## Value Alignment

The University values are at the heart of everything we do and they are inspired by our ambitions for the future, encouraging both the ability and the aspiration to improve lives for all. We will challenge our financial partners to manage our funds, on our behalf, in line with our Values.



## Strategic Alignment

The Ethical investment strategy is designed to support a range of other strategies by protecting the capital value of the University's invested funds to aid financial sustainability and resilience. This approach will maximise resources that can then be deployed to support the University operations and growth plans.

## Strategic Governance

The Board of Governors own the Ethical Investment Strategy and it is reviewed annually. The Board of Governors delegate the review of the strategy to the Finance and Resources Committee who will from time to time monitor the financial KPIs and report any recommendations to amend the strategy back the Board of Governors.

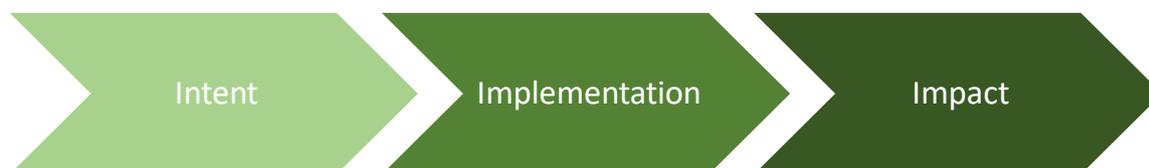
The Finance and Resources Committee will approve appropriate KPIs with the Vice-Chancellor and Director of Finance & IT as part of the annual action plan.

The practical operation of investing funds in short and longer-term investments, in line with the strategy, is delegated to the Director of Finance & IT and where material will also require the approval of the Vice-Chancellor but is always reported to Finance & Resources Committee and the Board of Governors. Finance and Resources Committee will approve the process and financial levels of these delegations upon recommendation of the Director of Finance & IT and Vice-Chancellor and this will be reflected in the University Financial Regulations (which are reviewed annually by the Audit Committee for recommendation to the Board of Governors).

Version Control: V1 Revision Date: July 2022

## Strategic Intent, Implementation and Impact

There are key principles and expectations underpinning the strategy [**Intent**]. These intentions then need to be actioned [**Implementation**] and their effectiveness evaluated [**Impact**]. As such, the strategy is structured by a process of intent, implementation and impact.



### 1. INTENT

1.1	<p>The University has a responsibility to make cash work to deliver financial returns to improve financial sustainability and resilience, although not at any cost.</p> <p>This is taken to mean capital growth of longer-term funds and short-term cash all with a medium risk approach. Cash growth can arise from either dividend generated from longer-term capital investment or from cash deposits being used responsibly and ethically in the short-term. Furthermore, investment decisions should also have due regard to the repayment of debt as an alternative option to secure value for money.</p>
1.2	<p>In operating within the University Values the Board of Governors are minded to promote the use of funds for investment, to not only generate financial returns, but to target opportunities to have positive outcomes on the environment and humanity.</p>
1.3	<p>It is the intention of the University Board of Governors to ensure that funds are invested for sustainable financial returns with due regard for the Church of England Ethical investment Advisory Group and must exclude or divest from the following activities:</p> <ul style="list-style-type: none"> <li>• Direct holdings in alcohol or tobacco</li> <li>• Gambling</li> <li>• Indiscriminate weaponry, conventional weaponry non-military rearms</li> <li>• Pornography and sexual exploitation</li> <li>• Organisations engaged in high interest rate lending</li> <li>• Human embryonic cloning</li> <li>• Extraction of thermal coal and production of oil from oil sands, subject to revenue thresholds</li> <li>• Modern slavery and human trafficking</li> <li>• Fossil Fuels</li> </ul>
1.4	<p>The University recognises there need to be financial safeguards to reduce the exposure to risk of losses by ensuring the following parameters are considered long term investments:</p> <ul style="list-style-type: none"> <li>• medium risk profile</li> <li>• capital and cash growth</li> <li>• wide portfolio range</li> <li>• no cap on low risk investments</li> <li>• 5% cap on high risk investments</li> <li>• 10% max in any one stock</li> </ul>

1.5	The University will invest short-term cash deposits in an appropriate financial instrument to secure financial returns whilst safeguarding the funds invested with due regard to: <ul style="list-style-type: none"> <li>• appropriate level of minimum cash retained in the bank account</li> <li>• liquidity – the ability to get cash back at short notice as needed to avoid overdraft and finance costs in year.</li> </ul>
1.6	The University ensures it does not become an outlier in relation to its ethical position relative to the rest of the Higher Education Sector.
1.7	The University will have regard for compliance with appropriate regulatory requirements.

## 2. IMPLEMENTATION

Pivotal to implementation is the appreciation and integration of all University strategies, plans and processes. Specific strategies and policies include:

- Marjon Growth Plan
- The Financial Strategy
- The Procurement Plan
- The Capital Plan
- Financial Regulations
- Strategic Risk Register

To achieve the intent underpinning the Ethical Investment Strategy there are a number of expectations and requirements for implementation:

Expectation/Requirement	
2.1	<ul style="list-style-type: none"> <li>• The Ethical Investment Strategy is reviewed by Finance and Resources annually</li> </ul>
2.2	<ul style="list-style-type: none"> <li>• Marjon Growth Plan and the Capital Plan Financial. Capital growth is maintained to help deliver resources to meet the Marjon Growth plan through capital planning, placing less reliance on borrowing as appropriate.</li> </ul>
2.3	<ul style="list-style-type: none"> <li>• The Financial Strategy and Medium Term Financial Plan reflects the targets set for sustainable returns on funds invested.</li> </ul>
2.4	<ul style="list-style-type: none"> <li>• The Procurement Plan. Fund Managers and our Bank acting on behalf of the University are procured with the Ethical Investment Strategy and Marjon Values at the forefront of expectations</li> </ul>
2.5	<ul style="list-style-type: none"> <li>• Financial Regulations reflect the appropriate governance, operational expectations and delegations to maintain control whilst ensuring efficient management of investments and performance reporting.</li> </ul>
2.6	<ul style="list-style-type: none"> <li>• The Strategic Risk Register contains the appropriate risk appetite for investments to generate returns and safeguard funds invested. This is routinely reviewed by the Director of Finance &amp; IT to reflect economic and market context.</li> </ul>
2.7	<ul style="list-style-type: none"> <li>• The Ethical Investment Strategy matches the key aspects of the Sustainability and Climate Emergency Strategy, whilst having regard for financial performance.</li> </ul>

*As implementation will inevitably be iterative in nature and require responsiveness to context, there will be a detailed annual Ethical Investment action plan aligned with the intentions and the broader implementation expectations*

### 3. IMPACT

Whilst annual priorities will be established, there are broader key performance indicators that would demonstrate positive impact.

<b>Performance Indicators</b>	
3.1	Protected capital value / improved capital growth and in year dividends.
3.2	Return on investment from cash deposits.
3.3	Investment portfolio remains within the parameters set out in the strategy.
3.4	Investments do not detrimentally impact on the University values.
3.5	Cash liquidity ratio is not at risk of breaching the Office for Students reporting limits.
3.6	Value for money achieved Investments and cash deposit v repayment of borrowing.
3.7	Bank Covenant not breached because of investment decisions.

## Annual Priorities 2020-21

Item	Priority	Lead responsibility	Review / completion	Evidence of impact/success	Intent Reference
1.	Review JM Finn fund management to reflect the Ethical Investment Strategy	Director of Finance & IT	Completed	Communication to JM Finn. Divesting in Fossil Fuels has been communicated and will happen once the price tops out. It is anticipated the fossil fuel investment will be cashed by the end of July 2021 at the latest. The DoFIT will meet with the Fund Manager once a semester, unless there are disruptions to the market, economy or the fund in which case meetings will be required more frequently.	1.1 to 1.4
2.	Set JM Finn fund managers targets for the fund by year-end for capital growth	Director of Finance & IT	Review	The Dashboard has now been drafted and targets / KPIs now need to be established by July 2021 so they can be reported to Finance and Resources Committee.	1.1
3.	Calculate minimum cash level to be held in the Bank to determine cash deposit limits	Director of Finance & IT	Completed	£4m minimum cash level is not breached – this may be cash across several funds with quick access. Liquidity ratio target is set to strike the balance between holding and investing/depositing cash and not triggering OFS reportable requirements (30 days liquidity in any revolving 3 month period).	1.5
4.	Establish a cash deposit account and set up the governance and operations as appropriate. Determine targets	Director of Finance & IT	Completed	Green Deposit with Barclays has now been set up with £2m deposited for 95 days (matures in March 2021). Performance of cash deposit. Effective cashflow forecasting. Dashboard now created.	1.5
5.	Create a dashboard for reporting return on investment / deposit performance (long-term and short-term) to include borrowing. Targets and KPIs to be developed over 2020/21 for the start of 2021/22	Director of Finance & IT	Review	Dashboard completed in draft for discussion so that targets and KPIs can be included in the monthly finance monitoring.	All