Queen Mary University of London[1]

Complicit investments: £1,117,069

Based on FOI requests

Yes
This university has an ethical investment policy

Ethical investment policy link: Read policy

Investments

Company	Value of investment
Barclays Barclays is a British multinational bank and financial services company. According to research released by PSC, War on Want and Campaign Against Arms Trade, it holds over £1bn in shares in, and provides financial services to, nine companies supplying Israel with weapons and military technology, used in its militarised violence against Palestinians.	£876,148
Booking.com Booking.com is a travel metasearch engine for lodging reservations. It is owned and operated by and is the primary revenue source of United States-based Booking Holdings and is headquartered in Amsterdam. It lists accommodation located in illegal Israeli settlements on stolen Palestinian land. It was included in the UN OHCHR's list of businesses active in illegal Israeli settlements based on stolen Palestinian land.	£140,319
Siemens According to research group Corporate Occupation "Traffic control systems of the company are installed by its Israeli representative, Orad Group, on apartheid roads (roads on which only Israelis are allowed to travel)." In addition Siemens Israel is participating in the electrification of the Tel-Aviv Jerusalem high-speed train (A1), which is currently under construction. The A1 train	£100,602

[1] University Complicity Database - Palestine Solidarity Campaign (palestinecampaign.org)

Company	Value of investment
route crosses the Green Line into the occupied Palestinian West Bank in two areas. The BDS movement has called for a boycott of Siemens for its role constructing the EuroAsia Interconnector, a submarine electricity cable from Israel via Cyprus to Greece, that will connect apartheid Israel's electricity grid with that of the EU and enable it to export electricity produced from fossil gas to Europe,	

Other links

This university has no other known links to complicit companies.

University Complicity Database, Palestine Solidarity Campaign, accessed 25 August 2024
https://palestinecampaign.org/university-complicity-database/

Investment Policy Statement

1. Purpose

This policy summarises the approach that the University takes to managing and overseeing the investment of its endowment portfolio. The purpose of the endowment is to support the operating activities of the University in general while at the same time funding a number of specific scholarships and research projects.

2. Roles and responsibilities

The members of the Council of Queen Mary University of London are the trustees of its investments and are ultimately legally responsible for the proper investment and safekeeping of the University's investments. Council has delegated this responsibility to the Finance and Investment Committee which oversees the investment policy and manages performance. The funds are overseen by external investment managers appointed by and subject to review by the Finance and Investment Committee.

3. Time horizon

The time horizon for the investment portfolio is considered to be long term: in investment terms, this is defined as being over ten years.

4. Investment objectives

Minimum investment objective

The minimum investment objective is to preserve the capital and income in the investment portfolio in real terms after inflation and distributions. The University's measure of inflation is the Consumer Price Index (CPI).

Distributions

The endowment portfolio is made up of permanent reserves and expendable reserves. In the case of permanent reserves, only income can be distributed. In the case of expendable reserves, income and capital can be distributed. In total, the annual distribution from the portfolio is approximately £1 million or 3% p.a. of the value of the investment portfolio.

Total return target

Given the need to preserve the value of the portfolio after inflation and cover the annual distribution, the portfolio is expected to generate a total return of at least CPI inflation plus 3-4% p.a. over rolling five-year periods.

5. Liquidity profile

Although the portfolio has a long-term time horizon, sufficient investments in the portfolio should be easily realisable, so that there is sufficient liquidity to meet any obligations.

6. Risk tolerance

A reasonably high level of capital volatility within the investment portfolio is considered to be acceptable given the University's long-term time horizon as it provides sufficient time for any short term decline in capital to be recovered. It is also necessary to accept a reasonably high degree of short-term volatility in capital values in order to achieve the portfolio's return objectives.

To limit capital and other risks in the portfolio, however, the investment portfolio is well diversified across asset classes and individual investments.

Diversification within the portfolio should be such as to limit the maximum downside risk or potential capital loss in the investment portfolio in any one year in normal market conditions (defined as 98% of the time) to 15-20%. It is accepted that the downside could be greater than this in extreme market conditions.

7. Responsible investment policy

Obligations

It is the duty of the University to invest in a way that furthers its charitable aims, which is normally achieved by seeking the best financial return from an investment portfolio within the level of risk considered to be acceptable.

The University invests its funds for the long term and expects its investment managers, as part of their normal investment research and analysis process, to take account of environmental, social, and governance (ESG) factors in the selection, retention and realisation of investments. The University recognises that ESG factors play a role in determining risk and return and considers that companies' effective management of the risks associated with ESG matters can lead to long term financial benefits.

Mission and Values

The approach to responsible investment supports the University's mission and its values.

The mission of the University is to create a truly inclusive environment, building on our cherished cultural diversity, where students and staff flourish, reach their full potential and are proud to be part of the University. Dedicated to the public good, we will generate new knowledge, challenge existing knowledge, and engage locally, nationally and internationally to create a better world.

The University aims to invest in companies where the activities of the company are, on ethical grounds, consistent with the educational and/ or research objectives of the University. The University will operate the responsible investment policy in accordance with the Charity Commission guidelines to:

- avoid direct investments that would for practical reasons conflict with the charitable aims of the University;
- avoid direct investments that might result in alienating supporters or other stakeholders.

Criteria

The University will require investment managers to incorporate ESG factors into their selection criteria. The University's investment managers are required to take into account the following criteria when investing the University's funds.

i. No direct investment in tobacco production companies. Such investment would be inconsistent with the University's medical research.

ii. The University aims to minimise investment in the following areas, subject to there being no significant impact upon financial risks and returns used to support academic activities:

   - *Fossil fuels* – this is defined using MSCI, a global industry-standard ethical investment information provider, to determine what is meant by 'fossil fuel companies', and to both quantitatively and qualitatively assess the investable universe of companies against that definition. MSCI define 'fossil fuel companies' as those that have proven and probable coal reserves and/or oil and natural gas reserves used for energy purposes. Reserves are considered to be used for energy purposes in the case of companies with the following Global Industry Classification Standard (GICS) classification: (a) Oil, Gas and Consumable Fuels Industry (b) Energy Equipment and Services Industry (c) Utilities Sector (d) Diversified Metals and Mining Sub-Industry..

   - *Armaments*:
      - Conventional Weapons: companies deriving 5% or more from the production of conventional weapons, or those that derive 15% or more aggregate revenue from weapons systems, components, and support systems and services.
      - Nuclear Weapons: companies that manufacture nuclear warheads or missiles, components, or delivery platforms for use in nuclear weapons
      - Controversial Weapons: companies with any ties to controversial weapons, including companies involved in the manufacturer and production of cluster munitions, landmines, depleted uranium manufacturer, biological and chemical.
      - Civilian Firearms: companies classified as a "Producer", or those that derive 5% or more revenue from the distribution of civilian firearms

   - *Gambling* - companies deriving 5% or more revenue from ownership of operation of gambling-related business activities, or those deriving 15% or more aggregate revenue from gambling-related business activities.

   - *Adult Entertainment* - companies deriving 5% or more revenue from the production of adult entertainment materials, or those deriving 15% or more aggregate revenue from the production, distribution and retail of adult entertainment.

iii. The University aims to increase the commitment to investments with positive environmental and/ or societal impact, subject to there being no significant impact upon financial risks and returns.

Engagement

We expect our investment managers to engage with companies where ESG issues are a concern. We expect them to exercise transparent use of voting rights and informal dialogue to encourage better management of ESG risks and opportunities.

Implementation and monitoring

In order to implement and monitor adherence to this policy the University will:

- Publish this investment policy on its website with appropriate contact details, enabling members of the University's community to have an opportunity to engage with the policy;
- Evaluate investment manager's capabilities in management of ESG issues as a factor when selecting investment managers;
- Issue copies of the policy to the investment managers responsible for managing the University's investments and hold regular meetings to monitor performance and adherence to the policy;
- Publish a list of all investments annually on its website, including details of socially responsible investments and progress towards divestment aims.

8. Strategic asset allocation

To achieve the required return without taking excessive risk in the investment portfolio, the strategic asset allocation or neutral benchmark for the portfolio has been set with 65% in equities, 20% in bonds and 15% in alternatives. To manage risk to an appropriate level, asset allocation ranges have also been set in each major asset class.

The table below shows the strategic asset allocation, permitted ranges and benchmark indices for monitoring the performance of the portfolio and its managers.

Strategic asset allocation

Asset class %	Benchmark	Ranges	Benchmark indices
Cash	0	0-10	BOE Base Rate
Government bonds	10	5-20	FTSE All Stocks All Gilts Index
Corporate bonds	10	5-20	ML Sterling Corporate Bonds
Global equities	65	50-85	MSCI AC World
Alternatives	15	5-20	CPI inflation +1%
Total	**100**	**--**	**Composite**

Permitted asset classes

Although the strategic asset allocation assumes investment in sterling bonds, this does not preclude investment in non-sterling bonds on a hedged basis when appropriate in order to enhance returns or limit capital risk.

Alternative investments include property, infrastructure, absolute return, commodity, precious metals and private equity funds.

There are, however, no formal restrictions on investment in specific asset classes.

9. Performance monitoring

The Finance & Investment Committee monitors the performance of the managers of the portfolio against the stated investment benchmark on a regular quarterly basis.

10. Review process

This policy will be formally reviewed every three years as a minimum. Staff and students will be involved in this review.

Approved by Finance and Investment Committee 15 June 2022