

University of Manchester

Complicit investments: £3,969,901

Based on FOI requests

Yes

This university has an ethical investment policy

Ethical investment policy link: [Read policy](#)

Investments

Company	Value of investment
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BAE Systems	£11,239
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BAE Systems is a large British arms producer. As reported by [Investigate](#), it manufacturer weapons and military technology used by Israel in its militarised attacks on Palestinians.

General Electric	£14,078
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As reported by research group [WhoProfits](#), General Electric engines are used in Israel's primary air and naval military platforms.

F-16 jets, Apache helicopters, Sa'ar ships, and other weapons systems with engines manufactured by General Electric have been used repeatedly in Israeli attacks on densely populated civilian areas, resulting in thousands of civilian casualties in Lebanon, the West Bank, and Gaza Strip.

HSBC	£1,060,000
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HSBC is a large British bank. Research by [War on Want](#) in 2017 found that HSBC invests over £830million in, and provides financial services worth up to £19billion for, companies supplying Israel with weapons and military technology used in its militarised attacks on Palestinians.

Mitsubishi	£731,539
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Mitsubishi is a Japanese automotive manufacturer. As [Investigate](#) reports, the Mitsubishi Pajero model serves dozens of senior officers in the Israeli Army since 2007, and has been used in the demolition of Palestinian homes in the occupied

Company	Value of investment
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Palestinian territory.

Siemens	£1,173,000
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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 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,

Sony	£44,045
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Sony Corporation is a Japanese multinational conglomerate corporation. Its diversified business includes consumer and professional electronics, gaming, entertainment and financial services.

During a June 2018 field tour in the Old City of Jerusalem, [Who Profits](#) documented the use of Sony cameras as part of Israel’s surveillance system in the occupied area. At least six Sony cameras were installed at Jerusalem’s Damascus Gate. As part of its military occupation, Israel maintains a regime of intense surveillance against Palestinians in Jerusalem.

Volvo	£936,000
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As reported by [research group WhoProfits](#), Volvo machines have been photographed and videotaped destroying Palestinian properties, including homes and schools, in the Occupied Palestinian Territories. They have also been used in the construction of Israeli illegal settlements and of the Apartheid Wall, built on stolen Palestinian land.

Volvo machines have also been used in the attempted

Company

demolitions of Palestinian villages, including in Susiya and Khan Al-Ahmar.

Other links**Company**

BAE Systems

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BAE Systems is a large British arms producer. As reported by [Investigate](#), it manufacturer weapons and military technology used by Israel in its militarised attacks on Palestinians.

Technion

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The Israeli Military rely on research and technological developments from Israel’s universities. As the European Coordination of Committees and Associations for Palestine (ECCP) [note](#) “Technion University has become virtually the R&D wing of the Israeli military. In 2008 it opened a center for developing electro-optics in partnership with Elbit, one of the largest Israeli weapons companies. Technion has manufactured technologies specifically to torment recalcitrant populations. The ‘Scream’ is a ‘non-lethal’ acoustic system that ‘creates sound levels that are unbearable to humans at distances up to 100 meters’, according to Technion. This crowd-control weapon is mainly used to suppress peaceful demonstrations in the occupied Palestinian territories”

Value of investment**Nature of link/relationship**

The University of Manchester Alliance Manchester Business School has close links with BAE Systems, including in 2019 winning a bid to design and deliver a programme, titled Propel Revolution 3: GROW, aimed at improving leadership capabilities in BAE Systems’ engineering leaders. It is one of BAE Systems’ six strategic university partners.

University of Manchester has signed a memoranda of understanding with Technion

[University Complicity Database - Palestine Solidarity Campaign \(palestinecampaign.org\)](http://palestinecampaign.org)

The University of Manchester

Revised Policy for Responsible Investment – July 2022

Summary

This Policy sets out the University's approach to Responsible Investment. A key element of the Policy is an objective to decarbonise the University's entire investment portfolio. Shares in companies with material fossil fuel reserves or involvement in fossil fuel extraction are excluded and further decarbonisation will be achieved through tilting the portfolio to more sustainable companies and engaging with companies.

Progress since 2019

Following a review in 2019 ('the base year'), the University committed to the following targets for the 'immediate term' 2019-22:

1. Reducing potential emissions from fossil fuel reserves¹ in the public equity allocation by 99% compared to the base year.
PROGRESS UPDATE: The University has reduced the potential emissions from fossil fuels by 99% at 31 December 2021 compared to the base year.
2. Reducing the Weighted Average Carbon Intensity² across the public equity allocation in the investment portfolio by 30% compared to the base year.
PROGRESS UPDATE: The University has exceeded this target and reduced the Weighted Average Carbon Intensity across the public equity allocation by 37% at 31 December 2021 compared to the base year.
3. Adopting the G20 Financial Stability Board's (FSB) Task Force for Climate Related Disclosures (TCFD) supplemental guidance for asset owners.
PROGRESS UPDATE: The University has successfully adopted TCFD guidance. The first disclosure will be published as at 31 July 2022.
4. Reviewing opportunities arising from the low carbon transition, forming a view on decarbonisation of all asset classes beyond public equities and setting new targets for the medium term (2023-27) in order to enable a transition towards the long term target of net zero carbon emissions by 2038.
PROGRESS UPDATE: The University has carried out a review of this Policy in 2022 and targets for the period 2023-27 are set out below.

1. Introduction

The University, consistent with its values and as set out in its strategy 'Our future', is fully committed to acting in a socially responsible manner. This policy sets out the principles for Responsible Investing (RI) that includes consideration of Environmental, Social and Governance (ESG) issues relating to all investment decisions.

¹ Potential Emissions (MtCO₂). The total potential carbon emissions of the coal, oil, gas and unconventional oil & gas reserves owned by a company. It is computed as the sum of the potential carbon emissions of the total coal, total oil, total gas and total unconventional oil & gas reserves (the shale oil reserves, shale gas reserves, and oil shale & tar sands) owned by a company.

² Weighted Average Carbon Intensity (tons CO₂e / \$M sales). Calculated based on Scope 1 and 2 emissions. Does not relate to the Fund's ownership share and hence serves as an indicator of potential climate-related risks. Importantly facilitates comparison with non-equity assets. FSB Taskforce for Climate-related Disclosures (TCFD) recommended metric for asset owners indicating portfolios exposure to carbon-intensive companies.

The fiduciary duty of the University's Board of Governors, as Trustees, to over the long-term maximize returns from the University's investments applies within the agreed risk constraints and also the responsible investments principles and criteria described in this policy.

This policy does not detract from the University's commitment to academic freedom enshrined in its values and, in this context, does not define the parameters for its research and business relationships.

The University's investment portfolio is made up of endowment funds. These are gifts from donors intended to be held on trust to generate a return, usually for specific purposes within the University. The University invests these funds across a range of asset classes, including public equities, private equity, property, cash, diversified growth funds and pooled funds. The University has set out its Investment Beliefs and Objectives, which are reviewed every two years. The University's Investment Sub Committee, chaired by a lay member of the Board of Governors and made up of lay members, members from the University's Senior Leadership Team and with representation from the Students' Union, reports to the Finance Committee. Responsibilities include appointing Investment Advisors and Investment Managers and monitoring performance, considering changes in investment strategy and target asset allocations, identifying and assessing new opportunities arising and reviewing compliance with the Policy for Responsible Investment.

2. Environmental, Social and Governance (ESG) Issues

The University is particularly concerned about the following key ESG issues and will continue to adopt investment strategies that seek to, ideally, eliminate investments in companies with corporate behaviour leading to:

- Environmental degradation and climate change (more detail in Section 3 of this Policy)
- Manufacture of controversial weapons, including cluster munitions, landmines, biological and chemical weapons and depleted uranium weapons
- Tobacco production, cultivation and manufacture
- Human rights violations
- The institutionalisation of poverty through discriminatory market practices
- Racial or sexual discrimination
- The exploitation of workers
- Giving or receiving of bribes

Where possible, or where specific criteria are defined (e.g. decarbonisation) in the investment process, exclusionary screening criteria will be used to address the above issues.

Where it is not possible to define screening criteria for a particular issue which can be used by investment managers, a monitoring and stewardship approach will be adopted, whereby investment managers will be expected to report quarterly on ESG issues, engagement and voting activity.

3. Decarbonisation: Action on climate emergency – zero carbon transition by 2038

Climate change is probably the most important issue facing the world today, and the University recognises the climate emergency declared by the UK Parliament and other nation states. The University fully supports the climate targets and ambition agreed in the 2015 Paris Agreement. As an institution, the University has aligned itself with the City of Manchester 2038 zero carbon target outlined in "Manchester Zero Carbon Framework 2020-2038" and embedded this target in the University's new strategy ('Our future'). The University in addition, has a strong carbon reduction focus in its research portfolio and will be strengthening this further to aid low carbon transition in local and global economy.

The University explicitly commits in this Policy to actively decarbonise its investments so that its investment portfolio reaches net zero carbon in 2038 (the 'long term' target). The chosen target is ambitious in comparison to national level targets and actions of other organisations which have focused largely on one aspect of carbon emissions, and ensures that the University investment portfolio will undergo a significant transformation over the coming years as a result. This transition will be a key focus of the Finance Committee, reporting to the Board of Governors.

The University has set the following decarbonisation targets and commitments for the period 2023-27:

- 1) Reducing exposure to carbon intensive companies as measured by Weighted Average Carbon Intensity², an indicator of current climate-related risks, in the public equity allocation by at least 50% compared to the base year (2019).
- 2) Reduce exposure to carbon intensive companies within the investment grade credit allocation by 40% compared to the base year figure calculated using appropriate benchmarks rather than actual University exposures.
- 3) Reduce energy consumption within the property portfolio by 10% compared to the base year and use 100% renewable energy by 2027. The University notes that within property, measurement of carbon reduction is less developed at the time of writing and will work with their investment consultant in relation to this developing area over the medium term.

In relation to commitments 1 and 2, the University will also monitor the possibility of achieving a stretch target of a 60% reduction relative to the base year.

4. Influencing Corporate Behaviour

As an investor, the University has three means of bringing pressure to bear on corporate behaviour:

- *Judicious acquisition*, where the University's Investment Managers incorporate ESG issues into the investment decision making process, including the use of screening criteria.
- *Divestment*, where the University's Investment Managers may divest of funds where the company is in fundamental breach of normative standards.
- *Stewardship*, through which the University's Investment Managers influence the ESG related strategies of the companies in which the University is a stakeholder both via proxy voting and investor engagement.

5. Investment Charter

The University of Manchester will use its best endeavours to ensure that it operates its Investment Policy in a way that is consistent with the objectives described in Sections 1, 2 and 3. The University will mandate Investment Managers adhering to this and advise Investment Managers of the following requirements:

Progressive decarbonisation

- The University will select Investment Managers and require them to implement a strategy that will result in the University achieving targets outlined above in Section 3.

Judicious acquisition

- The University will include expertise to consider ESG factors and provide good investment stewardship as explicit selection criteria when awarding Investment Manager mandates.

- The University requires all Investment Managers and Investment Consultants, to incorporate ESG factors, including zero carbon transition targets as defined above, into their advice and selection criteria of investments.

Divestment

- Where the University has agreed exclusion criteria that Investment Managers need to adhere to, if any violations of the criteria are detected divestment must ensue as soon as practical, or as in the case of decarbonisation, within the timeframe defined in the Policy.
- In other situations, where a company in which the University currently holds shares does not respond positively to concerns about its practices and is deemed to be in fundamental breach of acceptable standards of ethical and/or environmental practice, where directly practical, the University will instruct its Investment Manager to divest of shares in that Company and require the Investment Manager to inform the Company of its reasons for doing so. The University may implement this by selecting pooled funds with policies on engagement and stock selection that are aligned to the University’s objectives and beliefs.

Stewardship

- In addition to the specific exclusionary criteria for acquisition and disinvestment, the University will expect its Investment Managers to engage with companies to promote high standards or conduct in accordance with this Policy, provide proxy voting and report to the University on their stewardship activities.
- Where the University holds investments in any company that does not appear to be pursuing sound ethical business practices and/or displaying appropriate environmental responsibility, the Investment Managers will seek to persuade that company to operate in a more socially and environmentally responsible manner and to improve corporate disclosure.

6. Reporting and Review

The University will make available on its website a retrospective “snapshot” report listing all shareholdings every quarter. There will also be an annual report on adherence to this Policy for Responsible Investment including target measurements outlined under Section 3, as well as reporting on stewardship activity undertaken by the University’s Investment Managers.

The University will review the Policy for Responsible Investment every two years.

Policy / Procedure title:	Revised Policy for Responsible Investment – July 2022
Date updated:	July 2022
Approving body:	Board of Governors
Version:	1.3
Supersedes:	Revised Policy for Socially Responsible Investment – May 2020
Previous review dates:	May 2020
Next review date:	2024
Equality impact outcome:	n/a
Related Statutes, Ordinances, General Regulations:	Statute XI(i)

Related policies:	Financial Regulations 2.6, 8.8 and 10.28
Related procedures:	None
Related guidance and / or codes of practice:	None
Related information:	None
Policy owner:	Chief Financial Officer
Lead contact:	Deputy Director of Finance