Policy: Socially responsible investment

Purpose
This policy has been developed to provide guidance on what assets should be held in the University’s investment portfolios.

Overview
This policy seeks to ensure socially responsible investing behaviours are maintained in the execution of ANU investment policies and strategy. The ANU Council will contribute to the ongoing implementation of this policy. Council will provide input to the debate on substantive issues as they arise.

Scope
This Policy applies to those with responsibility for investing on behalf of ANU, and those with oversight of ANU investing activities.

Policy statement
1. The University directly manages a large investment portfolio. The aim of the portfolio is to deliver a balance of risk and return within parameters determined by the University. Investment returns from the University’s investment portfolio support operational revenues, provide for payments on liabilities and underpin endowment mandates. In making these investment decisions, the University also considers its wider responsibilities as an investor.

2. To this end the University has developed a Socially Responsible Investment policy to provide guidance on what assets should be held in its investment portfolios. While the University has a fiduciary responsibility to maximize returns under its control, to diversify risk and to ensure the funds are efficiently managed, this policy also incorporates the need to assess and consider any social harm or benefit that might arise through these investment activities.

3. In making investment decisions, the University will aim to:
   • avoid investment opportunities considered to be likely to cause substantial social injury
   • positively promote investment in securities, companies, trusts and other
entities that support socially beneficial outcomes

• achieve a significant reduction in the overall carbon intensity of the investment portfolio relative to industry benchmarks

4. It is acknowledged that many large companies have diverse activities and that assessing a company’s involvement in either ‘avoid’ or ‘promote’ activities requires some judgement of the degree of involvement.

Compliance and reporting

5. Finance Committee will monitor investments held in the University investment portfolio through reports provided by the Investment Office.

6. Each year, the Investment Office will report to Council through Finance Committee the University’s compliance with this policy. This report will detail any deviation from the policy and actions taken to address non-compliance. This report will list any assets held which are in contradiction of this policy and the approved timeframe for reducing these investments.

7. While undertaking due diligence on new and existing assets held within the University investment portfolios, the Investment Office will ensure compliance with the principles provided for in this policy. Should there be any uncertainties regarding the compliance of specific investments, the Investment Director will discuss the matter with University Executive.

Transitional Arrangements

8. Where the University determines, pursuant to this policy, to reduce its investment in an existing company or asset, the liquidation of that asset should be timed to avoid any adverse impact on the University’s overall investment position and the University may decide to phase out of a particular asset over a period of time. In such cases, the progressive winding back of such an asset will be monitored and periodically reported.