

KING'S COLLEGE LONDON

SOCIALLY RESPONSIBLE INVESTMENT

Introduction and background

King's College London received its Royal Charter from King George IV in 1829. It has always been dedicated to the advancement of knowledge, learning and understanding in the service of society. Dealing with issues impinging on human rights, the remediation of poverty, freedom from economic and workplace exploitation and environmental sustainability, including climate change, are fundamental to the pursuit of King's mission in the 21st century.

As a globally focused organisation, King's is in a position to use its influence as an investor to discourage irresponsible or reprehensible behaviour in both the public and private sectors. King's will exercise its influence primarily through engagement with the companies it invests in and continuous improvement of its investment approach. Investing the university's endowment in a socially responsible manner is entirely consistent with its responsibility as a leading international university to conduct significant research 'in the service of society'.

Roles and responsibilities

The members of King's College London's Council are the trustees of its investments and are ultimately legally responsible for the proper investment and safekeeping of these funds. This responsibility has been delegated to the university's Finance Committee which has created an expert Investment Sub-Committee to oversee investment policy and manage performance. Ultimately, therefore, any decisions about ethical investment and its implications for areas such as fundraising, research and procurement will need to be agreed by the Council, taking advice from the Finance Committee and other relevant bodies.

Investment practices

King's College London currently has a diverse portfolio including bonds, equities and property worth just over £155 million in the financial year 2014/15. Like most other relatively small investors, King's has no direct investments, preferring instead to spread its investments through pooled or co-mingled funds overseen by external asset managers (such as Blackrock) appointed by the Investment Sub-committee. While this minimizes the risk, the consequence is that King's does not have direct control over which companies are invested in – and therefore cannot decide immediately to invest or disinvest in any particular industry or sector.

The majority of such pooled funds spread their investments across the whole financial universe, ranging from investments in aerospace and defence to general Retailers to real estate. While larger direct investors may choose to avoid certain investments, such as in tobacco companies, there are often significant financial penalties or time constraints preventing easy or quick disinvestment from pooled funds.

King's College London and Ethical Investment

During his time as Dean of King's College London in the 1980s, Richard Harries was active in promoting the idea of ethical investment. This resulted in a landmark High Court case, Harries vs Church Commissioners for England, with the Court ruling that charities should endeavor to take ethical considerations into account as long as the financial returns were not significantly compromised. This still forms the basis for ethical investment today and for the Guidelines of the Charity Commission that charitable institutions, such as King's, may decide to:

- avoid investments in companies that would for practical reasons conflict with the aims and objectives of the Charity; and

- avoid investments that might hamper the Charity's work, either by making potential beneficiaries unwilling to be helped because of the source of the Charity's money, or by alienating supporters.

Ethical Investment Policy at King's today

The university's Ethical Investment Policy aims to provide a framework for the university to integrate a range of socially responsible factors into its investment approach. These factors may affect the performance of investments, now and in the future, and it is paramount that this is fully evaluated given the aim to provide strong long-term investment results for King's.

Adoption of this framework also sets up a process for the integration of ethical investment principles in other important related areas including fundraising, research and procurement.

Ethics and Fundraising activities

King's College London has continued to be proactive in ethical considerations in its fundraising and development activities since the Council agreed an Ethical Fundraising Policy in 1999. This led in turn to setting up the Fundraising Ethical Review Group responsible for all development activities and fundraising initiatives across King's Health Partners, which also uses the Charity Commission's guidelines and other agreed principles in reviewing fundraising activities.

The way forward – formation of the Socially Responsible Investment Review Committee (SRIRC)

King's College London is committed to a process to review not only our investment policies, but in due course also our methods and guidelines for fundraising, research contracts and procurement.

With regard to current concerns about the environment and climate change, as a leading international university King's wishes to avoid investments in companies whose products (e.g. thermal coal and tar sands oil) result in irrevocable environmental damage. Ethical investment covers many other important areas and the SRIRC has a broad remit to fully deliberate concerns and investments related to issues of social justice and human rights.

The SRIRC will consider these issues during this academic year, specifically to:

- Ascertain and review the range and nature of our current investments, with the assistance of the Director of Finance and the Council's Investment Sub-Committee
- Examine potential ways to move current investments in pooled funds which invest in thermal coal and tar sands oil companies to other vehicles when it is financially and practically possible to do so
- Consider other multiple vehicles and pooled funds which operate with ethical investment policies which align with the principles and purposes of King's College London
- Fully deliberate other areas of ethical investment concern, particularly those related to social justice, such as investing in companies who manufacture arms. Options to end current indirect investments in tobacco will also be evaluated, with a focus on ending these investments at the earliest opportunity.
- Consider ways to align ethical investment with the policies and principles of the Fundraising Ethical Review Group, and the implications for other areas such as research contracts and procurement
- To report back to the Principal and his executive team for the university Council meeting in July 2016.

Membership

Mr Ian Creagh, Head of Administration (Chair)

Professor Chris Mottershead, Vice-Principal

Rev'd Canon Professor Richard Burrige, Dean of King's College London

Dr Sridha Venkatapuram, Lecturer in Social Science Health and Medicine

Professor Bronwyn Parry, Social Science, Health & Medicine

Ms Nadine Almanasfi, KCLSU President

Mr Tytus Murphy, KCLSU Fossil Free Campaign

Richard Burrige and Tytus Murphy, on behalf of the SRI Review Committee

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