UNIVERSITY OF SUSSEX

Principles for the Council Review of the Socially Responsible Investment Policy

Finance Division

Council SRIP
Review Policy Guiding Principles

1. Strategic alignment

The University will invest in ways which promote and deliver the aims and objectives of the Sussex 2035 Strategy and are consistent with its foundational principles.

Ethical investments and investing activity will deliver financial sustainability to the University, securing a financial return which is sufficient to maintain the capital invested in real terms and meet endowment expenditure or contribute to the operating margin for investment.

Sussex will make a distinctive, inventive, and positive contribution to environmental sustainability, human flourishing, and digital and data futures.

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2. External Environmental, Social, and Governance (ESG) reference

The University aims to invest in companies with high standards of corporate governance and In making investment decisions will consider organisations and sectors which promote good ESG behaviours. The University recognises the United Nations Sustainable Development Goals as a leading indicator of the potential and scope to make a positive contribution to the world through investing.

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3. Professionally led investing

The University will place reliance on expert investment managers to manage its investments.

External professional investment managers will be appointed to manage the University's investments in line with Council's Socially Responsible Investment Policy.

Investment managers will be signatories to the United Nations Principles of Investment (UNPRI) and will be expected to meet or demonstrate progress towards the Student led COP26 declaration on principles for asset managers.

4. Active investor positive and negative screening and engagement

The University will be an active investor and will require its investment managers to act on its behalf in line with the Socially Responsible Investment Policy.

Investments will be selected using a combination of positive and negative screening to encourage good ESG behaviours (aligned to best practice and UNSDG), exercising rights of ownership, engaging proactively with financial and Higher Education sectors and leveraging influence as an investor.

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5. Excluded investments

The University will not invest in any organisations whose principal activities encompass excluded sectors and will work with its investment managers to establish and continuously improve investment methods which effectively identify and minimise exposure to excluded business sectors.

Excluded sectors include:

- **gambling** – management or ownership of gambling facilities
- **tobacco** – manufacture and sale of tobacco products
- **armaments** – production of weapon systems or their critical components. The University will not invest in any organisation where there is confirmed involvement in the production of weapons regulated or prohibited by international convention (controversial weapons); antipersonnel mines, cluster munitions, chemical, biological and nuclear weapons, or the supply of their key components
- **pornography** – the production or distribution of pornographic materials and ownership of adult establishments
- **fossil fuels** - the extraction of coal, oil, natural gas, shale oil/gas and tar sands.

6. Defined investments

Investments and investing activity is defined as the acquisition, management and disposal of medium to long term financial assets with duration greater than two years.

Investments do not include the management of cash and cash equivalent assets with a duration of under two years, which are the University's operating working capital and the subject of the treasury management policy (temporary cash), neither does it include equity held in subsidiary companies or the financial assets managed by the University's pension funds.

Investments do not include other financial services procured by the University nor do they include corporate relationships which exist by virtue of the University's broader education, research and business activities, which are the subject of other policies (see guiding principle 10).

7. Reporting, disclosure and accountability

The policy will ensure regular, transparent reporting of investment activity is provided to the Finance and Resources Committee, providing full transparency of investment activity including performance against financial, ESG and other policy objectives.

The policy will provide for disclosure to the student and staff stakeholder community of investments and information from investment managers on ESG performance, voting and engagement across the University's funds under management.

The policy will require implementation of a transparent process for student and staff stakeholders to request a review by FRC of any individual investment which on an evidential basis, they believe is inconsistent with the Socially Responsible Investment Policy.

8. Charity trustee obligations

The policy will ensure that the obligations of charity trustees are met; balancing the requirement to deliver a financial return, manage financial risk, deliver strategic objectives and preserve the charity's reputation (Charity Commission guidance and fiduciary duty).

9. Investment objective

The policy will ensure that the primary purpose of investing, which is to generate sufficient returns to preserve capital and meet endowment expenditure and/or maximise contribution to operating income from financial assets, is met.

10. Other policies

The Socially Responsible Investment Policy will have regard to other University policies including those, such as the procurement and purchasing policy and the donations policy, which are concerned either wholly or in part with external relationships.

The Socially Responsible Investment Policy is concerned with investor/investee relationships. Different policies may apply to other corporate relationships, including those with financial services organisations and banks (see guiding principle 6).

Published November 2025