

Summary of the Report from Short-Life Working Group on Investment Approaches in the International Context

A. Background

The formation of a Short-life Working Group on Investment Approaches in the International Context (WG-RII) was one of three actions agreed by University Executive at its meeting of 14 May 2024¹, when it discussed proposals for divestment.

WG-RII's remit focussed on international human rights and University values; how the University's Responsible Investment policy (RI Policy) is implemented; and how alignment of policy and practice with the University's values can best be achieved.

The convenor of WG-RII was the Provost. Its membership comprised academic and professional services leaders with relevant expertise in socially responsible investment, international human rights law, sustainability, defence-related research, and equality, diversity and inclusion, as well as student input from the Students' Association President. The Terms of Reference were published on the University website.²

B. Current position – governance of University investments, and the University's Responsible Investment Policy

The University Court approves the overall investment strategy and any policies (such as the RI Policy) or principles it wishes to be adhered to in the management of the Endowment Fund. Policy and Resources Committee oversees the University's investment strategy. In particular, it is responsible for considering and making recommendations to Court on the University's overall investment strategy and objectives on the advice of Investment Committee, including taking responsibility for ethical and social responsibility issues.³ The Investment Committee is responsible for the management of the Endowment and Investment Fund within the parameters set by the University Court or via its Policy & Resources Committee.

WG-RII noted that the University's in-house resource to manage investment operation and directly support Investment Committee is modest. The size of the University's endowment has not justified a larger operation, as seen with some larger university endowments, such as those of Harvard or Cambridge universities, or for large global investment funds which manage hundreds of billions of pounds.

WG-RII noted that the governance structures and approaches used to operationalise the University's RI Policy are not well understood by the University community, and are not seen to address concerns of staff and students around ethical investment aligned to human rights, including the ability to consider proactively emergent investment concerns. Unlike some other Russell Group universities, the University

¹ [Update on the University's investments | The University of Edinburgh](#)

² <https://edin.ac/4evmao4>

³ <https://governance-strategic-planning.ed.ac.uk/governance/university-committees/court-committees/policy-and-resources-committee/terms-of-reference>

does not have a formalised process by which representations can be made by committees, staff and student bodies concerning responsible investment issues.

C. Process followed by WG-RII

WG-RII undertook its work across three meetings in late July and August 2024. Each meeting included expert input from within the membership, including on relevant principles of international law, and current and emerging practice at the University, as well as in the HE sector and the investment world.

A diversity of views was expressed by members of WG-RII in its discussions. Overall, WG-RII members were mostly agreed around providing high-level recommendations, with any disagreements revolving around the way these were expressed. Work was undertaken before submission to address those concerns, where possible.

D. Key issues considered by WG-RII

WG-RII discussed the various frameworks, principles and guidance that currently exist, including whether those would be valuable to consider as part of our approach to implementation of the RI Policy. This included a proposal that the University should explicitly pay greater attention to Human Rights Law, International Humanitarian Law and War Crimes, Genocide, and Crimes against Humanity in its approach to investment, and if it were to do that, ways in which that might be implemented. The benefits and risks of this more expansive approach were also considered in relation to operationalising a more extensive RI Policy framework where proactive assessment of human rights violations would require enhanced due diligence and active ownership of investment decisions.

WG-RII discussed the potential to use the UN 'Blacklists' in its approach to responsible investment.⁴ It was agreed that while the list was not sufficient on its own, it could be a useful information source for the University to draw on, alongside other evidence, when undertaking due diligence and making investment decisions.

The University signed the UN-PRI on 7 February 2013, and remains a signatory.⁵ As a signatory, the University reports regularly on its responsible investment progress, and publishes these reports on its website.⁶ WG-RII observed that the University was aligned on process, for example via its regular reporting, but it was not clear that the University currently either actively or systematically monitors and acts on all of the guidance and context issued by the PRI, including guidance on the operationalisation of human rights, or that the University's approach to investments and the UN-PRI framework realised its commitments to human rights practice or in alignment with the University's values.⁷

⁴ <https://www.ohchr.org/en/hr-bodies/hrc/regular-sessions/session31/database-hrc3136>

⁵ <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment?>

⁶ <https://www.ed.ac.uk/sustainability/operations/responsible-investment/principles-pri>

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https://www.ed.ac.uk/sites/default/files/atoms/files/social_civic_responsibility_delivery_plan_2020_to_2030_0.pdf

WG-RII received expert input about the four areas of international law designed to regulate violence and geopolitical conflict in an international context: International Human Rights Law, International Humanitarian Law and War Crimes, Genocide, and Crimes against Humanity. An advantage of these frameworks is that they are conflict agnostic and can help inform implementation of a more responsive and future-proofed RI Policy. It was noted that investment fund managers are increasingly operationalising human rights and international crimes exclusions, alongside exclusions for controversial weapons, fossil fuels and tobacco.

E. Recommendations

WG-RII requested that Court agree these recommendations and action them with a degree of urgency. Its key recommendations were:

Recommendation 1: The revised RI Policy should include a clearer, actionable commitment to respecting human rights, in alignment with the focus on human rights within the University's Social and Civic Responsibility Delivery Plan. This should include a commitment to the University being a stronger, more active signatory to the UN-PRI. Further consideration should be given to extending the University's commitment to human rights via the UN Guiding Principles on Business and Human Rights (the UN-GPs), and to addressing other areas of international harm.

Recommendation 2: A new ethical review and due diligence group or committee should be formed with the remit to build on discussions started by WG-RII around embedding ethical, human rights and international law considerations in our investments. This new group or committee should also identify a transparent process, with clear bilateral communications and reporting, to consider concerns from members of the University community in an agile and proactive way.

Recommendation 3: The new ethical review and due diligence group or committee should be asked to build on the discussions and findings of WG-RII to determine whether to adopt or apply potential resources such as UN 'Blacklists', frameworks and principles of international law, as considered by the WG-RII.

F. Risks, implications, and dependencies of possible changes

The Group noted there would be costs associated with implementing a more proactive approach to ethical due diligence and human rights, which would need to be considered to ensure that any new approach was proportionate and affordable, and further that the University's Endowment continued to be able to deliver financial returns that ensure ongoing and sustained benefit to staff and students.

While the Group identified a number of risks that would need to be considered prior to implementing its recommendations, it also noted the importance of balancing those risks against identified benefits, including a more extensive and up-to-date RI Policy framework; the ability to evidence to our community more impactful delivery of expectations associated with the UN-PRI; enhanced due diligence and active ownership of investment decisions, including a mechanism for the University to quickly respond to issues of concern to our community; and the ability to quickly mitigate emerging risks associated with our investment practices.