

## Statement on Responsible Investment

This document sets out the responsible investment aims of King's College and supplements the College's Statement of Investment Policy. Its implementation is overseen by the Investment Committee. Material changes must be ratified by the Governing Body.

### 1. Introduction

King's College is a charity whose objects are the advancement of education, religion, learning and research. The primary purpose of the College's investment portfolio, which is invested in a range of financial assets, is to provide long-term stable and sustainable investment returns to support these charitable aims, and to ensure that all we do supports the mission of delivering world-class education in the context of a truly diverse and inclusive community.

The College transfers a percentage of its investment returns every year to operations in order to support these objectives, according to a spending rule determined by the College's Council. A long-term return target is put in place and regularly reviewed in order to meet this spending target and to ensure that the value of investments grows at least in line with inflation.

The College is clear that its investment activities must accord with prevailing charity law. This means that the College's investments must support and, as far as possible, advance the College's charitable objects. While this obliges the College to invest to achieve a good and sustainable return, it may also have regard to reputational and other risks and how those are mitigated.

### 2. Our Values

Within this framework, King's approach to responsible investment is guided by our values. Specifically:

- **Non-complicity with abuse and unjustified harm.** King's College is committed to broadening access to world-class higher education, and a commitment to inclusive excellence sits at the heart of our community. To the extent that it is possible, King's will avoid profiting from or enabling abuses and activities of unjustifiable harm in whatever form they take.
- **Modelling transformation.** As a responsible steward, we will seek further ways of effecting positive change through our investment portfolio decisions and engagement with other investment managers and banks. This means acting as a Universal Owner<sup>1</sup> across our investment activities; influencing managers' shareholder votes across their

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<sup>1</sup> Universal Owners are long-term owners of capital who must mitigate systemic risks like climate change – and therefore externalities such as greenhouse gas emissions – through real-world impact both directly and via fund managers, banks and other service providers. This contrasts with a typical Environmental, Social and Governance (ESG) approach, which generally aims to reduce risk to the portfolio from ESG risks without taking into account the portfolio's impact on these risks.

holdings; and seeking to use our other resources to encourage change that goes beyond 'lip service' to responsible investment.

### 3. Implementation

#### 3.1 Equities

The College has agreed to exclude all meaningful exposure in financial investments to companies that:

- Contribute to fossil fuels emissions
- Are complicit in human rights violations and other severe breaches of international law or involved in severe controversy, including those that breach the UN Global Compact
- Produce armaments, including military weapons; nuclear weapons; biological, chemical or other weapons restricted by international treaty; or produce key or dedicated components of such weapons

Regarding fossil fuels, the College has embarked on the transition to divest from all meaningful exposure to fossil fuels. In line with the University endowment fund, the College has committed to completing this transition by 2030. It is expected that the College's own transition will be completed substantially ahead of this deadline.

With regard to giving effect to our value of ensuring non-complicity in human rights violations and severe breaches of international law, the College has decided *inter alia* to divest from companies that support or sustain the illegal occupation of Palestinian territory, as confirmed by the International Court of Justice in its Advisory Opinion of 19 July 2024. The College applies equivalent principles to the illegal occupation of other territories.

Alongside these commitments, the College maintains a 'watchlist' of environmental, social and governance issues where it regularly checks investment exposure and, where concerns arise, reports it to Council and the Governing Body.

#### 3.2 Property

The College is a long-term direct investor in property, particularly in the Greater Cambridge area. The College owns a broad range of different types of property, and the actions that it takes will reflect the type of property, the legal ownership structure, and the other parties involved. The College wishes to play an active role in the sustainable development of Cambridge, including in supporting relevant activities of the collegiate University.

#### 3.3 Engagement

As Universal Owners, we will as far as possible use our influence, where appropriate working with others, and leveraging the scale of our portfolio managers, to participate in wider debates which shape industry definitions of best practice in responsible investment and which contribute to concrete company- and industry-level behaviour change as well as to shifts in social discourse more broadly.

The College expects its portfolio managers to vote in favour of the vast majority of environmental and social shareholder resolutions, and to vote against the re-election of

directors whose companies do not have strategies that are aligned with the values laid out in this policy. Should our managers fall short of this policy, they should expect not to be appointed or re-appointed by the College. The College will reserve the right to publicise the reasons for its decision not to renew the manager's mandate. It may also communicate publicly when it has disposed of an interest in an investment, or a fund, where that disposal has been triggered by factors relating to the policy.

### **3.4 Banking**

The College maintains a cash allocation within the investment portfolio and manages cash outside of the portfolio in order to fund its operations. In determining where to deposit cash, the College will have due regard to this policy. We are committed to continuing engagement with our bankers, including in collaboration with other organisations, to lobby for a reduction in lending and underwriting to fossil fuel companies as well as companies found to be complicit in human rights violations, and to encourage them to adopt approaches in line with the College's values as set out in this policy. A failure by banks, and other financial counterparties, to engage actively with this policy will have an impact on King's willingness to do business with them in future.

## **4. Reporting and Review**

The Investment Committee reports at least annually to the Governing Body as to how the portfolio is performing against this policy, including as regards indirect exposure to fossil fuels on the path to divestment. The Governing Body acts on behalf of all those who share an interest in supporting the College and rely on its operation. It will therefore take account of the views held by those people. The First Bursar, on behalf of the Investment Committee, also commits to engaging regularly on the topic with the College community, including the students, Fellows and staff.

Where a group within the College considers that King's should divest, or invest positively in specific areas, it will make that case either to Council or to the Governing Body. In order to comply with its legal obligations, the College will expect such an argument to explain why such action is consistent with the College's objects and, ideally, to bring evidence of support from a major part of the College's members.

The Council and Governing Body will consider such a proposal and determine whether to propose a change in this policy. Where a survey of adequate scale has not been carried out, Council or Governing Body will undertake such an exercise to assess the strength of consensus across the College's membership and, accordingly, the potential for reputational impact. Advice will be sought from the Investment Committee about the potential impact on investment income from the change. This advice, and the results of the survey, will then be brought for decision to Council and Governing Body. If the College supports the change, Governing Body will instruct the Investment Committee to implement the change.

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