



**LEARNING AND LEGACY** THE ROLE OF EDUCATION IN CREATING HEALTHIER, HAPPIER CITIES  
EAUC 20th Annual Conference 25th - 26th May 2016

# Workshop 25: Making Money Matter

*Dave Gorman*

*Director of Social Responsibility and Sustainability  
University of Edinburgh and Philip Bazin,  
Environment Team Manager, Triodos Bank N.V.*





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# Making Money Matter

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**Director of Social Responsibility and Sustainability  
University of Edinburgh**



# Responsible Investment at University of Edinburgh

**Dave Gorman, Director**



# The Potted Version..

- First University to sign the PRI in Europe (2013)
- Action to divest from coal and tar sands and controversial weapons, adding to tobacco previously
- Assessed stranded assets argument, working to embed ESG issues further
- Carbon intensity of direct investments down 50% since 2013 and 90% since 2008
- Embedded into investment strategy and wider response to social responsibility and sustainability
- New policy statement agreed 2016

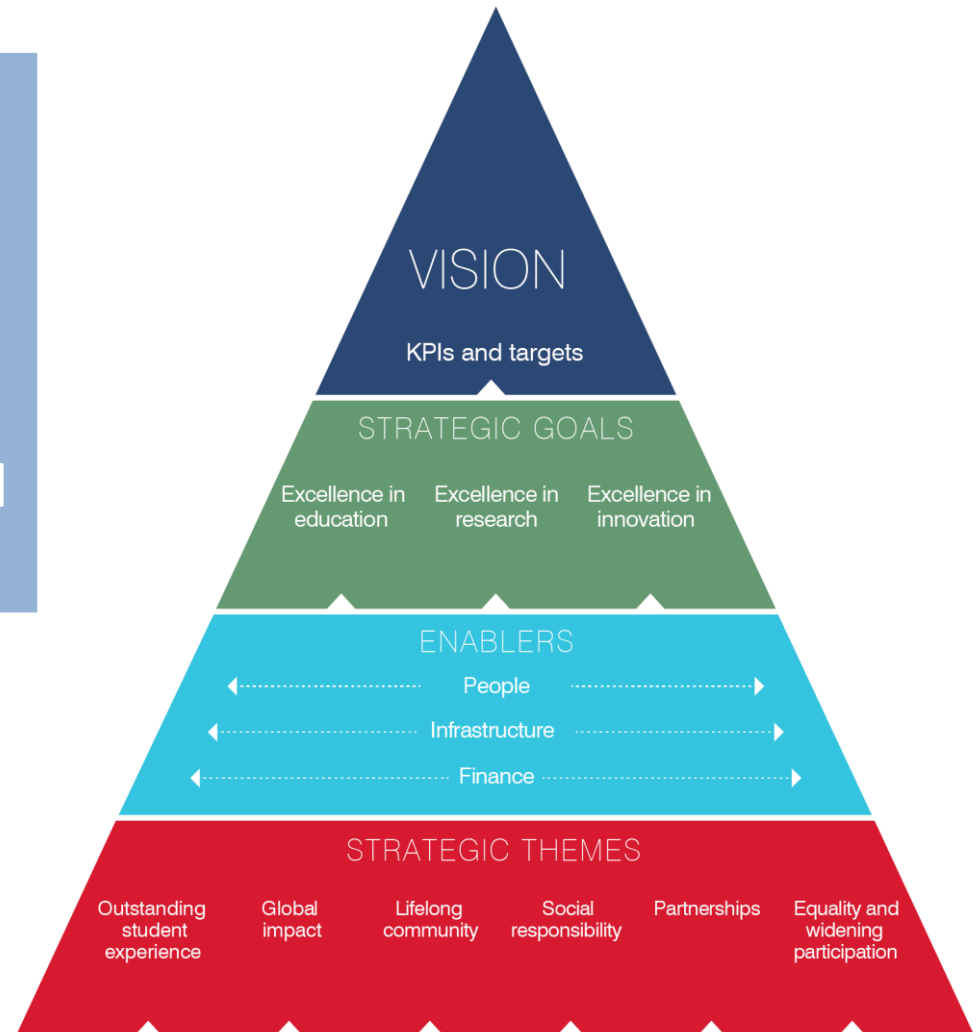
# Strategic Context



Leadership and  
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- “We aim to make a significant, sustainable and socially responsible contribution to Scotland, the UK and the world, promoting healthy economic growth and cultural wellbeing”



# What Does SRS Department Do?

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- We understand and explain what the important risks and opportunities are
- We develop the University's response to these challenges and opportunities
- We deliver and facilitate programmes to catalyse action and collaboration across campus

# Endowment Funds



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University of Edinburgh  
endowment funds (2013)

£280<sub>m</sub>



# Endowment Funds

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- Managed via investment committee - committee of court but with investment professionals as members
- Set overall investment strategy, asset allocation, monitors progress
- Investment Committee appoints and oversees external managers



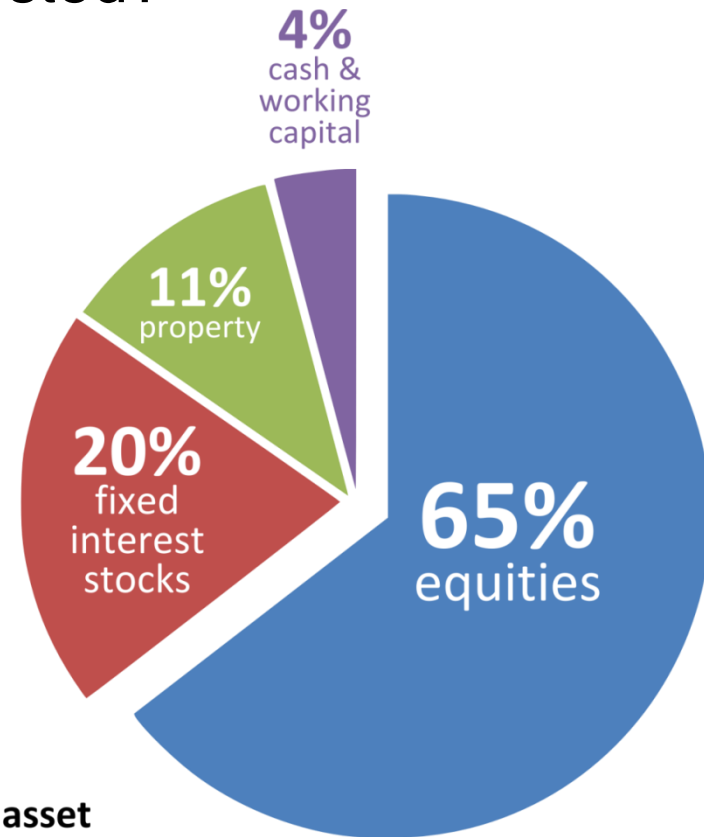
# Endowment Funds



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- Where the endowment is invested?



Endowment fund asset  
allocation as at 31 July 2013

# Endowment Funds

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What we committed to do in 2014...

- Undertake a Peer Review and consultation ✓
- Develop reviews of fossil fuels and arms ✓
- Create a plan to amend and review the responsible investment policy ✓

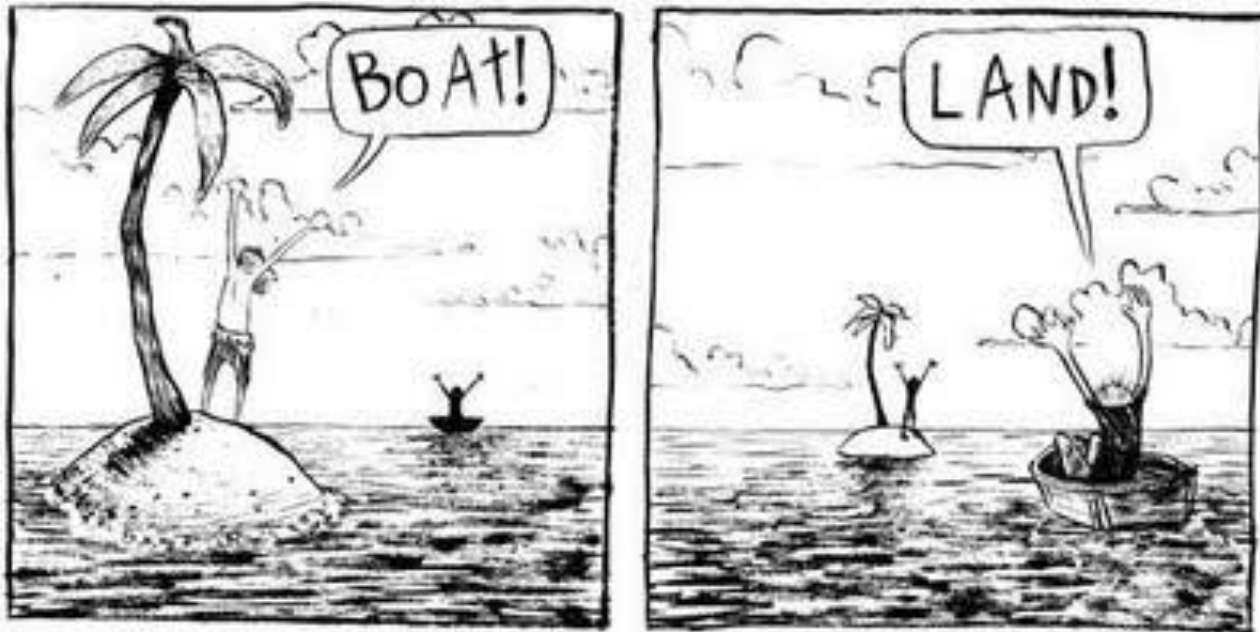
# Endowment Funds



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## Contrasting views





## Fossil Fuels Review...

- Guided by evidence, review group established and met Later 2014 to spring 2015
- Set it 5 criteria to report against
- When launched, all evidence placed online at:

<http://www.fossilfuelsreview.ed.ac.uk/>

- Divested from coal, tar sands as part of a broad ranging approach
- And more detailed and innovative commitments....

# Lessons Learned

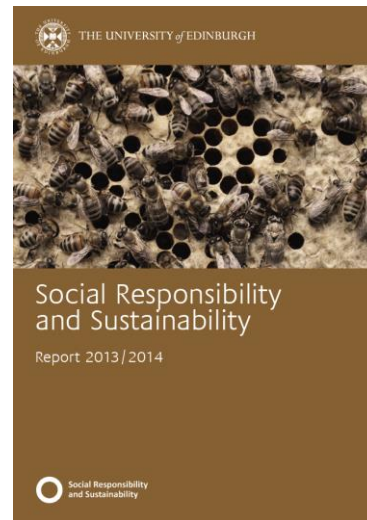
- The process of consulting and refining the key actions to address, worked well
- Very high profile and strongly contrasting views- need to work hard to find agreement
- Important to be evidence based, look for where action makes most difference
- Institution-specific and needs to be seen as part of wider whole institution approach to social responsibility and sustainability
- Better to take action after reflection than move too quickly to a yes/no single decision?



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# Questions?



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# Making Money Matter:

**Philip Bazin,  
Environment Team Manager,  
Triodos Bank N.V.**

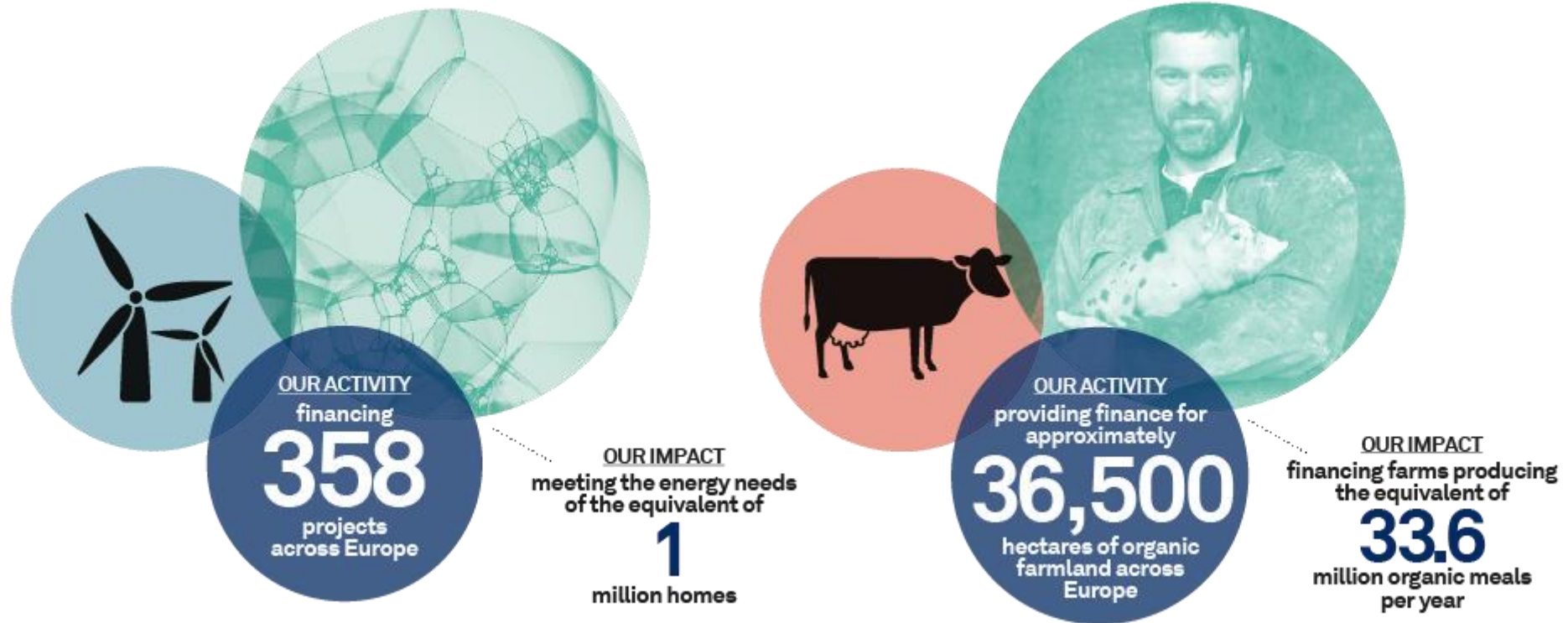




# Triodos Bank – What Makes Us Different



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Source: Triodos Bank Annual Report 2015

- Ethos is to connect savers with borrowers in a transparent way
- 100% of Triodos Bank loans and investments benefit sustainable projects



# Triodos Bank – What Do We Do?



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- Europe's leading 'social bank' - established 1980
- €12.3 billion of assets under management as at Dec' 15
- Includes funds under management of €3.1bn (€4.1bn with affiliates)
- Lending in the UK, Netherlands, Belgium, Spain, Germany and France, investing internationally.
- Triodos Bank UK:
  - 20<sup>th</sup> anniversary in the UK last year
  - c. 48,000 personal customers
  - c. 3,600 business customers
  - Lending portfolio c £620,000,000
  - Corporate finance
  - Sustainable Investment offerings
- Financially robust  
<https://www.triodos.com/downloads/about-triodos-bank/annual-reports/triodos-bank-annual-year-report-2015.pdf>

# Sustainable Investment Opportunities



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- Universities have been divesting from Fossil Fuels – a well-known phenomena, triggered by, amongst others, the research by <http://www.carbontracker.org/>
- The barriers to doing this are primarily about governance/fiduciary responsibility – but are being overcome.
- The corollary is what do you then do with the money you divest?
- A recent report from a strong advocate of divestment: <http://communityreinvest.org.uk/reinvestingpensions/> cites a number of options exist and these are growing

# Investment options post divestment

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- Creation of Sustainable investment mandates eg as per the Environment Agency Pension Fund.
- Investing in existing fossil-free public equity/debt SRI funds.
- Investing in specific themed impact funds such as renewable energy, energy efficiency, social housing and microfinance.
- Making direct debt or equity impact investments.

# Achieving impact through publicly listed companies



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Large or small, corporate or semi-government, **sector pioneers** influence others towards positive change, creating impact. They lead their peers towards stronger environmental, social and financial performance.

Strong sustainable companies with good business models and solid returns on investment are selected by Triodos Research along the most rigorous criteria in the sector, measuring social and environmental performance as well as good governance.

The four Triodos SRI funds are:

- Triodos Sustainable Equity Fund
- Triodos Sustainable Bond Fund
- Triodos Sustainable Mixed Fund
- Triodos Sustainable Pioneer Fund



# Investment process - Equity Sustainability analysis



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**Best-in-Class  
(process)**

Benchmark  
MSCI World  
Net total  
return

1,650  
companies

ESG best-in-class in  
combination with  
financial views on long  
term global trends and  
industry attractiveness

Minimum  
standards

**Pioneer  
(product)**

- Climate protection
- Clean Planet
- Healthy People
- CSR Pioneers

Identify companies  
that contribute to a  
sustainable  
transition

Minimum  
standards

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# Investment Process – Minimum Standards



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	Product related	Process related	Precautionary principle
Criteria	<ul style="list-style-type: none"> <li>• Coal</li> <li>• Oil and gas</li> <li>• Factory farming</li> <li>• Fur</li> <li>• Gambling</li> <li>• Genetic engineering</li> <li>• Hazardous substances</li> <li>• Nuclear power</li> <li>• Pornography</li> <li>• Tobacco</li> <li>• Weapons</li> <li>• Animal testing</li> </ul>	<ul style="list-style-type: none"> <li>• Violation of labour and human rights</li> <li>• Corruption</li> <li>• Environmental damage</li> <li>• Corporate governance</li> <li>• Violation of laws, codes of conduct or conventions</li> </ul>	<ul style="list-style-type: none"> <li>• Enterprises that operate in sectors with an increased sustainability risk are excluded from financing unless they proactively try to prevent controversies.</li> </ul>
Cases	<p>Google is excluded for involvement in arms related activities</p>	<p>Telefónica is removed from the investment universe due to structural involvement in anti-trust cases and lack of adequate corrective measures</p>	<p>Ahold is excluded for lack of adequate programs to minimize the use of genetically modified organisms for its own-label products.</p>

# Investment process - Bonds

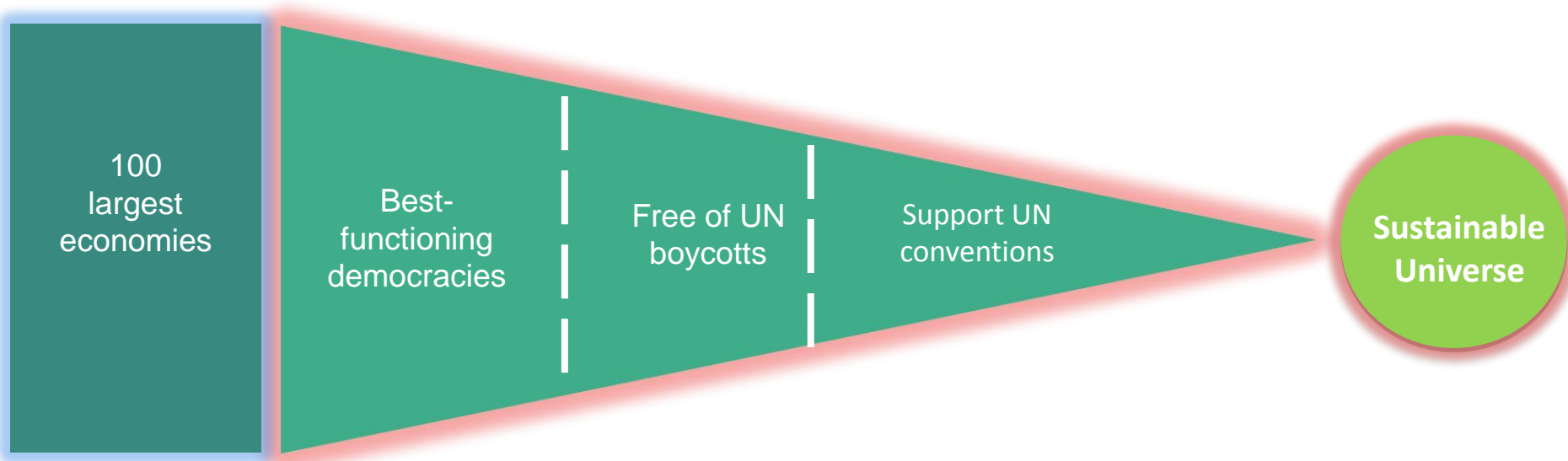


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## Best-in-class

- Voice and accountability
- Political stability and absence of violence
- Government effectiveness
- Regulatory quality
- Rule of law
- Control of corruption



# Investing in impact funds



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Renewable energy funds provide investors with not only a carbon-free, but carbon positive energy investment with risk diversified across a number of projects, and depending on the fund, asset classes and geographies.

The **Triodos Renewables Europe Fund for example** partners with renewable energy entrepreneurs to bring about the transition from fossil fuels through direct stakes in fixed income and equity across Europe.

Other impact fund offerings such as microfinance funds, which improve access to financial services in emerging markets, and sustainable food and agriculture funds which reflect consumer demand for sustainable products and support the transition to a sustainable economy, among other themed impact funds, can all help provide diversification for a fossil-free portfolio.



# Making direct investments in sustainable projects



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## Severn Community Energy Project, Lawrence Weston, Bristol

- Community owned 4.2MW project
- Bristol City Council investing £650,000 in build
- Supported by Triodos debt and further funds from SASC
- Surplus income to be invested in Ambition Lawrence Weston regeneration project – forecasted at £,000s per year over the life of the project



Bristol City Council

*Project Developer and Landlord*



Bristol Energy Coop

*Community Benefit Society*  
run by community energy leaders;  
shares owned by local individuals



Severn Community Energy

One C.I.C

*Project company*