

INVEST FOR CHANGE



Conversations with universities

Top tips for productive engagement

Engaging with university management won't always be easy. You will often have different positions on responsible investment, likely due to different drivers and priorities. Try to understand where the people you are talking to are coming from and lead them to where you are.

Remember to employ some pragmatism in this space. Be confident in your aims but listen to concerns and try to bring the university on a journey towards those aims, rather than demanding change.

Be prepared, informed and open to discussion. Try to avoid giving the university any reasons to evade the issue, by being as informed and prepared for conversations as you can. Do your research and react to criticism constructively, rather than defensively.

Highlight the benefits. For universities, adopting responsible investment practices will carry reputational value and even in some cases, greater financial stability. Remember to broaden the conversation to include these benefits, alongside the obvious moral imperative.

Work with the university to find a solution. Some change is better than no change - if, after engaging, you feel you aren't getting anywhere on your terms, be prepared to work with the university to find a solution that works for both of you.

Refer to other comparable institutions. Ease concerns that the university may have by reassuring them of successful actions taken by other institutions similar to their own. Look at universities with similar size estates, investment income, or student numbers.

Document engagement. Make sure you keep a record of conversations with the university and map out who you have and haven't spoken to, as well as where they stand on the issue. This will help you present an informed and organised campaign and enable you to keep track of any commitments the university makes in your interactions.

Leave each meeting or discussion with clear action points. Change happens at a slow if it's allowed to. Document your meetings and strive to leave each conversation with clear actions for both sides, and a timeline for further engagement. Send follow-up emails to make sure both sides have the same understanding of these actions and next steps.

Common fob offs

With so much to work on, universities may attempt to kick the can down the road. Below are some common statements you might come across, and how you can respond.

General

“We do not have the resources to engage”

Universities are more likely to shut things down quicker where money is involved in the wake of COVID-19. On one hand it is true that budgets will be tight, and finances closely guarded as a result of uncertainty and some income loss. Reassure them that responsible investment is not necessarily about sacrificing financial returns.

- Inquire as to exactly *what* the university think they don't have resources to do, this will help you suggest solutions and ways to move forward such as:
 - If the university uses investment managers, ask them to instruct their investment manager(s) to at least look into enacting your asks. You will at least have something to work from the, even if the answer is that it's not viable.
 - Suggest actions that universities can work on without using significant resources. You could recommend looking into widening representation and inclusion in investment governance, or simple engagement such as voting at AGMs (they could even recruit student volunteers to do this!).
 - Point them towards [resources](#) which can break down barriers to action, for example our 'Guide for universities'.
- Remind the university of any wider commitments that directly or otherwise relate to responsible investment and the benefits that could be gained through taking action - most obviously, reputational.

“We are working on this”

- Find out exactly what it is the university are doing and what impact it is having or will have.
- Ask if there are any student representatives involved and if not, could this be incorporated.
- Explore ways that the university's current activity could be incorporated with the campaign to reach a shared goal.
- If you're unable to shift the conversation towards your asks, make sure you leave with a commitment from the university for a time-bound update on their work, keeping the door open for further engagement.

“We're doing XXX already”

Here XXX vaguely relates to your asks and implies that either the university doesn't need to do anything else or doesn't have resources to. Depending on the action they specify there are various potential responses.

- Focus the conversation on the impact of their work and how that compares to what you are proposing - ask for specific measurable impacts here, which will potentially allow you to demonstrate how your asks may be more effective.
- Look for a way to 'meet in the middle' and use the work the university are already doing to move towards your aims.
- Ask for specific details about why they can't do both - their action and your asks - and see if you can collaboratively break down those barriers.
- Defer to some of the 'easier' actions around responsible investment, such as governance or attending and voting at AGMs.

“It’s not my decision”

Universities can be a complex web of governance and it may well be that overall decisions are made at different places. However, support from senior staff will always be useful so use this to map a way forward.

- Find out whose decision it is and how you can get in front of that person or group.
- Ask the person or people you are talking to if they agree with what you are proposing. If you can agree on the principle, ask them for some practical steps that you could work on together.
- If you cannot find agreement, try and explore why and see if you can help ease any concerns or suggest alternative actions.

“I agree with you, but we would have to pass it through Council (/Court/other governing body) and they would never agree”

The truth here is that Council (/Court/other governing body) can be tricky to get new ideas through but if a proposal is backed by university management and students, there is a significant chance of success.

- Ask why the person you are talking to believes this would be a good thing to do but the governing body won’t.
- Ask what could be done to break down barriers to getting Council (/Court/other governing body) support. Are there specific members who could be spoken to individually to ease concerns or build support?

Investment specific

“Investments are very complicated, it would be much too hard to do X, Y or Z”

Remember here that you don’t have to be an expert in everything but will feel more comfortable having done your research and being able to talk confidently about the basics.

- Try and find out exactly *what* is in the way of committing to what you are asking. Once you know what the specific barriers are you can discuss how to break them down.
- Highlight some of the less complicated actions the university could take as first steps, such as reviewing their investment governance to include regular reporting, responsible investment expertise and student and staff representation.

“We invest in bigger and less ethical companies to engage with them and improve their practice, which is more effective than moving our investments out”

This is a common argument, widely used to avoid divestment, based on the idea that you need to engage with companies to change them. With structural issues such as fossil fuels it has been widely accepted that divestment is more effective than engagement. However, with Invest for Change this conversation is less clear cut and therefore you need to look at measurable impact for both options by asking the right questions.

- How do you engage? Try and get them to give you a tangible example of engagement with the company or investment in question over past 12 months. This doesn’t have to be there and then but get a time-bound commitment for the information if they are looking into it.
- Does the engagement have clear goals, timelines and escalation points if the desired change is not achieved? Find out if the university has a plan beyond just making their views known, otherwise engagement ends up achieving nothing.

- Is it consistent? For engagement to be effective it needs to be strategised in policy, so that it is consistent and therefore, impactful.
- How is impact measured and reported? Keeping track of engagement and its outcomes, and clearly communicating that to stakeholders, not only keeps the university accountable but allows them to share good practice and celebrate success.

“We can’t move our investments or vote at AGMs because we invest indirectly”

Indirect investments are common through comingled funds, and generally mean the investor has minimal control in what and how they invest.

- Enquire as to what investments the university *could* move and how you could work with this. Most portfolios will invest in a few different ways and so it’s possible these comingled funds won’t be the only investments the university holds.
- Universities may not be able to vote at AGMs but there are other engagement actions they could employ, such as requiring their investment manager(s) to engage in AGM activism to promote responsible investment and asking them to explain voting decisions.
- Talk to them about why they invest in the way they do and if there is any movement in this to give the university more control in what and how they invest.

“We can’t disclose information on our investments due to commercial sensitivity”

The key here is to be clear about the transparency and disclosures you are asking for.

- Get down to the specifics and find out exactly what they can’t disclose, and in any uncertain areas, why.
- Remember that technically, information on investments in public market companies *should* be publicly available.
- Think about who you want transparency for and suggest disclosure to stakeholders (students and staff) rather than the general public.
- An easy step could be to encourage your university to publicly disclose their investment manager(s).
- Don’t get hung up on what can’t be disclosed, instead focus on what can, and what benefits it could bring. See [Positive Investment Cambridge’s briefing report on transparency](#) for detail of different commitments to transparency and their benefits to institutions.

“We don’t want to constrain our access to the investable universe”

Investors will invest in a diverse range of assets in order to reduce risk, so that if one investment does not perform as expected, returns can still be gained through other investments.

- Ask the university what constraints they are specifically worried about and remind them that they may well already have constraints for excluded practices, such as tobacco. Usually these exclusions, which a lot of universities have, will not have had a significant impact on investment returns.
- Having a comprehensive policy can help tackle this concern, and so perhaps move the conversation to talk about what policy does, or should, mandate.
- Finally, if needed, research has found that ‘the price that ESG investors pay for their principles is probably quite modest’¹ and there are lots of examples of universities and charities having taken steps to invest in environmental and social

¹ Elroy Dimson, Paul Marsh & Mike Staunton (2020). Credit Suisse Global Investment Returns Yearbook 2020 Summary Edition. [Available online](#).

justice with successful outcomes. See the case studies in our ‘Guide for universities’ [resource](#) for more detail.

“We can’t just invest in any old thing”

Although changing the way the university invests may seem like a big move, universities and charities all over the world have done so already and there are many examples to point your university towards. This statement could also be referring to the [legal](#) and [financial](#) duties of the university in its investment decision making - see the two points below for more detail.

- Point towards examples of other universities taking similar action to ease concern. If there is not an example of a university, look at charities. For example, check out [The University of Northampton’s impact investing](#), [SOAS’s on campus renewable energy](#), or [Harvard’s Green Revolving Fund](#).
- When presenting examples, explore how similar institutions that have introduced something comparable differ from the university’s context and how that affects the potential for the university to introduce the action(s).
- See our ‘Guide for universities’ [resource](#) for more case studies of various actions the university could take.

“We have a fiduciary duty to maximise financial returns”

There are some legal requirements around university investments, highlighted alongside general good practice in [CC14 of the charity commission guidance](#). This guidance is not particularly restrictive, and generally allows charities, of which many universities legally are, invest as they please along self-defined investment objectives.

- According to charity commission guidelines, ‘charities make investments either to receive a financial return to spend on their aims, or as a way of directly furthering those aims’². Whilst acknowledging the importance of investment income for the university, it’s important to clarify that current legislation and guidance does allow nonfinancial considerations in investment decision making if it relates to the university’s objectives.
- Those responsible for the university’s investment decisions have a legal duty to consider material financial risks. Climate change, and many other environmental and social justice issues, pose material financial risk and therefore must be seriously considered in investment decision making. If this doesn’t seem to be the case, ask the university to outline exactly how these issues were considered.

“We can’t accept a lower financial return”

This relies on the idea that responsible investment always comes at the expense of financial return, however the opposite has often been proven³. Some investment choices may mean accepting a lower rate of financial return - in exchange for environmental or social return - but there are also many ways to invest responsibly without doing so.

- Reiterate that you are not ignoring the importance of financial return for the university. At most you are suggesting a small proportion of financial returns could be deprioritised in favour of real environmental or social impact.

² Charity Commission (2017). *Charity Finances: Trustee Essentials*. [Available online](#).

³ Gunnar Friede, Timo Busch & Alexander Bassen (2015). ESG and financial performance: aggregated evidence from more than 2000 empirical studies, *Journal of Sustainable Finance & Investment*. [Available online](#).

- There are many responsible investment options that carry comparable, or more favourable, risk and return. For example, moving investments from unsustainable equities, like oil, into desirable infrastructure, such as renewable energy, could provide investors with long-term, predictable income.
- If universities invest through investment managers, it is those managers' job to meet financial return rates. Suggest asking the investment manager(s) to investigate responsible investment options that maintain the target financial return. Make sure you ask for a time-bound update on this.
- Try and understand why there is no flexibility and if possible, move the discussion to think about other returns that could be achieved and the benefits they could have. For example, the social return of a local impact investment could contribute to other strategic priorities like the university's civic role in the community and allow the acceptance of a lower financial return.
- If you get stuck on this point, remind the university that if they are unable to commit to moving investments they can work on actively engaging with their investments, or review their policy, to drive wider behavioural change.