

Sustainable Investment Policy

Background And Purpose:

The KLEF mandates for creativity and innovation to contribute to the progress of humanity through excellence in education and ensure environmental sustainability and deliver social responsibility. University invests its assets responsibly and ethically with approach of Environmental, Social and Governance (ESG) integration.

The policy provides guidelines to effectively supervise, monitor, and evaluate considering the Environmental, Social, and Governance-related (ESG) insights to improve long-term outcomes.

Policy Overview:

The KLEF fully accepts the importance of its endowment to be managed in a way that promotes de-carbonization in order to meet the goals of international treaty to combat global climate change under Paris Agreement. The University is conscious towards its endowment for effectively promoting the task of biodiversity. This policy establishes the objectives and parameters of the University investment portfolios and outlines how the University is embracing environmental, social and governance (ESG) factors within its investments, reflecting the ambitious sustainability agenda within the University.

Policy Statement:

- a) University considers long-term perspective in its investment, and incorporates environmental sustainability, social responsibility, and corporate governance factors.
- b) The Sustainability is the focus while investing into the resources required for the university. University takes cognizant of the impact of environmental changes, and the need for the world to transition to a greener and more sustainable environment in pragmatic ways to support this transition.
- c) University considers combination of negative and positive screens to ensure that companies that may be harmful to society or the environment are excluded and to invest in businesses with responsible culture, practices, and good governance.
- d) University investment is aligned with mandate that supports UN Sustainable Development Goals (SDGs) and other frameworks and provide impetus to the business sectors critical (Renewable energy, Sustainable transport, Waste management etc.) to Nationally Determined Commitment (NDCs) of India to meet Paris climate change targets.
- e) University periodically reviews the asset management, value and use the investment to ensure sustainable investment and integrate in campus investment in the areas aligned in (Renewable energy, Sustainable transport, Waste management etc.)

Policy Objectives:

The students/research scholars are the futuristic leaders of our society. The noble cause on environmental sustainability will be fulfilled through the education we provide to them. They will play a vital role to develop the technological and policy solutions required for effective outcomes in the future world. Eventually, the University has to play a role in changing the thought process of students/ research scholars and faculty towards environmental sustainability for the sake of global welfare.

Scope of the Policy:

To achieve the objective, University has adopted the policies that promote the well-being of society by reducing the impact on the environment and will reflect the institution's approach to tackle with climate change and major global challenges. The sustainable investment policy will be reviewed by the Investment Committee on regular basis at least once per annum. To make it more effective an Alumni representative from the KLEF Students' Alumni Cell be included in the committee. The following investment policy is applied to the University endowments.

Sustainable Investment Strategy:

The University is committed to ensure its portfolios to be invested according to the highest ESG standards to meet this goal. Our strategy recognizes that a responsible approach to sustainability and financial returns are not mutually exclusive and that companies which embrace a sustainable approach to environmental and social issues are more effective stewards of long-term capital. The University expects to sign up to the Universities Responsible Investment Network, which will uphold our insight and decisive power.

Investment of the Portfolios will adhere to this strategy through a three-tier framework:

1. Investment Exclusions:

The Portfolios will not be invested in companies or managed funds which have significant investments in companies whose business has a significant interest in:

- Tobacco - manufacture, distribution, or retailing.
- Weapons – manufacture of controversial weapons including cluster bombs, landmines, nuclear weapons (systems of components) and companies that manufacture civilian firearms.
- Coal, Tar Sands or Fracking

In line with investment vehicle norms, "significant" is defined as 10% or more of revenue from the above activities. Moreover, we will endeavour to exclude all such investment even below this threshold.

Climate positive:

No funds are currently directly invested in fossil fuel companies. No later than 2025, and as soon as is practical, any investment of the Portfolios in the energy sector will actively reflect the University's aspiration to support energy transition. To achieve this, we will seek to find alternative investments in pooled funds and will continually benchmark our success over the next four years, monitoring, and reporting on our progress across a broad range of metrics.

The Portfolios will be invested in what were traditionally fossil fuel companies only where there is clear evidence that they are leading the transition to clean technologies, thus signalling the University's support for that leadership. Any such investment will be continually monitored to ensure that these companies are making progress in sustainable energy delivery.

Pooled Funds:

When investing through pooled funds, investment decisions are made at the fund level, providing the University with less direct influence regarding the exact exclusions. Therefore, when investing through pooled vehicles, the University analyses the holistic ESG approach of the underlying fund manager and regularly reviews the fund exposures with its investment advisors.

2. Environmental, Social and Governance (ESG) Integration

When investing directly or through pooled funds, the University requires its fund managers to:

- Be signatories to the United Nations Principles of Responsible Investment (UNPRI)
- Incorporate ESG issues into their investment analysis and decision-making processes
- Engage on social and environmental issues and track this engagement through regular stewardship reporting to the Investment Committee.

The University also supports the principles of the United Nations Global Compact. These principles focus on operating in ways that meet fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption. The University expects its advisors and managers to act in a way that promotes positive behaviours and discourages negative behaviours through their investment screening and practices. The University will also look favourably upon investments with specific commitments regarding alignment with the UN Global Compact.

The University will continue to review the pooled funds available and invest in those which adhere to the principles above.

3. Impact Investing

As part of a balanced portfolio that has an appropriate risk and liquidity spread, the endowment portfolios (University and Development Trust) have committed to a minimum of 5% of the portfolios to an impact investing program. This program will invest directly or through pooled funds in businesses and sectors which are explicitly aiming to deliver an environmental and social return in addition to a financial return and will be diversified across eight sustainability themes:

- Clean energy
- Sustainable Transport
- Food & Agriculture
- Waste & Materials
- Ecosystem Services
- Education
- Health
- Financial Inclusion

Reporting:

The University will make available on an annual basis an impact report highlighting the how the University and Development Trust are working to meet the framework set out within the Sustainable Investment Policy.