

## University outsources unethical investments

By Neil Johnston, News Editor (2012/13)

Tuesday 22 October 2013

Millions of pounds from the University is reaching companies perceived as unethical, including some accused of child labour and human rights abuses.

The money is being invested through bonds directly held by the University and through the York Pension Trust.

The University refused to disclose the investments held by the pension fund, but documents obtained from Companies House reveal that the trust has tens of millions invested in bonds which hold multiple investments in companies including those that have been branded as unethical by interest groups.

The pension fund is not covered by the ethical investment policy but four members of the University council sit on the board.

It is normal for large companies to invest in bonds but not all organisations have ethical investment policies.

In 2009 the University passed a policy after it came under pressure for its investment in the arms trade.

Although very little money from the University now reaches the arms trade, the bonds held by the University invest in a range of companies which have come under pressure from campaigners for the way they have acted.

These include Rio Tinto, Total, BP and Shell, GlaxoSmithKline, AstraZeneca, HSBC and Vodafone.

Rio Tinto has been accused of having a poor environmental record and labour and human rights abuses.

BP and Shell, along with other energy companies, have been accused of environmental damage, while GlaxoSmithKline were recently accused of bribery.

AstraZeneca has been accused of mispricing, fraud, and failing to act properly for trial procedures of new drugs.

There is also a stake in AngloGold Ashanti a company accused of helping militia group in the Democratic Republic of Congo.

In 2007 one report commented on the company: "Local communities see little of the huge profits being made by AngloGold Ashanti but suffer from fear and intimidation and from the damaging impact of its mines on their environment, health and livelihoods."

The University has stakes in the four bonds which have stakes in these companies.

These are the Cazenove EQ INC TR for Charities INST, the M & G Charifund Inc Units, First State Global Emerging Markets Leaders 'B', and the Sarasin Socially Responsible 'P' Inst.

The companies highlighted all potentially break the University's ethical investment policy which states: "The University will not knowingly invest in companies whose activities include practices which directly

pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the University.”

The University has, however, defended its position with a spokesman saying: “We believe that the bonds held by the University are in keeping with the ethical investment policy.”

They did acknowledge though that others may have a different view: “However, we recognise that individuals and groups may hold different views about the ethics of various companies and industrial sectors. We are happy to listen to representations about this from student groups.”

The University refused to answer direct questions over whether they were concerned if funds reached companies which use child labour or abuse human rights.

They also failed to answer questions over whether they thought using bonds made them unaccountable for the investments made in them.

Although not covered by the Ethical Investment policy the pension fund has links to companies mired in controversy.

As well as many of the same companies the University has invested in directly, funds from the pension trust also reach a range of controversial companies.

The University’s pension fund has a £31,486,005 stake in the Shroders ISF QEP Global Blend which has investments in a range of companies.

This includes tobacco giants Philip Morris, and British American Tobacco (BAT), mining company Anglo American and Freeport-McMoRan, gold companies and a range of oil and gas companies as well as Colgate-Palmolive and Khon Kaen Sugar Industry (KSL).

Philip Morris has been accused of failing to protect human rights of its workers while BAT has faced criticism over lobbying and criticism for the way it advertised to young people overseas.

Anglo American has been accused of breaching human rights and damaging environmental practices by campaigners and interest groups.

Freeport-McMoRan runs a mine in Indonesia that has been linked to alleged environmental and human rights abuses.

The toothpaste maker Colgate-Palmolive has been heavily criticised for its poor environmental record.

KSL was recently accused of using child labour on its plantations in Cambodia, and supplies the sugar company Tate & Lyle, who the University also has investments in through bonds.

Finally the bond has investments in Aerospostale, a clothes company that has been found to use forced labour for cotton production.

In total the pension fund has over £2million of investments going towards companies which may not be seen as socially responsible.

The University says the pension scheme is obligated to invest in the best interest of members rather than on ethics.

YUSU President, Kallum Taylor commented: “I can’t comment on the moral rights and wrongs of the companies which the University invest in – that’s for our members to decide.

“However, there must surely be a ‘point’ to having an ethical investment policy – one which goes well beyond just ticking the box. That it’s even being questioned says something.”



## One comment

Matt Sharp

27 Oct '13 at 2:24 pm

It's worth considering some of the benefits some of these companies provide.

GlaxoSmithKline, for example, are providing hundreds of millions of free drugs to fight tropical parasitic diseases:

<http://www.gatesfoundation.org/media-center/press-releases/2012/01/private-and-public-partners-unite-to-combat-10-neglected-tropical-diseases-by-2020>

Even if it were guilty of bribery (and not merely accused of it), this is such an overwhelmingly positive contribution that the university should be proud to invest in such a company.

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