



香港浸會大學
HONG KONG BAPTIST UNIVERSITY

Divestment Policy on Carbon-intensive Industries

Record of Changes

Modifications and/or revisions to the policy are recorded in the table below.

Revision Date	Version Number	Description and Location of Change(s)	Updated by
September 2022	1.0	Initial Issue	Finance Office (TPBD Section)

Distribution Record

The latest version of the approved policy will be uploaded to the Finance Office Homepage > Visitors / Suppliers > **Divestment Policy on Carbon-intensive Industries (Investment)**

Table of Contents

1. Introduction.....	4
2. Divesting from carbon-intensive industries	4
3. Decarbonisation towards zero carbon transition by 2030.....	5

1. Introduction

1. This divestment policy lays out the investment measures of Hong Kong Baptist University which contribute to full carbon neutrality before 2060 in response to global warming and climate crisis. It is the University's goal to decarbonise its investment portfolios through staged divestment from carbon-intensive industries, notably coal and fossil fuel sectors.
2. The University commits to adopting investment strategies that seek to:
 - (a) facilitate the integration and incorporation of environmental, social and governance (ESG) considerations into the investment processes of the University's funds, where appropriate and feasible. In this connection, the University has invested in an ESG fund which invests primarily on beneficiaries to environment by means of low carbon transition, including clean power and transportation as well as efficient energy; and
 - (b) urge the investment managers to keep their carbon footprint below the relevant market indices (where appropriate) and invest in a manner that is consistent with the Hong Kong's Climate Action Plan 2030+ set out by the Government of the Hong Kong Special Administrative Region.

2. Divesting from carbon-intensive industries

3. The University commits, on its best effort, to limit/reduce its investment in carbon-intensive industries, notably coal and fossil fuel sectors. Furthermore, the University will work with its investment managers who specialise investment in technologies on renewable clean energy and sources for the reduction of greenhouse gas emissions. The University will review its strategic asset allocation for its endowment funds every three to five years, with greater emphasis on ESG and/or climate-related risk factors, leading to gradual divestment from carbon-intensive industries (notably coal and fossil fuel) and orderly transition towards carbon neutrality.
4. The University continues to adopt investment strategies that seek to reduce investments in industries with corporate behaviors which lead to environmental degradation and climate change. When it is not possible to define screening criteria for decarbonisation in the investment processes, the University will adopt active monitoring approach whereby appointed segregated investment managers will be asked to incorporate ESG considerations into their investment processes. When the University has agreed on the exclusion criteria, the investment managers will be requested to ensure full adherence to the said exclusion guidelines. The University will work with the funds' master custodian with sophisticated monitoring mechanism to ensure compliance with the agreed exclusion criteria.

3. Decarbonisation towards zero carbon transition by 2030

5. The University, guided by its Investment Sub-committee and Finance Committee, will regularly review its investment portfolios to achieve decarbonisation with gradual transition towards carbon neutrality. The University will actively seek appropriate investments that focus on environmental and sustainable energy themes as well as progressively mandating its investment managers to their committed ESG goals, policies, and guidelines.
6. In conducting its investment activities, the University will:
 - (a) gradually divest from investments in carbon-intensive industries over time, while making best efforts to limit similar investments during the divestment process. The divestment process will be in an orderly manner in the best interest of the University to avoid large financial losses associated with rapid sell-offs;
 - (b) expect its investment managers to exert influences over and encourage the organisations they invest in to operate ethically, responsibly and in a manner that contributes to a sustainable and better world; and
 - (c) periodically review the strategic asset allocation of its endowment funds with a view to increase allocation to fossil-fuel-free investments and reduce allocation to carbon-intensive industries.