2020

OUem
ESG and TCFD Report

OU endowment management

Worcester College

OU Endowment Management

At OU Endowment Management (OUem), we believe charities deserve the highest standards of investment management and we take pride in delivering a straightforward solution through the Oxford Endowment Fund (the 'OEF' or 'the Fund'). Our investment strategy is to invest in a global and diversified portfolio of investments. We aim to exceed our investors' investment objectives by generating absolute real returns, to help them fund their activities for current beneficiaries and future generations. Since the Fund opened on 1 January 2009, it has returned 9.7% annualised and made £952m of distributions to investors' charitable purposes.

Today, OUem manages in excess of £5bn of assets for over 40 investors. We benefit from the expertise of a longstanding senior team with significant experience in managing permanent capital, and a highly motivated team of investment and financial professionals. We are guided by our investment philosophy, specifically developed to take advantage of our genuine multi-year time horizon, and we only invest in a small number of opportunities that we deem to be the best in the world.

The importance of managing charitable assets in a sustainable manner is deeply ingrained in OUem's investment philosophy and company culture. We have a focus on excellence and innovation through intellectual curiosity, which we combine with experience and patience. As a regulated investment manager we uphold the highest standards of accountability, and we continue to be driven by the need to make a difference to those institutions that invest with us.

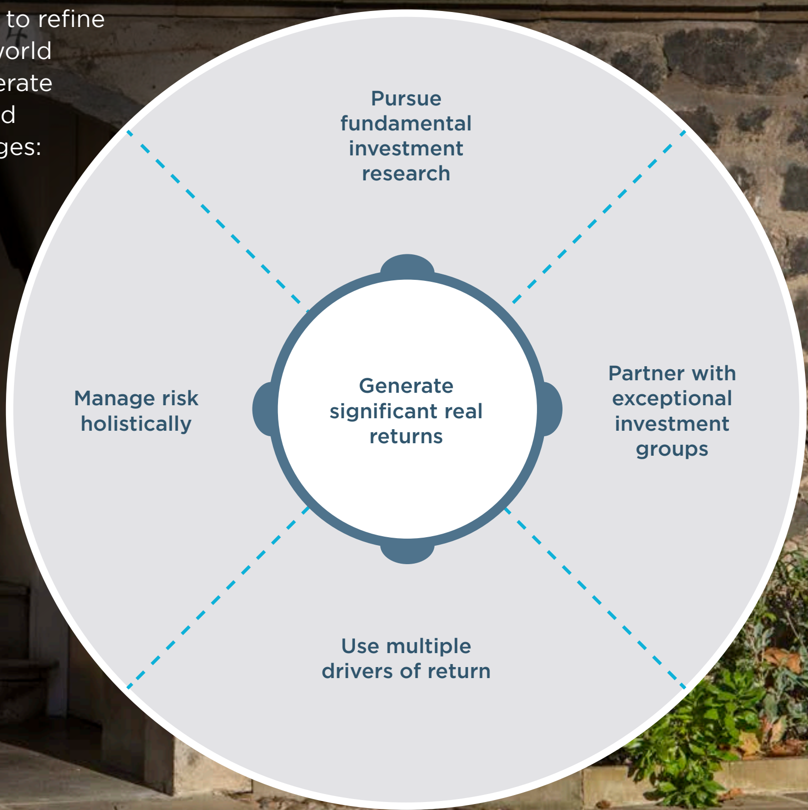
In this report, we outline our approach to environmental, social and governance (ESG) risk management. We also provide our inaugural reporting against the Task Force on Climate-related Financial Disclosures (TCFD) framework.

Investment philosophy

Our investment philosophy enables us to refine the investment universe and identify world class investment opportunities to generate significant real returns. It is built around our three unique competitive advantages:

- A genuine multi-year time horizon
- Proven access to the world's best investment groups
- Sole focus on managing global, diversified long term capital for UK charitable investors

As a long term investor, responsible investing has always been integrated into our approach.



St Edmund Hall

Partner with exceptional investment groups

At OUem, our strategy is to source and partner with leading investment groups globally. These groups:

- carry out deep fundamental research and constrain their focus to areas in which they have world class expertise
- invest in a small number of underlying companies, acting like business owners
- tend to have only a handful of investors themselves, often endowments and foundations
- are owner managed, with strong alignment with investors.

St Peter's College

ESG risk management principles

We believe that to be a successful long term investor, analysis of environmental, social and governance (ESG) risks should be integrated into holistic risk management. We have robust mechanisms in place to ensure that these risks are fully considered in all investment decisions. By applying a principles based approach to our ESG risk management, we have developed an appropriate framework to deal with a variety of ESG issues, regardless of the sector, strategy or region. This is enabled through ESG principles of: screening, due diligence, engagement and collaboration.

Screening

We screen ideas on a variety of factors including market structure, experience of team and return potential, as well as assessing environmental, social, political and reputational risks. We reject investment ideas where there is poor governance and high potential for detrimental environmental or social outcomes regardless of the sector. We are not a passive investor and we do not simply buy markets or indices of companies. We carefully select investment groups who in turn carefully select the companies in which they invest.

Due diligence

Before any investment is made, we undertake a detailed due diligence process to ensure an idea matches our expectations with regards to environmental, social and governance risks. We use the United Nations Global Compact's principles focused on: human rights, labour practices, environment and anti-corruption, to guide our questioning, to ensure that managers are building these areas into their own due diligence. If we are not happy with the outcome of the due diligence process, we will not invest in the idea.

Engagement

Our ongoing evaluation of the groups we invest in involves frequent contact and dialogue on a range of topics including environmental and social concerns. We prefer investment managers that have a concentrated number of holdings and engage with the management teams of underlying companies regularly. These groups focus on environmental and social issues as part of being a responsible business owner.

Collaboration

OUem has forged a wide reaching professional network, which spans all levels of our team. All team members are encouraged to engage with peers to constantly evaluate our processes. We take best practice from a variety of frameworks, and we will join organisations that we feel are appropriate to further enhance our processes. We are a member of the Investor Forum and the Institutional Investors Group on Climate Change, a signatory of CDP (Carbon Disclosure Project), and a supporter of Say on Climate.

Analysis of ESG risks

During due diligence and in ongoing engagement with investment groups, we take time to understand what risks could arise on a case by case basis. These will vary depending on the strategy; however, we factor the risks and opportunities below into our dialogue with investment groups, where appropriate:

Environmental

- Reduction of resource use and pollution prevention
- Areas of leadership in resource efficiency
- Engagement with companies on strategies to limit GHG emissions and achieve net zero
- Engagement with companies on nature-related risks, and strategies for achieving biodiversity net gain
- Disclosure of environmental data

Social

- Upholding of human rights in terms of workforce and wider stakeholders
- Appropriate labour practices within workforces
- Engagement with local labour forces and communities
- Workplace diversity and inclusion
- Data privacy and big data issues

Governance

- Small portfolios of companies; acting as business owners
- Appropriate engagement for structure: voting; taking board seats; influential voices for management teams
- Focus on appropriate remuneration structures
- Understanding of local governance environment and approach to maintaining high regulatory and legislative standards

Investing in solutions

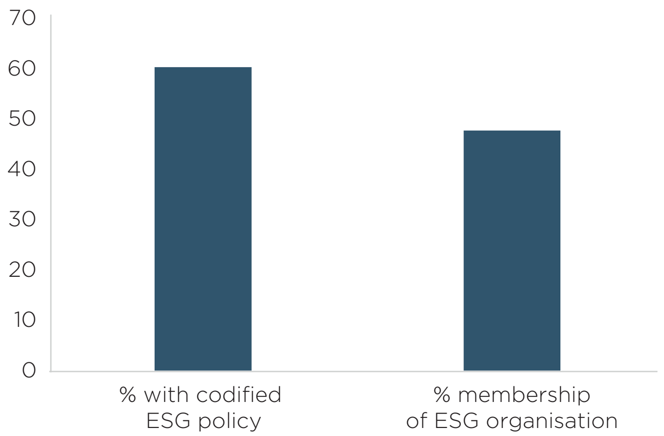
Beyond appropriate risk management, managing perpetuity capital gives us a unique perspective and competitive advantage in investing in solutions to sustainability. It enables us to look out into the future and assess opportunities in a way that is simply not possible for shorter term investors. In particular, for over 10 years, OUem has been working to deal with the threats and opportunities arising from the inevitable reduction on the dependence of fossil fuels due to climate change, through a boarder theme of resource efficiency. This has led to investments in: resource efficiency, innovative sustainability solutions and natural capital.


Harris Manchester College

Approach to ESG integration across the portfolio

We have documented evidence that all managers integrate ESG into their investment processes; no managers see this as a separate activity. Additionally, approximately 60% is managed by groups that have formally outlined their approach in ESG policies. Nearly 50% of the portfolio has chosen to sign up to an ESG network. The majority of groups we back are small, privately owned businesses. A policy is only the start point of our analysis. Where there is no policy, we encourage groups to codify their approach.

Figure 1: Summary of ESG policies and memberships



Source: OUem. % of portfolio by net asset value (NAV).

St Catherine's College

Ongoing engagement with investments

Our engagement with the portfolio is a three pronged approach:

- ongoing dialogue with our managers to ensure we have the best possible understanding of the assets held and the potential risks within the portfolio, including environmental, social and reputational.
- an artificial intelligence assisted monitoring service to capture any news flow from the portfolio and underlying holdings.
- an annual letter to managers, reminding them of our ESG principles and encouraging them to engage with their portfolio on carbon net zero planning.

Figure 2: Summary of ESG Engagements in 2020 (2019 engagements in brackets)

	Environmental	Social	Governance	ESG*	Total
Leadership	26 (11)	18 (4)	3 (0)	29 (15)	76 (30)
Issues	4 (3)	20 (14)	10 (4)	6 (0)	40 (21)

Examples of engagements

Numerous managers took action to mitigate the impacts of Covid-19. A China focused manager organised an international conference call, with leading Chinese doctors, to educate medical professionals worldwide on their experience at the Covid-19 frontline. They also founded a campaign to provide medical supplies and financial support to the city of Wuhan. Other examples across the portfolio include a manager that helped provide medical supplies, food and free online learning to those in need; and a US manager that helped ensure portfolio companies paid healthcare insurance for employees.

The OEF's largest investment group now demands that its portfolio companies disclose emissions to the CDP, develop a climate action plan and have this approved by shareholders.

In the USA, managers developed their approach to diversity and inclusion. Numerous managers made public statements on their commitment to anti-racism; one made a commitment to support educational equity for all students, and a second to provide employment opportunities for underrepresented minorities. A third manager developed its approach to gender, encouraging diverse company boards and providing training around sexual harassment. OUem has contributed to several panels on diversity and inclusion, two of which can be found on www.ouem.co.uk.

An India focused public equity manager completed a successful engagement with an Indian conglomerate. The company had received a poor ESG score on ratings agencies' erroneous belief that it owned a weapons manufacturing business. Following engagement from the manager, the company hired an ESG professional to better liaise with ratings agencies and substantially improve ESG disclosure. The company has since seen its share price double. OUem had worked closely with the public equity manager in question, which codified an ESG policy at our request, and now provides regular ESG updates to all investors.

A venture capital manager had made responsible innovation a core theme of its investment philosophy. This has led to technology powered investments, improving access to healthcare, as well as a social network for women in leadership positions; and affordable and accessible online insurance.

An investment group was a lead voice in identifying fraud in a fintech company. The group publicly demanded removal of the CEO, before fraudulent activity was recognised by authorities and the wider market.

The OEF has exposure to some leading technology companies, which make up a substantial proportion of US equity markets. OUem is aware of the potential social and governance issues around monopolistic tech; we have specifically engaged with investment groups to understand how they are managing these risks, and will continue dialogue on these topics.

OUem was involved in the redevelopment of an ESG policy for the OEF's largest credit manager. The manager engaged with OUem several times over the year. The new policy clarifies ESG expectations across the investment process, portfolio companies and management company initiatives.

OUem worked in collaboration with BlackRock to create the 'Developed World Fossil Fuel Screened Index Fund'; this is an index that screens fossil fuel companies, as well as tobacco companies and weapons manufacturers. The fund achieves substantially reduced GHG emissions compared to an ordinary index, and is available to investors globally.

During 2020, OUem invested the OEF in two new public equity managers, one credit manager and four new private equity relationships. In each case, detailed due diligence took place, including a full analysis of ESG risks.

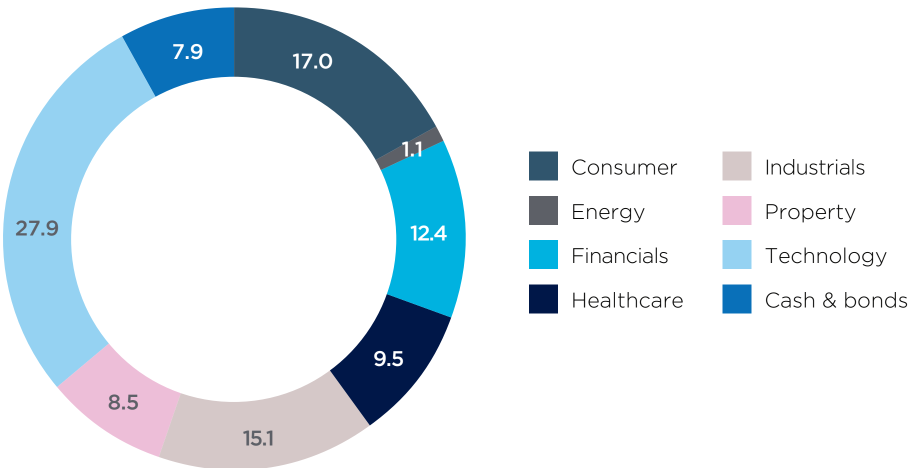
Engagement by voting

The OEF does not own equity directly, hence engagement activities are carried out with investment groups, rather than through voting. Understanding a manager's approach to engagement is a key area of due diligence and ongoing evaluation. OUem will enact any voting rights ascribed under the ownership structure.

Sector analysis of Oxford Endowment Fund

The pursuit of key themes means that whilst the Fund is broadly diversified, there is a bias towards certain sectors where we see the highest potential returns. For example, this has led to considerable investment in technology, which has been an effective way for us to harness growth in both developed and developing markets. Conversely, we have seen less opportunity for growth in more mature, capital intensive and heavily regulated sectors such as energy. The sector chart shows estimated look through sector exposure aggregated across our investments, and includes where a manager has assets held in cash.

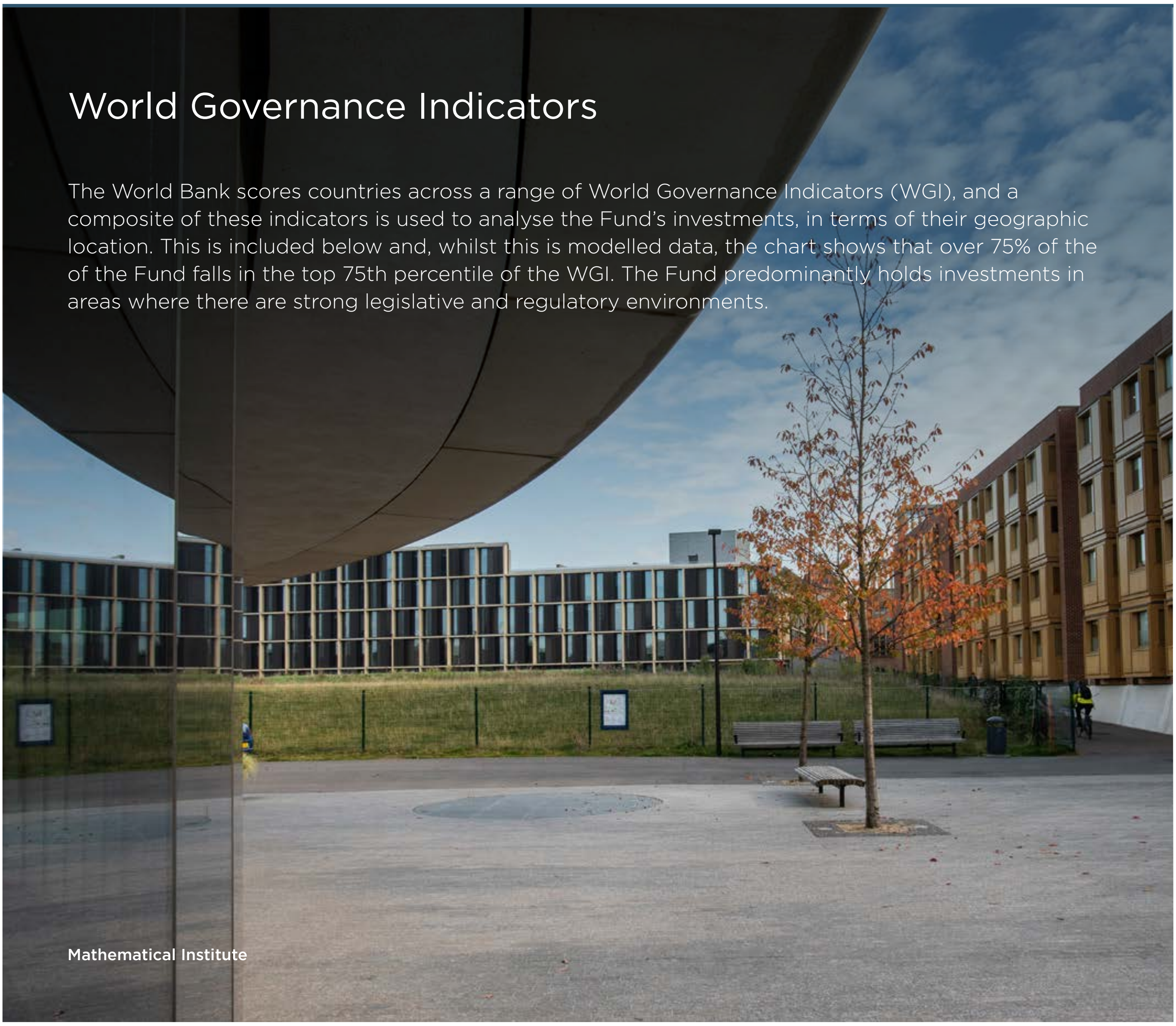
Figure 2: Investment allocation by sector (%)



Source: OUem. Data at 31 December 2020.

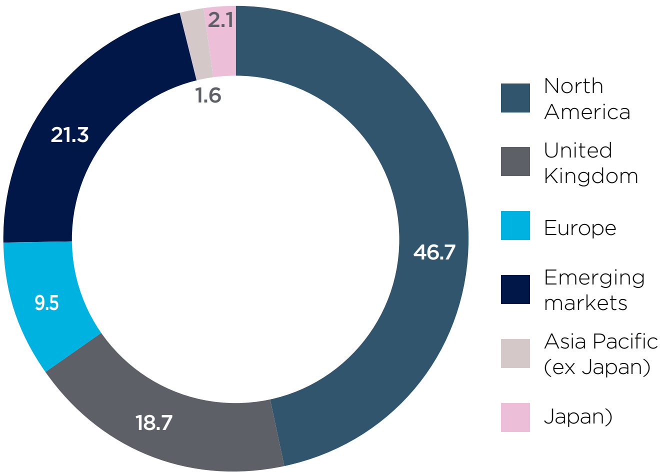
World Governance Indicators

The World Bank scores countries across a range of World Governance Indicators (WGI), and a composite of these indicators is used to analyse the Fund's investments, in terms of their geographic location. This is included below and, whilst this is modelled data, the chart shows that over 75% of the of the Fund falls in the top 75th percentile of the WGI. The Fund predominantly holds investments in areas where there are strong legislative and regulatory environments.



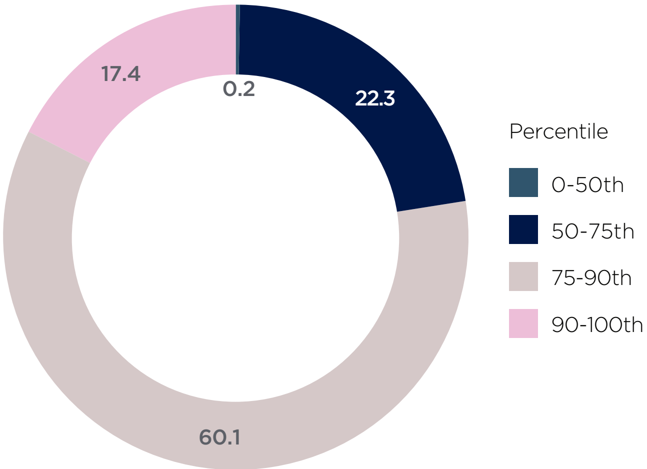
Mathematical Institute

Figure 3: Geographic exposure of investments (%)



Source: OUem. Data at 31 December 2020.

Figure 4: WGI ranking of the OEF



Source: OUem and the World Bank. Data at 31 December 2020.

Restricted investment areas

The Trustee of the Oxford Endowment Fund has set the following restrictions for the Fund:

- Direct investment in companies which manufacture arms that are illegal under the Cluster Munitions (Prohibitions) Act 2010 or the Landmines Act 1998.
- Direct investments in tobacco companies (as defined by UK Cancer Research).
- Direct investment in any fossil fuel exploration and extraction companies, including: coal, oil and gas exploration and extraction; in addition to a ban on thermal coal and oil sands.
- Investment in funds which invest primarily in fossil fuel extraction companies.

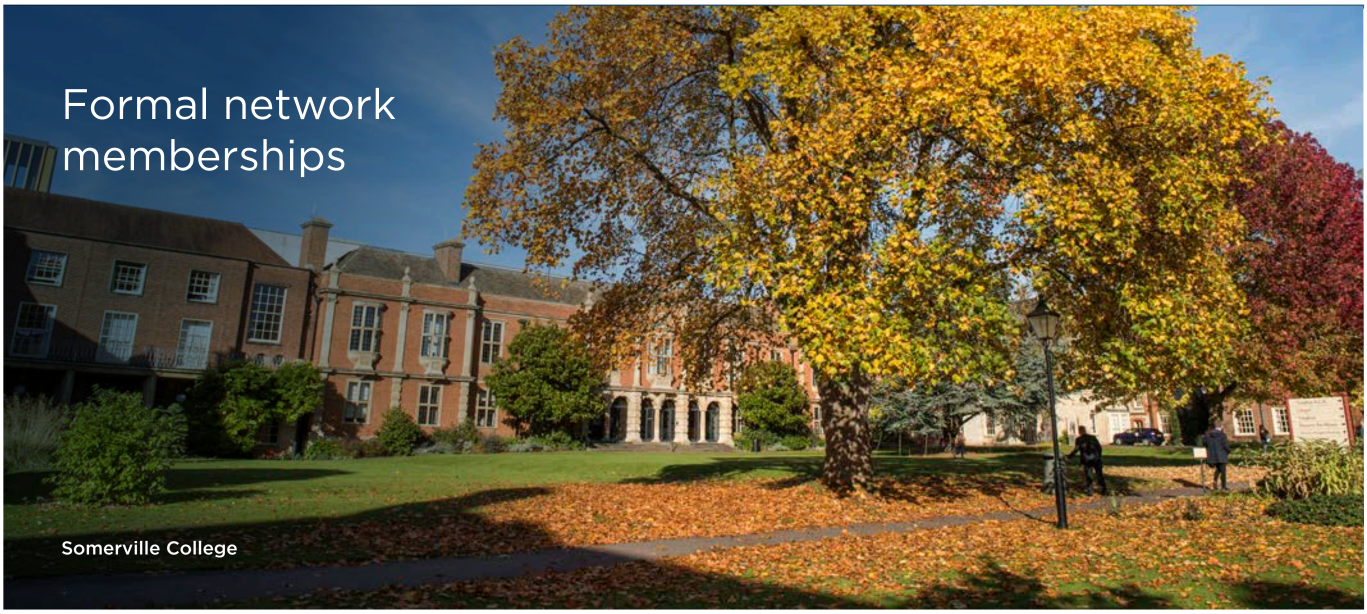
OUem confirms compliance with these restrictions.

While these restrictions only apply to directly held investments, the Oxford Endowment Fund's estimated indirect exposure at 31 December 2020 is outlined in the table below.

Area	Indirect exposure (%)
Fossil fuel	0.37
Tobacco	0.42
Weapons illegal under UK law	0.0


Green Templeton College

Formal network memberships



Somerville College

The Investor Forum – an organisation established to facilitate collective engagement between institutional investors and UK listed companies, to encourage good stewardship of public companies.

The Institutional Investors Group on Climate Change – a group that keeps us up to date with climate change policy for investors, and provides useful insights in practical areas such as emissions data providers.

CDP – an organisation which encourages global co-ordination of consistent, comparable, clear and reliable climate metrics for investors.

Say on Climate – an initiative designed to improve companies' climate-related disclosure. Companies are expected to disclose their GHG emissions annually, alongside a plan to reduce these emissions, for approval by shareholders.

TCFD – a framework to help public companies and other organisations more effectively disclose climate-related risks and opportunities through their existing reporting processes. We have included our inaugural TCFD report below.

OUem inaugural TCFD report

OU endowment management

The Beecroft Building

Introduction to reporting under TCFD

As part of our commitment to integrating climate analysis into our operations and investments, OUem is reporting for the first time against TCFD on: on governance, strategy, risk management, and metrics and targets. Reporting is set to become mandatory for businesses such as OUem in 2023; however, OUem is reporting in advance of this deadline, to provide clarity on our climate analysis and track progress on our strategy.

In this report, we set out a target for our business operations to be carbon neutral by 2025. Additionally, we expect all investments to integrate net zero planning into investment analysis and decision making by 2035. As the financial sector develops its approach to sustainability, with new information and greater standardization, we will continue to refine and expand our disclosures. We look forward to building on this inaugural TCFD report in the coming years.

1. ESG governance

We have developed ESG risk management principles found at the beginning of the document on page 3. These principles are agreed by our Board of Directors. TCFD reporting is approved by the Board, within its broader risk management responsibilities. OUem has an Audit and Risk Management Committee, which is a sub-Committee of the Board, that provides a forum for discussion of any risks (including those relating to ESG) and evaluation of current risk management processes.

OUem's Executive Directors oversee the implementation of our ESG principles across investments but, as with all risk management, we firmly believe that ESG analysis should be carried out by the investment team and not seen as a separate activity. The investment team's work is structured around our investment process, which consists of sourcing attractive investment opportunities, performing detailed investment diligence, making investment and sell decisions, constantly evaluating the investments the Fund owns, and ensuring the portfolio has the appropriate overall exposures from a risk perspective – including ESG risks.

This work is supported by the Head of Sustainability and an ESG researcher, to ensure we have a consistent approach across the portfolio, a rigorous analysis and reporting of sustainability, and the capacity to develop appropriate policy and be a leader in sustainability best practice.

Bodleian Library & Hertford College

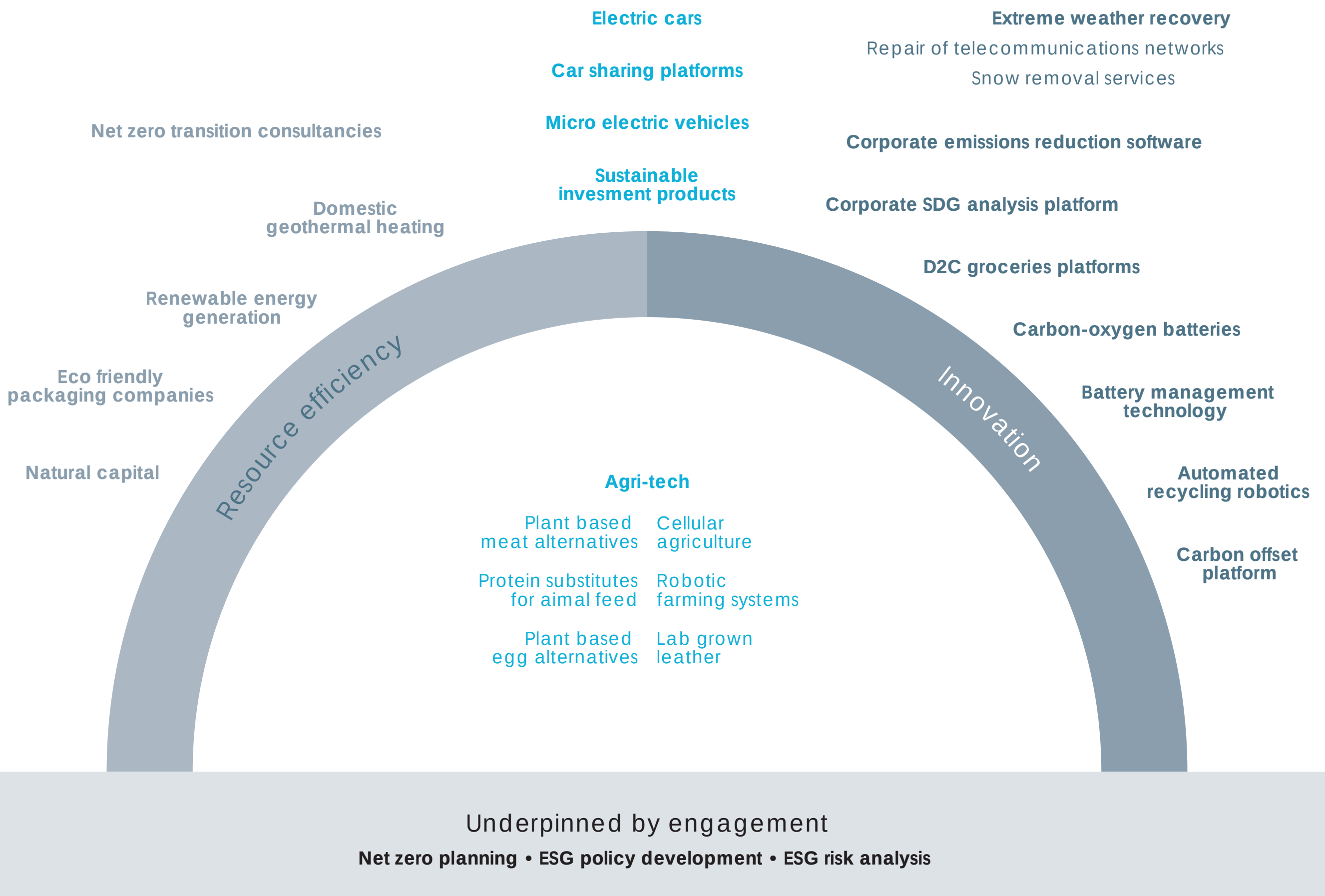
2. Strategy

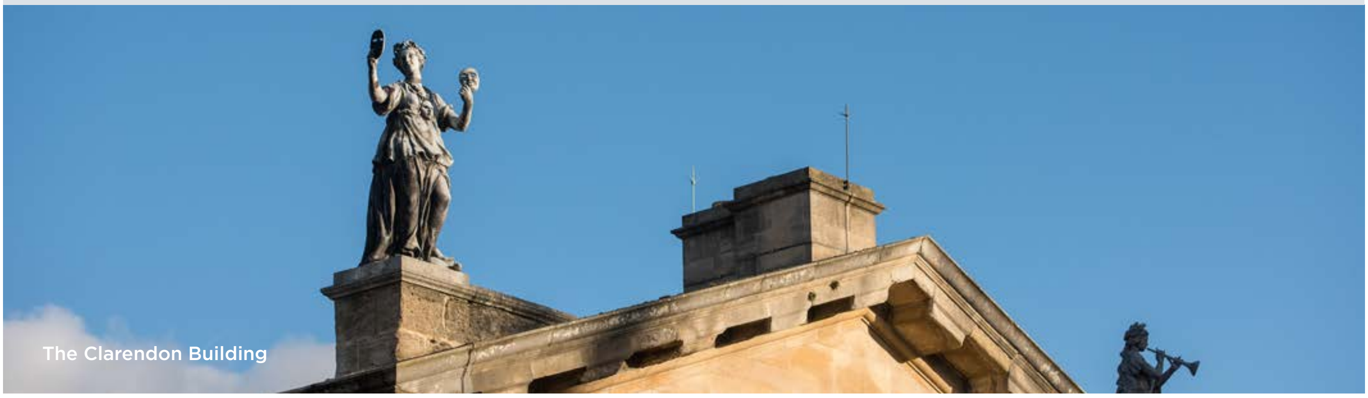
We are a small business with just over 20 employees and a business model that has low operational impacts on the environment. Where we can, we seek to make resource efficiency gains at the operational level. However, we recognise we can have the most impact on the environment, and specifically climate change, through our long term investment approach.

As outlined in the document above, since our inception in 2007, OUem has sought to be part of the solution to sustainability and climate change. Our investors' permanent capital allows us to invest in areas of innovative sustainability solutions not possible for investors with shorter time horizons. As long term investors, we have a vested interest in sustainable stewardship of the planet's natural resources, achieved by efficiency and innovation.

Outlined below are areas of investment which seek to make explicit returns from climate change related activities, including the mitigation of climate-related risks through our engagement with underlying investments.

Examples of the OEF's managers' investments in solutions





The Clarendon Building

3. Risk management

Managing assets in a sustainable manner is deeply ingrained in our investment philosophy and company culture. Effective risk management is an integral part of this. We constantly evaluate a range of metrics and exposures to ensure that our fundamental views produce an optimal portfolio positioning.

We believe that to be a successful long term investor, analysis of environmental, social and governance (ESG) risks should be integrated into holistic risk management. We have robust mechanisms in place to ensure that these risks are fully considered in all investment decisions.

Managing specific investment risk

As a firm believer in active management, we carefully select investment groups who in turn carefully select the companies in which they invest. This means that all investments are thoroughly analysed for potential environmental and social risks. Analysis of environmental, social and governance (ESG) risks is focused around four areas of activity: screening, due diligence, engagement and collaboration; as outlined in our ESG principles on page 3.

Managing portfolio risk

In 2020, we carried out a review of the potential risks to the portfolio from climate change. To do this, we used external sources, as well as University of Oxford research.

We have identified several global macro-risks from climate change. Some examples of these include: increased prevalence of natural disasters, increased conflict and displacement, changing consumer preferences, increased spending by governments to fund climate mitigation, increased taxation and debt burdens to fund fiscal expense, increased operating costs of industry and property to facilitate mitigation strategies, further regulation including carbon pricing, and potential climate litigation.

As with all macro risks, these are a challenge both to measure and mitigate against. Our key defences are:

- Diversification across asset class, geographies and sector. Through active management, we have the ability to avoid high risk sectors and geographies with our investment decisions.
- We are agnostic to benchmarks, so we can avoid high risk areas as opposed to being forced to own them.
- An explicit focus in the investment process of identifying talent, so that we are exposed to returns produced by specific investment selection.

Specific portfolio risks

Due to our active approach to investment management, and long term themes such as a resource efficiency, specific micro risks are limited. The Fund is not exposed to high risk sectors in any concentrated form.

Fossil fuel extraction

Exposure is low with a total 0.37% indirect exposure to fossil fuel E&P, of which 0.20% is in private equity and 0.17% is in credit. The Fund has no indirect public equity fossil fuel investments.

Property and land

We recognise that one of the main sources of GHG emissions is the production of food and, after several years of researching this theme, we have recently backed a new investment group with focus on sustainable food systems. Across the venture capital portfolio, the Fund holds significant investments in agritech, while we have avoided exposure to the industrial meat and dairy industry, or 'Big Livestock'.

The Fund's property and land investments are not in areas exposed to high physical risks of climate change. The large majority of the Fund's rural land is in the UK; prior to any direct investment, long term flood risk is fully assessed.

High carbon emitting sectors

Our sector exposure is included on page 7. The Fund is biased towards sectors where we see the most opportunities for investment returns. Conversely, there is lower exposure to mature, heavily regulated and capital-intensive sectors. At 31 December 2020, the MSCI ACWI contained 2.9% energy to the OEF's 1.1%. The MSCI ACWI also contained 17.5% of materials, industrials and utilities to the OEF's 15.1%. Where the Fund's investment groups own materials, industrials, and utilities, we engage with managers to encourage net zero planning. Our largest group is leading shareholder resolutions to request climate transition plans.

Physical infrastructure assets

Exposure to these assets is low; infrastructure has never been an explicit focus for the Fund.

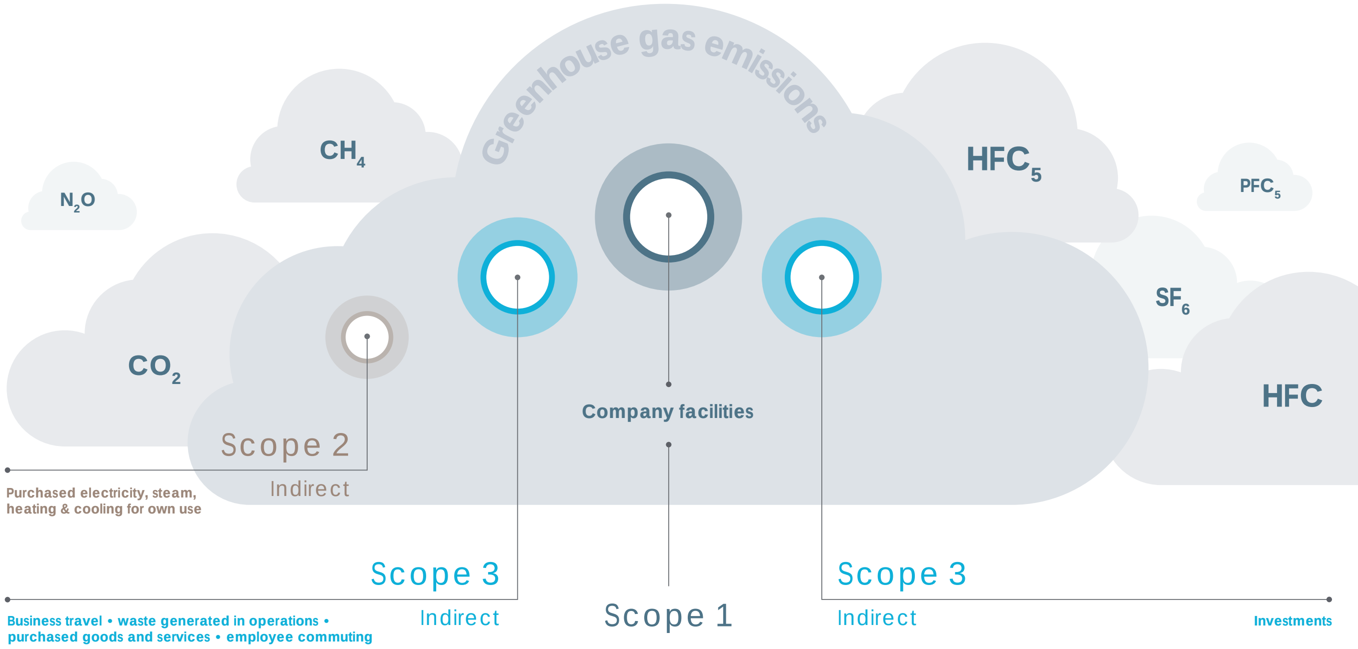
Increase in insurance losses on physical assets

Exposure to property and catastrophe risk is very low: no explicit insurance strategies, catastrophe bonds or significant equity investments related to relevant insurance risk.

Pembroke College

4. Metrics & targets

OUem's emissions



4.1 OUem's operational emissions footprint

OUem has two main areas of operational GHG emissions: office based emissions and business travel.

In 2020, due to an office move, the Covid-19 pandemic and associated restrictions, we have been unable to collect emissions data from either of these areas. Over the next two years, we aim to collect meaningful emissions data to become carbon neutral by 2025.

In terms of our office based emissions, we have recently moved into a newly renovated office. In our fit out of the building, where possible, we targeted energy and waste efficiencies; this ranged from sourcing sustainably manufactured furniture to energy efficient kitchen equipment. Over several years, we have also moved our office to a paperless environment, with no waste paper bins. As a listed building, the landlord had retrofitted windows with secondary glazing to reduce heating waste. Utility and energy provision is also controlled by the landlord, but we hope to collaborate to move to a renewable energy provision.

In 2020, we have worked effectively with much reduced business travel, using digital communications. When travel restrictions are lifted, we are likely to retain new methods of communicating with our overseas relationships, maintaining some reductions in business travel. We will record travel and offset emissions where necessary.

4.2 Investment portfolio's emissions

Our primary investment product is the Oxford Endowment Fund, which is a global and diversified portfolio investing across a wide range of asset groups, and is primarily invested in pooled investment vehicles managed by third parties. It is important to remember that emissions from the investment portfolio are not the operational emissions of OUem nor its investors.

Targets

Our key initial targets for the investment portfolios are:

1. No direct ownership of fossil fuels

OUem was appointed the manager of the Oxford Endowment Fund in 2008 and, over the past 12 years, has reduced its exposure to fossil fuels from an estimated 7.2% to 0.37% by the end of 2020. This is 'look through' exposure, and these are companies held indirectly through investment groups. There is no exposure to equity in public companies – held directly or indirectly.

2007

7.2% in fossil fuels investments

2008

OUem appointed investment manager

2014

Last investment in an oil & gas partnership

Membership of Institutional Investors Group of Climate Change

2015

Ban on direct investments in thermal coal and oil sands

2.1% indirect investments in fossil fuels

2016

Introduce Oxford Martin School Net Zero Initiative to all investment groups

2018

1.57% indirect investments in fossil fuels

2020

Ban on direct investments in fossil fuels and specialist oil & gas funds

0.37% indirect investments in fossil fuels

2. Engagement with any residual fossil fuel exposure on net zero planning

Our active approach to investment management, and long term themes such as a resource efficiency, mean the investment groups we work with choose to avoid investing in fossil fuels companies. However, we communicate a restriction to investment groups, and request that they avoid investing in fossil fuels. In the private equity portfolio, this is requested prior to investing in a side letter.

Alongside regular dialogue with investment groups, OUem has:

- Endorsed Say on Climate, an initiative that uses shareholder resolutions to encourage companies to develop net zero action plans. More information can be found here: www.sayonclimate.org.
- Asked all investment partners to use the Oxford Martin Principles for Climate-Conscious Investment, as a reference for engagement with portfolio companies, to help plan for a net zero world.

Fossil fuels review

The residual indirect exposure to fossil fuels of 0.37% is found in six investment groups. Five have ESG policies and four are members of an ESG protocol or organisation. Of these, four are private equity groups that are in run-off and were committed to in 2014 or earlier. 0.20% of the exposure is found in underlying private equity companies, of which 35.4% have a net zero target. We will continue to engage with these investment groups using the OM Principles for Climate-Conscious Investment.

The remaining 0.17% of exposure is held in two credit managers. These groups do not hold equity in fossil fuel companies, so their ability to engage is limited (ie. they cannot vote shares). 56.7% of these holdings have a net zero target. We will continue to request that these groups engage on net zero planning, and communicate a restriction on holding fossil fuel companies without a net zero plan.

3. Paris-aligned Net Zero plans by 2035

OUem is committed to encouraging all investment groups to align with the Paris Agreement, in: (1) developing a net zero strategy; and (2) ensuring that investment analysis and decision making incorporates planning for a Paris-aligned net zero world. In 2020, we asked all of the investment managers in the OEF to engage with their underlying portfolio companies to plan for a net zero world, and approximately 65% responded.

Currently, 46.0% of the Oxford Endowment Fund is managed under a codified climate strategy. 60.8% has a broader codified ESG policies. 42.9% has membership of a climate-related ESG organisation.

Looking through our managers investments at year end, the 20 largest public equity exposures constitute 21.0% of the OEF at 31 December 2020. Of these companies, 100% have an ESG policy, 91.4% disclose their GHG emissions, and 54.7% have net zero targets. The sector breakdown of these companies is: technology 42.4%, industrials 34.3%, consumer 10.2% and financials 13.1%. None are on the Carbon Underground 200, whilst 14.8% have voluntarily adopted a 'Say on Climate'.

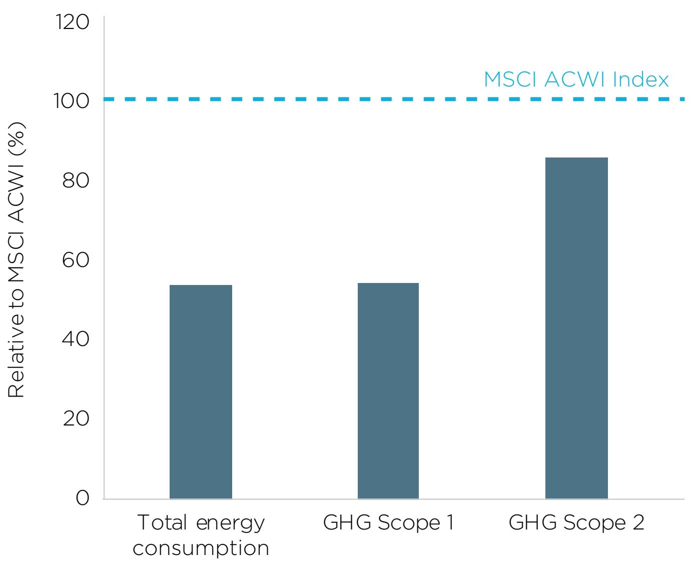
It is OUem's aspiration to achieve complete coverage of the portfolio with net zero targets and Paris aligned net zero strategies by 2035. We will explore standardised methodologies to achieve this and continue to develop our work in this area in future reports.

Portfolio mapping

The Oxford Endowment Fund does not own any companies directly, rather it invests in pooled vehicles and so any accurate mapping of the portfolio is challenging. However, we do have sufficient data to map the Fund on a sector basis. We have compared the Fund's exposure, by sector, to that of the MSCI ACWI. The chart below shows the Fund to be weighted towards less GHG-intensive sector than the MSCI ACWI.

The weighted average carbon intensity of the OEF has been calculated for public equity exposures. Of the public companies in which our managers invest, 39.8% have disclosed their Scope 1 and Scope 2 GHG emissions. We will work to expand the coverage of this analysis across the OEF in the coming years. Please note that while these results are encouraging, and we will continue to review, the modelled analysis may not accurately reflect GHG emissions.

Figure 5: Modelled OEF emissions



39.8% of the OEF public equity exposures disclose company-level Scope 1 and Scope 2 emissions; using this data, the estimated weighted average carbon intensity for the OEF is 23.3 tCO2e/$m sales (ACWI: 155.3 tCO2e/m$).

Source: OUem and Bloomberg. Data at 31 December 2020. GHG Scope 1 = All direct Greenhouse Gas (GHG) emissions. GHG Scope 2 = Indirect GHG emissions from consumption of purchased electricity, heat or steam.

Global regulatory framework

We are keeping abreast of the substantial regulatory and policy change around the net zero transition. We believe that net zero targets, at the highest level, are an appropriate signal for companies and investors to begin reducing their GHG emissions.

In the two pie charts below, we have mapped our managers and their investments to different countries globally, then grouped these by countries' net zero targets. We have used Net Zero Tracker to understand the status of countries' net zero targets.

By manager, only 0.13% of the OEF lies in countries with no net zero target. Our managers invest internationally, hence are exposed to countries beyond their own. By managers' investments, only 5.1% of the OEF lies in countries with no net zero target. We plan to use this information to prioritise engagement with managers to ensure that, despite an absence of national policy, the manager themselves are taking action towards net zero.

From here, we will develop the granularity of this analysis. We will seek to assess the quality of managers' net zero planning, and their engagement with underlying companies on net zero planning in turn.

Figure 6: Managers' coverage with net zero targets %

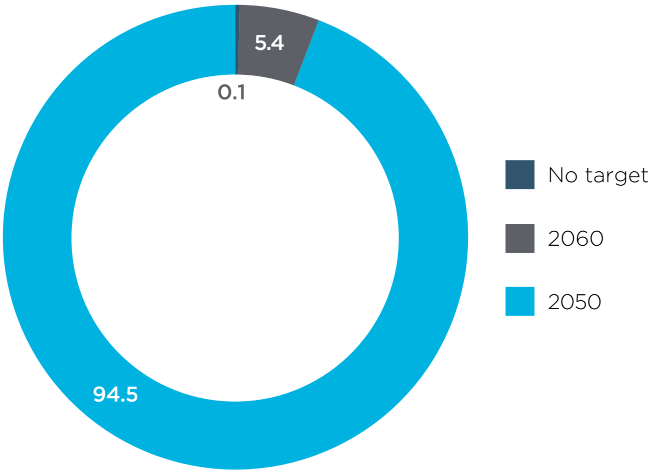
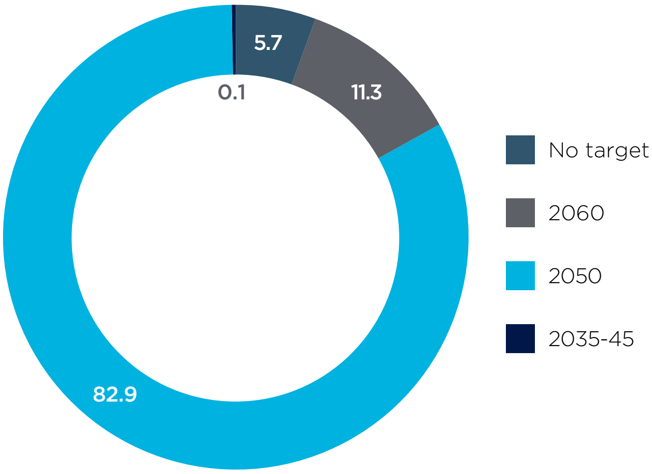


Figure 7: Underlying investments' coverage with net zero targets %



Source: OUem and Net Zero Tracker.

Christ Church

Disclaimer

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