A photograph of a stone archway in a garden, with purple flowers in the foreground and a building in the background. The archway is made of light-colored stone and has a central opening with a black metal gate. To the left of the archway is a large, dark green, rounded bush. To the right is a large tree with green leaves. In the foreground, several purple flowers with white centers are in focus, slightly blurred. The background shows a building with a window and a bench.

Task Force on Climate-related Financial Disclosures Report

OU Endowment Management Ltd
The Oxford Endowment Fund

2023

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Task Force on Climate-related Financial Disclosures (TCFD)

TCFD was convened by the Financial Stability Board (FSB) to develop a set of recommendations for consistent climate risk disclosure. Its recommendations are structured around four sections: governance, strategy, risk management, and metrics and targets.

TCFD reporting enables organisations and public companies to effectively disclose their climate-related risks and opportunities. This report is focused on OU Endowment Management (OUem) and the Oxford Endowment Fund (OEF or 'the Fund'). For more information on the performance of the OEF, please view the [OEF Report 2023](#).

Approach and context

This TCFD report has been prepared by OUem in accordance with the relevant provisions contained in the ESG sourcebook, the TCFD Recommendations and Recommended Disclosures, and the applicable sections of the TCFD Annex as required under ESG 2.1.6R. This is OUem's combined TCFD entity and TCFD product report for the OEF. The report is broken down into two parts: part one which contains the TCFD entity report and part two which contains the TCFD product report for the OEF. The reports are being presented together in this way to reflect that the OEF is OUem's primary product and to aid the reader, particularly with respect to cross referencing between the TCFD entity report and the TCFD product report (and vice versa). Our primary focus is on managing permanent capital within the Oxford Endowment Fund.

The Oxford Funds: Endowment Master (known as the Oxford Endowment Fund, the OEF or the Fund), is a collective investment scheme as defined in the Financial Services and Markets Act 2000 and an Alternative Investment Fund (AIF). The Oxford Funds: Endowment Master is a charitable unauthorised unit trust (CUUT) and is an Alternative Investment Fund under the Alternative Investment Fund Managers Directive, as implemented in the UK. The Oxford Funds: Endowment Master operates within a master / feeder structure, with two feeder vehicles, the Collegiate Feeder and the Non-Collegiate Feeder. In the context of the master / feeder structure, in order to avoid unnecessary duplication, the information contained in this report is intended to meet the needs of investors in each feeder.

Chapter 2.1 of the ESG sourcebook requires firms to prepare a TCFD product report no later than 30 June each calendar year. This TCFD product report adopts a 12-month reporting period that ends on 31 December of the year preceding the date of publication.

It is anticipated that OUem's approach to TCFD product reporting will continue to evolve, particularly as climate-related data and quantification methodologies develop further. The quantitative methodologies adopted for the current report, together with the known limitations of those methodologies, are referenced in the 'Metrics and targets' section of the report.

Whilst investments held in the OEF may at any given time include investments that have particular sustainability characteristics, nothing contained within this report is intended to suggest that the OEF has an explicit sustainability label.

Compliance statement

ESG 2.2.7 requires a firm's TCFD entity report to include a statement confirming that the disclosures contained in the report comply with the requirements of the ESG sourcebook.

Accordingly, we confirm that the disclosures contained in the OUem TCFD entity report are consistent with the requirements of the ESG sourcebook. This compliance statement is underpinned by OUem's internal control and governance procedures and should be read in conjunction with the following section 'OU Endowment Management and the Oxford Endowment Fund', which details the basis on which this report has been prepared and includes an expectation that the matters disclosed in this entity report will continue to evolve in line with market practice and the ongoing development of quantification methodologies.

The entity report has been signed by Sandra Robertson, Chief Executive Officer and Chief Investment Officer.

OU Endowment Management and the Oxford Endowment Fund

Our company mission is to be the leading provider of endowment management services for charitable investors with a long-time horizon who believe in a diversified investment approach and are focused on achieving absolute real returns.

For more information on the performance and activity of the Oxford Endowment Fund, please read the [OEF Report 2023](#).

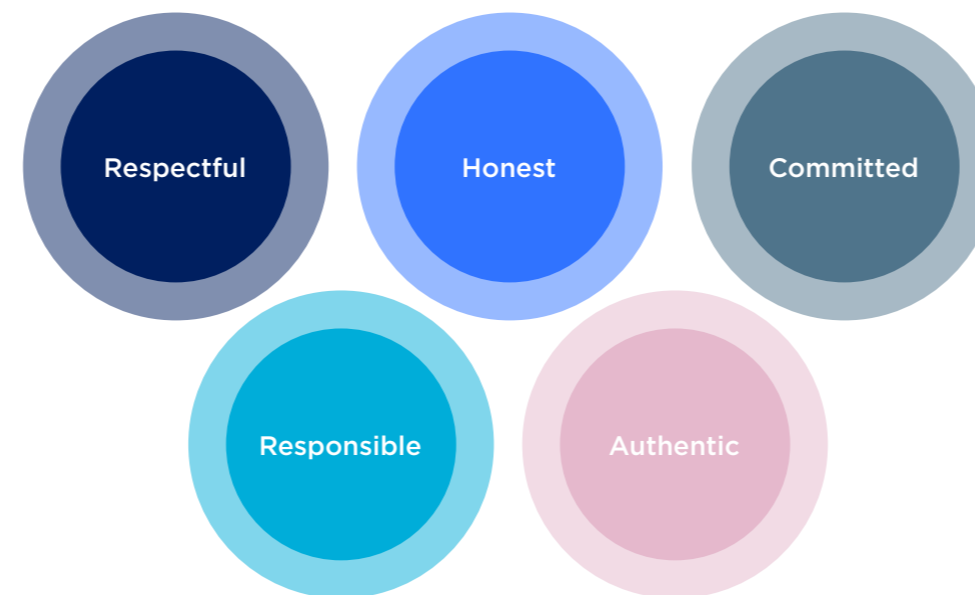
St Cross College

Oxford University Endowment Management (OUem) is a regulated investment manager and our investment strategy is to invest in a global and diversified portfolio of investments. Our primary focus is the Oxford Endowment Fund (OEF or 'the Fund') and today we manage approximately £6.5bn of assets for 46 investors. Since opening on 1 January 2009, the OEF has an annualised return of 8.6% and has distributed £1.6bn to our 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 finance 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 business, 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.

Our values



The Oxford Endowment Fund has

46

charitable investors

The Oxford Endowment Fund has returned

8.6%

annualised since 1 January 2009

The Oxford Endowment Fund has distributed

£1.6bn

since 1 January 2009

Note: Returns and exposure data shown in this report are for The Oxford Funds: Endowment Master and calculated by OU Endowment Management to 31 December 2023, unless otherwise stated. Returns are time weighted returns, quoted in Sterling and net of all fund expenses, including custody, administration and OU Endowment Management fees.

Governance

OU Endowment Management is a regulated investment manager with robust systems of governance and oversight.

We are authorised and regulated by the Financial Conduct Authority and are an Alternative Investment Fund Manager under the Alternative Investment Fund Managers Directive (AIFMD). Our primary focus is on managing permanent capital within the Oxford Endowment Fund.

Board oversight and Management's assessment of climate change risks

The Board of Directors (the Board) has overall responsibility for risk management, including oversight of climate risks and opportunities. Executive Directors are responsible for design of appropriate strategies to understand, identify, measure, monitor, control, and report risks and opportunities related to climate change across investments and the business. OUem's ESG Principles are periodically reviewed and agreed by the Board, and reporting mechanisms are in place to ensure that relevant climate-related information is shared with the Board.

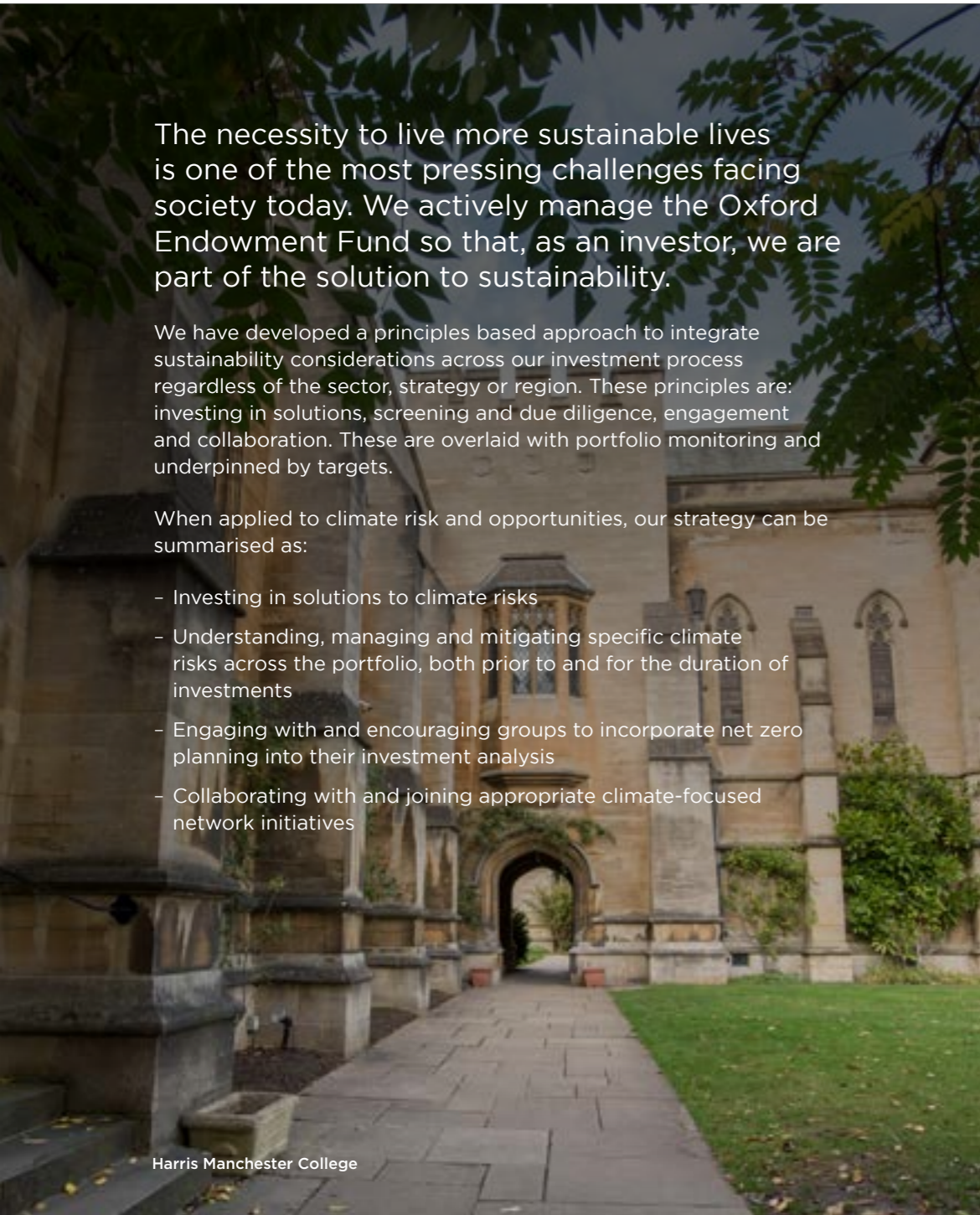
OUem has an Audit and Risk Management Committee, which is a sub-committee of the Board, and provides a forum for discussion of any risks (including those relating to sustainability) and evaluation of current risk management processes. OUem maintains company and fund risk registers and has implemented an operational risk management framework to identify and evaluate risks.

Additionally, an internal ESG Working Group reviews practices and initiatives relating to sustainability matters, ensuring they remain effective and up to date. The meetings of the Working Group can act as a forum for discussion of climate risks and opportunities and, if necessary, escalate and action beyond the Working Group as appropriate. OUem's management is regularly updated on any climate and sustainability-related matters.

The Oxford Endowment Fund

OUem is the regulated investment manager of the Oxford Endowment Fund, which is an investment vehicle where the University, members of the collegiate University, and a small number of select external UK charities, have pooled their perpetuity capital to gain the scale and expertise of a dedicated investment approach provided by OUem.

Integrated climate strategy



The necessity to live more sustainable lives is one of the most pressing challenges facing society today. We actively manage the Oxford Endowment Fund so that, as an investor, we are part of the solution to sustainability.

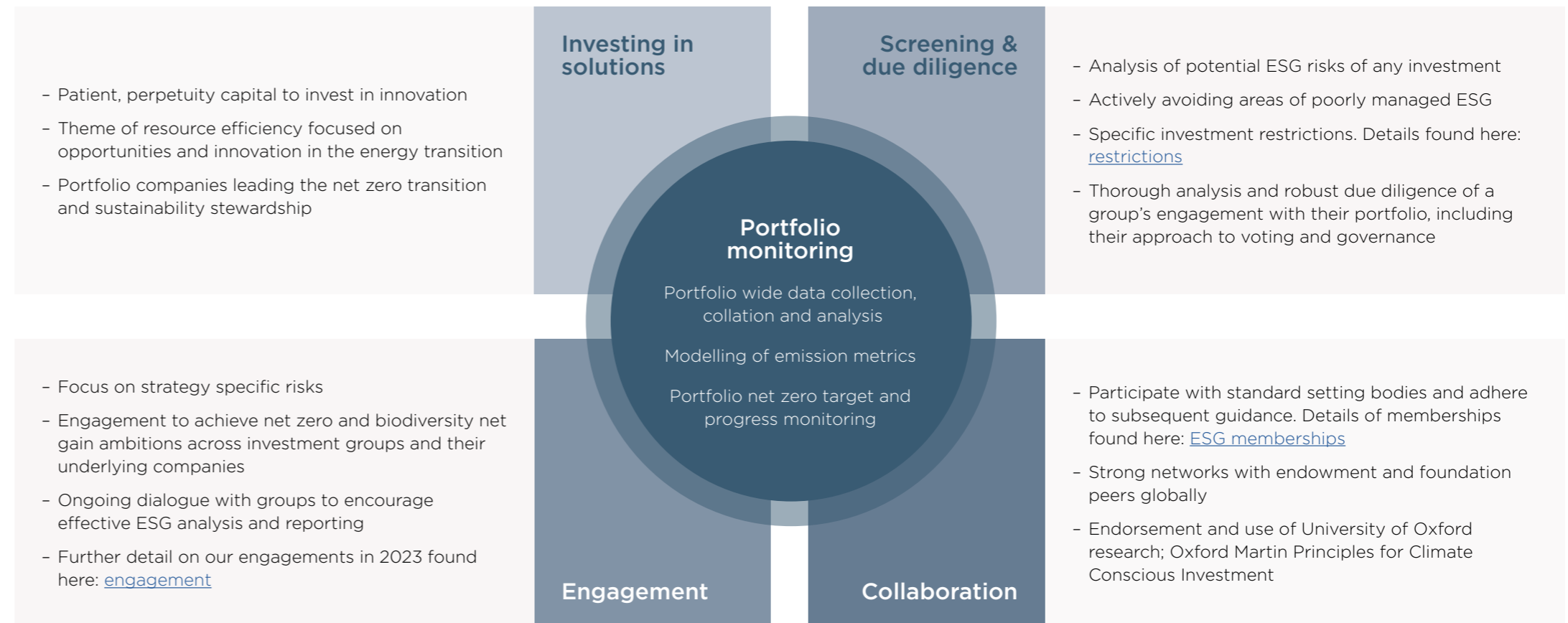
We have developed a principles based approach to integrate sustainability considerations across our investment process regardless of the sector, strategy or region. These principles are: investing in solutions, screening and due diligence, engagement and collaboration. These are overlaid with portfolio monitoring and underpinned by targets.

When applied to climate risk and opportunities, our strategy can be summarised as:

- Investing in solutions to climate risks
- Understanding, managing and mitigating specific climate risks across the portfolio, both prior to and for the duration of investments
- Engaging with and encouraging groups to incorporate net zero planning into their investment analysis
- Collaborating with and joining appropriate climate-focused network initiatives

Harris Manchester College

An integrated approach



2035

Paris-aligned net zero plans across the Oxford Endowment Fund

Zero FF

No direct financing of new fossil fuel developments

Net zero

Engagement with residual fossil fuel exposure on net zero planning

2025

Carbon neutrality of OUem

Operational climate strategy



OUem is a small company based in Oxford. We have set a target of becoming carbon neutral across our operations by 2025, alongside other initiatives to drive the environmental sustainability of the business.

In order to meet our carbon neutral target by 2025, we have taken a number of steps and have identified several further opportunities to aid us in achieving this target.

Balliol College

Reduce operational emissions

To achieve carbon neutrality, the first and most important step is reducing operational emissions to the greatest extent possible. These have been identified as: refrigerant leakage, gas use, electricity use, business travel, employee commuting, waste disposal, water consumption, working from home related emissions and business hotel stay emissions. Further information is found in the metrics and targets section.

In 2020, OUem moved to a newly renovated office. In our fit out of the building, we targeted energy and waste efficiencies; this ranged from sourcing sustainably manufactured furniture to energy efficient kitchen equipment. As a listed building, the landlord retrofitted windows with secondary glazing to reduce heating waste. Our utility and energy provision uses a renewable energy electricity tariff.

We will continue to take measures to reduce operational emissions where we can. Inevitably there will be hard to abate operational emissions arising from employee commuting and business travel. Any hard to abate operational emissions will be offset with high quality carbon credits.

Sustainability of suppliers

Prior to engaging a new material service provider, we have introduced analysis of approach to sustainability as part of our due diligence. This includes engaging and improving our understanding of a group's transition to net zero. As a business, we have the opportunity to partner with the most sustainable partners and suppliers.

Collaboration to improve our processes

We have signed up to several organisations and initiatives. These network memberships and initiatives increase our understanding of policy changes across the industry and keep us abreast of any new developments or initiatives that may be useful for us in our ongoing pursuit of sustainability at OUem. We also have access to some of the most eminent climate research and academics in the world.

Integration of ESG and sustainability across the business

Wherever possible, recycling and reduction of food waste is encouraged. We also promote more sustainable employee commuting through the cycle to work and salary sacrifice electric car schemes.

Climate risks

OUem is a small business and climate risks to the operating entity are currently considered to be low. Due to its size and location, physical climate-related risks are likely to be small. We have identified the following transition risks, all of which contribute to a risk of potentially higher operating costs; however, none of these risks are deemed material:



Increased cost of carbon emissions and increased emissions reporting obligation; both risking higher operating costs.



The need to switch to lower emissions technologies contributing to potentially higher operating costs.

Impact of and resilience to climate risks and opportunities

Given the limited climate risks that OUem faces at the company level, we do not foresee any material impacts on the business, strategy or financial planning regardless of current modelled scenarios of 2°C or lower. In order to meet our climate targets, additional costs to the business are expected. For example, sustainable suppliers may be more costly and there will be a cost to offsetting carbon emissions.

For details of how climate risks and opportunities and scenario analysis are factored into relevant products or investment strategies of OUem, please see the Oxford Endowment Fund section.

Climate risk management

OUem has systems in place to identify and assess climate risks relevant to the company and investments. While specific climate risks are considered to be low in both, we take a number of steps to monitor and mitigate any potential climate risks. We comply with all existing, and will comply with all emerging regulatory requirements related to climate change.

Investment strategy

We believe one of the best defences against climate risk is to invest in innovative sustainability solutions and one of our investment themes for over a decade has been resource efficiency. This has led to a variety of investments across the portfolio from groups investing specifically in the climate transition, companies innovating across a range of sectors and groups driving more established companies towards net zero. Further detail of this is found within the Oxford Endowment Fund section.

Engagement

Through the OEF, we predominantly own investments indirectly and as such engagement activities are carried out with our investment groups, rather than through voting. We integrate sustainability considerations into our investment process, including during due diligence and through continued evaluation of groups following an investment decision. We maintain ongoing dialogue with groups to encourage effective sustainability and climate risk awareness and management. This will be both on strategy specific risks and on systemic risks such as net zero, and annually through our ESG and sustainability letter. Engagement is also used to inform our own analysis and measurement of the portfolio's sustainability.

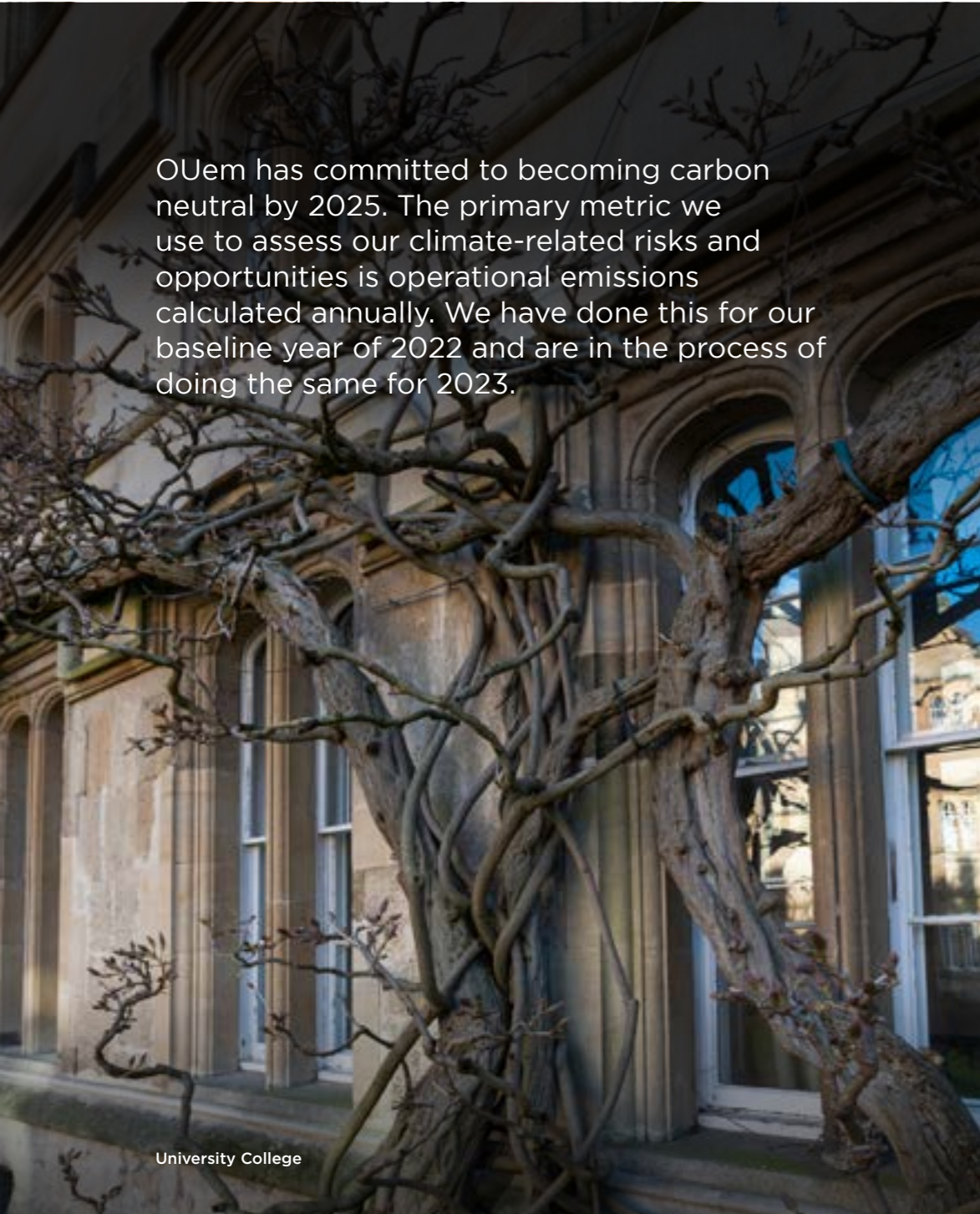
Portfolio monitoring and measurement

We have developed systems to monitor and measure the portfolio as a whole, informed by our own analysis alongside engagement with investment groups. Through data collection, collation and analysis, we are able to model and estimate climate metrics, to monitor progress against climate targets.

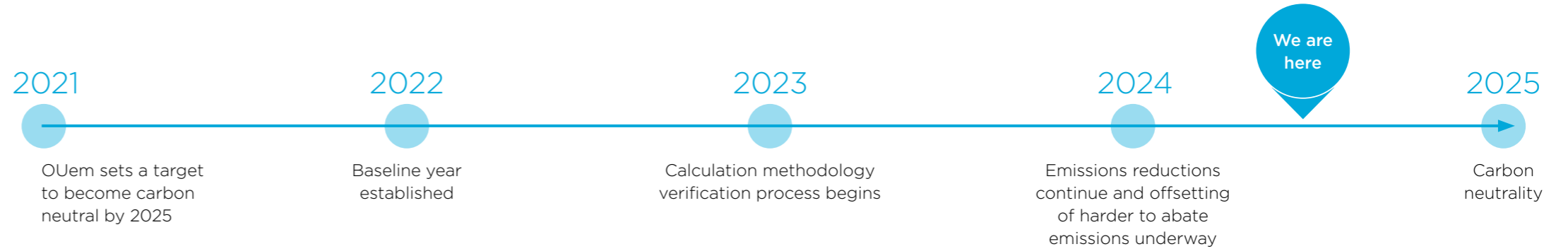
Operational climate risk management

As a small company, operational climate risks are perceived to be low. We have formed an internal ESG Working Group whose role is to review practices and initiatives relating to ESG matters, ensuring they remain effective and up to date. The meetings of the Working Group can act as a forum for discussion of climate risks and opportunities and subsequently, if necessary, escalated and actioned beyond the Working Group as appropriate.

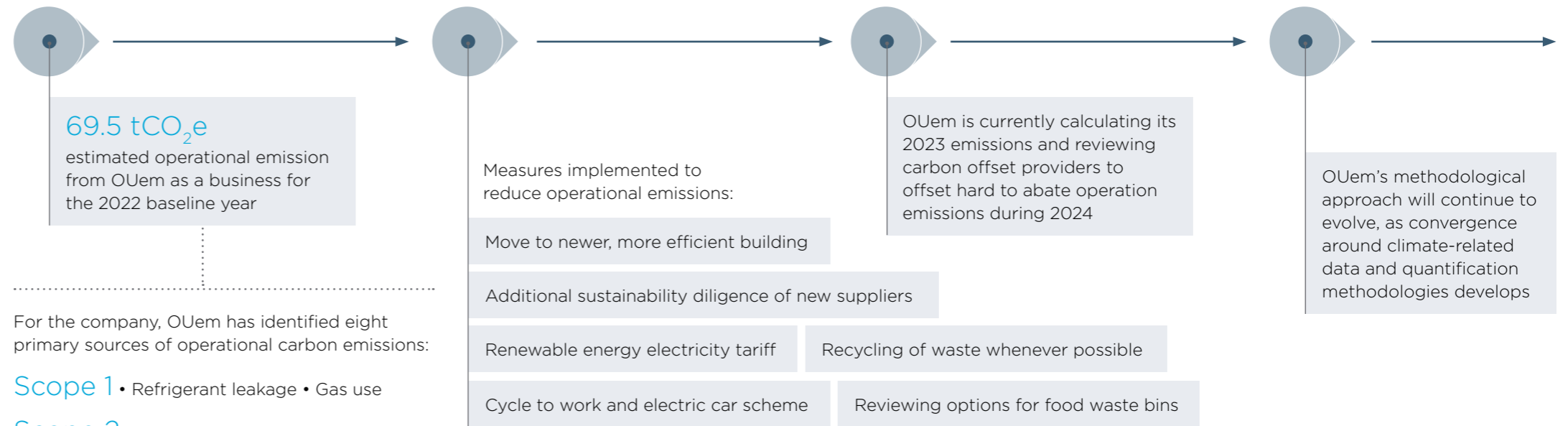
Operational metrics and targets



Ouem has committed to becoming carbon neutral by 2025. The primary metric we use to assess our climate-related risks and opportunities is operational emissions calculated annually. We have done this for our baseline year of 2022 and are in the process of doing the same for 2023.



Operational climate target



For the company, OUem has identified eight primary sources of operational carbon emissions:

Scope 1 • Refrigerant leakage • Gas use

Scope 2 • Electricity use

Scope 3 • Business travel • Employee commuting • Waste disposal • Water usage • Work from home

In all instances, we have engaged to reduce our emissions to the greatest extent possible. Where necessary, we will offset any hard to abate emissions.

In our baseline year of 2022, company emissions were significantly smaller than we would normally expect, due to the impact that the COVID-19 pandemic had on business travel. Business travel emissions are therefore underrepresented during 2022 and are expected to reach normal levels going forward. In initial comparisons to our baseline year, we will also note pre-pandemic travel emissions measured in 2019 to 2020. The emissions calculations methodology verification process was started in late 2023 and is still underway and nearing completion. Once the calculations of the baseline year have been officially verified, we will proceed to calculate and report 2023 emissions and 2024 emissions when data becomes available.

The greenhouse gas (GHG) protocol has been used to quantify OUem's carbon footprint. The data is collected from company financial records and employee surveys. The emission factor is obtained from UK Government GHG Conversion Factors for Company Reporting. OUem follows the University of Oxford's emissions accounting methodology. Once we have reduced our emissions to the greatest extent possible, we will then purchase high quality, reliable carbon offsets that provide genuine additionality (carbon that would not otherwise have been sequestered) and benefit communities and biodiversity alike.

Investment strategy

The Oxford Endowment Fund aims to preserve and grow the value of charitable endowments, while providing a sustainable income stream.

Investment objective

The OEF's investment objective is to produce an annualised real return of 5% in excess of the Consumer Price Index (CPI) over the long term. We aim to achieve an equity-like return while experiencing lower risk, as measured by volatility of returns, than would be associated with an investment in equities.

Distribution policy

The distribution policy of the OEF is to distribute 4.25% of the average of the past 20 quarters' NAV per unit, subject to a cap of a 10% increase and a floor of the last year's distribution.

Governance

For details on the governance of the OEF please see the Governance page of the OUem section above.

Investment strategy

Derived from our investment philosophy, our investment strategy is designed to generate significant real returns. This naturally leads to a focus on investments in equities, with property and credit used as diversified sources of return. We refer to these as Risk Assets.

In most circumstances, we believe that active management, with the right investment group, leads to superior returns. When working with investment partners, we prefer individuals and groups who have significant proportions of their own personal wealth invested alongside our investors, and where gathering assets is not a priority. We look for groups with deep expertise in their chosen market or strategy, coupled with a stable underlying capital base, allowing them to take long term views. We do not value time spent on the over assessment of benchmarks, and concentrate on managers who are empowered to focus capital in the best opportunities they can find, wherever they might be. OUem predominantly invests in world class, active investment groups; with passive indices used occasionally as a means to maintain allocation and liquidity. When we invest with a manager, we are buying predetermined units in pooled vehicles.

Climate strategy

OUem has developed a holistic climate strategy integrated with its investment approach. This includes:

- identification of climate risks
- investing in solutions to sustainability
- engagement on net zero planning
- portfolio monitoring and measurement
- a target for Paris-aligned net zero plans across the OEF by 2035.

These activities are coupled with the restriction of direct investments in fossil fuels.

Further information on investment strategy can be found in the [OEF Report](#).

Identification of climate risks

Individual investments are analysed for potential sustainability risks, including those associated with climate change. We also spend time reviewing the potential for systemic climate risks across the portfolio.

Over the short, medium and long term, climate risks specific to the portfolio are considered to be low given our active approach to investment management and long term themes such as resource efficiency. The impacts of climate change on the business strategy and financial planning of the OEF are therefore currently considered to be low; although, these remain under review.

We consider the best way to manage climate risks over the short and medium term to be through engagement with our managers. Over the long term we see opportunities by investing in innovative sustainability solutions to climate risks; with these investments also having the potential to generate returns over short to medium time frames. We believe this to be the case in a range of scenarios, from current modelling of 2°C or lower.

Portfolio level climate risks

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 our investment process on identifying talent. As such we are only exposed to returns produced by specific investment selection.
- Furthermore, we are 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.

Specific climate risks in the portfolio

All investments are thoroughly analysed for potential environmental and social risks. Due to our active approach to investment management, and long term themes such as resource efficiency, specific micro risks are limited. The Oxford Endowment Fund is not exposed to high risk sectors in any concentrated form.

Fossil fuel extraction

Exposure is low with a total 0.5% indirect exposure to fossil fuels.

Property and land

We recognise that one of the main sources of GHG emissions is the production of food and we have invested in a group with a focus on sustainable food systems. The OEF's property and land investments are not in areas exposed to high physical risks of climate change. The large majority of property is in the UK; prior to any direct investment, long term flood risk is fully assessed. There are substantial sustainability initiatives underway across the property portfolio.

High carbon emitting sectors

The OEF 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 such as energy, materials and utilities. Our largest group continues to actively lead shareholder resolutions to request climate transition plans and we encourage all Public Equity managers to sign up to Say on Climate.

Physical infrastructure assets

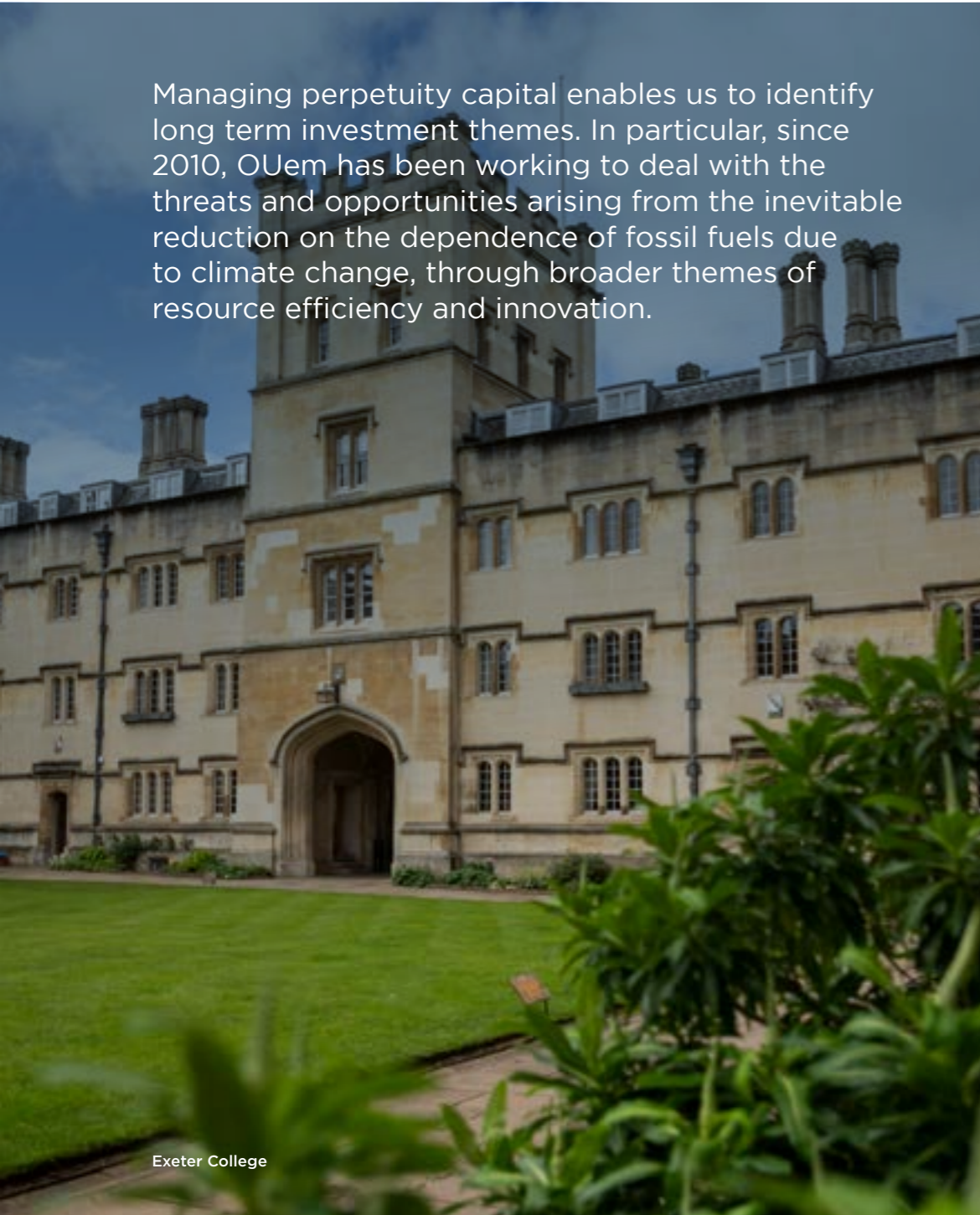
There is no direct exposure and de minimis indirect exposure to physical infrastructure. This has never been an explicit focus for the Fund.

Increase in insurance losses on physical assets

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

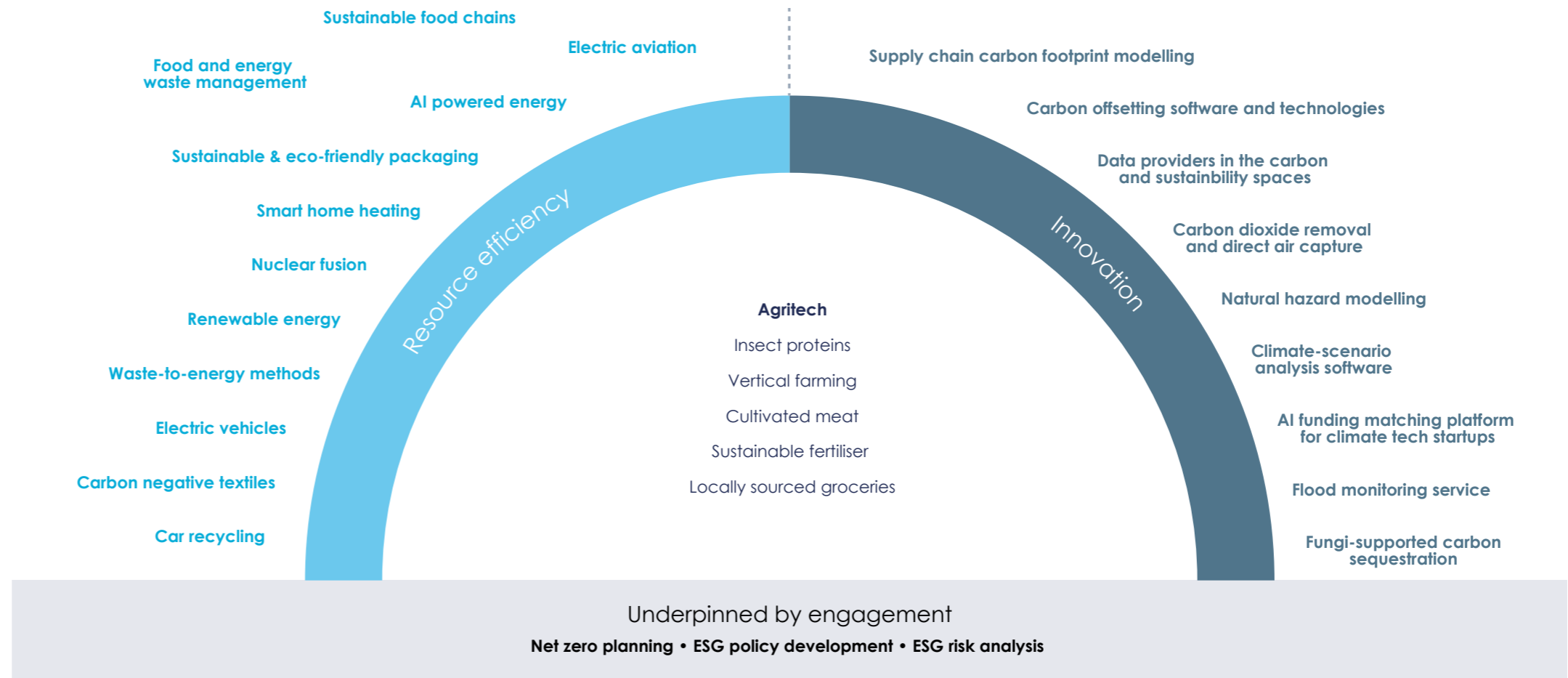
Climate opportunities: investing in solutions

Managing perpetuity capital enables us to identify long term investment themes. In particular, since 2010, 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 broader themes of resource efficiency and innovation.



Exeter College

Examples of managers' investments in solutions



Resource efficiency

In 2010, we became the first institutional investor to back a group focused on analysing companies' resource metrics, assuming those which minimise their water, waste and energy will outperform less prudent peers. We were their first institutional backer, investing in the management company in the early stages of their journey. We have continued to support them, seeding new products and taking a Board seat. The group now manages approximately £12bn for other investors globally.

Resource efficiency and the climate transition

As an outcome of our investment approach, approximately 10% of the OEF is invested with a focus on resource efficiency and the climate transition. This includes:

- funds with a climate change mitigation focus
- funds driving climate engagement with companies
- groups incorporating the transition to net zero within their investment thesis
- innovative private companies focused on transition solutions.

Natural Capital

We have a Natural Capital strategy involving substantial rural land investments in the UK. This is concerned with protecting and enhancing natural resources over the long term and aims to create value and generate new income streams through the delivery of ecosystem services. Management activities within this initiative are focused upon biodiversity and peatland restoration, which are detailed on the next page.

Investing in solutions: natural capital

In November 2020 the OEF acquired an upland estate in central Scotland as a natural capital investment. The natural capital strategy is concerned with optimising natural resources to promote biodiversity and seeks to add value through the provision of ecosystem services, such as carbon sequestration and flood mitigation.

The estate spans 7,500 acres of predominantly heather moorland and peatland. The strategy for the estate currently involves peatland restoration, long-term habitat restoration and eco-tourism. Carbon modelling of the estate is used to determine areas for improved carbon sequestration services.

Northern Lights over the estate

Peatland restoration

An eight-month peatland restoration project was completed in Q2 2024. The project initially identified existing areas of peatland in varying states of degradation. The analysis suggested that, prior to the OEF's purchase, peatland habitat across the estate had been significantly altered from its near natural condition and had been emitting carbon dioxide over the majority of areas surveyed.

A restoration plan was drawn up and actioned, the purpose of which was to reduce loss of peat and stored carbon from the site and to re-wet and restore the peatland to a bog ecosystem able to sequester carbon from the atmosphere and support a wide range of flora and fauna. Restoration activities included artificial drain blocking and the installation of leaky dams to slow down the flow of water, and the reprofiling and revegetating of actively eroding peatland. These actions have resulted in approximately 800 acres of restored peatland now on the road to recovery, which, once validated, will generate over 29,000 carbon credits. Key species in the restored peatland include sphagnum moss, deer grass, and cotton grass.

In addition to carbon sequestration, the restoration will benefit the local environment and existing peatland present in the area. The restoration will have a positive impact on local watercourses such as adjacent river ways. It will also positively affect the water pH, quality, and sediment load as more water will be held on the site, the acidic peat will be covered up and there will be less erosion taking place into the water courses.

Longterm habitat restoration and eco-tourism

Extensive surveys have been undertaken to record, monitor and enhance the biodiversity of the estate. The estate has been awarded Wildlife Estate Scotland (WES) accreditation.

Long-term habitat restoration not only offers significant potential for positive biodiversity gain through an integrated wildlife and habitat management plan, but can also have a positive social impact through enhanced public access and eco-tourism.



Restored peatland on the estate

OUEM continues to drive sustainability across its direct property estates. This includes the completion of a sustainability report for a substantial rural land holding, with the view of rolling this out across other investments.

Climate risk management

Climate risks are integrated in our broader risk management approach. A key area of this is our ongoing dialogue with third party managers to ensure we have the best possible understanding of the assets held and the potential risks within the portfolio, including those relating to climate and sustainability.

The OEF predominantly owns investments indirectly, so engagement activities are carried out with investment groups, rather than companies. We have a disciplined approach to the number of active relationships with investment groups in the portfolio and an exceptionally high information flow from these groups.

Engagement activity

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, with respect to climate risk we incorporate the following factors into our dialogue:

- reduction of resource use and pollution prevention
- areas of leadership in resource efficiency
- engagement with companies on climate transition strategies and achieving net zero
- engagement with companies on nature-related risks, and strategies for achieving biodiversity net gain
- disclosure of environmental data.

Every year, we write to investment groups with regards to climate, net zero and broader sustainability. In the most recent letter we asked them to:

- use the Oxford Martin Principles for Climate Conscious Investment as a framework for engagement with portfolio companies
- engage with their portfolio companies on net zero targets
- share analysis of their portfolios with respect to net zero planning and calculating carbon emissions, both of investments and the management company
- encourage groups to codify their approach in an ESG policy, or update us on changes to policies or ESG memberships.

As part of our ongoing analysis of the portfolio, we register sustainability engagement and activity, which encompasses both activity at the Fund level, and at the level of underlying investments. The purpose of this is to share information on climate risk management activity.

Approximately

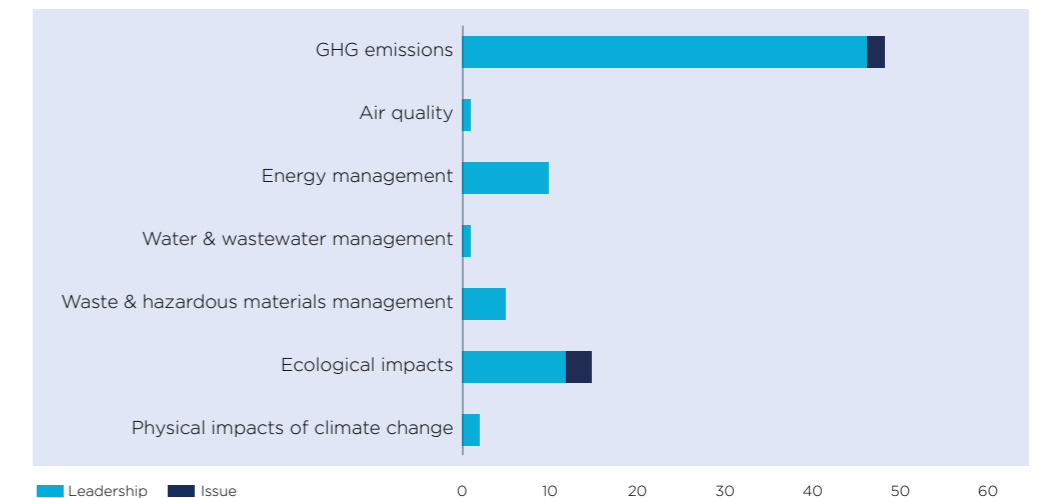
88%

of the OEF is invested indirectly.

Breakdown of climate-related activity across underlying portfolio

The graph below includes recorded climate-related activity and engagements by both OUem and our investment managers to 31 December 2023. The activities presented above can vary in nature and include: OUem engaging with a manager on any aspect of environment or climate, a new climate positive investment made by a manager, an initiative set up by a manager, sustainability or ESG policy development by a manager, or a major development in an underlying holding, whether this be climate leadership or an issue. Individual activity or engagement can therefore vary greatly in scope and scale; however, the purpose is to illustrate ongoing work and in order to do this, we have also provided examples of activities on the following page.

This data is derived from information provided by investment groups, ongoing dialogue and a monitoring service set up to capture sustainability news from the portfolio and underlying holdings. Activity in these areas will vary year-on-year due to a number of factors, including the number of managers in the fund, the mix of manager strategies, the market environment, as well as general levels of activity.



Source: OUem. Categories are replicated from the SASB Materiality Map.

In keeping with past years, the greenhouse gas emissions leadership bar is substantial. Contributing to this, several managers engaged with us on net zero planning and emissions data, alongside a number of climate positive investments in clean power, carbon data providers, and carbon capture and storage. We also measure engagement with the portfolio on other areas of sustainability activity and this can be found on our [website](#).

Christ Church College

Engagement activity

Ouem is in regular dialogue with investment groups on matters of climate risk management during due diligence and in ongoing evaluation.

Pembroke College

Engagement by voting

The OEF predominantly owns investments indirectly, 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.

OUem is also a member of the Investor Forum, an organisation established to facilitate collective engagement between institutional investors and UK listed companies, to encourage good stewardship of public companies.

Fossil fuels review and engagement

The OEF has a restriction on direct investment in fossil fuel companies and has no direct holdings in these companies. The restriction does not extend to fossil fuel companies held indirectly through investment groups. Where there is indirect or 'look through' exposure, we communicate a restriction to investment groups, and request that they avoid investing in fossil fuels, both prior to investing and throughout the lifetime of the investment. In the Private Equity portfolio, this is requested in a side letter, prior to investing.

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.
- Asked all investment groups 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.

Further information on this can be found at: [Approach to Net Zero](#).

OUem's active approach to investment management and long term themes such as resource efficiency means the investment groups we work with often have minimal exposure to fossil fuel companies. Since 2008, indirect exposure to fossil fuels has reduced from an estimated 7.1% to de minimis exposure of 0.5% at the end of 2023. Indirect exposures will vary year-on-year for a number of reasons, including: market environment, performance of holdings, mix of investment groups and variations within the underlying portfolio. Wherever there is exposure we will engage with the group and ask that they use the OM Principles for Climate-Conscious Investment to engage on net zero with the fossil fuel company.

Examples of climate engagement by investment groups

One of the OEF's Private managers became a founding member of the Venture Climate Alliance, an initiative to encourage early-stage investors to stop greenhouse-gas pollution and help the companies they fund do the same. Several managers have recently achieved B-Corp status.

A substantial underlying position held by OEF managers has become a member of the Carbon Removal Alliance. The new group's founding ethos is that carbon removal projects should bring permanent and verifiable removal and demonstrate that they are net-negative.

A bank within the underlying portfolio that lends to small and medium-sized UK businesses announced they are targeting a 60% reduction in scope 3 emissions in its supply chain and loan book by 2030.

Examples of OUem's climate-related activity

Sandra Robertson, CEO and CIO, joined the board of resource efficiency specialist, Osmosis Investment Management. Sandra also joined the investment committee of the Nature Conservancy, a global environmental nonprofit, advancing effective, lasting conservation in more than 70 countries and territories.

OUem provided guidance to several managers on formalising their approach to ESG in policies, across the portfolio.

OUem hosted an ESG webinar for investors and stakeholders of the OEF. Team members were invited to present, sit on panels and join round table discussions on sustainability and climate leadership.

The OEF seeded the launch of a developed markets resource efficient fund that excludes all fossil fuel companies. The product has been developed to maximise resource efficiency and address the risks and unintended bets bought into portfolios from fossil fuel divestment.

Investment portfolio metrics and targets

In this section we disclose the metrics and targets used to assess and manage relevant climate risks and opportunities to the Oxford Endowment Fund.

The OEF has three initial climate-related targets:

1 No direct financing of new fossil fuel developments

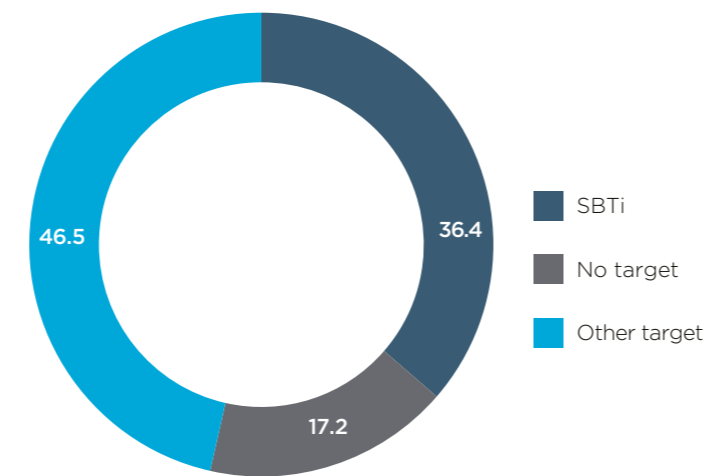
2 Engagement with any residual fossil fuel exposure on net zero planning

3 Paris-aligned net zero plans by 2035

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 monitor our progress towards this target by tracking the percentage of OEF managers that are taking steps towards net zero. We also measure the percentage coverage of underlying holdings' coverage with net zero aligned targets. Net zero targets are currently more readily available for large publicly listed companies, and our measurement is often reliant on information reported by these companies. We hope to expand coverage of targets over the coming years. Annually, we therefore ask all of the investment managers in the OEF to engage with their underlying portfolio companies to plan for a net zero world. We have also chosen to support organisations encouraging disclosure of climate metrics and targets where appropriate and that provide frameworks for responsible growth.

Looking through our managers' investments, we have assessed the coverage of net zero aligned targets across the portfolio. Information is currently derived from 49.3% of the OEF and we will work to improve this proportion. Using this sample, as in the figure below, 82.8% have targets related to net zero, with 36.4% committing to or setting a target using the Science Based Targets initiative (SBTi). Of the 0.5% residual indirect fossil fuel exposure, 73.7% of the indirect holdings as a % of NAV, have a net zero target.

Underlying holdings' coverage with net zero aligned targets %

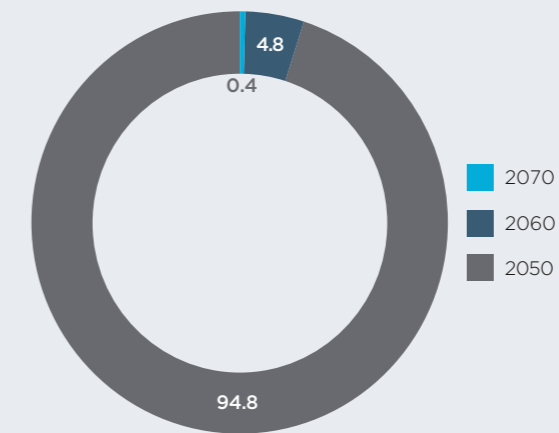


Source: OUEM and Say on Climate, SBTi, The Climate Pledge, GFANZ and zerotracker.net. Note: data gathered from 49.3% of the underlying portfolio.

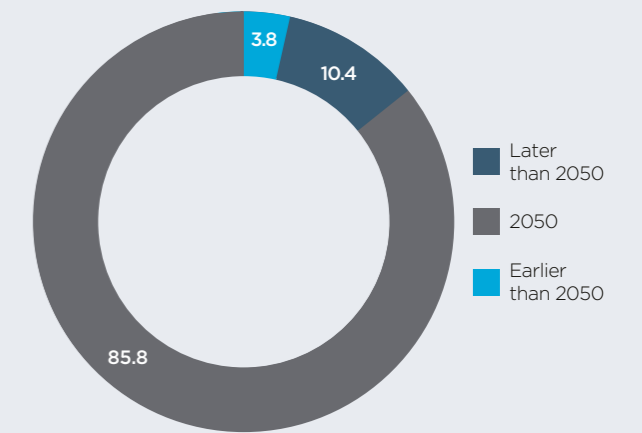
Geographical coverage with net zero targets and plans

We are keeping abreast of the substantial regulatory and policy changes around the net zero transition. We believe that net zero targets, at the highest level, are an appropriate signal that companies and investors are reducing their GHG emissions. In the two pie charts below, we have mapped our managers and their investments globally, then grouped these by countries' net zero targets. We have used Net Zero Tracker to understand the status of countries' targets.

Date of net zero target by manager's location, as % of NAV



Date of net zero target by underlying investment's location, as a % of NAV



Source: OUEM and zerotracker.net.

There are no managers located in countries without a net zero target. Our managers invest internationally, hence are exposed to countries beyond their own. By managers' investments, less than 0.01% of the OEF lies in countries without a target.

Portfolio emissions

The Oxford Endowment Fund is predominantly invested in pooled vehicles. Data is limited with mapping of the portfolio’s emissions reliant on estimations and modelling.

The metrics we have chosen to report have been deemed as the most suitable considering our investment approach and accounting for the limitations of the data available to us. This has been done to reduce the potential for erroneous estimations from a limited dataset. The gaps in the limited underlying data cannot be addressed using proxy data or assumptions without the resulting disclosure being misleading.

Modelled emissions

The OEF predominantly invests in pooled vehicles and accurate mapping of emissions is challenging. As such, we are reliant on evolving datasets, modelling and estimates. Our solution currently is to map and compare the OEF’s greenhouse gas emissions and energy consumption, by sector, to that of the MSCI ACWI. The figure alongside shows the Fund to be weighted towards less GHG intensive sectors than the MSCI ACWI.

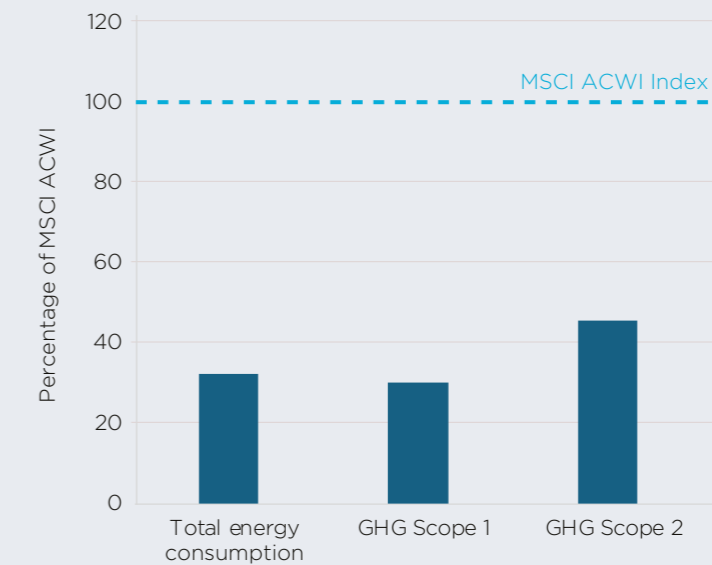
The Weighted Average Carbon Intensity (WACI) of the OEF has been calculated for 41.4% of underlying holdings in the portfolio, where emissions are reported or estimated from public sources.

	WACI (tCO ₂ e)
OEF	44.1
MSCI ACWI	129.0

We will work to expand this analysis across the OEF in the coming years. Please note that while these results are encouraging, the modelled analyses may not accurately reflect GHG emissions. This is due to incomplete look through data and estimated emissions for underlying companies, where the latter, in particular, may not accurately track companies’ decarbonisation from one year to the next. For example, the WACI of both the OEF and the MSCI ACWI have decreased significantly from last year which we suspect may, in part, be the result of evolving datasets. When data becomes available, we will explore reviewing of long term trends over year by year comparisons.

We consider climate risks specific to the portfolio to be low given our active approach to investment management and long term themes such as resource efficiency. We have shared our key defences to climate change within our strategy and risk management sections, which we believe would be the most appropriate frameworks in a range of climate scenarios; although we currently do not have the data to model this.

Modelled OEF emissions



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



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All photos provided by John Cairns, with the exception of: Balliol College photos provided by Keith Barnes and the natural capital estate photos provided by Duncan Laird.

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