

Responsible Investment Report 2023

The University, consistent with our values and as set out in the strategy [Our future](#), is fully committed to acting in a socially responsible manner, with social responsibility as one of our three core goals. We believe that our investments should be consistent with our values and that Environmental, Social and Governance (ESG) issues should be considered when making investment decisions.

We work with our investment advisers and managers to ensure that investments meet the requirements of our [Policy for Responsible Investment](#) and [Investment Beliefs and Objectives](#).

Our investment portfolio is made up of endowment funds. These are gifts from donors intended to be held on trust to generate a return, usually for specific purposes within the University. We invest these funds across a range of asset classes, including equities, property, cash, diversified growth funds and pooled funds.

2023 highlights



exceeded target

Exceeded our 40% target for reduction in the weighted averaged carbon intensity (WACI) within the investment grade credit allocation by 2027: 44% reduction from the benchmark figure on 31 December 2019 by 31 July 2023.

Nearly met our 50% target for reduction in the WACI of equity holdings by 2027: 47% reduction from 31 December 2019 to 31 July 2023.



nearly met target

While we are currently on track or exceeding our targets, the metrics are less positive than in 2022. We have taken a backwards step and are investigating and monitoring this along with our investment advisers, Mercer.



No direct shareholdings in coal, oil or gas companies, companies producing tobacco or manufacturing controversial weapons, or companies with the lowest ESG rating (as defined by MSCI) throughout 2023.

The University expects some volatility in the WACI metrics as it is influenced by the equity choices of the individual investment managers, which change on a regular basis. This measure should be viewed over a longer period rather than through an annual comparison. Over time we anticipate seeing a downwards trajectory of the WACI, which should become apparent over the next few years.

Stewardship

During 2023, we invested in listed equities through two active managers (Ruffer and Ninety One) and one passive fund (Mercer Passive Sustainable Global Equity Fund). ESG issues are fully integrated into investment processes and managers directly engage with companies and vote at shareholder meetings on our behalf.

Ruffer, Ninety One and Legal and General Investment Management (LGIM – the underlying manager for the Mercer Passive Sustainable Global Equity Fund) are signatories to the UN Principles for Responsible Investment (PRI), the Net Zero Asset Managers (NZAM) Initiative, members of the Institutional Investors Group on Climate Change (IIGCC), Climate Action 100+ and the Transition Pathway Initiative.

Ruffer:

- Stewardship activity during 2023 included engagement with ArcelorMittal on both climate change, in their role as co-lead of the Climate Action 100+ engagement, and health and safety. Ruffer undertook a site visit to their facility in Ghent, Belgium, to observe health and safety practices and carbon reduction efforts directly. Ruffer also participated in CDP's non-disclosure campaign.
- As part of a long-term engagement with Ryanair, Ruffer met with the company at the end of 2023 to hear more about its efforts on the use of sustainable aviation fuel (SAF) and to get a progress update on the validation of its emissions targets by the Science Based Targets Initiative (SBTi). Ruffer encouraged the company to disclose SAF percentage uplift figures and lifecycle carbon intensity more prominently, so that the market can observe its progress more clearly.

[Download Ruffer's Task Force on Climate-related Financial Disclosures 2022](#)

Ninety One:

- Stewardship activity during 2023 included engagement with Samsung Electronics regarding their net-zero commitment and strategy, AIA Group and Elevance Health regarding social issues such as parental leave policies, alongside other companies.
- Ninety One prioritises engagement with companies where change can have the greatest impact, including with the highest emitting companies.

[Download Ninety One's Sustainability and Stewardship Report for the year ended 31 March 2023](#)

Mercer Passive Sustainable Equity Fund

- Legal and General Investment Management (LGIM) is the underlying investment manager of the Fund and votes at shareholder meetings on behalf of investors in the fund. Both Mercer and LGIM are signatories to the UK Stewardship Code, considered the "gold standard" of stewardship practices.
- The fund aims to reduce carbon emissions with a view to achieving net zero carbon emissions by 2050. The environmental and social characteristics of the fund are achieved through tracking the performance of the Solactive Sustainable Global Developed Equity EU Paris-Aligned Index.
- Mercer worked closely with LGIM to design the benchmark to enhance exposure to positive environmental, social and governance ("ESG") factors; to stay compliant with EU Paris-Aligned benchmark regulatory requirements; and to provide low carbon emission exposure with a view to achieving the long-term global warming objectives of the Paris Agreement.
- The University also invested in fixed income through Mercer, in the Absolute Return Fixed Income Fund and the Short Duration Global Bond Fund 1. Both funds disclose under Article 8 requirements (Article 8 of the EU's Sustainable Finance Disclosure Regulation identifies products that promote environmental and/or social characteristics, while also addressing governance).

[Download Mercer's Investment Approach to Climate Change report for 2022](#)

Property investment

We invest in a UK property fund with Blackrock.

- Blackrock measures greenhouse gas emissions at the fund level and has a target net zero date of 2050.

[Download Blackrock's 2022 TCFD report](#)

2024 plans

This year, we will review our Policy for Responsible Investment and continue to work towards our decarbonisation targets, enabling the transition towards our target of net zero emissions in the investment portfolio by 2038.