PEMBROKE COLLEGE OXFORD INVESTMENT PORTFOLIO

The members of the Governing Body are the trustees of the College and responsible for the proper investment and safekeeping of its funds. They have delegated responsibility for overseeing the investment assets and investment performance to the Investment Committee, which includes the College Bursar who also manages investment portfolio operational activity.

INVESTMENT PORTFOLIO OBJECTIVES

The College's investment objectives are to balance current and future needs by:

- maintaining (at least) the value of the investments in real terms;
- producing a consistent and sustainable amount to support expenditure; and
- delivering these objectives within acceptable levels of risk.

To meet these objectives, the College's investments are managed on a total return basis, maintaining diversification across a range of asset classes in order to produce **an appropriate balance between risk and return**. In line with this approach, the College statutes allow the College to invest with the **objective of maximising the total return** and to make available for expenditure each year an appropriate proportion of the unapplied total return.

It is the Governing Body's policy to draw down as income a maximum of 3.5% (plus costs) of the value of the relevant investments. However, to smooth and moderate the amounts withdrawn this is calculated on the average of the year end values in each of the last three years. The Governing Body keeps the level of draw down under review so as to ensure that it continues to balance the current and future needs and interests of the College.

RESPONSIBLE INVESTMENT APPROACH

The College's investment portfolio is invested across a range of asset classes, including securities and property.

The College's investment portfolio is invested (i) indirectly via a small number of investment managers and (ii) directly held passive listed tracker instruments, (iii) with the balance in property and cash.

The College believes that successful management of environmental, social and governance (ESG) issues is fundamental to creating long-term value. The College expects its investment managers to have incorporated considerations of ESG into their investment processes and to actively engage with third-party managers or company management to improve their ESG practices and policies.

For ongoing mandates, the College follows **a regular engagement strategy with its investment managers so as to understand and monitor their ESG approach**. Oxford University endowment management (OUem) is the largest investment manager of the College's investment portfolio and its latest ESG and TCFD Report (2021) can be found here.

The College, like Oxford University, prohibits:

- Direct investment in tobacco companies (as defined by UK Cancer Research).
- Direct investment in companies which manufacture arms that are illegal under the Munitions (Prohibitions) Act 2010 or the Landmines Act 1998.
- 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 the above listed categories of company.

REDUCING CARBON EMISSIONS

The College is supportive of the Oxford Martin Principles for Climate-Conscious Investment and will use it as a framework to engage its investment managers with.

OUem already subscribes to the Oxford Martin Principles approach following engagement and dialogue with Oxford University, which itself is targeting of net zero carbon emissions by 2035. The College subscribes to the same pathway and seeks to accelerate this timeline, where balanced and appropriate, alongside other prioritised objectives.

For other smaller or legacy active investment manager mandates, the College will reallocate investments to achieve net zero carbon emissions in line with the Oxford Martin Principles when contracts expire, or beforehand if they can be sold without excessive penalty.

The College has no, and never has had, direct investments in fossil fuel investments. However, it does have exposure to broader publicly listed equity markets through passive equity index instruments which, by definition, are made up of all market sectors including the fossil fuel sector. All industries and sectors are carbon emitting, not just the fossil fuel sector. The College is committed to reviewing its index trackers and alternatives for their suitability in meeting ESG standards including net zero emissions in conjunction with delivering the investment portfolio's objective to maximise total return.

The College will monitor the College's investment portfolio progress to net zero emissions and report on it to the Governing Body annually.

The Investment Committee will review at least annually this policy and its implementation and report to the Governing Body.