

University of Bristol – portfolio climate metrics

Portfolio carbon footprint

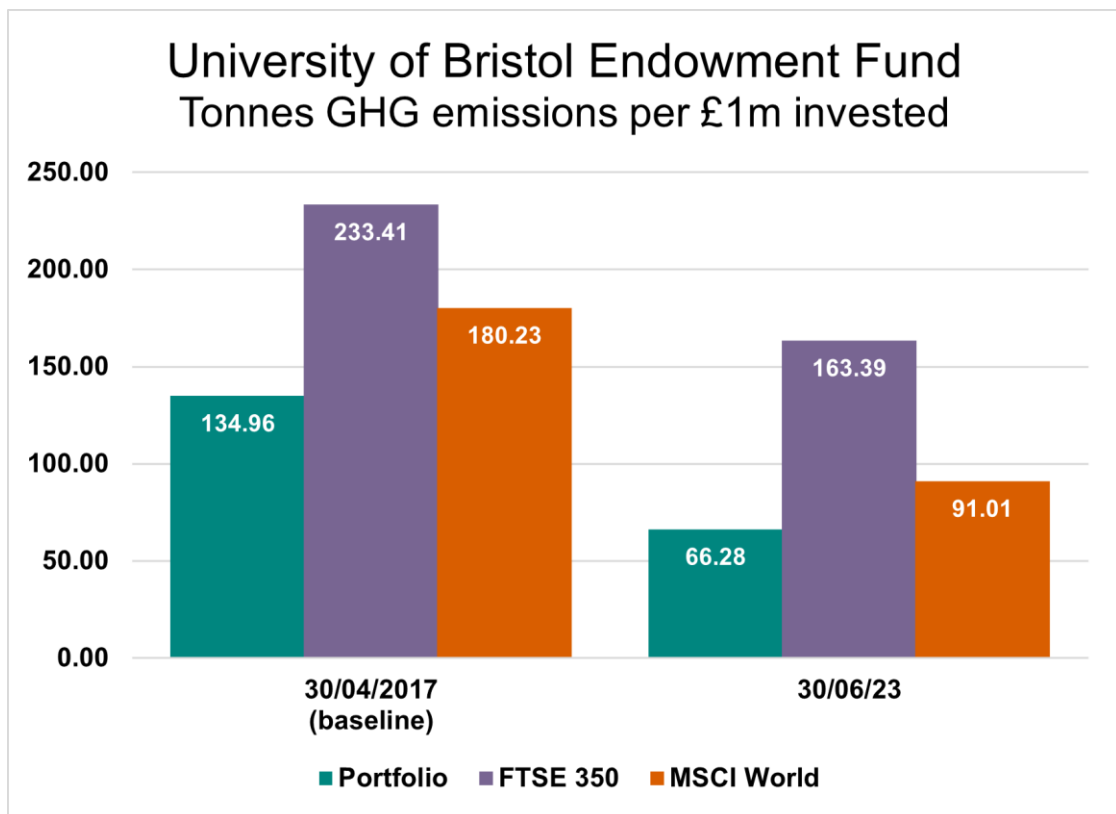
Shows the carbon ‘owned’ by the equity portion of investment portfolios.

It looks at the carbon emissions reported by companies, either to the CDP (Carbon Disclosure Project) or in their annual reports, and the percentage of each company’s shares owned within a portfolio. These are then aggregated to determine the amount of carbon ‘owned’ by a portfolio through its specific shareholdings.

Comparison benchmarks are calculated by allocating the portion of the portfolio invested in equities and covered by carbon data across index constituents according to their respective market cap weightings. The FTSE 350 and MSCI All World Indices are used as comparators.

It is also possible to compare the carbon footprint of different sized portfolios by using a measure of carbon ‘owned’ per £1m invested.

The carbon footprint includes only Scope 1 and Scope 2 emissions, as defined by the Greenhouse Gas Protocol. This is due to widespread gaps in company reporting of Scope 3 emissions and our desire to compare like-for-like company data.¹



¹ Scope 1: All direct Greenhouse Gas (GHG) emissions from sources owned or controlled by the company, e.g. emissions from vehicles owned by the company. Scope 2: Indirect GHG emissions from consumption of purchased electricity or heat. Scope 3: Other indirect emissions, such as from business travel or waste disposal.

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Portfolio carbon footprint – energy

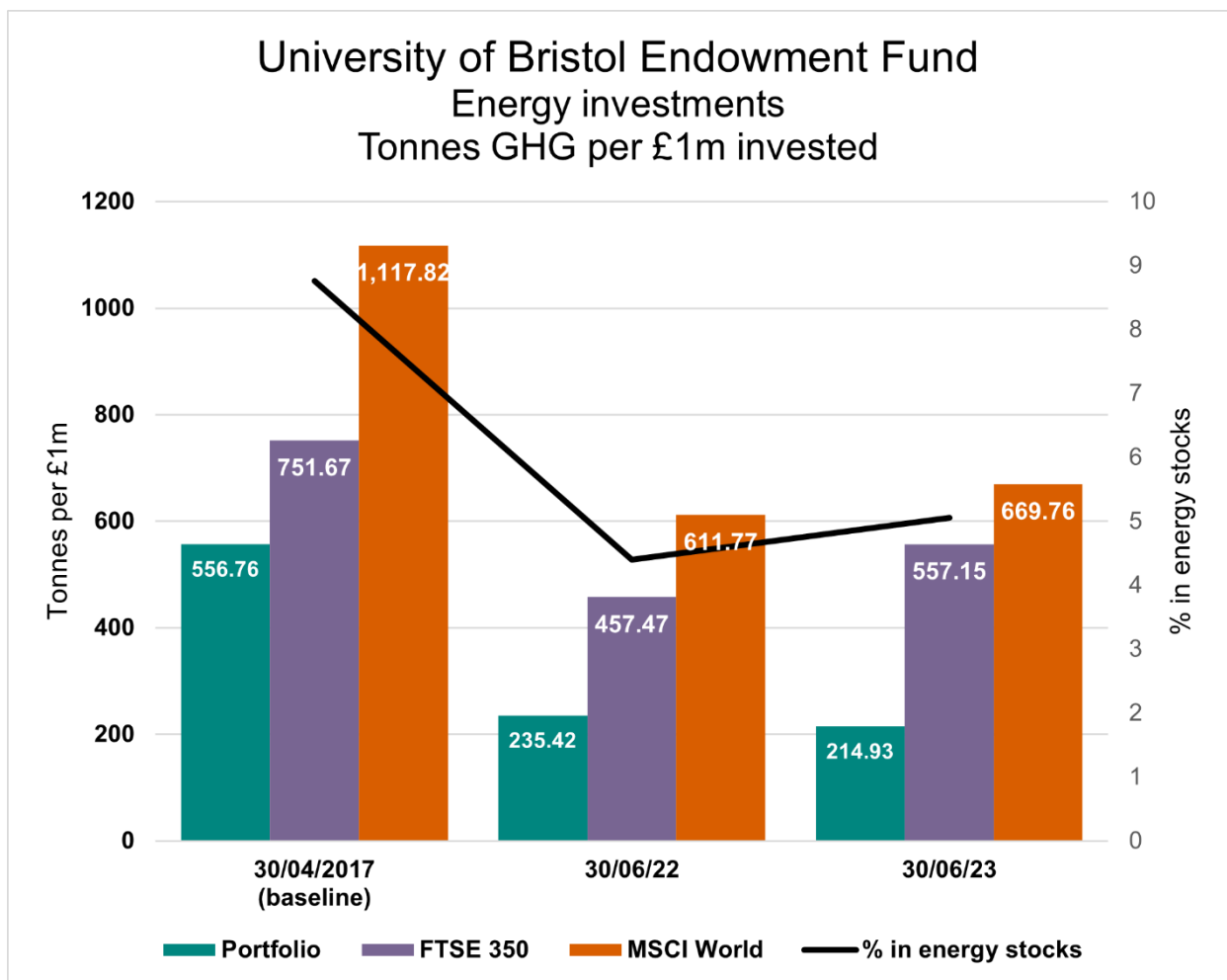
The University’s Endowment Investment Policy states the ambition to “actively manage its portfolio of energy investments, including those in oil and gas, to deliver a material reduction in the carbon emissions from these investments over the next ten years.”

Therefore, we also track the portfolio carbon footprint of the energy investments held.

‘Energy investments’ are defined as those in the following sectors:

- Oil & gas
- Utilities (excluding water)
- Mining (excluding non-energy minerals, eg diamonds & gemstones, gold mining, precious metals and platinum sub-sectors)

The comparator benchmarks have also been restricted to their constituents in the above sectors.



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Portfolio exposure to climate solutions

The University's investment managers recognise key global sustainable development trends and seek to identify investable companies with exposure to these.

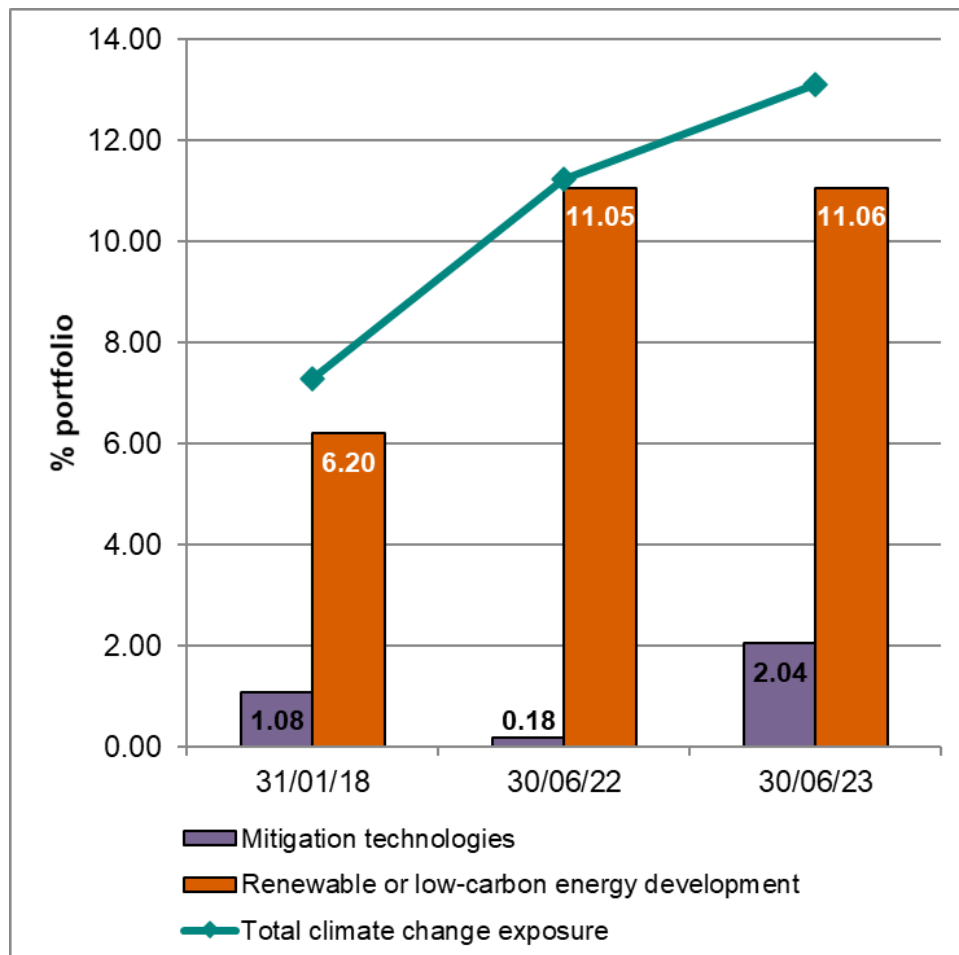
Below, we show the percentage of the portfolio which is invested in companies that directly support a low carbon transition.

We define these as investments with a major link to climate mitigation technologies or renewable/low-carbon energy development.

The portfolio also contains many investments that indirectly support a low carbon economy.

For example, those which are reducing their own GHG emissions year-on-year, those which have committed to sourcing increasing amounts of renewable energy, or those which provide technology, products or services that facilitate the transition. The chart overleaf shows the breakdown of the full portfolio by primary ethical and sustainability characteristic.

Baseline data relating to our previous fund manager (as at 30/04/2017) is not available. However, these data points will continue to be reported in the future to demonstrate the positive climate impact of the investment portfolio over time.



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Portfolio sustainability attributes

In addition to the focus on carbon and fossil fuel reductions, the overall shape of the investments has moved towards more socially responsible investments.

The following chart shows the primary ethical activity of the investments held in the funds.

