St. Anne's College, Oxford.

Responsible Investment Policy

Background
The college undertook an extensive consultation on possible changes to its investment strategy in Hilary Term 2020. This resulted in a move to total return from income and the exclusion of several industry sectors from its investment guidelines, adding to the longstanding exclusion of tobacco. These sectors included fossil fuel producers, mining companies and weapon manufacturers. This action was as a direct result of the consultation. As part of the second stage of the review the college is looking to establish a responsible investment policy which will be principles-based and guide future practice in this area by:

- Covering areas of concern in relation to the environment, social impact, and corporate governance.
- Setting out a process for working with third-party investment managers and engagement with the companies in which they invest.
- Outlining how the college will report on its activities to its members and look to involve them more in the investment process.

Approach
The college will continue to fulfil its fiduciary duty as an educational charity, but as a "universal owner," it is aware that the long-term health of its endowment requires the mitigation of systemic risk. Universal ownership is a concept which recognises the external impact of an investment portfolio and tries to manage the value of this by addressing both financial and non-financial considerations. This policy sets out the practical steps the college will take to do this. As an initial observation this process is new to the college, its investment committee and Governing Body. It is therefore proposed that the policy represents a start and may evolve over time as its approach becomes better established.

Investment Principles
From the outset the college expects its investment managers and their investments to be aligned the following internationally recognised principles. For the avoidance of doubt any objectives relating to the timing of the achievement of net carbon zero emissions are contained in the Oxford Martin School principles.

- The UN Principles for Responsible Investment https://www.unpri.org/
- The Oxford Martin School Principles for Climate Conscious Investment https://www.oxfordmartin.ox.ac.uk/publications/oxford-martin-principles-for-climate-conscious-investment/
- The UN Guiding Principles on Business and Human Rights https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

Engagement
The college recognises the importance of engaging with the companies in which it is invested, expecting them to be aligned to the same or similar internationally recognised principles. In practice the college does not have the resources to do this directly but expects its investment managers to engage on its behalf through an agreed process and regular reporting. Engagement for example may mean regular meetings with the companies invested, communicating with them regularly by other means, active involvement in voting at AGMs or using other more formal mechanisms.

Therefore when selecting investment managers, the college will seek to choose well-resourced institutions which have a proven track record in this regard and able to invest effectively according to the principles referenced above. The college also expects its investment managers to take the lead on this and to engage collaboratively with other investors who have similar interests. The college believes that this kind of cooperation improves the efficiency of all participants by sharing best practice, pooling resources, and leveraging a greater shareholder base to influence change.

The college recognises that its capacity to direct company engagement on its behalf by the investment manager will be greater through a segregated fund mandate than through pooled funds. The selection of a pooled fund may require it to have an overriding responsible investment strategy as part of its overall strategy. From time to time the college may also invest with managers that adopt a fund of funds strategy. Here the manager does not invest directly in a particular company but in a third party fund which in turn may invest directly. In this case the college recognises that direct engagement may be difficult, but the college expects both the investment manager employed directly by the college and its underlying managers to be aligned to the investment principles outlined above and to report on their compliance on a regular basis.

As part of the engagement process if the college has invested in any company that does not appear to be adhering to the broad principles highlighted above, it expects its investment managers to highlight its concerns through meeting the senior management of the company as part of its regular engagement process.

The college also expect its managers to vote in favour of shareholder resolutions that relate to these principles. It may also expect its managers to undertake the following actions:

- Oppose the re-election of directors of companies whose activities run counter to these principles.
- Oppose excessive executive remuneration packages that do not incorporate measures to support these principles.
- Oppose the reappointment of auditors who sign off on accounts with unrealistic assumptions relating to the achievement of these principles.

From time to time the college may ask its investment managers to support additional shareholder resolutions. The Treasurer has the authority to request these provided that the resolution is consistent with the college's investment principles. The Treasurer will report back to the investment committee on particular resolutions and their results.

Investment managers' engagement activities should focus on observable results as opposed to mere disclosure of actions or policy adoption.

Divestment

Where a company in which the college has invested in does not respond positively to concerns about its practices, the college may, working with its investment manager, divest itself of investments in that company, inform the company of its reasons for doing so, and make a public announcement as a matter of record. Divestment is also much easier to achieve from a segregated mandate perspective than a fund of funds or pooled mandate. In a pooled fund, this would require coordinated action amongst a number of investors.

Engaging collaboratively

As a small organisation, the college appreciates the benefits of collaborative engagement through investor groups, such as the Responsible Investment Network- Universities (RINU.) This forum enables the college to achieve a greater impact than it would from acting alone. It also allows the college to share its expertise, while at the same time providing an opportunity to learn from, and to support, other similar institutions.

When engaging collaboratively, the college may be willing to join initiatives which involve companies in which it is not invested in, provided that they are not excluded from its investment guidelines. The college may on occasions, at its discretion and with the support of Governing Body, participate in campaigns where there is a clear correlation with its interests. However the college is not a campaigning organisation, and only has limited resources, so does not regard this as a major part of its engagement strategy. Similarly, the college will not buy shares for activist purposes nor lend proxies for activist purposes.

Engaging with policy makers

The college may use its investor network to support policy related engagement activities, through collaborating with organisations whose concerns overlap with its own.

Investment manager reporting

The college requires a professional and standardised process. Investment managers should therefore:

1. Outline priorities for engagement by topic, companies, sector or asset class based on the college's investment principles and provide a clear plan and approach.
2. Provide a clear policy around the escalation of engagement including identification of the ultimate sanction, e.g. divestment or voting against board re-election.
3. Publish annual evaluations of its engagement, escalation process and outcomes, using examples of case studies as well as quantitative overviews.

Investment manager reviews

The Investment Committee meets regularly to review the investment performance of the appointed investment managers. This will also now include both written and verbal reviews of their performance in relation to this policy. One meeting per year should be solely dedicated to reviewing this in more detail.

Governance & involvement of college members

Details of the college's investment portfolio will be published bi-annually, including fund level investment in individual securities where disclosed by the manager. Two student observers nominated by each of the JCR and the MCR will be appointed to the investment committee as part of a pilot. Experience in Cambridge and in other universities has suggested that student involvement helps to demystify the investment process and can encourage a sense of shared purpose. The investment committee may also consider expressions of concern from students and staff relating to specific companies or industries in which the college invests. Such concerns should be directed to the student observers or to the Treasurer. However any expressions of concern should relate specifically to the underlying investment principles outlined above.

Further transparency

Over time the college, working with its investment managers, intends to develop more complete disclosure including for example: a detailed risk assessment of the portfolio's climate-related risk**,** carbon footprint, and the shareholder voting record of asset managers on all ESG resolutions, including the rationale for any which are voted against**.** It is expected that the findings of the Task Force on Climate Related Financial Disclosures (TCFD) will become the template for standardised disclosures.

Policy Review
This policy is to be reviewed by investment committee and Council on annual basis with any recommendations for change to be approved by Governing Body.

Approved by Governing Body 16th June 2021