

# University of Bristol – portfolio climate metrics

## Portfolio carbon footprint

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

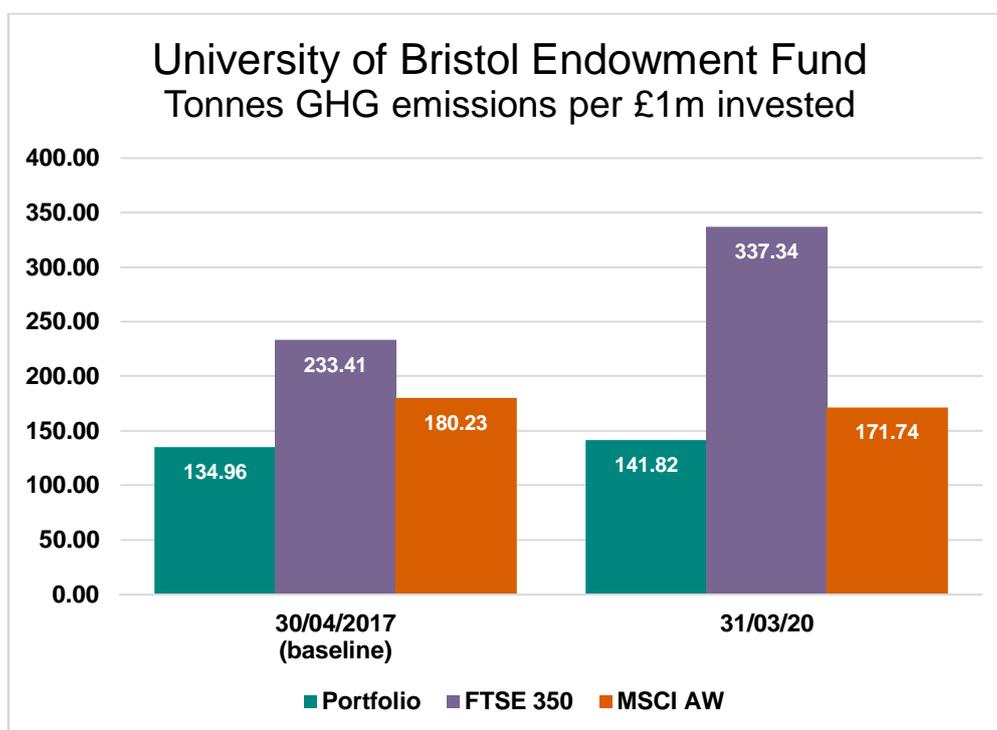
It looks at the carbon emissions reported by companies, either to the CDP (Carbon Disclosure Project) or in their annual reports, and the percentage of each company’s shares owned within a portfolio. These are then aggregated to determine the amount of carbon ‘owned’ by a portfolio through its specific 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.<sup>1</sup>

The increase in GHG emissions per £1 million invested against the previous quarter is due to the sharp fall in equity share prices caused by the impact of the coronavirus pandemic on global markets. This means that an investment of £1 million now ‘buys’ a greater proportion of a company’s total market capitalisation and therefore results in ownership of a greater share of its carbon emissions. However, the same is also true of the FTSE 350, which means that the gap between the portfolio and this index has remained at around 58%.



<sup>1</sup> 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.

# Rathbone Greenbank Investments

Dedicated to ethical and sustainable investment

## Portfolio carbon footprint – energy

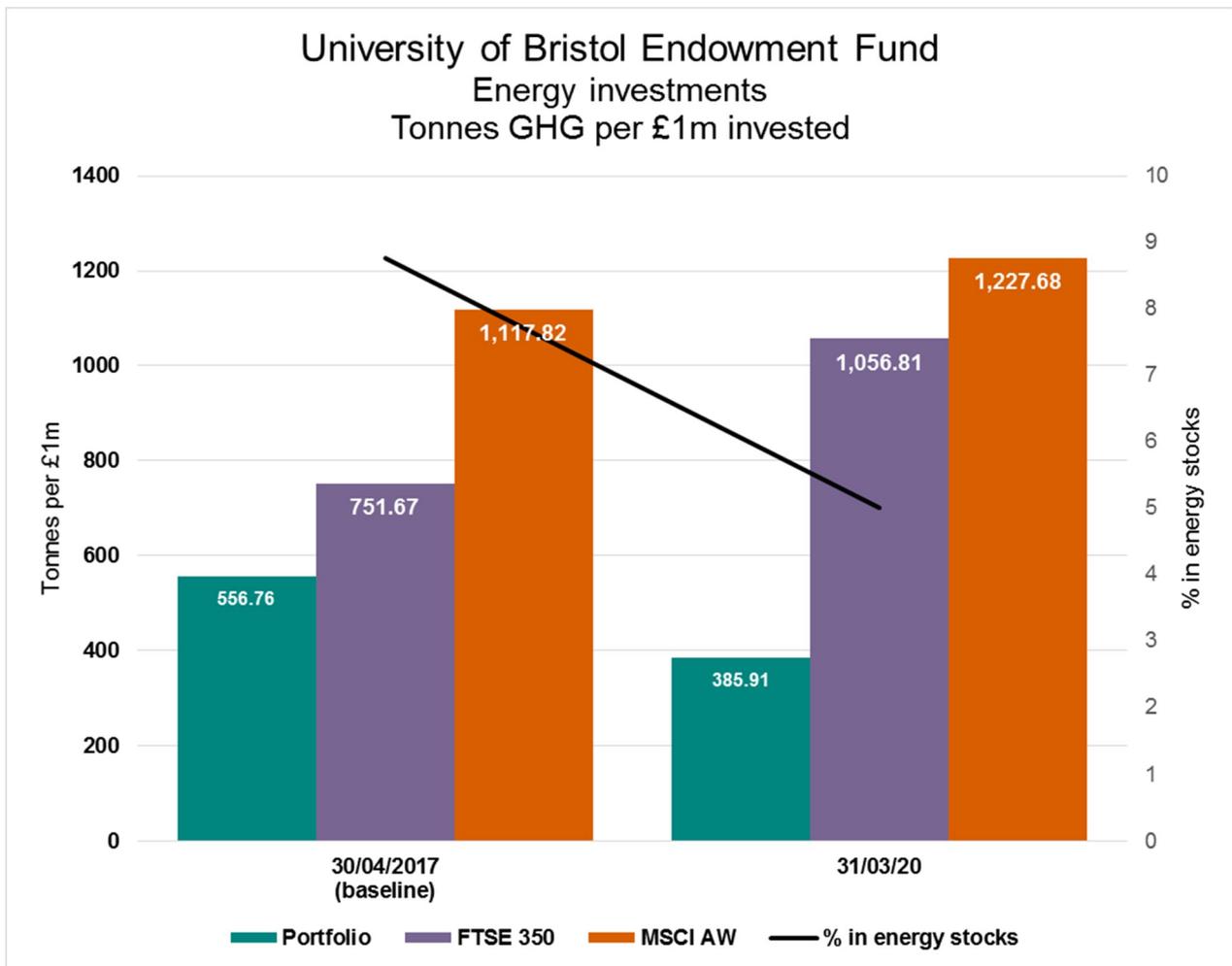
The University’s Endowment Investment Policy states the ambition to “actively manage its portfolio of energy investments, including those in oil and gas, to deliver a material reduction in the carbon emissions from these investments over the next ten years.”

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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## Embedded carbon in fossil fuel reserves

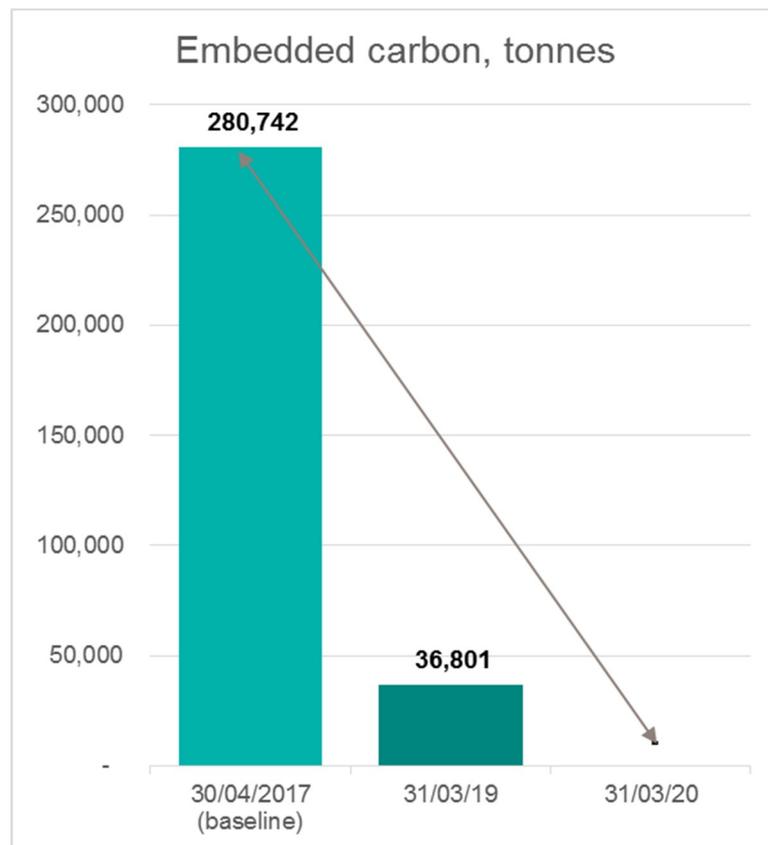
The carbon footprints above include the reported emissions of fossil fuel companies, but not the potential future GHG emissions associated with their reserves of oil, gas and coal.

We have therefore analysed the fossil fuel reserves of relevant holdings to calculate an estimate of the potential future emissions 'owned' by the portfolio via these.

This analysis uses the most conservative data on fossil fuel reserves reported by companies – proved reserves<sup>2</sup>.

We then use conversion factors from the US Environmental Protection Agency to convert barrels of oil, cubic feet of natural gas and tonnes of coal into equivalent GHG emissions. The resultant figures are estimates as they do not account for variation in carbon content due to the nature of the reserves (eg quality of the coal extracted or the efficiency of the end user technology).

Portfolio 'ownership' data is derived using the same % ownership calculations as those for the carbon footprint above



<sup>2</sup> Proved reserves are a measure of the estimated quantities of oil, natural gas and coal which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. It does not include wider measures such as 'probable reserves' or mineral 'resources' owned by companies as there is greater uncertainty as to whether these will be fully developed and extracted.

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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.

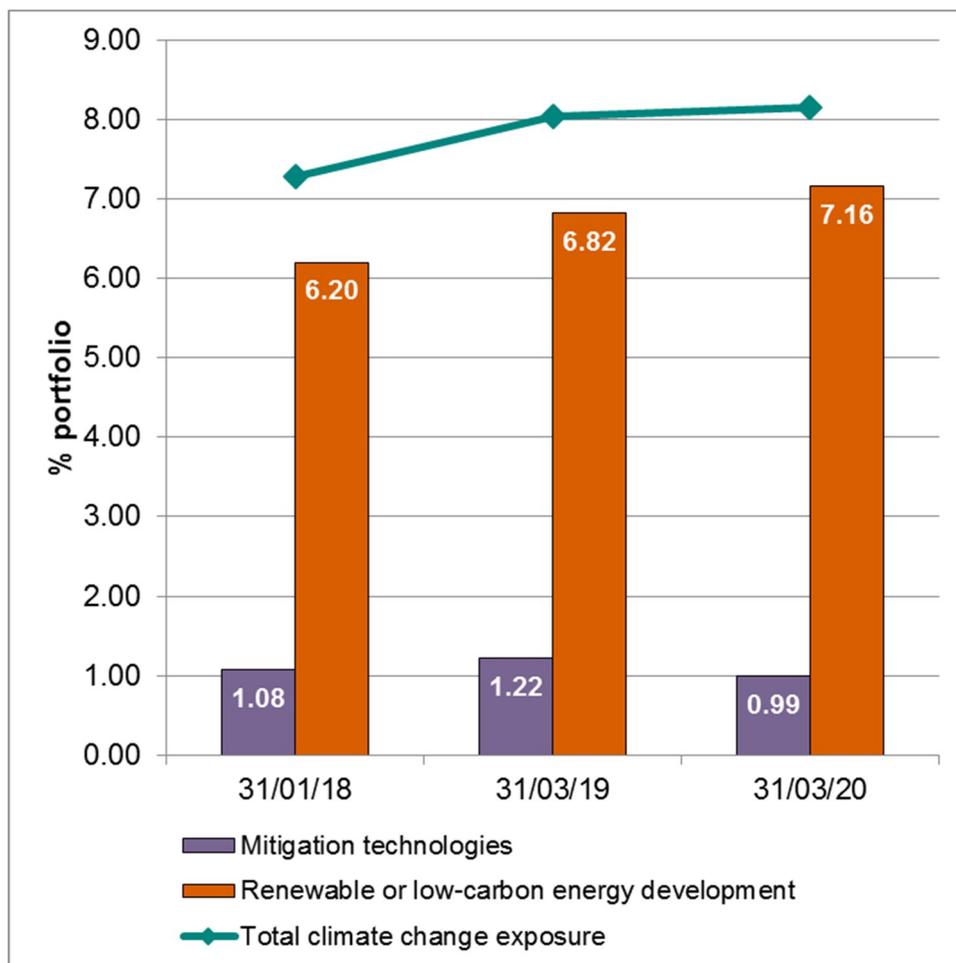
Below, we show the percentage of the portfolio which is invested in companies that directly support a low carbon transition.

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.

