UNIVERSITY OF CAMBRIDGE
Investment Management

UCIM Responsible Investment Policy

3rd July 2026

Background: University of Cambridge Investment Management Limited ("UCIM") is a wholly-owned subsidiary of the University of Cambridge ("the University") and the fund manager of the Cambridge University Endowment Fund ("CUEF"). The CUEF is an unauthorised unit trust constituted under a trust deed executed by the University in 2010, with the purpose to invest the long-term assets of the University of Cambridge and associated Colleges and Trusts. The Investment Objective of the CUEF is to provide a long-term investment return of 5% above UK Consumer Price Inflation ("UK CPI"). Based on this long-term return target, UCIM makes a quarterly distribution to its investors which is calculated according to a formula set out in the CUEF's Information Memorandum but usually translates to around 4% of the value of the CUEF per year. UCIM is a Limited Liability Company which is authorised and regulated by the Financial Conduct Authority.

UCIM's investment strategy, on behalf of the CUEF, is to invest primarily through specialist, third-party fund managers across a range of asset types and geographies, to capture diverse sources of investment return. UCIM makes investment decisions on behalf of the CUEF and bears responsibility for the fulfilment of various oversight, compliance and risk requirements, to which it is subject as a regulated investment organisation. UCIM is governed by the University of Cambridge Investment Management Board ("UCIM Board") and is overseen by the Cambridge University Endowment Trustee Body ("CUETB"), with advice and input from the Investment Advisory Board ("IAB").

Responsible Investment: As the fiduciary manager of the CUEF, UCIM's primary responsibility is to deliver the Investment Objective of the CUEF over the long-term. As a steward of the collective University's long-term capital, UCIM invests in accordance with the highest standards of responsibility and integrity.

Consideration of environmental, social, and governance issues is core to UCIM's investment philosophy, investment process, and portfolio monitoring. When formulating and implementing its policies and processes, UCIM takes account of the Mission and Core Values of the University (Appendix 1), the University's Statement of Investment Responsibility, and the Responsible Investment Principles set by the CUETB (Appendix 2) following consultation with unitholders.[1]

In practice, this results in the following priorities:

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[1] The University's Statement of Investment Responsibility is due to be updated in accordance with the recommendations of the University's working group on Investments in and Research Funded by Companies belonging to the Defence Industry.

- A comprehensive process for the selection and due diligence of prospective fund management partners, including evaluation against sustainable and responsible investment criteria;
- Holding the CUEF's fund manager partners to the highest standards of professional and personal integrity;
- Ensuring alignment of interests between the CUEF's fund manager partners and UCIM's stakeholders, demonstrated by a culture of prioritising client interests;
- Ensuring that appropriate checks and balances are in place to ensure underlying portfolio holdings reflect the values and principles of UCIM and its stakeholders;
- Engaging with fund managers to encourage the implementation of the Responsible Investment Principles, specifically with regard to high standards of governance and decision-making, active portfolio decarbonisation measures and encouraging diversity of thought and opinion;
- Ensuring that investment activities are conducted in accordance with all applicable laws.

Illustrative examples of responsible investment considerations evaluated by UCIM in the course of performing its fund management activities are listed below.[2]

Environmental	Social	Governance
Greenhouse gas emissions	Human rights	Board diversity and governance
Energy efficiency	Health and safety	Shareholder rights
Biodiversity	Executive compensation	Shareholder engagement
Water Stress	Equality, diversity and inclusion	

Where responsible investment topics are material to an investment, UCIM expects that the CUEF's fund managers will take the relevant risks and opportunities into account during investment decision-making. As part of UCIM's appointment of a new fund management partner, the partner's ability to assess and react to responsible investment topics is scrutinised.

[2] *Please note that this is not intended as an exhaustive list; specific considerations are tailored to individual investments and situations.*

Environmental Sustainability

UCIM believes that climate change is a key systemic issue for the CUEF's portfolio over the long-term, affecting society and the environment globally. This belief is based, in part, on the University's position as a leading global centre of climate science. Access to the University's significant expertise facilitates UCIM in meaningfully impacting fund managers' environmental stewardship of the CUEF's underlying investments through its engagement activities. To avoid further catastrophic warming, the global economy must transition to a system with net zero greenhouse gas emissions. As a long-term investor, UCIM believes that positioning the CUEF to prosper in a net zero economy through decarbonisation of existing investments, phase- out of conventional energy (fossil fuel companies) as an investment category and investment in renewable energy generation is consistent with generating the highest-possible risk-adjusted returns for unitholders over the long-term.

UCIM's core levers for change are through its partnerships with fund managers who invest capital on behalf of the CUEF: primarily the investment decision-making process before a commitment is entered into, and subsequent engagement during the life of the partnership.

Investing: UCIM has made the following commitments:

- Zero fossil fuel exposure in direct investments made by UCIM on behalf of the CUEF;
- Indirect exposure to fossil fuel companies will be reduced as quickly as possible;[3] UCIM aims for the CUEF to have no meaningful exposure by 2030;[4]
    - All investments with conventional energy-focussed public equity managers have been exited, and new managers with this specialism will not be selected;
    - Fossil-free investment options will be selected where available;
- Significant capital will be invested in renewable energy.

Engaging: UCIM believes that its greatest ability to impact the real economy is through engagement with the CUEF's fund managers. Consequently:

- Fund managers are held to account through an annual review process;
    - UCIM collects and scrutinises an annual sustainability survey from fund managers.
    - Key issues are addressed during regular meetings with fund managers.
    - The CUEF's carbon footprint is calculated at least annually and UCIM engages with the holders of the most carbon intensive companies.
- UCIM collaborates and builds knowledge through integration with groups within the University, such as the Cambridge Institute for Sustainability Leadership ("CISL") and Cambridge Zero. As a concrete example, as of the date of writing, fund managers representing over $500 billion in assets under management have graduated from CISL's bespoke course designed with UCIM to accelerate decarbonisation of the CUEF's investments.
- UCIM supports select investor initiatives, including the Institutional Investors Group on Climate Change, the Investor Forum, and the Asset Owner Diversity Charter.

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[3] UCIM has defined fossil fuel companies as all companies engaged in exploration and production, refining and marketing, storage and transportation of oil, gas and coal, and provision of equipment and services to these companies.
[4] "Meaningful" has been informally defined as 0.5% by UCIM.

Defence

Weapons prohibited under UK law are excluded from the CUEF's investment universe.[5]

At the request of the CUETB, UCIM also monitors the CUEF's exposure to the defence Industry.[6]

Other Responsible Investment Categories

In addition to the environmental and social issues discussed above, UCIM monitors several categories of investment that are of interest to CUEF investors, at the request of the CUETB. These categories have been determined by a review of investors' responsible investment policies, and through discussion with the CUETB, and comprise tobacco, gambling and adult entertainment.

Transparency and Reporting:

The CUETB monitors UCIM's compliance with the Responsible Investment Policy, reviews any recommendations made by UCIM, and provides a summary report to the CUEF's investors on an annual basis.[7] If the CUETB determines actions need to be taken by UCIM following scrutiny of the annual transparency report, any such actions and the timeline within which they are to be taken will be reported to Unitholders.

In its reporting, UCIM considers the CUEF's direct investments as well as its indirect exposure to companies and assets through both active managers[8] and long-term index investments.[9]

Environmental Sustainability

UCIM aims to reduce the CUEF's exposure to fossil fuel companies to 0.5% or less by 2030. Progress toward this ambition is reported to the CUETB annually.

In addition, UCIM reports the carbon footprint of the public equity portfolio to the CUETB annually and is committed to improving the measurement of carbon emissions for the CUEF across asset classes.

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[5] See Appendix 3
[6] As the University Working Group on Investments in and Research Funded by Companies belonging to the Defence Industry found, there is no universally accepted of "defence" or "conventional weapons" for investment purposes. The Global Industry Classification Standard ("GICS") definition of Aerospace and Defence has been adopted by UCIM as a proxy for the defence sector. This classification captures companies that derive the majority of their revenues from the manufacture of civil or military aerospace and defence equipment, parts, or products, as well as from military shipbuilding, and companies that offer services to the defence industry, including support services, infrastructure services, operational support services, and supply chain & logistics management.
[7] All monitoring is carried out on a best efforts basis. In order to carry out its analysis, UCIM is reliant on data provided by the CUEF's fund management partners and screening tools for underlying product categories.
[8] Index-related products held by such managers within their own portfolios will be excluded from this policy, as will the holdings of a sub-set of hedge fund strategies which tend to hold securities only transiently, invest extensively through derivative based instruments, or whose trading activity is deemed to have little or no real world impact.
[9] "Long-term index investments" are defined as investment positions anticipated to be held for six months or more. Short-term positions held for portfolio management purposes will be excluded from this policy.

Defence

Weapons illegal under UK law are excluded from the CUEF's investment universe, whether directly or via the CUEF's third-party fund managers.[10] UCIM reports to the CUETB annually on its compliance with this investment restriction.

In addition, UCIM provides the CUETB with a list of all underlying holdings and related fund management partners in the aerospace and defence sector on an annual basis, with a 0% threshold for producing this report due to the broad range of companies included in the sector. Should any holdings be deemed inconsistent with the CUETB's Responsible Investment Principles, an action plan will be agreed with UCIM and communicated to the CUEF's investors.

Other Responsible Investment Categories

UCIM monitors the CUEF's exposure to gambling, adult entertainment, and tobacco companies. While these categories are not excluded from the CUEF's investment universe, UCIM recognises certain Unitholders' desire for enhanced scrutiny on these topics. If exposure to any of these categories exceeds 0.5% of the CUEF, UCIM provides a list of underlying holdings and associated fund management partners to the CUETB as part of its annual review. A list of any categories in which exposure exceeds 0.5% of the CUEF is reported to Unitholders on an annual basis.

Review of this policy: UCIM reviews its Responsible Investment Policy, and its Transparency and Reporting regime on an annual basis.

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[10] *See Appendix 3*

Appendix 1: Mission and Core Values of the University of Cambridge

Mission: The mission of the University of Cambridge is to contribute to society through the pursuit of education, learning and research at the highest international levels of excellence.

Core values: The University's core values are as follows:

- freedom of thought and expression
- freedom from discrimination

Education

- the encouragement of a questioning spirit
- an extensive range of academic subjects in all major subject groups
- quality and depth of provision across all subjects
- the close inter-relationship between teaching, scholarship, and research
- strong support for individual researchers as well as research groups
- residence in Cambridge as central to most courses
- education which enhances the ability of students to learn throughout life

Our education vision builds on this. It is a set of principles to inform our approach to education.

The University's relationship with society

- the widest possible student access to the University
- the contribution which the University can make to society through the pursuit, dissemination, and application of knowledge
- the place of the University within the broader academic and local community
- opportunities for innovative partnerships with business, charitable foundations, and healthcare
- concern for sustainability and the relationship with the environment

The Collegiate University

- the relationship between the University and the Colleges as fundamental to the nature of Cambridge
- the interdisciplinary nature of the Colleges as a major stimulus to teaching and learning
- the enhanced quality of experience for students and staff through College membership

University staff

- recognition and reward of the University's staff as its greatest asset
- the encouragement of career development for all staff

Other activities

- the opportunities for broadening the experience of students and staff through participation in sport, music, drama, the visual arts, and other cultural activities

Appendix 2: Responsible Investment Principles

The Statement of Responsible Investment Principles (the "Principles") sets out the high-level investment principles of the Cambridge University Endowment Fund ("CUEF" or the "Fund") with regard to Responsible Investment.

The Principles are set by the Cambridge University Endowment Trustee Body (the "Trustee" or "CUETB") in consultation with unitholders, University of Cambridge Investment Management Limited ("UCIM") and the Investment Advisory Board.

The Cambridge University Endowment Trustee Body was established in June 2022 to represent the University as trustee of the CUEF and the interests of all investors. UCIM has been appointed as the manager of the CUEF by the University, represented by the CUETB.

The CUETB defines Responsible Investment as "*an approach to investment that explicitly acknowledges the relevance to the Fund of environmental, social and governance factors. It recognises that the generation of attractive long-term investment returns is dependent on stable, well-functioning and well-governed social, environmental and economic systems, including financial markets*".

The management of the CUEF should reflect the interests and values of the unitholders across all areas of investment activity, insofar as such considerations are consistent with its Investment Objectives.

In this context, the Fund has four Principles:

1. Invest for the long term: As the University of Cambridge is a perpetual institution, the CUEF should consider the long-term implications of all relevant investment decisions.

2. Promote good governance: Clear, consistent, and rigorous governance structures and processes are essential to optimal decision-making. This approach applies equally to the CUEF and its Investment Manager, as well as its underlying investments.

3. Align with net zero: Climate Change is the most pressing problem facing humanity, necessitating a transition to an economic system with net zero greenhouse gas emissions. Positioning the CUEF to prosper in a future net zero economy is consistent with meeting its long-term risk-adjusted investment return objectives.

4. Champion diverse teams: Diversity of thought leads to more effective decision-making for society and the environment, as well as driving better financial performance.

Appendix 3: UCIM's Policy on Weapons Illegal Under UK Law

UCIM does not actively invest in weapons illegal under UK law (defined below), whether directly or via the CUEF's third-party fund managers.

UCIM's policy is based on relevant UK Law, as defined by the following conventions:

- The Hague Declarations of 29 July 1899
- The Conventional Weapons Convention 1981
- The Biological Weapons Act 1974
- The Chemical Weapons Act 1996
- The Landmines Act 1998
- The Cluster Munitions (Prohibitions) Act 2010

Based on the above, UCIM considers the following categories of weapons "controversial" and has determined that investment in companies producing such weapons would be illegal under UK law and hence would not meet UCIM's investment criteria.

- Anti-personnel Mines
- Biological Weapons
- Blinding Laser Weapons and Undetectable Fragments
- Chemical Weapons
- Cluster Munitions
- Incendiary Weapons

These weapons are not illegal in all countries and, therefore, are not excluded by all investors. Some major countries, including the United States, have not acceded to the international conventions listed above, while others, such as the Baltic states and Poland, are currently considering withdrawing from certain conventions. UCIM also notes that the definition of what is considered a weapon, controversial or otherwise, is rapidly evolving: technological advancements, particularly in artificial intelligence, could lead to the inclusion of new types of weapons in this category.

Implementation

Within its fund-of-funds model, UCIM invests predominantly through "pooled" investment vehicles run by unconstrained active asset managers ("active managers") who, unlike passive asset managers, carry out deep fundamental due diligence to select a small group of companies for their portfolios.[11] UCIM invests only sparingly through index fund products or through funds which explicitly aim to track a specific index and has replaced its long-term index investments with screened products that exclude exposure to the weapons identified in this policy.[12]

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[11] *Index-related products held by such managers within their own portfolios will be excluded from this policy, as will the holdings of a sub-set of hedge fund strategies which tend to hold securities only transiently, invest extensively through derivative based instruments, or whose trading activity is deemed to have little or no real world impact. In any case, exposure to Controversial Weapons arising from such indirect positions is expected to be negligible.*

[12] *"Long-term index investments" are defined as investment positions anticipated to be held for six months or more. Short-term positions held for portfolio management purposes will be excluded from this policy. In any case, exposure to Controversial Weapons arising from such short-term positions is expected to be negligible.*

Ongoing Monitoring and Reporting

Compliance with this document is monitored and reported annually to the CUETB.[13]

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[13] In order to carry out its analysis, UCIM is reliant on data provided by the CUEF's fund management partners and screening tools for underlying producers of Controversial Weapons provided by third-party providers.