

Environment, Social and Corporate Governance Policy
Overview

Summary

The University of Florida Investment Corporation (UFICO) invests assets on behalf of the University of Florida and its affiliates (Investors). As a fiduciary, UFICO has a duty to act in the best long-term interest of its Investors pursuant to the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which sets the standard of conduct in managing and investing institutional funds. UFICO's primary objective is to maximize the long-term risk adjusted returns for its Investors in order to advance their mission, and, in particular, the principal mission of the University of Florida. The purpose of this policy is to describe how UFICO incorporates environmental, social, and corporate governance (ESG) issues into its investment process in order to achieve its primary objective.

University of Florida Mission

The University of Florida's mission is to enable our students to lead and influence the next generation and beyond for economic, cultural and societal benefit. The university welcomes the full exploration of its intellectual boundaries and supports its faculty and students in the creation of new knowledge and the pursuit of new ideas.

- Teaching is a fundamental purpose of this university at both the undergraduate and graduate levels.
- Research and scholarship are integral to the educational process and to the expansion of our understanding of the natural world, the intellect and the senses.
- Service reflects the university's obligation to share the benefits of its research and knowledge for the public good. The university serves the nation's and the state's critical needs by contributing to a well-qualified and broadly diverse citizenry, leadership and workforce.

The University of Florida must create the broadly diverse environment necessary to foster multi-cultural skills and perspectives in its teaching and research for its students to contribute and succeed in the world of the 21st century.

These three interlocking elements — teaching, research and scholarship, and service — span all the university's academic disciplines and represent the university's commitment to lead and serve the state of Florida, the nation and the world by pursuing and disseminating new knowledge while building upon the experiences of the past. The university aspires to advance by strengthening the human condition and improving the quality of life.

UFICO Investment Process

UFICO typically partners with specialized external investment managers who determine the most appropriate investments to optimize a risk adjusted return mandate in a specific asset class. UFICO considers the entire spectrum of asset classes in order to maximize long-term risk adjusted returns. UFICO conducts initial and ongoing due diligence of the investment manager to assess and monitor their controls, processes and performance. This external engagement is typically governed by an investment management agreement, partnership agreement or other similar legal document that delegates the responsibility for individual security selection and portfolio construction to the investment manager. UFICO typically does not invest directly in individual securities.

UFICO's ESG Consideration

UFICO seeks to partner with external investment managers that maintain appropriate risk identification and control procedures of underlying investments in their portfolios. UFICO's primary objective is to maximize the long-term risk adjusted returns for its Investors in order to support the advancement of their missions. As a long-term investor, UFICO believes that risk management is critical to the investment process and our due diligence includes a manager's consideration of material ESG factors that may impact their performance and/or risk profile over the long term.

As part of UFICO's due diligence process, staff reviews the ESG policies of underlying managers to understand how their investment process incorporates ESG factors and to see how the manager's ESG considerations align with those of UFICO's Investors. Should UFICO find that a manager's ESG policy (or lack thereof) conflicts with a UFICO Investors ESG consideration, then UFICO may seek to remedy the difference through the terms of the investment (i.e. side letter, investment management agreement, etc.) or take other appropriate actions.

As part of our ongoing monitoring, UFICO maintains a dialog with managers concerning the underlying investments. As part of this review, UFICO seeks to identify and monitor a manager's ESG policy and any subsequent updates/changes and may engage with the manager to discuss material ESG concerns.