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<b>SUBJECT</b>	Responsible Investing Update
<b>SUBMITTED TO</b>	Sustainability and Climate Action Committee
<b>MEETING DATE</b>	February 4, 2020
<b>SESSION CLASSIFICATION</b>	Recommended session criteria from Board Meetings Policy: OPEN
<b>REQUEST</b>	For input only - No action requested
<b>LEAD EXECUTIVE</b>	Peter Smalles, Vice-President Finance & Operations
<b>SUPPORTED BY</b>	Dawn Jia, CEO of UBC IMANT Yale Loh, Treasurer

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### PRIOR SUBMISSIONS

The subject matter of this submission has been considered previously by the Board of Governors or Committees on the following occasions:

1. [September 9, 2020](#) (OPEN SESSION Board of Governors)  
Action/Follow up: Long-term Responsible Investing Strategy with established targets and measures
2. [June 2, 2020](#) (OPEN SESSION Sustainability Committee)  
Action/Follow up: Divestment Plus / Responsible Investing implementation time table
3. [April 16, 2020](#) (OPEN SESSION Board of Governors)  
Action/Follow up: Divestment Plus implementation plan including transition plan for divesting from fossil fuel intensive investments, nuances of measuring investment portfolio carbon emissions and overview of the United Nations Principles of Responsible Investing (“PRI”) network.
4. [February 14, 2020](#) (OPEN SESSION Board of Governors)  
Action/Follow up: Report progress of financial justification to support divestment together with progress on implementing a comprehensive responsible investing framework that aligns with UBC’s sustainability priorities, incorporating climate changes beliefs into UBC’s investment policies, establishing baseline portfolio GHG emissions levels on the way to medium and long-term carbon reduction targets, becoming signatories to advocacy groups such as PRI and Climate Action 100+ at the April 2020 Board Meeting.
5. February 6, 2020 (CLOSED SESSION Finance Committee)  
Action/Follow up: Provide financial justification to support divestment
6. [December 5, 2019](#) (OPEN SESSION Board of Governors)  
Action/Follow up: Undertake and complete by March 31, 2020 financial analysis for both Main Endowment Pool and Sustainable Future Pool to support transfer of the Trek Endowment assets to the Sustainable Future Pool. Confirm by February 1, 2020 the legal implications of such a transfer. Undertake and report the necessary legal and financial analysis to explore full divestment from fossil fuels in the Main Endowment Pool and report analysis in an expedient manner.
7. [November 22, 2019](#) (OPEN SESSION Endowment Responsible Investing Policy Committee)  
Action/Follow up: Further refine UBC’s responsible investing framework and bring forward recommendations on responsible investing climate change beliefs, targets, and implementation plan.

## **EXECUTIVE SUMMARY**

This memo is to provide an update on the status of the implementation of the UBC IMANT's Responsible Investing Strategy. Main achievements include:

- The first transitioning of funds to a low carbon, fossil fuel free manager has been completed
- The baseline for the portfolio's carbon emissions has been established
- Enhanced transparency on Endowment holdings has been published on UBC IMANT website

### **Overview of Responsible Investing Objectives and Actions**

After receiving legal and financial justification for divestment, the UBC Board of Governors ("BoG") approved a resolution in April that outlined UBC's commitment to implementing a comprehensive response to the climate emergency. The purpose of divestment and the comprehensive plan is to mitigate climate change-related financial risk to the endowment assets.

UBC IMANT developed a comprehensive Responsible Investing Strategy according to the BoG resolution. The implementation of such Strategy will establish a socially and environmentally sustainable portfolio, position UBC as a leader in post secondary institution investing, and achieve divestment as one of the outcomes to support UBC's climate actions. During the second half of 2020, the Responsible Investing Strategy was approved by the Board of Governors.

The Responsible Investing Strategy includes strengthening UBC's advocacy and leadership in responsible investing practices. In July 2020, UBC became a UN Principles of Responsible Investing signatory and a founding signatory of Investing to Address Climate Change: A Charter for Canadian Universities. In September 2020, UBC established an ambitious goal of reducing carbon emissions connected to the university's Endowment portfolio by 45% by 2030.

### **Summary of Responsible Investing activities**

Following approval of the Responsible Investing Strategy in September, UBC IMANT has been working to meet the goals set out in the timeline.

To help UBC and UBC IMANT manage the Responsible Investing progress, UBC IMANT has established the ESG scorecard for 2021. The scorecard will evolve over time as the Responsible Investing strategy progresses and encompass more aspects of ESG investing.

UBC IMANT has set the ambitious goal to reduce the portfolio's carbon emissions by 45% by 2030. Progress towards reducing the portfolio's carbon emission is already underway with the transfer of \$34 million Global Equities to a low carbon, fossil fuel free mandate in December 2020. Further progress planned for 2021 includes transferring additional funds to fossil fuel free and lower emission funds, establishing an active ownership policy, and incorporating climate risk analysis into an asset mix study.

In order to establish the baseline for the portfolio's carbon emissions, UBC IMANT has evaluated various methodologies and data sources, conducted carbon footprint analysis for all public equity managers, and carried out carbon emission estimates. The first annual carbon footprint report is being prepared and should be released in the following quarter. The ambitious goal of 45% emission reduction can only be achieved by using a combination of tools that are consistent with the PRI principles, which include divestment, active ownership, leadership, disclosure, and measurements.

In addition, an important commitment of the Responsible Investing Strategy, encouraged and supported by UBC stakeholders, was to enhance transparency about the University's Endowment public equities portfolio holdings. As such, UBC IMANT has made the Endowment public equities holdings available on the UBC IMANT website and will update the information every six months.

UBC IMANT continues to identify and evaluate other low carbon, fossil-fuel-free investment products available in the market while actively engaging with current investment managers regarding ESG policies, reporting and measurements. UBC IMANT will provide quarterly updates on Responsible Investing progress.

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