



SUBJECT	Responsible Investing Update
SUBMITTED TO	Sustainability and Climate Action Committee
MEETING DATE	April 8, 2021
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	For input only - No action requested

LEAD EXECUTIVE	Peter Smailes, Vice-President Finance and Operations
SUPPORTED BY	Dawn Jia, CEO of UBC IMANT Yale Loh, Treasurer

PRIOR SUBMISSIONS

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

1. [February 4, 2021](#) (OPEN SESSION Sustainability Committee)
Action/Follow up: Responsible Investing Strategy implementation updates

EXECUTIVE SUMMARY

The purpose of this memo is to update the Sustainability Committee on the implementation of UBC IMANT's Responsible Investing Strategy. Notable achievements since the February update include:

- \$110 million commitment made to a global equity strategy that invests in opportunities arising from the transition to a more sustainable global economy
- Active Ownership Policy and climate risk analysis are under development

Overview of Responsible Investing Objectives and Actions

The UBC Board of Governors ("BoG") approved a resolution in April 2020 that outlined UBC's commitment to implement a comprehensive response to the climate emergency in order to mitigate climate change-related financial risk to the endowment assets. In alignment with the resolution, UBC IMANT developed a comprehensive Responsible Investing Strategy, approved by the BoG in September 2020. The implementation of the Strategy will establish a socially and environmentally sustainable portfolio, position UBC as a leader in post secondary institution investing, and achieve divestment for the Endowment portfolio as one of the outcomes to support UBC's climate actions.

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. UBC IMANT will provide quarterly updates on the responsible investing strategy progress.

Summary of Responsible Investing activities

Since the February update to the Sustainability Committee, UBC IMANT continued to make progress on the activities planned for 2021, including transferring additional assets to fossil fuel free and lower emission funds, establishing an active ownership policy, and incorporating climate risk analysis into portfolio analytics and asset mix study.

With the ambitious Responsible Investing goals in mind, the UBC IMANT team continues to look for new investment opportunities with investment managers and peers who are aligned with UBC IMANT's Responsible Investing Strategy. In March 2021, collaborating with another peer institution, UBC IMANT created a sustainability-focused investment vehicle that would be cost effective for Canadian investors and made a \$110 million commitment to a new global equity fund. The manager chosen is a specialist asset manager and has a strong Responsible Investing track record who specializes in investing in opportunities arising from the transition to a sustainable economy.

In accordance with the Responsible Investing Strategy timeline presented to the BoG in September 2020, UBC IMANT is currently drafting the Active Ownership Policy and anticipates the first draft to be completed by April 2021. The Active Ownership Policy will be reviewed by the UBC IMANT Board before being finalized.

The asset mix study for the UBC Endowment fund is currently underway and preliminary results are expected by summer 2021. The incorporation of climate risk analysis into the study will add a new dimension to the analysis UBC IMANT has conducted in the past. UBC IMANT has selected a consultant with expertise in the area of climate risk modelling and is working with the consultant to incorporate climate risk analysis into the Endowment asset mix study. UBC IMANT also plans to leverage the knowledge and learning from the Endowment climate risk analysis to develop portfolio analytics for Staff Pension Plan portfolio.

UBC INVESTMENT MANAGEMENT TRUST (UBC IMANT)



UBC Sustainability Committee
Responsible Investing Update

DAWN JIA, PRESIDENT AND CEO
UBC INVESTMENT MANAGEMENT TRUST



INVESTMENT
MANAGEMENT TRUST INC.
The University of British Columbia

Progress on Responsible Investing













Since February 2021 Sustainability Committee Meeting:

- Creation of new sustainability-focused investment vehicle funded with \$110m commitment
- Continuing to build up the Active Ownership Policy
- Work underway on UBC Endowment asset mix study
 - Incorporates climate risk analysis
 - Will leverage the learnings to develop portfolio analytics for all portfolios managed

Responsible Investing Project Update



UBC IMANT continues to progress towards the Responsible Investing goal of reducing GHG in the Endowment portfolio by 45% by 2030. In December, UBC IMANT transitioned \$34 million to a low carbon, fossil-fuel free manager and published the Endowment public equities holdings. In March 2021, UBC IMANT made a \$110 million commitment to a new public equity investment manager who focuses on investing in the opportunities arising from the transition to a more sustainable global economy

Project Categories	Percentage Completion
1. Define the Scope of Responsible Investing	
2. Provide Financial Justification of Divestment	
3. Determine the Optimal Operating Model	
4. Review Governance Structure of On-going Divesting Decision Making	
5. Assess Limitations in Various Asset Classes	
6. Enhance Climate Risk Measurement and Reporting	
7. Investigate Cost Structure of Divesting and Reinvestment Strategies	
8. Establish New Due Diligence Procedures and Criteria for Responsible Investing	
9. Review Responsible Investing Timeline and Sequence	
10. Assess Market Capacity and Manager Capacity for Responsible Investing Strategies	
11. Become a signatory of Responsible Investing Communities	