



SUBJECT	Responsible Investing Update
SUBMITTED TO	Sustainability and Climate Action Committee
MEETING DATE	November 17, 2022
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	For input only - No action requested
LEAD EXECUTIVE	Yale Loh, Interim Vice-President, Finance
SUPPORTED BY	Dawn Jia, President & CEO, UBC Investment Management Gordon MacDougall, Chair, UBC Investment Management Board Graham Sheppard, UBC Investment Management

PRIOR SUBMISSIONS

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

1. [June 15, 2022](#) (OPEN SESSION Sustainability Committee)
2. [November 22, 2021](#) (OPEN SESSION Sustainability Committee)

EXECUTIVE SUMMARY

The purpose of this briefing is to update the Sustainability Committee on the implementation of UBC Investment Management's Responsible Investing Strategy.

In line with the University's declaration of a climate emergency, UBC Investment Management's Responsible Investing Strategy is a multi-year initiative that was designed to first prioritize environmental risk in the endowment portfolio with additional objectives related to Social and Governance factors to be developed in FY2023. Since the Strategy was first approved, UBC Investment Management continues to be on track in meeting the Strategy's stated deliverables and has made particular progress over the past two years on climate risk monitoring and carbon reduction.

An updated scorecard of our planned activities in the strategy has been included in the presentation material associated with this memo.

One of UBC Investment Management's primary responsible investment objectives in the 2023 fiscal year is to expand our portfolio-related carbon emissions reporting beyond public equity investments to include public fixed income securities where carbon emissions can be estimated. This will provide the university with a broader view of portfolio carbon emissions and will enable measurement and reporting for UBC's Working Capital Fund which does not currently hold any equity investments. This approach is also consistent with recommendations of leading climate disclosure groups, including the Task Force on Climate-Related Financial Disclosures (TCFD).

UBC Investment Management has been engaging with our fixed income investment managers and responsible investment advocacy groups to review industry-leading approaches to calculating carbon footprint for fixed income securities and aggregating measurements of carbon footprint across multiple asset classes. In expanding carbon emissions reporting beyond equity investments the primary metrics we report for portfolio carbon emissions may need to change to accommodate non-equity positions (e.g., loans). UBC Investment Management is committed to

transparency in making any changes to the way in which carbon emissions are being measured and reported to the Board of Governors.

Other Responsible Investing Activities:**\$25 million USD investment with Titan Advisors**

On behalf of the Endowment, UBC Investment Management publicly announced an initial \$25M USD investment with Titan Advisors. The Titan Eclipse Fund is among the first hedge fund vehicles to move the ESG mandate forward by accelerating the flow of capital toward high-quality managers who effectively and transparently integrate ESG principles into their investment research process while exhibiting strong values as a firm. UBC is an anchor investor in the strategy.

Hedge funds have been slower to embrace responsible investing principles and this investment enables UBC Investment Management to partner with a firm that is at the forefront of hedge fund manager selection as well as assessing responsible investing integration. The Fund also has a strong emphasis on diversity, equity and inclusion which is highly aligned with our values.

PRESENTATIONS

1. Responsible Investing Update

UBC Sustainability Committee Responsible Investing Update

November 17, 2022

Dawn Jia, President & CEO
UBC Investment Management Trust



Responsible Investing – Summary

Climate Measurement & Reporting

- **Carbon Footprint:** 60% below 2019 baseline
- **Carbon Intensity:** 45% below 2019 baseline
- UBC Investment Management is working with its fixed income investment managers to develop a methodology to expand carbon emissions reporting to include public corporate bonds.
 - Expanding emissions reporting to public bonds will enable reporting on UBC's Working Capital Fund.

ESG Integration

- On behalf of the Endowment UBC Investment Management announced an initial \$25M USD investment with Titan Advisors, a hedge fund manager.
- The fund is among the first hedge fund vehicles to move the ESG mandate forward by targeting high-quality managers who effectively and transparently integrate ESG principles into their investment research process while exhibiting strong values as a firm.

Responsible Investing Scorecard

Leveraging assets and expertise in pursuit of strategic goals and measurable results

UBC Endowment Fund					
Item	Performance Indicator(s)	Target	Timeline	Status	Weight
Climate Action					40%
Divestment of Fossil Fuels	Percentage of total portfolio	0%	2030	2.1% ¹	
Carbon Footprint	Total Emissions - Tonnes CO2 / \$ million invested Intensity - Tonnes CO2 / \$ million sales revenue	45% Reduction from Baseline	2030	-60% ¹ -45% ¹	
Carbon Footprint	Expand carbon emissions reporting to include public bonds	n/a	March 2023	●	
Engagement & Proxy Voting					20%
Proxy Voting	Active manager proxy voting policies and votes reviewed and aligned with UBC Investment Management responsible investing approach	100%	Ongoing	●	
Public Policy & Advocacy					20%
Active Contributions/Advocacy	Speaking engagements at industry conferences/roundtables; News Releases	3	March 2023	●	
Affiliations & Memberships	Number of affiliations maintained	3	Ongoing	●	
Leadership	Publication of Responsible Investing Report	n/a	June 2022	☑	
Transparency					20%
Public equity holding disclosure	Maintain updated disclosures (semi-annual)	n/a	Ongoing	☑	
Manager ESG Integration	Number of managers with ESG policies, reporting, and memberships (e.g., PRI)	3/4 by count	March 2023	●	
Enhance Public Reporting	Establish reporting for UBC funds consistent with TCFD recommendations	n/a	June 2023	○	

¹ June 30, 2022 holdings

☑ Completed

● On-track / exceeded target

● Missed Target

○ Not Started

RESPONSIBLE INVESTING UPDATE

UBCim
INVESTMENT MANAGEMENT