

# **UBCIM Responsible Investing Update**

**UBC Finance Committee**  
November 2024

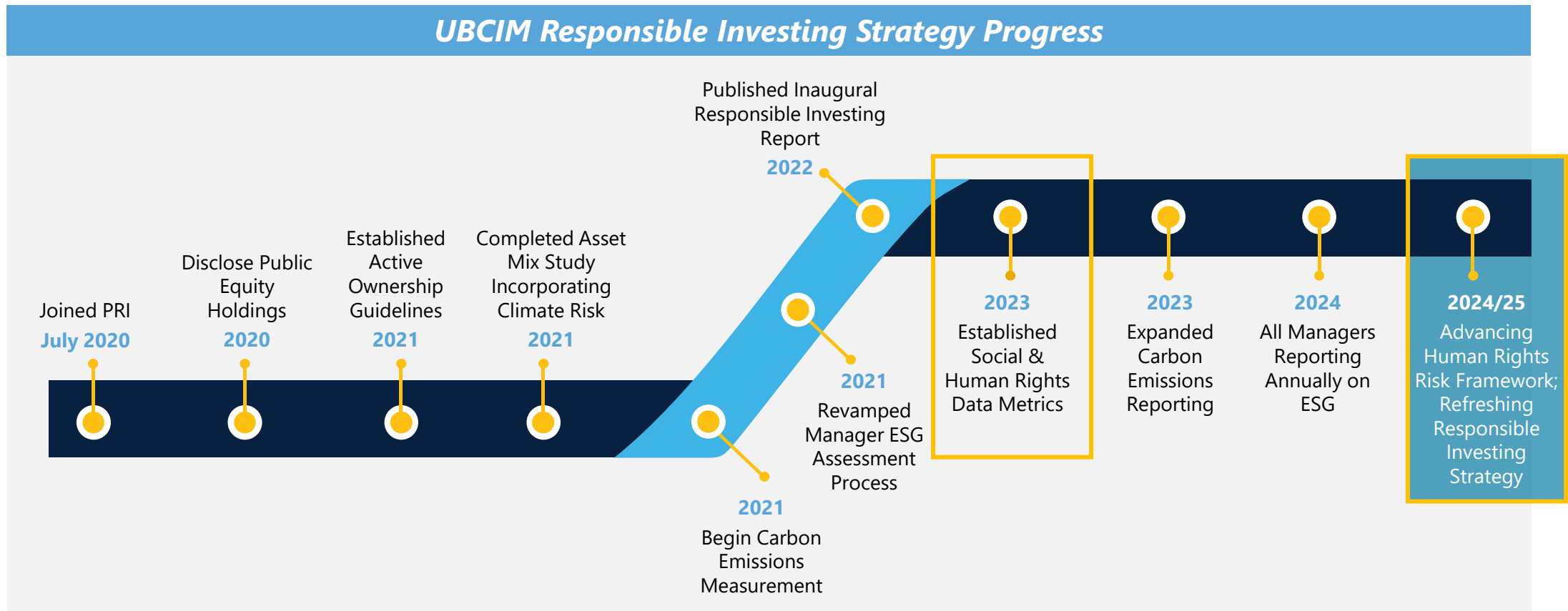
**Frank Laezza, VPFO**

**Dawn Jia, President & CEO, UBC Investment Management**



# 2020 Responsible Investing Strategy: On track on climate initiatives; using leadership, influence, tech to advance non-climate priorities

UBCIM’s Responsible Investing Strategy implementation was designed in 2020 to holistically consider Environmental, Social and Governance factors as part of its overall assessment of the financial performance of its investment portfolio, consistent with its fiduciary obligations. We are tracking along the original plan, **including the establishment of Social factors – like Human Rights risk** – as a core component of our work.



# Tracking over 20 social, governance factors aligned with UBC priorities

Starting in early 2023, UBCIM established a set of ESG portfolio metrics to track in the Endowment that are **directly mapped to UBC's *Statements on Responsible Investing***.

## Statements on Responsible Investing:

*Key Values and Areas of Focus:*

### 2.5 (d) Social

- Human Rights
- Labour Standards
- Workplace Health & Safety
- Diversity, Equity & Inclusion

### 2.5 (e) Governance:

- Shareholder Rights
- Board Diversity
- Reasonable Executive Pay
- Ethics and Controls against Bribery



## Metrics Being Tracked by UBCIM

Social Considerations	Governance Considerations
<b>Human Rights</b> <ul style="list-style-type: none"> <li>• Human rights controversies (Y/N)</li> <li>• Human rights policy in place (Y/N)</li> </ul>	<b>Shareholder Rights</b> <ul style="list-style-type: none"> <li>• Independent Board majority (Y/N)</li> <li>• Independent Chair (Y/N)</li> <li>• Shareholder rights concerns (Y/N)</li> </ul>
<b>Labour Standards</b> <ul style="list-style-type: none"> <li>• Supply chain labour score</li> <li>• Human capital development score</li> </ul>	<b>Board Diversity</b> <ul style="list-style-type: none"> <li>• &gt;30% Female representation (Y/N)</li> <li>• Gender diversity targets (Y/N)</li> </ul>
<b>Workplace Health &amp; Safety</b> <ul style="list-style-type: none"> <li>• Health &amp; Safety score</li> <li>• Injury rate</li> </ul>	<b>Executive Compensation</b> <ul style="list-style-type: none"> <li>• Pay for performance links (Y/N)</li> <li>• Pay linked to sustainability (Y/N)</li> </ul>
<b>Diversity, Equity &amp; Inclusion</b> <ul style="list-style-type: none"> <li>• Workforce diversity policy (Y/N)</li> <li>• Diversity targets (Y/N)</li> <li>• Female employee representation (%)</li> <li>• Gender pay disclosure (Y/N)</li> </ul>	<b>Ethics, Bribery &amp; Corruption</b> <ul style="list-style-type: none"> <li>• Corporate behaviour score</li> <li>• Tax transparency score</li> <li>• Business ethics policy</li> </ul>

# Navigating a diversified global portfolio in a world in conflict

With more than 100 armed conflicts happening around the globe, our responsible investing approach focuses on advocating for a better understanding of core human rights and inequality risks in the investment community. This can exert positive influence as our world evolves and is consistent with fiduciary investment obligations.

## Committed to Advance Our Holistic ESG Framework

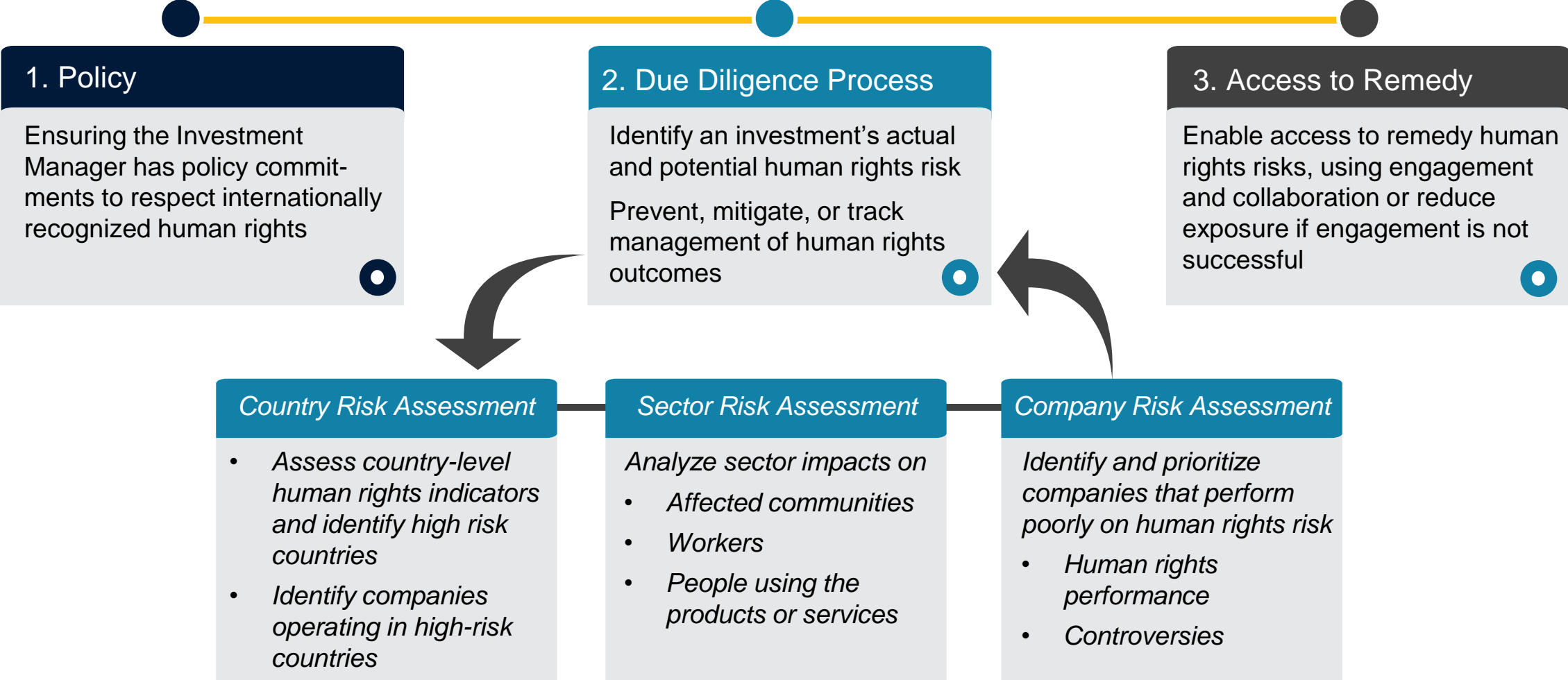
- The evolving area of social considerations is an integral part of UBC's *Statement on Responsible Investing*
- UBCIM has been at the forefront of integrating ESG considerations in the investment processes on behalf of UBC and is committed to advancing how human rights risk considerations are identified, assessed and monitored for UBC's Main Endowment Pool

## Developing a Robust Human Rights Framework

- UBCIM has been working to develop a robust human rights framework to responsibly align financial stewardship and mitigate negative human rights risks
- The investment community faces a significant challenge in data quality needed to effectively assess and mitigate these risks at a global scale.
- To address this gap, our approach needs to rely on strong due diligence and engagement processes

# Advancing a Human Rights Framework: working with global standard-bearers on best practice; doing our own work

UBCIM is a signatory to the UN Principles for Responsible Investment (PRI) on UBC's behalf. PRI is setting the standard for best practice on social and human rights risk for both Asset Owners (e.g., UBC) and investment managers (funds). We are putting these best practices to work, while adding our own expertise and process to the mix.



# Near-Term UBCIM Actions on the Human Rights Framework

The fund manager community is increasingly focused on human rights risks. UBC is committing significant hours, technical development and resources to lead the discussion to advocate for stronger processes, understanding and actions



# Refreshing the Responsible Investing Strategy

The responsible investing landscape has evolved rapidly since 2020. While climate was the primary focus of the 2020 strategy due to stronger and more readily available data, the next iteration of the plan will bring social and inequality risk forward, with increasing focus on human rights risk considerations.

- UBCIM is committed to delivering strong risk-adjusted returns while advancing responsible investing
- The refreshed strategy will provide a comprehensive framework for addressing emerging social and governance risks
- The focus remains on active ownership, robust oversight and continuous improvement



## **Broadening the Scope of ESG Risk Management**

Further advancing due diligence and manager assessment processes to incorporate broader social and governance risk considerations, including assessments on human rights risk and appropriate actions when evaluating managers in UBC's investment portfolios



## **Alignment With UBC's Statement on Responsible Investing**

Ensure that the Responsible Investing Strategy priorities continue to be strongly aligned with the areas of focus for UBC and the UBC Community



## **Advance Data Analytics and Team Resources**

Expand UBCIM's data, analytics capabilities and team resources to deliver on UBC's broadening ESG risk management scope