

**The University of British Columbia  
Statements on Responsible Investing  
February 7, 2023**

**1. Purpose, Scope, and Background**

1.1 The purpose of these statements is to:

- (a) outline UBC's responsible investing beliefs and values;
- (b) set out responsible investing commitments to guide investment decisions carried out on behalf of UBC; and
- (c) make UBC's approach to responsible investing available to the UBC community, its stakeholders, and the general public.

1.2 These statements are intended to guide investment decisions and strategies for all funds in the Main Endowment Pool ("**Main Endowment Pool**").

1.3 UBC will make investment decisions in a manner that is consistent with UBC's obligations to make investments that a prudent person would make<sup>1</sup>, UBC's fiduciary obligations with respect to the trusts within the Main Endowment Pool, and UBC's obligations set out in the Endowment Policy (FM5) ("**Investment Obligations**").

1.4 UBC has delegated responsibility for portfolio asset mix design and investment implementation to UBC Investment Management Trust Inc. ("**UBC Investment Management**"). UBC Investment Management carries out its responsibilities in accordance with the objectives and benchmarks approved by UBC's Board of Governors. UBC Investment Management must consider UBC's Investment Obligations, beliefs, values, and commitments set out in these statements in carrying out its responsibilities and report to UBC on its progress towards the responsible investing commitments set out in these statements.

**2. Responsible Investing Considerations**

2.1 Environmental, Social, and Governance ("**ESG**") factors may present material and evolving impacts on the risk and return of a given investment and/or the investment portfolio.

2.2 Incorporation of relevant and material ESG factors into UBC's investment decision-making process is consistent with UBC's Investment Obligations. UBC will undertake a balanced approach to responsible investing, and investment decisions undergo rigorous due diligence in order to ensure that the funds in the Main Endowment Pool are used in such a way as to maximize their benefits for the advancement of education at UBC.

2.3 UBC's approach to responsible investing will continue to develop as investment strategies, data, and research regarding ESG factors evolve. UBC will continue to advocate the beliefs and values

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<sup>1</sup> Section 57 of the *University Act*, RSBC 1996, c.468

set out in these statements to its peers and the wider community and push for improved responsible investing practices.

2.4 UBC is committed to responsible investing and recognizes that how UBC invests and how it exercises its stewardship responsibilities, may affect UBC's reputation.

2.5 The following statements reflect key values and areas of focus for UBC that relate to responsible investing, all of which are to be considered and balanced when making investment decisions:

- (a) **Public Policy & Advocacy:** UBC believes it has an important role in publicly advocating for action on environmental stewardship, human rights, and best practice integration of ESG factors.
- (b) **Investor Engagement:** UBC believes that investor engagement is the most effective way to guide change and to enhance long-term sustainability and improve the risk profile of UBC's investment portfolios. UBC may consider other responsible investing strategies, including screening and divestment, in a manner that is consistent with these statements and UBC's Investment Obligations.
- (c) **Environment:** UBC believes that the climate emergency poses a significant risk to our planet and poses material systemic risks to financial markets in which UBC invests. Further, UBC has undertaken due diligence to support its belief that a commitment to eliminate investment portfolio exposure to companies that extract or process fossil fuels is in the best long-term financial interests of the trusts within the Main Endowment Pool.
- (d) **Social:** UBC believes that business practices are an important criterion for considering investments. The key areas of focus for UBC are: human rights, labour standards, workplace health and safety, and diversity, equity, and inclusion. UBC continues to explore and conduct due diligence with respect to best practices for implementation of this belief in a manner consistent with UBC's Investment Obligations.
- (e) **Governance:** UBC believes that corporate governance practices should reflect diversity in board structure and composition, reasonable executive pay, strong shareholder rights, ethics, and controls against bribery and conflicts of interest.

### 3. Responsible Investing Commitments

3.1 UBC has made the following responsible investing commitments:

- (a) **Endowment Fund Carbon Emissions:** UBC is committed to reducing the carbon emissions of the Main Endowment Pool's equity holdings by 45% by 2030 (using 2019 as its base year) and endeavors to reduce the carbon emissions of other asset classes in its investment portfolio by the same amount on the same timeline to the extent they can be reasonably measured. This aligns with targets set in UBC's Climate Action Plan 2030 to reduce emissions from extended impact sources by 45% by 2030. It is recognized that carbon emission measurement frameworks may evolve over time and should be reviewed periodically to determine best practice.

- (b) **Divestment of Fossil Fuels:** UBC is committed to eliminating all portfolio exposure in its Main Endowment Pool to companies that extract or process fossil fuels by 2030.
- (c) **Alignment with Responsible Investing Frameworks:** UBC Investment Management, on behalf of UBC, is a signatory to the United Nations-supported Principles for Responsible Investment (PRI) and is committed to implementing a responsible investing approach that is consistent with the PRI framework. UBC is also committed to continue adopting other recognized standards, where appropriate, to guide investment decision-making.
- (d) **Transparency and Disclosure:** UBC endorses the recommendations of the Task Force on Climate-Related Financial Disclosure and is committed to regularly producing reporting on its climate-related financial information.
- (e) **Advocacy and Leadership:** UBC is committed to strengthen advocacy and leadership in the responsible investing space including collaboration with like-minded investors and organizations, and leveraging influence to drive positive change.

#### 4. Review

- 4.1 UBC will review these statements at least every three years to ensure that these statements remain consistent with UBC's Investment Obligations, and to take into account improvements in responsible investing practices.