

**University of New Brunswick
Investments Committee
Statement on Sustainable Investing**

**University of New Brunswick
Statement on Sustainable Investing**

Reviewed by Investments Committee: June 10, 2021

Approved by Board of Governors: October 14, 2021

Supersedes: April 25, 2019

Mandated Review: 2023

University of New Brunswick

Board Investments Committee

STATEMENT ON SUSTAINABLE INVESTING

1. PURPOSE

- a) The Statement of Sustainable Investing provides a framework to guide the application of sustainable investment practices to the management of the University's investments in accordance with the Board approved Investments Committee Terms of Reference and Statement of Investment Objectives and Policy for the Long-Term Investment Fund.

2. POLICY FRAMEWORK

- a) The University of New Brunswick (University or UNB) has developed a policy framework for managing investments and endowment spending, including:
 - Statement of Investment Beliefs
 - Statement of Investment Objectives and Policy (SIOP)
 - Risk Management Framework
 - Endowment Spending Policy
- b) The Statement of Sustainable Investing (Statement) forms part of the overall policy framework and should be interpreted and applied in this broad context.

3. CONTEXT

- a) The University's approach to sustainable investment practices is part of a broader effort to promote sustainability through teaching, research and campus operations.
- b) The University encourages the inclusion of sustainability and environmental awareness in teaching and learning curriculums. UNB offers programs and courses that make sustainability accessible, relevant and applicable to nearly every field of study. Examples include a Bachelor of Science in Environment and Natural Resources with majors in Environmental Management, Water Resource Management or Wildlife Conservation, Bachelor of Science in Environmental Biology or graduate studies in Forestry and Environmental Management. UNB offers an intensive, hands on, 12-week marine program out of the Huntsman Marine Science Centre in St. Andrews New Brunswick.
- c) The new Kinesiology building was designed and constructed in such a way to pursue Leadership in Energy and Environmental Design (LEED) and Well Building Institute certification.
- d) Research Programs and Partnerships include a partnership between UNB and the Canadian Rivers Institute where UNB based researchers are playing lead roles within the Internationally acclaimed Canadian Rivers Institute where they plan on:
 - Addressing the issue of dam renewal by transferring expertise and knowledge to

- systems around the globe;
 - Ensuring the protection and conservation of wild Atlantic salmon;
 - Continued global leadership in biodiversity research and monitoring in the circumpolar Arctic; and
 - Developing further cutting-edge biomonitoring tools and incorporating them into assessments of river health.
- e) UNB is also a partner with a number of organizations and associations promoting sustainability such as:
- UNB has established an Atlantic Salmon Research Chair who will conduct research projects on the declining salmon populations in our waterways, through \$1.3 million in funding from the Collaboration for Atlantic Salmon Tomorrow (CAST).
 - The Association for the Advancement of Sustainability in Higher Education (AASHE), which provides administrators, faculty, staff and students, as well as the businesses that serve them with thought leadership and essential knowledge resources, outstanding opportunities for professional development, and a unique framework for demonstrating the value and competitive edge created by sustainability initiatives.
 - STARS (Sustainability Tracking, Assessment and Rating System) was developed by AASHE. STARS is a framework that was developed for universities and colleges to measure their sustainability performance. Completing this report was a major step for UNB Fredericton as the results will serve as a baseline for all future sustainability initiatives.
 - The Atlantic Universities and Colleges Sustainability Network (AUCSN), which facilitates information sharing and cooperative initiatives among post-secondary institutes in the Atlantic Canada region. UNB has been a member with AUCSN since 2011.
 - The Atlantic Forest Research Collaborative (AFRC) is a non-profit unit that brings together researchers, Traditional Knowledge Holders, forest managers and stewards to advance innovative forest management approaches.

The Collaborative includes related ongoing cross-faculty research within UNB and reaches out for required expertise. Demonstrable advantages are gained by adding value to existing research, and by generating a sufficient focus and intensity of research effort on the challenges facing Canada's forests.

- Canada Green Building Council is a not-for-profit, national organization working since 2002 to advance green building and sustainable community development practices in Canada.

With a membership of over 1600 industry organizations involved in designing, building and operating buildings, homes and communities, the Council has made excellent inroads to achieve the mission of reducing the

environmental impact of the built environment.

- UNB Sustainability is a member of the New Brunswick Environmental Network whose mission is to encourage and facilitate communication and cooperation among member groups to advance their work to protect the Earth and to promote ecologically sound ways of life, and strengthen the environmental movement in New Brunswick.
- f) Understanding the need for sustainable practices, UNB established an Energy Management Program in 1996 which has since invested \$13.7M in over 176 projects to make UNB's buildings less energy consuming and more sustainable. Since 1997, these investments have resulted in:
- 29.9% CO_{2e} avoidance achieved from 1996 baseline
 - Avoided using 678,778,030 lbs of steam
 - Avoided using 81,272,992 kWh of electricity
 - Water conservation of 2,402,212 m³

In 2018, funding of \$2.85 million was approved for the Saint John campus, which has resulted in:

- Forecasted annual cost avoidance \$0.3M
- Number of buildings included: 17
- Forecast annual CO₂ emission reduction 17%

UNB continues to invest in energy reducing infrastructure while using the latest in energy monitoring tools to identify reduction opportunities and eliminate waste.

- g) UNB also invests in sustainability efforts through a growing sustainability program that engages students, faculty and staff while implementing sustainable projects throughout campus in areas such as sustainable food systems, waste management, green grounds and climate change action.
- h) UNB's strategic plan includes a commitment to strengthen the University's ability to respond to current challenges in ways that improve the lives of New Brunswickers and Canadians. UNB will keep environmental stewardship, climate adaptation and the reduction of the University's carbon footprint at the forefront of the University's planning.

The incorporation of Environmental, Social and Governance (ESG) factors into the University's endowment investment practices and processes is important in UNB's efforts to promote sustainability and environmental consciousness.

4. FIDUCIARY RESPONSIBILITIES

- a) The Board of Governors (Board) has the overall responsibility for the management of investments at the University. The Board Investments Committee (Committee)

oversees investments on behalf of the Board, acting within a Board approved policy framework.

- b) As such, Board and Committee members have a fiduciary duty to act solely in accordance with the requirements of donors and in the best interests of beneficiaries, while complying with applicable common law and statutory investment standards for trustees. University fiduciaries have generally interpreted this fiduciary responsibility as a duty to invest funds prudently, in a manner that achieves the highest possible return at an acceptable level of risk.

The Committee believes that portfolio diversification is the most effective way to maximize risk-adjusted returns. Due to its modest size and limited internal resources, the University endowment is generally invested through pooled funds provided by external investment managers, rather than through direct ownership of individual securities.

- c) This approach provides opportunities for diversification of investment risk, management style, and minimization of investment management fees and costs.

5. SUSTAINABLE INVESTING

- a) As outlined in Section 20 “Responsible Investment” in the SIOP, the Committee believes that as an owner, ESG factors are important and need to be considered among other factors to make good investment decisions. This view is based on the belief that companies that behave responsibly with respect to ESG factors will have an increased likelihood of enhanced long-term financial performance.
- b) Consistent with its duty to donors and beneficiaries, the Committee ensures external investment managers are aware of this Statement and understand the expectations that environmental sustainability and high standards of corporate social responsibility and corporate governance are considered when making investment decisions.
- c) The Committee specifically communicates this expectation to the investment managers through:
 - i. A reference to this Statement in Section 20 of the SIOP;
 - ii. A requirement that Investment managers must advise on how they incorporate these factors (including proxy voting) in their investment process;
 - iii. A section on the method in which investment managers are incorporating Sustainable Investing guidelines is part of the annual manager review process and,
 - iv. The evaluation and review of the manager’s adherence to these principles as part of its ongoing monitoring process.
- d) The Committee has determined that negative screening or exclusion is impractical because:
 - i. Our society and standard of living requires access to many of the items that have been targeted for suggestion of exclusion. Continuing to satisfy this demand in a responsible sustainable fashion should provide investment

returns that meet our long-term funding objectives;

- ii. Sustainability improvements are best realized through engagement, and engagement / influence can best take place as an owner;
 - iii. The majority of Donor gifts have been made without any exclusionary expectations or demands, and
 - iv. External investment managers are employed to invest the assets of the Long-Term Investment Fund. In most cases, the assets are held in pooled funds (that is funds in which assets are pooled with other investors). In the case of pooled funds, the Committee cannot dictate the terms of the investment mandate because the external investment managers are bound by each pooled fund's governing documents. This limits the University's ability to affect individual investment decisions. External investment manager pools are used for efficiency purposes as segregated customized accounts are much costlier.
- e) The Committee participate in collaborating, monitoring, and engaging on Sustainable Investing issues along with its peers through a number of industry associations (ex. Canadian Association of University Business Officers, Pension Investment Association of Canada). The combined power and influence of these groups can be very effective in engaging directly with companies, regulators, and governments and encouraging the inclusion of ESG criteria in the investment management process.
- f) Proxy voting is the most prominent means in which an investor can participate in the corporate governance process. Proxy voting is delegated to the Committee's external investment managers. The Committee encourages fund managers to incorporate in their proxy voting guidelines, policies that encourage issuers to increase transparency of their ESG policies, procedures, and activities. The Committee expects investment managers to consider shareholder proposals on ESG issues on a case-by-case basis.

The Committee generally supports shareholder proposals asking corporations to adopt policies to report on their ESG performance and strategy. Managers will be required to provide the Committee with a copy of their proxy voting guidelines, to maintain complete and accurate records of proxy votes cast, and to report annually on the execution of voting rights.

6. REVIEW

- a) The Statement may be reviewed and revised at any time but it must be formally reviewed by the Committee at least once every two calendar years. Amendments become effective on the recommendation of the Committee and approval by the Board.