

# The University of King's College

## Responsible Investing Policy and Practices

The University of King's College has been the beneficiary of multiple bequests since its inception and has managed the resulting endowment funds through the Investment Committee who engages independent, professional investment managers. The investment activities are governed by a Statement of Investment Policy and Goals ("SIPG") which is reviewed annually, with any changes requiring approval by the Board of Governors.

It is recognized that maximizing the return on the University's endowment funds, within documented risk parameters, should no longer be the *sole* purpose of the investment policy. Given today's climate crisis and other societal challenges, it is appropriate the University embrace responsible investing policies and practices in the management of the endowment funds and align our investment practices with the imperative fight against climate change.

The Investment Committee's Environmental, Social and Governance (ESG) working group has invested considerable time in investigating contemporary thinking around responsible investing, has reviewed the United Nations Principles of Responsible Investment (UN-PRI), has assessed the policies/practices of peer Canadian universities, both large and small, and has sought counsel from Morneau Shepell, a leading advisory firm in the area of institutional investing. We have also reached out to the Canadian Federation of Students for their position on responsible investing. Based on this research, the University's Board of Governors has developed and approved the following Responsible Investing Policy and Practices.

It is recognized that responsible investing is a relatively new area of research and is rapidly evolving. We know best practices in this area will change and mature. As such, we are committed to an annual review of our Responsible Investing Policy and Practices and, when appropriate, to make changes to the policy as well as to the SIPG, to ensure they align with both contemporary thinking and the desires and needs of the University's stakeholders. These changes may well entail decisions to divest of our positions in certain industries or organizations.

### **Policy and Practices**

The University embraces an Environmental, Social and Governance (ESG) investing approach to the management of its endowment monies. We believe encouraging publicly-traded, privately-held and public sector organizations to embrace business activities and practices that reduce environment impacts, improve the communities in which they operate and enhance governance practices within their organizations, creates a better world.

Additionally, we believe investing in organizations with strong ESG practices will, in the medium to long term, reduce risk and enhance the University's investment returns. Customers,

suppliers, leaders and board members will gravitate towards those organizations with stronger ESG policies and practices. As a result, investment dollars will do so as well; leading to enhanced investment returns from rising asset prices.

The specifics of the University ESG policy and practices are as follows:

- ✓ We embrace and support the United Nations – Principles of Responsible Investment (UN-PRI) and intend to manage our investment activities in a fashion consistent with these principles; namely:
  - a. To incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision-making processes;
  - b. To be an active owner and to incorporate ESG issues into our ownership policies and practices;
  - c. To seek appropriate disclosure on ESG issues by the entities in which we invest;
  - d. To promote acceptance and implementation of the Principles within the investment industry;
  - e. To work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles;
  - f. To report on our activities and progress towards implementing the Principles.
- ✓ We believe certain industries and companies which include, but are not limited to, natural resource extraction (in particular oil and gas, coal and mining), weapon manufacturing companies supporting military conflicts and occupations in particular regions and tobacco/vaping products production, will be challenged to provide stable and sustainable long-term investment returns without well governed social and environmental systems. The University entrusts investment asset selection to its investment managers and thus, we do not directly make individual asset purchase or sale decisions. However, we will require our investment managers to adopt investment strategies for the University's endowment funds that seek to divest of positions in industries and companies that do not promote responsible corporate behavior that aligns with our responsible investing policy.
- ✓ While we believe, in most situations, that engagement is a superior approach to divestment in effecting changes on ESG issues. We will, however, play an active role in ensuring our managers divest entirely of investments in companies and industries that clearly do not align with the ethical principles and values of the University, such as weapons manufacturing and tobacco/vaping producers.
- ✓ Certain industries, such as natural resources and energy, have traditionally been associated with poor or weak ESG practices. Some companies in these industries are likely to remain ESG laggards, while some are transitioning to stronger ESG practices and have the potential to lead the economy to a low-carbon, ESG-positive future. We will, therefore, require our investment managers to specifically evaluate such companies through an ESG lens in making their investment choices, and report to us on the ESG-positive rationale for their investment decisions in companies they believe will become ESG leaders in such industries.

- ✓ We shall require each of our investment managers to be a signatory to the UN-PRI and if not, to be so within one year of us awarding any mandates to them.
- ✓ We shall require each of our investment managers to provide us with the UN-PRI annual assessment of their ESG activities and where warranted, to provide us with their action plan to improve same.
- ✓ We shall require each of our investment managers to provide an update of their ESG activities to us on, at least, a semi-annually basis.
- ✓ We commit to making our Responsible Investing Policy and Practices available to all stakeholders, both proactively and responsively.
- ✓ We commit to publishing the list of the investment assets held within the endowment funds on the University's website at least annually; providing visibility to all stakeholders.
- ✓ We shall identify an appropriate exchange-trade fund (ETF) or mutual fund (MF) dedicated to Socially-Responsible Investing for any future donors preferring to have their monies invested in this fashion.