

Responsible Investment Practices Among Universities

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Background

- In 2007, the UBC Board of Governors recommended the formation of an 'Advisory Committee' to focus on RI issues
- RI efforts put on hold after endowment spending rate decreased from 5 to 3.5%
- Thesis research to assist UBC's trustees understand methods & effects of RI

Claims

1. RI is relevant to the fiduciary duties of university trustees
2. University trustees are familiar with moral case
3. Fiduciary case or business case is unfamiliar to university trustees & administrators

Moral & fiduciary arguments

	Moral Case	Fiduciary Case
Framework	Ethical investment Mission Investment Social Finance	Responsible Investment Socially Responsible Investment Sustainable Investment
Focus	Moral issues Faith based	Fiduciary duty ESG risks & opportunities
Criteria/tools	Divestment & boycott Negative screens Positive screens	Active ownership Engagement Best in class
Decision-making	Prescriptive (no sin stocks) Based on a predefined criteria	Deliberative Based on ESG analysis & public debate
Financial implications	Screens might exclude important sectors *University challenge to the moral case.	Higher implementation costs –offset through university engagement

Fiduciary duties

- The university role

"Universities educate most of the people who develop and manage society's institutions. For this reason, universities bear profound responsibilities to increase the awareness, knowledge, technologies and tools to create an environmentally sustainable future."

Talloires Declaration, 1990

Fiduciary duties

- University trustees
 - Adhere to a wide range of fiduciary duties
 - Ensure that the university exist in perpetuity
 - Obligation for intergenerational equity
 - Duty to act loyally and prudently to the benefit of the university beneficiaries

Challenges to RI among universities

- Transient nature of students' involvement
- Complexity of investment issues
- Student activism with excessive focus on divestment & boycott
- Perceptions about RI financial performance
- Endowment size & portfolio composition

RI advisory groups

- Committees need a clear vision
- Require multi-stakeholder representation (expertise)
- Must engage in a judicious process to develop RI policies
- Often, first task is education
- Need adequate resources (paid coordinator, student participation, industry expertise)

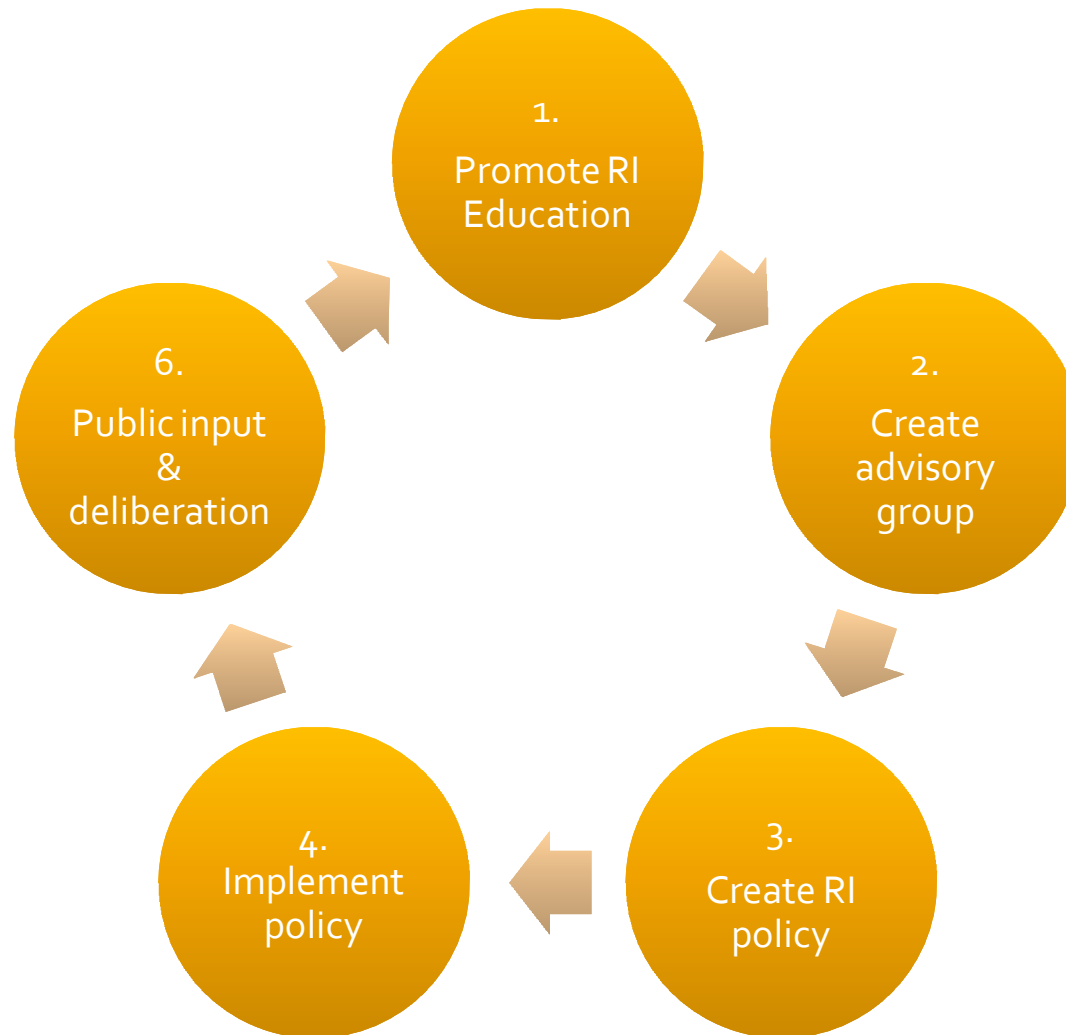
RI collaboration among universities

- Responsible Endowments Coalition supports over 95 academic institutions in North America to invest responsibly and support corporate reform
- Currently only 2 academic institutions in North America are signatories to the UN PRI:
 - Régime de Retraite de l'Université de Montréal
 - University of Dayton Davis Center for Portfolio Management's Flyer Investments

Incorporate RI into curricula

- RI can further a university's educational mandate
- RI is an interdisciplinary practice
- Student participation in:
 - Advisory groups
 - Research & internships
 - Student-managed portfolios

Steps to implement RI at universities



**Where does RI among universities
go from here?**

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