



McGill

University
Advancement

A faint, light-colored line drawing of a building's dome and a flag on a pole, positioned on the left side of the slide.

SOCIALLY RESPONSIBLE INVESTING & PHILANTHROPY

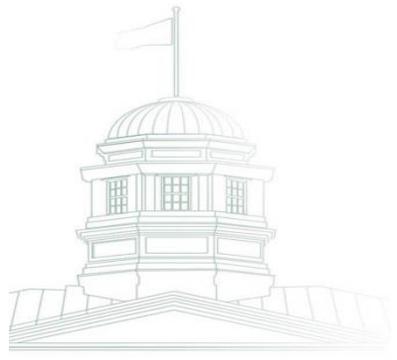
Marc Weinstein

Vice-Principal, University Advancement

April 2019

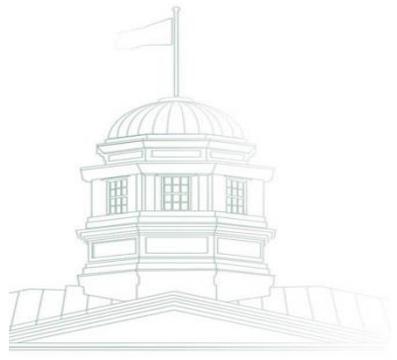
REQUEST BY CAMSR

- At the request of the Committee to Advise on Matters of Social Responsibility (CAMSR), University Advancement has prepared an overview of the context and trends in relation to SRI from the perspective of the donor community.
- The presentation also identifies key recommendations from UA.



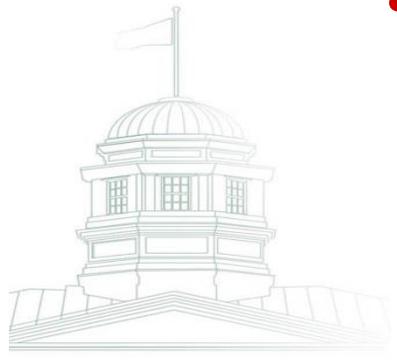
CONTEXT AND TRENDS IN THE NONPROFIT SECTOR

- The non-profit sector is a powerful agent in Canada's economy:
 - 7% of GDP
 - \$9.6B+ donated annually
 - However, over the last ten years there have been significant declines in donation rates among Canadians of all ages.
 - With both donation rates and donation amounts dropping, it is more important than ever for institutions that rely on philanthropy to innovate and adapt in order to remain competitive and meet the evolving desires of donors



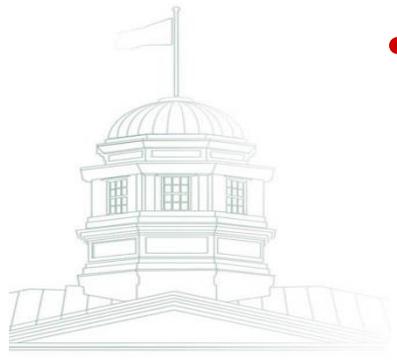
CONTEXT AND TRENDS IN THE NONPROFIT SECTOR

- Donor behavior is changing:
 - Donors want to do more than give their time or money
 - They want their investments (both within and outside the charitable sector) to have a positive impact on society and the world
- Millennials are particularly focused on this issue:
 - Social values are a key determinant of giving among millennials
 - This group is expected to inherit more than \$7T globally by 2020 through intergenerational transfer of wealth



CONTEXT AND TRENDS IN THE NONPROFIT SECTOR

- Entities across the private and public sector are creating new funding models and financial products to seize the opportunity presented by this new age in investor and donor behavior:
 - Low or zero interest loans to charities themselves
 - Socially responsible investment funds created by private investment companies
 - Impact investing by donor-advised funds
 - Fossil fuel exempt or socially responsible investment funds within the endowment investment pools of major academic institutions
 - Bonds composed exclusively of a diversified portfolio of loans to socially responsible entities, such as Green Bonds



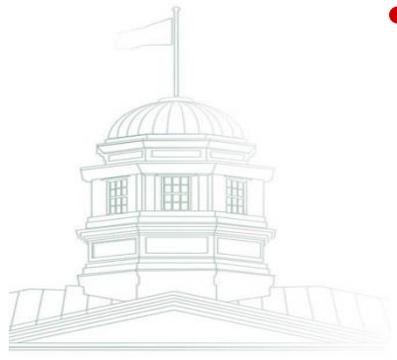
IN SUMMARY

- Socially responsible investing and impact investing are growing financial models that are attracting interest and funding from private and public agencies alike
- Certain philanthropic supporters are seeking out donation opportunities that offer both financial and social benefits to the organizations and causes they care about
- The changing demographics of donor populations worldwide, as well as here at McGill, are ushering in a new era where socially responsible giving may play a growing role in donor behavior and decision-making



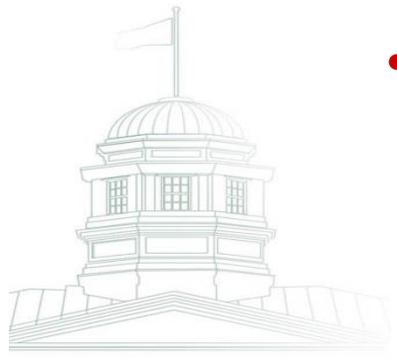
CONTEXT AND TRENDS AT MCGILL UNIVERSITY

- McGill is an enduring successful social enterprise, with positive social and economic impact on the lives of many individual students, on Montreal, Quebec, Canada and the world
- McGill is also a strong voice in the push for environmental sustainability and responsible energy management:
 - McGill's Climate & Sustainability Action Plan (2017-2020)
 - McGill University Office of Sustainability
 - Revitalization of Royal Victoria Hospital site to build a new Sustainability Systems initiative



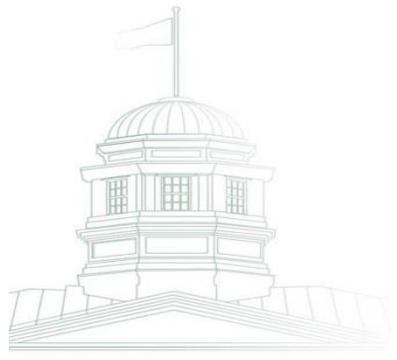
CONTEXT AND TRENDS AT MCGILL UNIVERSITY

- As McGill prepares to celebrate its bicentennial in 2021, it will launch a major philanthropic campaign in fall 2019:
 - Necessitates the mobilization of donors and volunteers from across the University's local and global community
 - The identified priorities of the campaign require that a minimum of 30% of total funding be in the form of endowed contributions
- However, support for McGill via endowed funds is declining:
 - FY07-FY13: 50% of total gifts to Campaign McGill were to endowed funds
 - FY14-FY19: avg. 29% of annual donations to endowed funds
 - This is reflective of a global trend in endowed giving



CONTEXT AND TRENDS AT MCGILL UNIVERSITY

- Endowed gifts typically come from alumni with a deep belief in the mission of their alma mater:
 - A hallmark of past generations of supporters
 - Today's graduates are less motivated by a sense of obligation and tradition, and more focused on the global mission and social impact of institutions
 - Choice and transparency are important motivators for emerging generations of donors



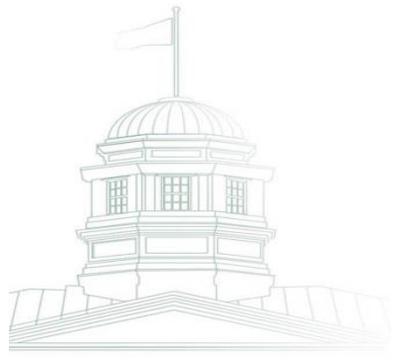
IN SUMMARY

- McGill has moved from strength to strength in its activities related to social good and sustainable environmental practices - on campus and beyond
- McGill is on the eve of a major undertaking to attract new and greater donations to support its priorities, which include a signature infrastructure and program initiative related to sustainability
- Declining giving rates mean more competition for donor dollars in Canada, particularly for endowed funding which is becoming increasingly scarce



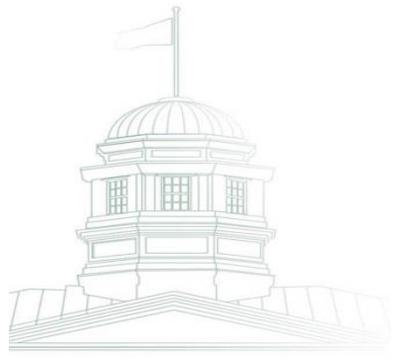
RECOMMENDATIONS FROM UNIVERSITY ADVANCEMENT

- While University Advancement is not qualified to comment on the financial return impact of a socially responsible investment portfolio, we are confident in our ability to advise on the benefits, risks and reactions within the donor community of integrating such an option into our philanthropic offerings



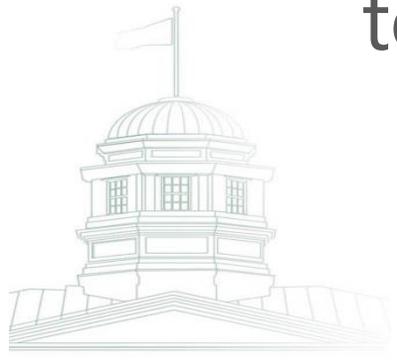
RECOMMENDATIONS FROM UNIVERSITY ADVANCEMENT

- University Advancement supports the creation of new philanthropic vehicles focused on socially responsible investment practices in order to meet the needs and expectations of our current and future donors.



RECOMMENDATIONS FROM UNIVERSITY ADVANCEMENT

- Certain donors have expressed an interest not only in additional philanthropic investment options, but also greater transparency in how these funds are managed and a holistic approach to the environment and social impact across all facets of the university
- Some of our larger donors see McGill not as a grantee but as a strategic partner in achieving a shared goals towards positive social change



CONCLUSION

- By adopting new and forward looking investment practices, we will be better preparing ourselves to meet the philanthropic challenges of today and tomorrow
- University Advancement is confident that such actions by McGill University will reap significant rewards – financial, reputational, and in the impact we strive to have in the world

